EXCLUSIVE TO THE BUSINESS JOURNAL

By Terry Ross

A No-Fail Recipe

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Because each is unique, how-

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his own government affairs firm, with
and public affairs. Prior to that, he operated
Federal Maritime Commission Chair Mario
Knolls area of Long Beach. For more infor-
Washington University.  The Rancho is lo-
master’s in museum studies from George
leadership from Woodbury University and a
business administration in marketing and
in Glendale. She holds a master’s degree in
other projects. Prior to that, she was the ex-
headed a 10-year strategic plan, fundraising,
cho Dominguez since 2007, where she spear-
Dominguez Rancho Adobe Museum in Ran-
Alison Bruesehoff Appointed
New Executive Director Of
Rancho Los Cerritos
Rancho Los Cerritos has named Alison
Bruesehoff as its new executive director. She
is set to take the reins on February 22 from
Ellen Calomiris, who is retiring after 33 years
managing the historic site. Bruesehoff has
served as museum executive director for the
Dominquez Rancho Adobe Museum in Ran-
cho Dominguez since 2007, where she spear-
headed a 10-year strategic plan, fundraising,
public programs, facilities improvements and
other projects. Prior to that, she was the ex-
cutive director of the Forest Lawn Museum in
Glendale. She holds a master’s degree in
business administration in marketing and
leadership from Woodbury University and a
master’s in museum studies from George
Washington University. The Rancho is lo-
cated at 4600 Virginia Rd. in the Bixby
Knolls area of Long Beach. For more infor-
mation, visit www.rancholoscerritos.org.
Pacific Merchant Shipping
Association Names
Carl Kemp Vice President
The Pacific Merchant Shipping Associ-
ation (PMSA) recently named Long
Beach local Carl Kemp (pictured) vice
president, working from the organization’s
Long Beach office. Kemp most recently worked
for Federal Maritime Commission Chair Mario
Cordero as senior advisor for legislative
and public affairs. Prior to that, he operated
his own government affairs firm, with
PMSA as one of his former clients. Locally, he
is also known for having established the
offices of government affairs for both the
City of Long Beach and Port of Long
Beach. He holds a bachelor’s degree and
masters in public administration from Cal-
ifornia State University, Long Beach. “Carl
joins our team of industry experts and will
help us work with policy makers at the
local, state and federal levels on trade issues
that are so important to the economy and
environment,” PMSA President John McLaurin
said in a statement. “The shipping industry
is entering a critical era as it adapts to larger
vessels, new and more efficient technology and
global economic changes,” Kemp stated.
“We must work with policymakers to ensure
that our ports are well positioned to respond
to these changes.”

Dr. Kristin Mascotti Named
Quality Medical Officer
For Memorial’s Three
Long Beach Hospitals
Kristin Mascotti, M.D., has been named
quality medical officer for Long Beach Mem-
orial, Miller Chil-
ren’s & Women’s Hospital Long Beach and Community
Hospital Long Beach. Ac-
cording to a hospital statement, Mascotti has “led quality efforts
at academic medical centers and teaching hospitals, and is known
for her contributions to clinical research and medical journals,
presentations at medical conferences.” She most recently served as
vice president of clinical quality at Univer-
sity of Minnesota Health, an academic health system with more
900 beds that includes the University of Minnesota Medical Center,
Masonic Children’s Hospital and outpatient clinics. “My objective is to
inspire, create and articulate a shared, compelling vision
which translates into actionable measures that help achieve our strategic performance
goals in quality management, patient safety and health information technology,” Mascotti
said in a statement.

Susan DeLanghe Joins LBS
Financial As Vice President
LBS Financial Credit Union has named
Susan DeLanghe its vice president of
electronic services. DeLanghe has more than
30 years of financial industry experience and most recently
served as vice presi-
dent of banking opera-
tions at Opus Bank.
She spent many years
with Kineceta Federal
Credit Union where
she worked in operations and information
systems. LBS Financial was founded in
1935 as the Long Beach School District
Employees Federal Credit Union. For more
information, visit www.lbsfcu.org.
Tony Gales Named
Partner At Rossi LLP
Downtown Long Beach-based public ac-
counting firm Rossi LLP recently named
Tony Gales a partner after 11 years with the firm.
In his new role, Gale oversees the tax
department, focusing on small business
consulting and tax compliance, planning
and strategies. He is a member of the
American Institute of Certified Public Ac-
countants and the California Society of
Public Accountants. He is also involved
with local nonprofit organizations such as
the Long Beach Police Foundation and
Long Beach Ronald McDonald House.
Rossi LLP has been serving clients in
Southern California and throughout the
United States for more than 30 years. For
more information, visit www.rossilp.com.
diesel fuel injectors, injector components and diesel electronics. The award is given to companies that “stand apart from competitors for their superior customer service, support, marketing, sales assistance and other services,” according to a statement from GB Manufacturing. The award was presented at the Alliance’s recent winter meeting for shareholders in Florida. “We are honored to be recognized for our work by such an important member of the automotive aftermarket,” GB Manufacturing President and CEO Michael Kitching stated. The firm has been in business since 1986. For more information, visit: www.gbreman.com.

Sunset Designers & Builders Awarded Best Of Houzz 2016
Sunset Designers & Builders (SDB) of Los Alamitos is the 2016 winner of the “Best of Customer Service” on Houzz, a national platform for home remodeling and design. In business for 68 years, SDB is an elevated swimming pool design and build company. According to a statement, the firm was chosen by more than “35 million monthly unique users that comprise the Houzz community from among more than one million active home building, remodel- ing and design industry professionals.” John Zahn, owner of SDB, said, “I enjoy helping residents to elevate their outdoor living. We have ideal weather — why not make the best of Southern California living?” For information, visit: www.gosunset.net

Playa Amor Restaurant Opens At The Marketplace In Southeast Long Beach
Chef Thomas Ortega, owner of Ortega 100 in Redondo Beach and Amor Y Tacos in Cerritos, and his business partner Todd Tsubioka recently opened Ortega’s third restaurant, Playa Amor, at the Marketplace Long Beach shopping center off of Pacific Coast Highway. Ortega is a native of Cerritos, where he met Tsubioka in first grade. While growing up, he spent time in Long Beach, according to an announcement for the restaurant’s opening. Seafood dishes make up a good chunk of the menu, including fish tacos, lobster and charred octopus. The approach to the menu is “playful yet gourmand . . . without the intimidation of white tablecloths and pricey plates,” according to a restaurant statement. Hours of operation: Mon-Thurs, 2-10 p.m.; Fri-Sat, 2 p.m. to 1:30 a.m.; and Sun, noon to 9 p.m. 6527 E. Pacific Coast Hwy.; 562/860-2667. Pictured at Playa Amor, from left, are: Mikey Gonzalez, executive sous chef; Erik Carpo, chef; Thomas Ortega, owner and head chef; and Eddie Gonzalez, managing partner. (Photograph by the Business Journal’s Larry Duncan)
City Prosecutor’s Impact Awards

Long Beach City Prosecutor Douglas Haubert presented his 5th annual IMPACT Awards on February 4 to individuals and groups who, “working with the City Prosecutor’s Office, have made a positive, significant impact on the City of Long Beach in the past year.” Joining Haubert in the salute was Long Beach Assemblyman Patrick O’Donnell. Pictured with O’Donnell (far left) and Haubert (far right) are some of the honorees, from left: John Dodson III, Long Beach East Division patrol officer; Claudia Lopez, a clinician/case manager of the Long Beach Trauma Recovery Center at St. Mary Medical Center; Erin Siman, Ed.D., director of student support services for the Long Beach Unified School District; Long Beach Quality of Life Police Officer Christopher Roth; Marcelle Epley, president/CEO of the Long Beach Community Foundation; and Brad Futak, also a quality of life police officer. (Photograph by the Business Journal’s Larry Duncan)

Milana’s New York Pizzeria Celebrates 6th Anniversary

To celebrate its 6th anniversary, Milana’s New York Pizzeria is offering two specials during separate six-hour increments on February 19. The first special – up to three slices of cheese pizza, per customer, for 60 cents each – starts at noon and lasts until 6 p.m. The second special – pickup or dine-in $6 cheese pizzas with toppings for an additional $2 – goes from 6 p.m. to midnight. Owner Adriel Fasci encourages guests to choose a simple cheese pizza at his establishment because “If a cheese slice cannot stand on its own, it’s not great pizza. An abundance of toppings only hides inferior pizzas,” he said in a recent company statement. “It’s been a privilege to operate in the downtown for the past six years. We have made many friends and customers but, most importantly, we’ve made many great pizzas together.” An anniversary announcement stated that Milano’s has made nearly 625,000 pizzas and served more than 22,236 slices since opening in 2010. For hours and more information, visit www.milanasnewyorkpizzeria.com. 165 E. 4th St.; 562/901-1111. Fasci is pictured with his wife, Ester, their son, Cameron, and their daughter, Milana. (Photograph by the Business Journal’s Larry Duncan)

Official Grand Prix Artist

Erwin Dazelle, pictured, is the official artist for the April 15-17 Toyota Grand Prix of Long Beach. The French artist’s work is featured on the official Grand Prix poster. His work will appear on a variety of race materials. More about Dazelle: dazelleusa.com. (GP photo)
Gone are the days when audiences file in to a theater, wait for the lights to dim, listen to an orchestral performance, clap when the lights go up and then leave to talk amongst themselves in the lobby – at least, such is the case at Musica Angelica performances. For the historically informed baroque orchestra and relatively new resident performing arts group in Long Beach, the audience is an active participant in the musical experience.

New concertgoers attending a Musica Angelica performance at the Long Beach Performing Arts Center’s Beverly O’Neill Theater can expect direct contact with the players, Music Director Martin Haselböck told the Business Journal from Austria during a conference call conducted at the Long Beach Convention & Visitors Bureau offices.

“They are sitting very close and have personal contact to the performance,” Haselböck said. “They can meet the musicians after the performance. This direct contact with the music is a feature we really want to push with our programming.”

Why the emphasis on getting up close and personal? The answer involves the orchestra’s historically informed nature.

“Today’s normal symphony orchestras use different instruments than those that were used when the composers wrote the music,” Haselböck said. “The instruments we use are exactly the instruments which were used at the time when the music was written. So, if we use a piano, we don’t use a modern Steinway; we use a piano that is either an original or a copy of an instrument which was built 250 years ago.”

This requires that all members of the orchestra – the number of which fluctuates from seven to 25 depending on the piece of music – be well-researched specialists in their historical instruments. As such, they are all, at one time or another, highlighted as soloists. “We could say the sound is authentic. It is related to the pieces when they were composed and written,” Haselböck said.

During performances, Haselböck speaks directly to the audience to explain the historical background of musical pieces and to discuss the instruments being used. After performances, audience members are invited on stage to see the instruments up close and to chat with performers.

“What Musica Angelica really does well is build a two-way interaction with the audience,” Ben Parr, author of “Captivology: The Science Of Capturing People’s Attention,” told the Business Journal. Parr is a former co-editor and editor-at-large for Mashable, an online news source, and is also a general partner of DominateFund, a venture capital fund. While he hasn’t yet been able to make it to a performance of Musica Angelica, he’s seen their performances online, and is a fan.

“They make it so that it’s not just that you’re the audience, you’re listening and then you leave. You’re involved. You come on stage, you provide suggestions, you get to learn, they talk to you,” Parr said of the orchestra. “That doesn’t happen in the vast majority of orchestras, and it’s a mistake on their part in the modern era. You see this through social media and you see this through our new communication tools,” he said. “We expect and want communication with the things we interact with: the brands, the TV shows and the performers. What Musica Angelica is doing is absolutely the smart way to go about it.”

Being based in Long Beach provides Musica Angelica with an opportunity to get to know and build a relationship with a community, Haselböck noted. “If you know your audience and you can develop an attachment to your audience, you can react better,” he said. “You can finally ask the people, ‘What do you want to hear? In which direction should our programming go?’” He continued, “Usually, with a big symphony orchestra, you get tied to a certain repertoire. We are open.”
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Aviation And Aerospace Industries Shifting Gears But Still Growing Steady In Southern California

By SEAN BEHK
Staff Writer

Though the closure of Boeing’s C-17 production line in Long Beach last year signaled an end to an era of aircraft manufacturing in Southern California, the region’s legacy of aerospace still carries on, as commercial space flight companies, such as Virgin Galactic, have planted roots while suppliers maintain a strong presence.

Commercial aviation also continues to prosper with Southwest Airlines planning to offer flights from Long Beach while the city considers international travel at the request of JetBlue Airways. General aviation, meanwhile, has seen positive growth with executives purchasing larger corporate jets and businesses continuing to train pilots of the future.

It’s a diverse mix of operations at the Long Beach Airport, which has daily flights of commercial airlines and commuter aircraft, along with general aviation tenants, including corporate jet charter businesses, fixed based operators (FBOs), small private airplanes, helicopters and flight schools.

Commercial Aviation
Though commercial flight activity declined last year, causing the airport to raise rates and charges on airlines in an attempt to recoup a near 25 percent drop in revenue, flight activity and seat capacity have “stabilized” so far this year, said Bryant Francis, director of Long Beach Airport, in an e-mail.

“As of now, we expect a slight increase in passenger enplanements this year versus 2015,” he said, adding that approximately 1.3 million passengers are expected to board commercial flights in Long Beach this year.

Should the forecast for future enplanements be as strong as expected, the hope is to maintain current rates for Fiscal Year 2017 as revenue begins to “rebound,” Francis said.

The airport, meanwhile, has allocated nine additional flight slots to three commercial air carriers, including Southwest Airlines, which received four slots and which plans to become the newest airline at the airport.

JetBlue Airways, which holds 32 slots as the main air carrier at the airport (considered its West Coast hub) since 2000, received three new slots. Delta Air Lines, another existing air carrier, received two new slots.

The additional flight slots were allocated after a recent noise analysis determined that more slots could be offered under the city’s airport noise ordinance as airlines have become quieter through technological advancements.

Francis said the airlines have up to six months to begin service of the new slots, pointing out that a potential increase in revenue for the airport may not be realized until fourth quarter 2017.

Future flights and destinations at Long Beach Airport, however, are largely dependent on whether the city moves forward with a U.S. Customs and Border Protection (CBP) facility to offer international flights.

The airport plans to hold two community meetings to be held for community input. The Business Journal strongly supports a customs facility. (Photograph by the Business Journal’s Larry Duncan)

Passengers deplane from a JetBlue Airways jet at Long Beach Airport. The New York-based airline has requested that the airport consider adding a U.S. Customs and Border Protection facility to offer international flights. A study on the feasibility of such a facility is expected to be released in July, with two public meetings to be held for community input. The Business Journal strongly supports a customs facility. (Photograph by the Business Journal’s Larry Duncan)

About a year after JetBlue formally requested that Long Beach city officials consider applying for international flights, the Long Beach City Council approved an agreement on January 19 to hire consultants to study the issue.

The airport plans to hold two community meetings on the subject with results of the study expected to be available this July, after which the city council will determine whether to proceed with the project.

While JetBlue and general aviation tenants have asserted that such a change would be a boon for the local economy, a group of airport adjacent residents who have long fought airport expansion have expressed concerns it would legally threaten the noise ordinance.

Morgan Johnston, spokesperson for JetBlue, told the Business Journal in an e-mail that adding international flights at the airport would enable the New York-based airline to use its existing slots fully at the airport to attract more business destinations to the south.

“Demand for international travel continues to grow, and, to that end, we hope to be able to better serve our focus city of Long Beach with international service if and when the city requests such a customs facility from the federal government,” he said. “More flights equate to more revenue for the city from the airport as well as more jobs, more tourism and more economic growth for the city.”

“Getting a customs facility is a no-brainer,” said Business Journal Publisher George Economides. “It does not add flights, it does not add noise. It is another asset that will continue to propel Long Beach forward and attract more businesses to locate in the city. This should be fast tracked. We know the Feds can move quickly on this, but can, will Long Beach?”

Corporate Aviation
In recent years, corporate aviation activity in Long Beach has greatly grown at the airport, according to airport operators.

John Tary, general manager of AirFliTe, Inc., an FBO operating as a fully owned subsidiary of Toyota Motor Sales, Inc., said the corporate aviation operation, which offers hangar space and other services, has seen a “slight increase” in activity year over year over the past five years.

Although issues remain on the horizon that have the potential to stymie general aviation activity, such as the Federal Aviation Administration’s (FAA) recent push to privatize air traffic control, the hope is that the positive trend will continue, he said.

“We have been cautiously optimistic for the future,” Tary said. “We definitely are seeing positive growth in all sectors, including charter business use.”

He said private use of aircraft, however, has been fairly stagnant if not declining, a trend seen across the nation, mainly because it has become more expensive. However, Tary said the drop in fuel prices might help reduce expenses to encourage more private users.

Curt Castagna, president and CEO of Aeroplex/Aerolease, which has leased hangar space to tenants at the airport since 1984, said corporate aviation activity continues to improve over the recession years.
Long Beach Airport is committed to providing excellent services and facilities in an intelligent, eco-friendly, safe and efficient manner; and to being a major driver of the economic viability of Long Beach. Travel well. Travel Long Beach.
Facility is provided at Long Beach Airport as will benefit economically if a U.S. customs at the airport as well as the city as a whole. “We want to maximize business and we look to the airport as our landlord to facilitate that.” Gulfstream Aerospace Corp., which provides completion services for newly manufactured business jets with exterior paint and interior installations, along with service and maintenance support, expanded operations at the airport last year. The Georgia-based corporate jet manufacturer moved to a hangar space at the airport at 3521 E. Spring St., previously used as a modification center for Boeing C-17 production. According Becky Johnson, vice president and general manager of Gulfstream Long Beach, the new building, dedicated to aircraft maintenance, encompasses a 19,000-square-foot hangar and nearly 10,000 square feet of shop support and office space. After Gulfstream added about 50 employees last year, the operation, which outfits new G650s, G650ERs and G550s, employs more than 300 people including contractors in Long Beach, she said. “As the anchor for Gulfstream’s West Coast operations and also a supporter of customers in Asia, we simply needed additional space,” she said in an e-mail. “In 2015, Long Beach technicians serviced more than 1,100 aircraft at the facility or on road trips to nearby general aviation airports, including Van Nuys, one of the busiest in the U.S.”

General Aviation
General aviation tenants, such as flight schools, have seen positive growth as well. Angel City Flyers, Inc., which operates as a private flight school at the airport for nearly 11 years, has seen more sales during the second and third quarters of last year and more activity is expected at least through the end of the first quarter of this year, according to operations manager Erick Bryant.

“It’s been fantastic. We’ve been definitely seeing an uptrend over the last few years. Last year turned out to be a strong year for us and 2016 looks even more promising.” Bryant said that about 20 percent of corporate pilots are people looking to become professional pilots while 80 percent are those seeking to fly for recreational or business reasons. He added that business is booming in demand for light six-seat, two-engine jets that have become safer, easier to fly, more reliable and more fuel efficient through technological advancements.

Candy Robinson, owner of Long Beach Flying Club & Flight Academy, which has been providing flight training services for 35 years, said her business has seen a 7 to 10 percent increase in sales last year, defying national trends of decreasing general aviation activity.

She said foreign students from countries such as England, Korea, the Philippines and Italy, make up about 15 percent of her customer base while the other 85 percent come from the local area. However, foreign students, who require visas to train, often take up more flight hours since they are more serious about becoming pilots for airlines in emerging countries.

“We’re supplying pilots to the industry as one of the biggest U.S. exporters of education,” Robinson said. “We’re educating the world right now.”

Aerospace And Defense
High-performing aerospace and defense industry businesses, meanwhile, have found a way to stay profitable despite the loss of Boeing’s C-17 manufacturing plant that has been a major blow to the city and regional economy.

One sector taking off is the commercial space flight industry. Virgin Galactic, partly owned by Sir Richard Branson, moved to a 150,000-square-foot facility at Douglas Park near Long Beach Airport last year. The facility houses the design and manufacturing of the company’s small satellite launch vehicle, LauncherOne.

Somewhat similar in design to SpaceX’s Falcon 9, Virgin Galactic’s reusable vehicle for space tourism, the satellite launch vehicle is designed to be “flexible, affordable and responsive” so that it can be launched from an aircraft for commercial and governmental customers.

Christine Choi, Virgin Galactic spokesperson, told the Business Journal that the company, which employs 150 people in Long Beach, doesn’t require direct access to the Long Beach Airport since flights of LauncherOne, which have yet to be publicly disclosed, are expected to take place in Mojave.

She said Virgin Galactic’s decision to move to Long Beach had to do with the facility and Long Beach’s “enormous contributions to aerospace” along with the “high quality aerospace professionals and candidates who call Long Beach home.”

“Southern California has always been a...
It’s just being carried on in a different way.”

legacy is going to go away any time soon.

the space industry . . . I don’t think the

you think about what’s going to happen in

been here aren’t still here,” he said. “When

say that the world-class suppliers that have

pered to other states or overseas, he said.

they used to be, parts can easily be deliv-

manufacturers (OEMs) aren’t as close as

reason than because of the large presence

space and defense market if for no other

viewed as a “global player” in the aero-

year and is hiring this year as well.

16 managerial engineering positions last

said, adding that the company added about

see the same “robust” growth this year, he

proposing the Boeing site is a priority

the city and the continued development

increases the airport’s total air carrier flight

slots from 41 to 50.

Under the city’s noise ordinance, the

airport is required to offer additional flight

slots to airplanes if noise levels fall below an

established floor. According to the analysis,

noise has reduced primarily because air-

planes have become quieter through ad-

vancements in technology.

Kelly told the Las Vegas Review-Journal

that Southwest is considering Las Vegas as

a potential destination from Long Beach.

Bob Montgomery, vice president of air-

port affairs for Southwest, stated in an e-

mail to the Business Journal that he couldn’t

confirm destination info, adding that details

about flight schedules and low fares would

be published in the weeks ahead.

Southwest, however, still needs to deter-

mine whether the level of capacity allocated

for Long Beach Airport makes initiating

service “financially viable,” Long Beach

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He said the airport is currently in the

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The nine additional flight slots were of-

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ogy center,” Garcia said in a statement.

The city is seeking a development strategy

for the facility to be developed, acquired and

planned for furthering emerging technology

and innovation uses. The study area is about

130 acres, including the Boeing-owned as-

sembly plant, portions of Long Beach Air-

port and parcels around Cherry Avenue.

Southwest Airlines

(Continued From Page 1)

International (LAX), Burbank, Santa Ana

and Ontario airports.

“Long Beach would make it five for five

in greater L.A. for Southwest, and would

give us another service point to fulfill our

promise to connect our California customers

not only to what’s important but also to

where is important in planning business, va-

cation or personal travel plans,” Gary Kelly,

Southwest’s chairman, president and CEO,

told employees, according to a statement.

“Nobody can match the value you all

bring to air travel with our world-famous

hospitality, and no one can offer California

what we do on a daily basis, especially with

the attractive addition of our low-fare serv-

ice at Long Beach,” he added.

As a new air carrier to the city, Southwest

was automatically given two slots as re-

quired by the city’s flight allocation resolu-

tion while the rest of the slots were

allocated on a “sequential basis,” according

to the city attorney’s office.

The nine additional flight slots were of-

fered after a recent noise analysis audit indi-

cated that cumulative noise levels from

aircraft have decreased at the airport. This

hotbed of aerospace and, with the growth

of the entrepreneurial space industry here,

the future looks promising,” Choi said.

Although aircraft manufacturing has left

the region, many aerospace and defense

companies still rely on the large pool of tal-

ent and suppliers in Southern California.

Rubbercraft, for instance, which supplies

rubber and composite parts mostly to aero-

space and defense companies, such as Boe-

ing, Northrup Grumman, Gulfstream and

Space X, moved to Long Beach from Gar-

dena about five years ago and finished last

year with double-digit growth, according to

CEO Larry O’Toole.

The company, which relocated simply

because it needed more space and a better

facility with close proximity to the airport

and aerospace businesses, is expected to

see the same “robust” growth this year, he

said, adding that the company added about

16 managerial engineering positions last

year and is hiring this year as well.

O’Toole said Southern California is still

viewed as a “global player” in the aero-

space and defense market if for no other

reason than because of the large presence

of suppliers. While original equipment

manufacturers (OEMs) aren’t as close as

they used to be, parts can easily be deliv-

ered to other states or overseas, he said.

“It’s just being carried on in a different way.”

Shimadzu Precision Instruments, Inc.,

(SPI), a Japanese manufacturer of aero-

space assemblies and components, relo-

cated from Torrance to a new facility with

twice the floor space at Douglas Park in

Long Beach last year.

Kiyotaka Kiyo Ihara, president of SPI,

stated in an e-mail that the company ex-

pects more than 30 percent growth in 2016

and more than 10 percent growth in 2017.

He said the company employs about 60

people in Long Beach and plans to hire 10

more employees this year based on opera-

tional growth.

Ihara said the company, which services

Boeing’s commercial aircraft division in

Seattle and Honeywell Aerospace engine

dvision in Arizona, moved to Long Beach

in order to add new functions of in-house

machining and surface treatment capabilities.

He said a plus for operating in Southern

California is the region’s rich experience in

the aerospace business and skilled labor.

Still, Ihara noted that operating costs

are “relatively high” and the company is al-

ways competing with businesses that have

lower operating costs in other states and

other countries, such as China, India, Brazil

and Canada.

Long Beach city officials, meanwhile are

in the process of transitioning Boeing’s

now empty C-17 Globemaster III assembly

plant, which once provided nearly 5,000 di-

rect jobs, into productive use.

Mayor Robert Garcia recently an-

nounced that the city will be working with

The Rose Center for Public Leadership,

jointly operated by the National League of

Cities (NLC) and the Urban Land Institute

(ULI), to develop strategies for economic

development, industry attraction, job reten-

tion and workforce training to transform

the site into a “hub for emerging technol-

ogy and innovation.”

Garcia and Rose Center representatives

made a presentation to the public about the

study on February 12, presenting prelimi-

nary findings.

“Repurposing the Boeing site is a priority

for the city and the continued development

of Douglas Park as a business and technol-

ogy center,” Garcia said in a statement.

The city is seeking a development strategy

for the facility to be developed, acquired and

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Real Estate Overview

(Continued From Page 1)

been growing steadily for several months running, so that tells us that the industries themselves have been expanding and have been putting pressure on the demand for industrial space.”

Real estate professionals from local offices of Lee & Associates and Coldwell Banker Commercial BLAIR WESTMAC expect sales inventory of industrial space in Long Beach to increase somewhat this year as potential sellers finally take advantage of high sales prices. Plus, Sares-Regis Group intends to break ground on several more industrial buildings at Douglas Park in East Long Beach this year.

By contrast, the office market still has the highest vacancy rates of all Long Beach real estate sectors. Cushman & Wakefield’s most recent office market report showed a vacancy rate of nearly 18 percent among downtown office buildings and 16 percent among suburban offices. Those are improvements over recent years, however, when vacancy rates were closer to 20 percent.

Local real estate agents expect vacancy rates will tighten up further due to a trend of converting aging office buildings into multi-family residences. One such project is the conversion of former Verizon offices at 200 W. Ocean Blvd. to 86 residential units, which was approved by the Long Beach Planning Commission in September.

“The office market throughout the county has seen steady improvement over the course of the last year, really the last two or three years, and that’s being driven in part by nice gains in the kinds of industries that support office occupancy,” Kleinhenz said. Health care and professional services industries continue to have significant job gains, which is contributing to demand for office space in L.A. County, he noted.

The local retail real estate market continues to improve, with demand high in well-trafficked areas such as Belmont Shore and The Promenade in downtown, which is driving up lease rates in those areas. There is a high demand to purchase retail properties in Long Beach, but not much inventory available, according to local real estate agents.

Positive economic fundamentals should support more leasing and sales activity in the local retail market, Kleinhenz said: “The unemployment rate has fallen from more than 8 percent in December of 2014 to 6.4 percent in December of 2015,” Kleinhenz said. “That tells us that households and workers are moving forward financially, and as such they are able to spend money on both discretionary and nondiscretionary purchases. All of that should support some greater health in the retail sector.”

Kleinhenz, who lives in Long Beach, observed that there has been “a rise of new retail space opening locally. The Pike Outlets, for example, continues to seek tenants for its revamped retail center, while City Place near the downtown core is undergoing a contemporary facelift. “The market for retail space should be fairly good in 2016 and probably into 2017, to the extent that we think the economic expansion has legs into the next year,” he said.

Both the single-family and multi-family residential markets continue to experience low inventory, strong demand and increasing sales prices.

“In general, we have a market that is characterized by very strong demand and limited inventory,” Leslie Appleton-Young, chief economist for the California Association of Realtors, told the Business Journal. “We have been in this situation for the past couple of years.”

According to Appleton-Young, annual sales transactions in Long Beach increased by 8.9 percent in 2015 compared to 2014. “In January, the median home price was $458,500, which was up 11 percent on a year-over-year basis,” she observed.

Demand to buy single-family homes is “fairly robust,” Appleton-Young said. “We have got strong job growth, and we have got the lowest unemployment rate we have had in eight years,” she noted. “We have a rebound in household formation. And we have got historically low and falling mortgage rates. So the fundamentals underlying demand are positive.”

There isn’t enough inventory to meet demand – local real estate agents estimate there are fewer than 500 homes for sale in Long Beach, which would all sell in about a month and a half at the rate of current demand. The dynamic is part of what’s driving up sales prices, which is impacting affordability for homebuyers. This challenge is typically associated with first-time homebuyers, but it extends beyond them. “We have a systemic situation where baby boomers are not moving,” Appleton-Young said. “They want to trade up, they want to trade down, they might want to do something different, but they simply can’t afford to do it.”

Kleinhenz expected these trends to continue. “I think price gains and an increase in sales should be in the cards for 2016, maybe even 2017,” he said.

Even during the worst of the Great Recession, Long Beach had a fairly stable multi-family market, and it remains strong, as Eric Christopher, senior associate with Long Beach-based INCO Commercial, pointed out. “Across the board, in Long Beach we had maybe 7 to 8 percent vacancy in the worst recession that you and I will hopefully ever see,” he said. Vacancy rates are now closer 3 percent, he added.

“It is always the case that the L.A. region and Long Beach in particular have very tight multi-family markets,” Kleinhenz said. “We have seen that rents on apartments have continued to increase for the region as a whole.”

Although new household formation has been slow to gain traction since the recession, Kleinhenz said older millennials are now starting to look to purchase homes or move into rental markets, which should put more pressure on rents.
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4. FOR SALE: 16182 Pacific Coast Hwy. - 2-Story 2,538 SF Office/Retail offered at $1,675,000 - Huntington Beach (South side of Sunset Harbor)

5. FOR LEASE: 4333 South St. - 4,387 - 8,774 SF 2-story retail space w/17 parking spaces at $1.25/SF - MG

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(Continued From Page 12)

Due to low vacancy rates, increasing rents and low interest rates, the demand to purchase multi-family properties remains high, according to local professionals. As in other real estate market sectors, there isn’t much inventory available for sale, which continues to push up sales prices.

“If you look at L.A. County building permits, the lion’s share of new residential construction is occurring with multi-family. A big chunk of that is for rent,” Kleinhenz said. Long Beach is no exception. There are several projects underway in Downtown Long Beach, in particular, with most along Ocean Boulevard or near city hall. The Current, a 17-story residential tower at the northwest corner of Alamitos Avenue and Ocean Boulevard, is closest to completion.

A temporary leasing trailer at the site is now open.

**Tight Inventory, High Demand Persist In Local Residential Market**

*By SAMANTHA MEHLINGER Senior Writer*

For the past year, local real estate professionals have speculated that, when the Federal Reserve began raising interest rates, home mortgage and multi-family loan rates would also increase, putting a slight damper on demand to buy residential properties. But, even after the Federal Reserve raised interest rates by a quarter of a percentage point in December, banks have actually reduced their own interest rates, allowing the high demand to buy property that characterized 2015 to persist.

**Single-family Homes**

According to real estate website Zillow.com, the average current 30-year fixed rate for a home mortgage in California is about 3.43 percent.

“It looks like we are going to start seeing interest rates down in the mid-thirties [percent range] again,” Mary Ann Edwards, office manager and agent with Re/Max College Park, told the Business Journal. “Nobody predicted it. Nobody thought that would happen, including myself.” Edwards said banks might be lowering rates to remain competitive internationally.

Phil Jones, owner of Coldwell Banker Coastal Alliance, said the Long Beach single-family market experienced heightened activity this January. Compared to January 2015, “We saw a 10 percent increase, roughly, in sales,” he said.

Very limited inventory coupled with high demand is continuing to drive up sales prices, according to Jones. “The demand outweighs the supply, clearly,” he said. “At the end of December we had 1.6 months of supply . . . at the current rate of sales, that’s how long it would take to sell all the inventory if nothing else came on the market,” he said.

At the end of December, there were 486 single-family homes listed for sale in Long Beach, whereas four years ago there were about 1,000 more than that, Jones noted. “Historically, Long Beach used to have 2,000 listings on the market at any one time. So we are really in a historically low inventory period,” he said.

Jones estimated that the current median price of homes for sale in Long Beach is $475,000, an increase of 9 percent compared to the same time last year. If low inventory and high demand persist, he said sales prices should continue to increase. “What I would hate to see is the rate of appreciation increase more, because that’s not sustainable,” he said.

Affordability for first-time homebuyers is becoming more of an issue as home prices continue to rise. “The level of first-time homebuyers has dropped,” Jones said. “It used to be historically in the 40 percent range. We are seeing it right about 30 percent on average. The first-time homebuyers are literally either being priced out of the market or haven’t reached a point where they feel comfortable buying a home.”

Mary Ann Edwards, office manager and agent with Re/Max College Park Realty, said home prices in Long Beach are nearing pre-recession peaks. Homes highest in demand are priced between $400,000 to $600,000, like this two-bedroom, two-bath house she owns at 3255 Eucalyptus Ave., currently valued at about $430,000. (Photograph by the Business Journal’s Larry Duncan)

Kelsea Mazzocco, a realtor with Sonocco Real Estate Group in Bixby Knolls, said potential sellers may be hanging on to their homes because they aren’t sure when the real estate market will reach its peak and begin to decline. “People are starting to feel like, is this it? Is this the top?” she said. “Everybody is in thinking mode, like, is this it or should we hang on for one more year?”

Homes priced at $400,000 to $600,000 are highest in demand, according to Russ Caldarella, an agent with First Team Real Estate. “With the shortage of properties, that’s why when there is a new listing that’s reasonably priced, it has got multiple offers on it,” he said.

“The higher-end market in Long Beach is also doing well,” Caldarella observed. “It...
doesn’t move as quickly sometimes as the stuff in that $400,000 to $550,000 range.”

As a rule, the average number of days homes go unsold has decreased across price points, Jones said. “It’s roughly between 50 and 60 days, and some are getting multiple offers within hours of being listed if they are priced well and they’re particularly attractive,” he explained.

The Bixby Knolls area has become popular with first-time homebuyers because homes there are often priced moderately and there are many places to eat and things to do in the area, Mazzocco said. The Los Altos neighborhood is also in high demand for similar reasons, she noted.

The neighborhoods south of Conant Street, as well as beach-adjacent areas like Belmont Heights, Bluff Park and Alamitos Beach, are also hot right now, according to Caldarella.

Multifamily Residences

As has been the case for more than a year, very low inventory and high demand continue to define the local multifamily market.

When word got out last year that the Federal Reserve planned to raise interest rates, Steve Bogoyevac, first vice president of investments with the Long Beach office of Marcus & Millichap, expected demand might cool off a bit. “In December everyone was kind of fearful that rates were going up, and the Fed bumped their rates, but interest rates [now] are actually probably a little lower today,” he said. “The inventory is so low and rates are as good or better than they were at the end of last year, so I don’t really expect any change,” he said, referring to buyer demand.

As of February 8, there were only 27 multifamily properties listed for sale on the MLS, a multiple listing service where real estate professionals share and gather information about properties for sale, according to Eric Christopher, senior associate with INCO Commercial. “Usually there are between 60 and 90 listings showing on the MLS,” he said.

To get around the problem of low inventory, buyers motivated by improving rental rates and low interest rates are making offers on properties not even listed for sale, Christopher observed. “My analysis shows that about half the deals, or maybe even more than half, are going off market right now,” he said. “You never even see it make it to the MLS.”

Christopher called the imbalance of inventory and demand “huge,” and attributed the dynamic to an increase in foreign investment and a desire among baby boomers to make tangible investments rather than looking to the stock market. “Price points are definitely right back where they were at the top,” Christopher said, referring to the last multifamily market high in 2006. He said he expected sales prices to plateau because if they were to increase further, the amount buyers would spend on a property compared to the income that property would generate through rent would be too small and a disincentive. Certain areas of town highly popular among renters and investors, such
as Belmont Shore, may continue to see price increases, he added.

Bogoyevac said sales prices might continue to increase. “Looking at comps [comparable sales prices], things closing now versus what closed at the end of the fourth quarter last year are closing at higher prices,” he said. “It seems like it’s continuing to increase.”

Part of the reason buyers are willing to pay higher sales prices is that rents are continuing to increase, both Christopher and Bogoyevac noted. “The landlords out there most definitely have their minds on rent increases this year if they haven’t already,” Christopher said. Many are considering increases of at least 5 percent, he added.

Bogoyevac pointed out that landlords are able to increase rents partially because they are investing in higher quality countertops, kitchens and bathrooms. “They’re getting top-of-the-market rents,” he said. “There has got to be a ceiling somewhere, but I don’t know where it’s at.”

If the market were flooded with new inventory, that could bring down sales prices and rents, Bogoyevac said. There are several new apartment buildings planned over the next few years, most of which are in the downtown area, but Bogoyevac said the increase in inventory would have to be “incredible” to have an impact. The only factor that could quash high demand would be if interest rates began increasing at a rapid pace, he added. “Otherwise I see pretty much a similar story as we had last year.”

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<td>- Best Location on the LB Airport</td>
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<td>2891 University Dr. North Park San Diego Approx. 25,000 sf (30,000 sf Music Venue)</td>
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<tr>
<td>12151 Monarch St. Garden Grove, Ca Approx. 50,000 sf (Leased Warehouse)</td>
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<td>2035 Vista Bella Way Rancho Dominguez, Ca (Land Lease)</td>
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<td>2801 E. Spring St., 3rd Flr Approx. 12,500 sf (Event/Catering Space)</td>
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<td>Melrose Retail “Sale Pending” San Diego, Ca</td>
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(Continued From Page 15)
vestments, Inc. for $35 million. Ocean West also purchased the 211 E. Ocean Blvd. building, which has more than 105,000 square feet of office space, for $17 million, according to Cushman & Wakefield’s report.

“Investment in office buildings is increasing,” Garey said, noting that the two buildings are slated to undergo major renovations to develop the latest creative office space, which is what tenants in today’s market are seeking.

“New capital coming in it bodes well for the overall quality of the stock of office space,” he said, “More creative, inspirational space is what most tenants are leaning towards these days.”

David Smith, senior vice president at commercial real estate firm CBRE, Inc., confirmed those sentiments, adding that existing Class B office buildings are being renovated to develop brand new state-of-the-art creative space.

“Tenants don’t want the type of standard mid-to-high-rise office space,” he said. “They want employee amenities and relaxed work environments. That’s the type of thing they’re looking for and where the demand is... Downtown Long Beach is becoming the type of environment that companies are looking for throughout the Western U.S.”

Smith said office vacancy is expected to decline this year with rental rates steadily on the rise.

In the suburban area of Long Beach, an office building at 4900 and 4910 Airport Plaza Dr. is about 20 percent leased after Boeing left a hole after consolidating into company-owned facilities, Smith said.

Garey said sales prices for office buildings have been increasing throughout Southern California. He said appreciation largely depends on job creation, adding that all sectors, including health care, engineering, entertainment and technology, appear to be on a more “growth-oriented” trend.

Jon Sweeney, a commercial real estate broker for ADG Commercial who handles listings at Daugherty Sky Harbor at the Long Beach Airport, said parcels at the business park are 95 percent leased. He said Green Apple Event Company, which provides catering services, is moving into the top level of a three-story building at the site that has long been used as restaurant space.

In addition, about two months ago, 25,000 square feet of hangar space filled up, Sweeney said, noting that only about 5,000 square feet of office space is left for lease at the site. He said most airplane hangars at the airport are becoming occupied as the size of corporate jets has increased and some tenants have moved from Orange County/Santa Ana Airport.

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Demand for industrial real estate in Long Beach and the surrounding area has also increased, with several new developments on the horizon. In the industrial sector, the market is seeing more supply, but demand remains strong due to the rise in e-commerce and fast-growing industries.

Industrial Real Estate Market May See More Supply In 2016, But Vacancy To Remain At All-Time Low

By: Sean Belk

Industrial Real Estate Market May See More Supply In 2016, But Vacancy To Remain At All-Time Low

[Please Continue To Page 19]
Future Plans For Douglas Park

By Samantha Mehlinger Senior Writer

What years ago was a vacant landscape left behind by the dwindling presence of the local aviation and aerospace industry has since been revived into a bustling mixed-use business community, Douglas Park, home to globally recognized firms like Mercedes-Benz USA and Virgin Galactic. With significant acreage left for development, developer Sares-Regis Group has big plans for the park, with a new hotel, expansive retail, and more headquarters-type office and industrial buildings already in the works.

In early March, Sares-Regis plans to break ground on a new extension of Douglas Park, Pacific Pointe East, at the southeast corner of Conant Street and Lakewood Boulevard, across the street from Mercedes. The land is currently an unused parking lot. “It will be comprised of three new industrial, flex-tech buildings totaling 494,000 square feet which were designed to appeal to a broad range of users, such as corporate headquarters, technology and light manufacturing uses,” Patrick Russell, Sares-Regis’s senior vice president, commercial development, told the Business Journal.

Pacific Pointe East is being built on speculation without pre-assigned tenants, like other previous pre-planned projects at Douglas Park. “A portion of each building will include well-appointed office space and a mezzanine. The office layout is designed to allow for expansion depending on specific user needs,” Russell said. The buildings will also feature up to 34 feet of clearance for storage and manufacturing space, he noted.

Just as Sares-Regis has done along Lake-wood Boulevard, the company plans to make extensive street and landscaping improvements to the project frontage, Russell said. The project should be complete and ready for tenants by the end of 2016, he estimated. “In addition to Pacific Pointe East, there are several projects that we expect to begin construction on this year,” Russell said.

Some of the largest are to other developers who have purchased land from us.” Perhaps the largest of these is a 241-room, five-story Hampton Inn and Homewood Suites to be built at 3855 Lakewood Blvd. on the south side of Cover Street, across from the existing Courtyard Long Beach Airport hotel. According to a city staff report, the development encompasses 3.94 acres. Plans include a 1,200-square-foot fitness center, an outdoor pool, a spa area, a gaming and barbecue area, a 900-square-foot meeting room, a 700-square-foot boardroom and a space for lounging and dining.

The Long Beach Planning Commission approved the plans in December.

United Pacific Moving

Headquarters To Douglas Park

United Pacific, an independent owner, operator and supplier of gas stations and convenience stores in the Western United

States, announced on February 9 that it had purchased land at Douglas Park to build its new headquarters. The firm is currently based in Gardena. It is not affiliated with another company named United Pacific Industries that is headquartered at Douglas Park, which is a supplier of commercial truck and classic car parts.

According to Russell, United Pacific’s headquarters are slated to be built on the west side of the new hotel at the southeast corner of the intersection of Cover Street and Worsham Avenue.

“We completed a major acquisition last June, essentially doubling the size of our company, tripling it in some respects,” Joe Juliano, CEO of United Pacific, told the Business Journal. “So we are just flat out of space in Gardena.” The firm, formerly known as United Oil, acquired 251 gas stations and convenience stores from Pacific Convenience & Fuels in June, expanding its reach to five states including California, Colorado, Nevada, Oregon and Washington.

After expanding, United Pacific conducted a thorough review of available properties in the Greater Long Beach area, but did not initially find anything to meet its needs. “Then we discovered Douglas Park, and the opportunity to build new or from the ground up was exciting to me,” Juliano said.

“In terms of just logistics, I wanted to have the company headquarters near a major freeway,” Juliano continued. “I wanted it to be near a large commercial airport, but didn’t want to go as far south as Orange County.” He noted that the location is central to most of his employees’ residences.

“When I actually visited Douglas Park for the first time, I was excited about all the amenities that were there and were being planned for construction,” Juliano said. “There was already a hotel and fast casual restaurants that would all be within walking distance of the location.”

The 40,000-square-foot corporate office is being built on 2.65 acres. Plans feature warehouse space for facilities maintenance equipment, offices for administration and support services for the company’s gas station stores, training space and conference rooms, Juliano said. The lobby has been designed as a fully operating gas station convenience store for training employees and experimenting with new products and technology, he noted. Whittier-based Olmuns Construction Co. is slated to build the headquarters, which is designed by Newport Beach’s DR Architect.

“We’re working with the city right now to get our plans approved and start the permitting process,” Juliano said. “We’re hoping to get started in mid-June with grading.” The company aims to have construction completed by the second quarter of 2017.

Pacific Pointe Northwest

Sares-Regis expects to start work this year on new office-industrial buildings on undeveloped land at the northwest corner of Douglas Park off Carson Street, according to Russell. “A couple smaller industrial flex-type buildings are planned for the southerly portion of that quadrant,” but the majority of the site is currently unplanned,” Russell said. “It could accommodate a corporate campus or a combination of build-to-suit buildings tailored to specific user needs. We’re still in the process of formulating our strategy for those parcels.”

The future development has been dubbed Pacific Pointe Northwest.

Norfolk International Holding Corp. is moving into its new 40,000-square-foot headquarters at Douglas Park today, February 16. The LEED Gold-certified building is set to house 65 executives and administrative employees, with enough space to double that figure. The company is relocating from Wilmington, where it has been based for almost 90 years. The firm’s subsidiaries, which include Metro Ports, Metro Cruise Services, Metro Shore Services and Metro Risk Management, are also to be housed at the new building. Pictured at the new location on Cover Street are Chief Operating Officer Michael Grove, left, and Chief Technology Officer Boyette Fabio. (Photograph by the Business Journal’s Larry Duncan)

“With significant acreage left for development, developer Sares-Regis Group has big plans for the park, with a new hotel, expansive retail, and more headquarters-type office and industrial buildings already in the works.”

As Douglas Park continues to grow, Russell said, the community as well. “We believe Douglas Park has the potential to attract more high quality businesses that promote excellent employment opportunities in Long Beach,” he said. “Douglas Park’s highly desirable location adjacent to the Long Beach Airport as well as the freeway and the port, coupled with the state-of-the-art facilities and amenities that have been created, is a really unique workplace opportunity.”

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“As Douglas Park continues to grow, Russell said, the community as well. “We believe Douglas Park has the potential to attract more high quality businesses that promote excellent employment opportunities in Long Beach,” he said. “Douglas Park’s highly desirable location adjacent to the Long Beach Airport as well as the freeway and the port, coupled with the state-of-the-art facilities and amenities that have been created, is a really unique workplace opportunity.”
Last year, the biggest challenge for industrial users was a lack of product and that is still the case this year, said Brandon Carrillo, principal and industrial real estate broker for Lee & Associates’ Long Beach office. He added, however, that space has started to open up in the first quarter, a sign that property owners may be more inclined to sell as prices remain at record highs.

“I think we’re going to see some more product and more supply enter the market, and users are going to see more choices this year versus last year,” Carrillo said. “We’re starting to see that in the midst of the first quarter . . . More property owners are being open to selling if they get their price.”

Still, aside from large corporate headquarters being built at Douglas Park near Long Beach Airport, developable land for new industrial product remains sparse, with most property contaminated or in the process of remediation, real estate brokers said.

According to Lee & Associates’ latest market report, the direct industrial vacancy rate in the Long Beach/South Bay market this year is expected to hover at a historic low of near 1 percent, down from a 3.1 percent vacancy rate reported earlier last year. Pent up demand from users taking advantage of low interest rates in a strengthening economy has put upward pressure on lease rates and even more so on sales prices for industrial property over the past year, Carrillo said.

This year, however, there has been a fair amount of “uncertainty” in the marketplace as the country experiences high volatility with regard to the stock market and oil prices, adding to concerns that the window for high sales prices may be closing, he said.

“The uncertainty is usually you see a slowdown as people take a breath and want to see where things are going in the marketplace,” Carrillo said.

While local economists predict national and California economies to remain “healthy” over the next few years, worries remain about China’s economy and its effect on the Los Angeles County basin’s economy, the Lee & Associates’ report stated.

Real estate brokers said whether the momentum of strong demand in the industrial sector continues will largely depend on consumer spending and imports in the United States since industrial real estate is largely tied to the local ports.

Jim Flynn, president of The Carson Companies, which owns millions of square feet of industrial space in Southern California, said demand for industrial real estate has been “extremely strong,” with the South Bay vacancy rate at an “all-time low.” He noted that rental rates are at or near peak levels throughout the local area.

Flynn added, however, that it’s unclear which direction the market will turn.

As the U.S. dollar strengthens amid turmoil in the world economy, it will be more difficult for local companies to compete globally, particularly as it relates to exports, he said. However, whether the United States is heading toward another economic downturn is anybody’s guess, Flynn said.

“Clearly, there are some storm clouds on the horizon,” he said. “They might blow over or they may blow up. Nobody knows.”

New construction of industrial property, however, remains limited, Flynn said, adding that there isn’t much land left for new development.

According to Lee & Associates, there was a total of 741,832 square feet of industrial property under construction in the fourth quarter of last year in the Long Beach/South Bay area.

“Now, this year versus last year," Carrillo said. “We’re starting to see that in the midst of the first quarter . . . More property owners are being open to selling if they get their price.”

Demand for industrial space is mostly driven by the area’s proximity to the local ports, Eddy said, adding that corporations and small businesses have consistently grown over the past three to four years as interest rates have remained “low and advantageous.”

The Carson Companies, meanwhile, has a 183,000-square-foot building that will be available for lease in the next couple quarters being built at Douglas Park near Long Beach Airport.

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(Continued From Page 19)

months, Flynn said. Epson, which has a ro-
botics division that manufactures printers and other electronics, is vacating the space and doubling in size to a 338,000-square-
foot building, he said.

However, there remains very little avail-
able property for sale, Flynn said. With record prices for local land, The Carson Companies decided last year to expand into Houston, Philadelphia and New Jersey where there is more opportunity for invest-
ment, he said.

Although Boeing’s C-17 assembly plant closed late last year while Toyota and other manufacturers announced their departure from California for more cost-effective states, demand from “trend-setting” compa-
ies, such as Virgin Galactic in Long Beach, has driven up prices and sent developers rushing to provide space, Carrillo said.

In addition, the announcement that the Rams professional football team will be mov-
ing to Inglewood and building a sta-
tium there should make property even
more valuable, he said.

Carrillo added that, with limited space available, local cities need to make it easier for companies, such as third party logistics firms and those that use trucks and trailers, to operate in heavy-industrial-use zones. He said Long Beach’s industrial zone, for in-
stance, requires conditional use permits that range from $10,000 to $20,000 in cost.

“I hope cities remember that the port is our
bread and butter,” Carrillo said. “We need to
make it easier for companies with those uses to get approval in heavy-industrial-use areas.”

Long Beach Retail Market Experiencing Strong Demand, Repositioning Of Properties

BY SAMANTHA MEHLENBERG

Senior Writer

Citywide, vacancy rates of retail prop-
erties are ticking down, with restaur-
ants driving the most leasing activity, ac-
cording to local real estate agents. There is high demand to purchase retail prop-
eties, but, as in other local market sectors, there is a lack of inventory to meet that de-
mand. Meanwhile, a trend of repositioning older retail properties is gaining traction and introducing new product to the market.

In a word, activity in the Long Beach re-
tail real estate market is “brisk,” according to Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC.

“We’re getting a lot of phone calls and
doing a lot of showings,” he said.

Russell estimated that the citywide retail vacancy rate is nearing the single-digit range. “It’s probably 10 to 12 percent, but I’d say it’s getting close. What kind of skews it a little bit is all the new develop-
ment going on at the Pike,” he said, ex-
plaining that the rebranded The Pike Outlets still have a significant amount of
square footage to lease out.

Restaurants are driving leasing activity, Russell said. He noted that this is a positive

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The Promenade has been a hot spot of re-
tail activity within the past month. A new
chain restaurant specializing in hot dogs,
Dog Haus, opened at the intersection of The Promenade North and 3rd Street last month, and city hall records indicate that Beer Belly, an L.A.-based craft beer joint, will soon open just around the corner at 3rd Street and Long Beach Boulevard. Plus, in late January, the Long Beach office of Lee & Associates closed a $5.2 million sale of a 27,173-square-foot office and retail space at 210-218 The Promenade North.

In areas with strong demand, lease rates are ticking up, Shea said. “Lease rates are still nudging up in East Long Beach and Belmont Shore,” he said, adding that rates are flat in Bixby Knolls. Downtown lease rates are, overall, relatively flat in compar-
tion to last year, with the exception of The Promenade. “The Promenade can command more money than the rest,” he said.

There is a high demand to buy retail properties in Long Beach, but not enough inventory to meet that demand, Shea said.

“But there is not a lot for sale,” he said.

“Some of the older centers where you can come in, redevelop it and get higher rents, I mean there is huge developer demand for that. But there is not a lot for sale,” he said. “It’s really hard. There is just no product at all. I mean, if you know of any, tell me.”

Single-tenant properties are also in high demand, according to Russell. “In fact, Carl’s Jr. on Atlantic [Avenue] in Bixby Knolls just sold and closed in January,” he said. That property sold at a capitalization rate – the ratio of net operating income to property value – of 3.5 percent, he added.

The repositioning of properties like The Pike Outlets is also driving activity in the re-
tail market. Formerly a sleepy shopping cen-
ter called the Pike at Rainbow Harbor, the waterfront center was recently rebranded and given a contemporary facelift by property management firm DDR Corp. Major tenants such as Gap Factory, F21 Red, H&M, Con-
verse, Nike Factory and others have since moved in, and space is still available.

Further inland, work has begun to mod-
ernize the City Place shopping center based on the designs of local firm Studio One Eleven, a division of P-R Architects, which is also set to become a new tenant there. The first phase of construction has started on the north side of 3rd Street between The Prom-
enade North and Long Beach Boulevard.

Other parts of town are seeing similar de-
velopments. In East Long Beach, Douglas
Park is set to bring in a new retail develop-
ment soon (see story on Page 18). And in Bixby Knolls, a major shopping center on Atlantic Avenue is steadily gaining a list of new tenants (see story on adjacent Page).
Bixby Knolls Sees New Office And Retail Tenants As Commercial Developments Move Forward

By SEAN BELK
Staff Writer

New office and retail tenants are filling up space quickly in Bixby Knolls, where a budding dining scene is taking shape and commercial developments are set to transform the neighborhood-oriented business district.

Blair Cohn, executive director of the Bixby Knolls Business Improvement Association (BKBA), said numerous new restaurants are slated to open up this year at commercial corridors along Atlantic Avenue and Long Beach Boulevard with potential for more on the horizon.

“We’re pretty optimistic,” he said. “We know there’s a number of other restaurants sniffing around looking for places to open, so we’re very excited about that.”

A major development moving forward this year is a project slated for the corner of Long Beach Boulevard and Bixby Road in which developer and general contractor Howard CDM is partnering with local design firms to repurpose shipping containers into a multi-tenant commercial park to be called SteelCraft.

Considered the first of its kind in Los Angeles County, the complex is expected to house several eateries, a craft beer taproom for Torrance-based Smog City Brewery, public gathering space and a room for Torrance-based Smog City Brewery, public gathering space and a room for Torrance-based Smog City Brewery.

The center’s southeast corner of Bixby Road and Long Beach Boulevard location to a site formerly occupied by Pet Food Express, Cohn said. The center’s interior is undergoing an overhaul, are Chipotle, Little Market, and the operators adjoining brands.

At the same shopping center, new owner trying to see if they can get in.”

One of the law firms is relocating from 550 Atlantic Ave., replacing the Bixby Knolls post office. ALDI, which hopes to break into the organic food market, currently operates 1,400 stores in 32 states and is opening its first stores in California this year.

“The shopping center, owned by Glendale-based Gaska Inc., is getting a complete makeover as well this year, Cohn said, adding that some facade improvements are already finished. He said Massage Envy has opened up next to Marshalls as well.

Several new retailers are also moving to the Atlantic Avenue corridor, Cohn said.

Lola’s Mexican Cuisine on 4th Street’s Retro Row is expected to open soon its second location at 4140 Atlantic Ave., replacing the Bixby Knolls location.

Also recently expanding to Bixby Knolls from 4th Street is boutique Twig & Willow. Other new retailers moving to Atlantic Avenue are The Better Half Boutique and Share And Do Good, opening its second location from Fullerton.

Hoyt Hochman, president of Hoyt Realty Investments with listings in Bixby Knolls, said an undisclosed regional retailer is negotiating a deal to take up a space at 3630 Atlantic Ave., where a 98 Cents Plus Toys store is closing, with other offers coming in as well.

“There’s strong activity on the property and it just shows that the demand for retail space in Bixby Knolls is only getting stronger,” he said. “What I’m seeing now is as soon as a site goes vacant or even before it gets listed, people are contacting the owner trying to see if they can get in.”

Hochman said office space is also filling up fast in Bixby Knolls.

In the last month, two law firms signed deals to take up an entire floor of about 12,000 square feet at the multi-tenant office building at 3711 Long Beach Blvd. One of the law firms is relocating from Downtown Long Beach’s Catalina Building, he said.

Office users are attracted to Bixby Knolls by its proximity to upscale neighborhoods, local freeways and retail options in addition to lease rates that are lower than downtown or near the airport, Hochman said. He added that medical users are also expanding out of Long Beach Memorial’s campus, taking up space along Long Beach Boulevard.

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How Technology Is Shaping The Real Estate Industry

By SAMANTHA MEHLINGER Senior Writer

Mobile applications and online platforms offering more access to data and greater autonomy to real estate buyers and sellers are becoming increasingly prevalent. In doing so they’re reshaping the role of real estate professionals to an extent – but they’re also assisting those in the industry by improving communication between parties and streamlining transaction processes.

“The consumer is much more educated now before they even contact somebody about looking for property, which is a very good thing,” Geoff McIntosh, president-elect of the California Association of Realtors and owner of Long Beach-based Main Street Realtors, told the Business Journal.

Websites and mobile applications such as Zillow or Trulia not only give homebuyers access to home listings and photos, they also provide data about the areas they’re searching in. “Now 47 percent of real estate searches by consumers are done on mobile devices,” McIntosh said. “Because of the new apps that are available, I can be standing in front of a property that has a for sale sign on it, open an app, and it will give me all the information about the house before I ever go inside. That’s pretty cool.”

Technology that provides buyers access to average and median price points for certain areas helps keep their expectations in line with reality – a bonus for real estate professionals.

“One of the things that used to happen to us back in the dark ages in the real estate business was we would get calls from people who wanted the $150,000 house in Belmont Shore, which never existed,” McIntosh recalled. “And they would think we were hiding it. Well, now they have full access to all the data. They can see exactly what’s available and what isn’t.”

Being able to search for properties online enables buyers to narrow the criteria of what they’re looking for in advance of consulting with a real estate professional.

“When I started selling real estate in the 80s, it was not unusual to show someone 25 to 30 houses before they found one they wanted,” McIntosh said. “Now, because of the change in technology, frequently people will find a house in five or 10 showing appointments because they’ve already eliminated what they didn’t want.”

As a result, agents are “doing less driving people around on a Saturday and telling them which homes they should buy,” according to Matthew Firth, CEO of Long Beach-based Hobizbo, a real estate technology company. Hobizbo launched a beta platform for its mobile application in 2014, and officially launched in 2015.

Hobizbo allows users to search the regional multiple listing service (MLS), which aggregates information about listings in Orange and Los Angeles Counties. “It allows buyers to search the MLS and make appointments with agents on demand,” Firth said. Through a partnership with Newport Beach-based The Boutique Real Estate Group, Hobizbo is able to send out an agent on demand to meet with users and show them a home.

“The main functionality is geared toward the consumer in searching for properties and making an appointment with an agent,” Firth said. But it’s also useful for agents. “Agents can write offers back and forth to each other. The buyer can also obviously write their own offer, but it’s not as common.”

Hobizbo was partially born out of Firth’s own experience as a real estate agent trying to contend with complex paperwork and communication between buyers, sellers and other agents. In one instance, a home he had listed for sale received 25 offers, resulting in mountains of paperwork – but none of the offers even panned out. Hobizbo allows users to solidify key points of a deal before moving forward, such as price, an end date for closing escrow, how much money will be put down, closing costs, and so on.

“If you go through the app you can very simply enter those data points, and once terms are agreed upon then it goes to a binding, legal purchase contract,” Firth explained. “It’s the same one that everyone uses from the California Association of Realtors. So we aren’t trying to circumvent their forms or anything, we’re just trying to make the initial negotiation easier.”

For single-family real estate, nearly all aspects of transactions are done digitally now, according to McIntosh. “Back in the olden days, it was pretty common to have a 60-day escrow because it took that long to generate paperwork and hand deliver it or wait for the mail to come,” he said. “Now something I might have waited three or four days for, I can have in a few minutes.”

Most transactions are done through digital signature programs such as DocuSign, which allows official transactions to take place online or through mobile devices without generating any actual paper, McIntosh noted.

Similar trends are taking place in commercial real estate, according to Garrett.
Massaro, principal with the Long Beach office of Lee & Associates. Massaro specializes in the industrial market. Unlike when he started in the business 10 years ago, all the information and data he needs is readily available through mobile applications and online notifications, he said.

“I would say in a typical transaction, your face-to-face [interaction] is going to happen in the beginning to get the ball rolling, but then the minutiae of the transaction like the exchange of paperwork . . . that happen along the way, that’s all done digitally” Massaro said. “It’s very streamlined. Then you are going to get your face-to-face back at the end when you have your final document signing for either a lease or a sale.”

Massaro pointed out that, in commercial real estate transactions, digital signature platforms are not yet in common use. “In commercial we still don’t do that. Leases are originally signed. . . . And then for purchase and sale agreements, people actually print them, sign them, scan them and then e-mail them,” he explained.

“I would say if this trend continues to happen, the face-to-face may become less and less,” Massaro said. “There is this theory that brokerage is going to change over the next 20 to 30 years, that it’s going to become more of a corporate-based business, and technology will have a lot to do with that the more it is streamlined.”

Hobizbo is currently developing a tool called Hobizbox that will enable homebuyers to access and view homes without an agent. The concept is similar to the traditional lockbox used by real estate professionals to access properties, but hooked up to Hobizbo technology. “Think of a homebuilder’s community where a buyer can go through that model home without the pressure, even though it is unintended . . . where you can go through and experience the home in the way that you want without someone trying to sell you or trying to represent you to buy it,” he said.

The Hobizbox could also be a useful tool for agents because, when potential buyers use it, they would also be submitting information about their viewing experience to Hobizbo. “Collecting feedback on what they liked . . . helps them to be able to market the home better and maybe understand why the home isn’t selling, if it isn’t,” Firth said.

McIntosh said the fear that real estate professionals could eventually be made obsolete by technology is one that is now in the past. “Realtors, like most everybody else, are already anxious to embrace change. And so there is some discomfort in that,” he said. “Technology always alters something. The reality is that, cumulatively, these tools are a tremendous benefit.”

“We have always been the mind that people will never be replaced,” Firth said. “We think their role in the transaction has certainly changed. In a way, we’re kind of championing that change.”

He continued, “This is kind of our message to them: don’t fear the technology, just embrace it. Focus on what you do really well that no one could possibly replace, which is, in our opinion, their breadth of knowledge.”
Shortage Of Qualified Engineers Persists, More STEM Graduates Needed

By SEAN BELK Staff Writer

Partnerships between local educational institutions and companies have helped narrow the gap between employers’ needs and the skills of current applicants in recent years, but a shortage of qualified engineers still persists and more graduates in science, technology, engineering and math (STEM) disciplines are needed to meet demand, business and university leaders told the Business Journal.

The concern for decades across the nation has been whether there will be enough skilled applicants to fill positions left by retiring senior-level engineers. More recently, growing companies are seeking prospective engineers to heed the call of making sure the United States remains a leader in technology and innovation.

While progress has been made in bridging the so-called “skills gap,” many companies continue to experience challenges with recruiting enough qualified applicants in a wide variety of disciplines, including mechanical, electrical, environmental, aerospace, civil and manufacturing engineering fields.

Forouzan Golshani, dean of the College of Engineering at California State University, Long Beach (CSULB), said in recent years the Long Beach Unified School District and local community colleges have made strides in building a “pipeline” of students seeking engineering and sciences as a profession.

In fact, the number of engineering graduates produced through CSULB’s College of Engineering has doubled over the past eight years, increasing from about 430 graduating engineers in 2007 to more than 1,000 graduating engineers last year, he said.

“We have taken the message that we should not overlook STEM disciplines and that we should prepare students for success in these areas that are the backbones of successful study in engineering or sciences,” Golshani said. “Because of that, we have been able to increase our enrollment . . . . We are producing an astounding number of engineers who are successful in the regional workforce . . . . We are very active and we continue our work to do what we can to help solve the nation’s problems.”

Still, with many engineering industries expected to grow over the next decade, and as more senior engineers retire, there are still concerns that there aren’t enough qualified applicants coming out of universities to meet the projected demand in the United States, which competes with highly skilled applicants in other countries, he said.

“It is not so much that we are completely out of qualified engineers for various jobs,” Golshani said. “It’s that the potential for this country is so great that we need to be producing many, many more engineers to keep up with the global competition that has started in the past decade and a half.”

He added that other countries are gaining in the manufacturing field, and the only way the U.S. can maintain its “sovereignty and superiority” that has lasted over a century is to produce enough talent that can support the country’s “innovation engine.”

Golshani noted that many engineering students come from other countries to study in the U.S., adding that, if more students locally aren’t entering STEM fields, companies in an increasingly global economy may be forced to look elsewhere to find talented applicants.

“We definitely want to give preference to U.S. born individuals, except that, if they’re not going to go into these disciplines, then you have to rely on transplanted individuals to come and study,” he said.

In addition, there has been more focus on encouraging women to enter engineering fields, Golshani said, adding that, unlike other professions such as medicine and law that enjoy gender parity, engineering continues to be “lopsided” with an 80 percent male and 20 percent female workforce.

“Women have not participated as strongly as we would like them to in this field,” he said. “Part of the solution is to tell the young women that this is a great career for them and that they can make great contributions to a field that directly impacts the quality of life for people.”

Golshani pointed out that, despite the loss of Boeing’s C-17 production plant, the aerospace company continues to hire engineers in Southern California, which still has a large base of suppliers. He said the industry locally is shifting from manufacturing to more technically oriented positions.

Boeing’s operation in Seal Beach is expected to grow to over 2,000 engineers in the foreseeable future, adding that the company hired 1,000 new engineers last year, Golshani noted.

“Boeing has changed its workforce here,” he said. “It is not completely gone. The manufacturing and building of whole airplanes have left Southern California with the C-17 shutting down, but engineering work is coming from Boeing because they recognize the talent pool that exists here. It’s just that the nature of the work that they do has changed and will continue to evolve in the foreseeable future.”

Nationally, however, there is still a great need for engineering in manufacturing, although the type of engineers needed in today’s workforce have changed from decades ago, according to industry experts.

While many companies have offshored manufacturing jobs to other countries with lower labor costs, many of those jobs are now returning to the United States, such as the automotive industry, albeit more related to working with automation and technologically advanced equipment.
The national Manufacturing Institute, considered an authority on the attraction, qualification and development of world-class manufacturing talent, issued a report in 2015 stating that over the next decade nearly 3.5 million manufacturing jobs, including engineering jobs, will likely need to be filled. The skills gap is expected to result in 2 million of these jobs going unfilled, the report states.

“The situation is definitely a reality, and it’s only going to get worse,” said Jeannine Kunz, director of Tooling University for the Society of Manufacturing Engineers (Tooling U-SME), which is based in Ohio and is considered an industry leader in the United States for online manufacturing training and working on comprehensive programs.

She said the shortage of skilled applicants has already caused manufacturers in the United States to have trouble with meeting customer demand and has forced companies to run a second shift because they don’t have the people to run the job.

“It hasn’t gotten better,” Kunz said. “The challenges and issues the manufacturers are facing continue to be repeated in the research. . . It’s pretty prevalent among manufacturers that the issue exists.”

Over the last five years, many companies have been challenged with developing programs to attack the skills gap problem, she said.

Kunz said the main focus of Tooling U-SME is to help supplement curriculum for students at schools across the country while working on developing partnerships between educational institutions, local communities and employers to address the situation. In many cases, employers are providing funding to schools through an education foundation to bolster such programs.

Locally, many engineering firms have become more proactive in working with local educational institutions, such as at CSULB, as universities have recently taken major steps to increase the number of engineering graduates that had been on the decline across the nation.

Kevin Peterson, president of P2S Engineering, which has been based in Long Beach for 25 years and which provides electrical, mechanical and construction management engineering consulting services, said the company has grown over the last three years, adding about 50 new employees. He said the company sees no shortage of people applying for jobs, noting that the company receives about 1,000 to 2,000 applications for open positions. From that pool, the company interviews about 100 applicants. However, many of the applicants lack the experience needed for the job, Peterson said.

“From an industry perspective, the skills gap still exists,” he said. “I don’t think it’s been narrowed quite yet.”

Peterson said the impact on the industry is that companies have become more efficient and in some cases have acquired other firms in order to obtain experienced, qualified talent.

Still, he said that the curve is going back up in engineering schools, such as at CSULB, as universities have recently taken major steps to increase the number of engineering graduates that had been on the decline across the nation.

He said the company has also been more proactive in strengthening ties with local universities in an attempt to recruit more engineers.
Engineering firms will readily tell you that California has some of the strictest building codes up and down the state, both within the United States, but also in the world. This is especially true for schools and hospitals, the designs for which must be approved at the state level, rather than locally. As regulations are continuously updated, schools and hospitals, many of which have limited funding, must contend with meeting state requirements, as well as ensuring the comfort of students and patients and keeping up with new technology. To meet these needs, engineers are continuously at work devising smart and creative methods for seismic safety, energy efficiency and creating more comfortable spaces within these building environments.

Hospitals

One of the biggest infrastructure and design issues facing California hospitals is seismic safety. Signed into law in 1994, the Seismic Safety Code requires hospitals to either retrofit the facilities or build new structures to meet modern seismic standards by 2030, or face closure.

The bill was in part a reaction to the 1994 Northridge Earthquake, which caused some hospitals’ systems to fail, according to Michael Gilmore, manager of Long Beach-based P2S Engineering’s Healthcare Group.

“That spawned an enormous amount of construction within the health care industry. Groups like Kaiser built a lot of replacement hospitals,” he said.

As technology advances, health care facilities are adding new pieces of equipment, which also must meet seismic safety standards.

“The greatest change we’ve seen is the requirement for electronic medical records.

Director of NSFPE, told the Business Journal. Gray owns a software engineering firm in Illinois called GrayTech Software Inc. and is a past chair of the American Association of Engineering Societies. She currently sits on board of directors for DiscoverE, a coalition of more than 100 organizations dedicated to growing a dynamic engineering profession through outreach and education, which oversees Engineers Week.

When Engineers Week began in the 1950s, it was limited to state and local chapters of the NSPE. In the ‘80s, it grew to include other technical societies, schools, companies and interested parties. “Over the years it has grown because of the fact that we saw less and less people joining the engineering profession, and more need for engineering knowledge and the ability to design requirements, not just for the future,” Gray said. Now, many organizations and schools, such as California State University, Long Beach’s School of Engineering, host their own Engineers Week events.

The engineering field needs not only to smart engineer For Hospitals And Schools

One of the top challenges when engineering for hospitals and schools is ensuring seismic safety requirements are met, according to Lance Kenyon, president of Structural Engineers, based at Douglas Park.

One of the ways engineers help hospitals offset these costs is through energy-efficient architecture and design.

“Across the country, acute care hospitals or inpatient hospitals are the second biggest energy hog of any building, second only to fast food restaurants,” Gilmore said.

“So the power usage per square foot in a hospital is the second worst among all types of buildings.”

A big push in the health care industry right now is to identify energy cost savings to help make up for lost reimbursement dollars due to the Affordable Care Act, Gilmore said. “A lot can be done in energy savings,” he said. P2S is currently working with an Orange County hospital to create an onsite central utility plant. “We are able to realign the facility in the least expensive way and make it more cost-effective,” he said.

For more information about Engineers Week, visit www.discovere.org/our-programs/engineers-week.

where a plant today is going to use 20 to 25 percent less energy than a plant that was installed 20 or 30 years ago.

In addition to hospital safety and reduction of energy consumption, a top priority for hospitals today is creating comfortable conditions for patients. “Another thing we’re seeing is . . . a lot of improvements with comforting and calming environments,” particularly for patients undergoing long-term treatments, such as chemotherapy, Beall said. MHP performed the structural engineering for Long Beach Memorial Medical Center’s Todd Cancer Institute Pavilion, which has a rooftop garden, plentiful natural lighting and other calming features. The facility opened in 2013. “As you walk through that project you’ll see waterfalls, and they have really nice views so that patients can be there for a long period of time and not have the sterile type of environment they used to have when they went into this type of a treatment center,” Beall said.

Another way hospitals and engineers are working together for the benefit of patients is by creating flexible environments able to adapt to different patients’ needs. “I have seen a push in the last five years to really make hospital spaces much more flexible in nature, especially when it comes to the patient experience,” Beall said. “Future assessment now is tied to patient satisfaction and no repeat business on the same illness,” Gilmore said. “In health care today, the smart designs are going to be very flexible in nature, so that you’re not communally ripping out stuff, putting in stuff and then five years later having to rip it out because of a new technology.”

P2S is working with a Los Angeles hospital on what Gilmore called a “room of the future.” When completed, a patient would be able to check in at the front desk or a kiosk, and would receive a mobile tablet device that would provide them access to their information and enable them to control various aspects of their environment. “When they get to their room, they are able to create their own environment through specialty lighting and almost scenery-type elements,” Gilmore said.

The room of the future also features large, touchable wall images, which would enable clinicians and patients, as well as their families, to review information together on a large scale. Having control over their own environment and access to their own health information would be a comforting benefit for patients, Gilmore noted.

Schools

California has no shortage of aging schools and universities, many of which may have met seismic safety standards at the time of their construction but do not meet modern standards.

“In California, we have probably one of the strictest building codes in the world, and it’s a constant struggle to keep up with it,” said Paul Solits, vice president of geotechnical operations for Twining, a Douglas Park-based engineering firm, noted. “In Californi the building codes change every three years, and it seems to get more and more stringent, especially when it comes to seismic stuff. It leads to us engineers having to figure out ways to retrofit existing buildings to make them work,” he said.

As Solits put it, when it comes to schools, the challenge is to find ways “to engineer as safe as possible and function properly without breaking the bank of the school that you’re working for.”
One of Twinings recent projects accomplished just that. When California State University, Long Beach (CSULB) was planning to build a new student recreational and wellness center, they contracted with Twinings for construction work. They got more than they asked for when Soltis and his team reviewed the project plans and came up with a cost-saving alternative.

“They originally had the idea that, in order to properly support the building, they were going to remove 10 to 13 feet of the onsite soil upon which to build the building, and effectively replace most of it with gravel,” Soltis recalled. He and his team had doubts about the plan, and expressed them to the university. Removing so much soil would require many truck trips, which would represent a significant on-campus disruption and disturbance to neighboring residents, he explained.

“The alternative was a system called geo piers,” Soltis said. “Instead of removing soil throughout the project site, rock columns were placed in 15-foot-deep holes beneath the structure’s footings. “Instead of excavating and replacing the entire site, you just do it selectively below the foundations where it’s needed,” he explained.

CSULB listened to Twining, and decided to go with their new plan. “That saved them probably $1-to-$2 million,” said Soltis.

When existing campus buildings represent good space conditions for students, a cost-saving measure (as opposed to building a new structure) that also avoids creating excess waste is retrofitting and modernizing the structures, according to Lance Kenyon, a partner at MHP.

Engineers are able to run computer tests to determine how well buildings can stand up to earthquakes, which may help determine when retrofitting is an option, rather than building. “You can model a building on the computer and really predict its behavior,” Kenyon said. “You can put in an old existing earthquake record and actually shake the building on your computer with an earthquake that occurred in the past and see how it performs.”

“Most of the existing buildings can be modernized,” Kenyon said. “They can become really good buildings as long as the space plan is good enough to start with.”

But, he pointed out, aging school buildings often come with many issues.

“You know, ADA [American Disability Act] laws have changed, and older buildings don’t have ramps. There are stairs everywhere, and that’s a big problem,” Kenyon said. “Structural safety, seismic safety is a huge issue; he added, as are insufficient insulation, heating and cooling.

MHP recently upgraded CSULB’s Liberal Arts buildings for seismic safety, ADA access, and heating and cooling. “It’s not rocket science to fix these things. It’s science, but it’s not rocket science,” Kenyon said.

Older school buildings often aren’t as energy efficient as they could be. Charles Musser, electrical engineer and project manager for PS2 Engineering, observed, “One big modernization aspect that schools are pursuing has to do with energy efficiency,” he said. Simple fixes include updating existing lighting fixtures with LEDs, which save energy, or installing sensors on the windows of classrooms to automatically adjust the amount of artificial light in the room based upon the natural light coming in, he explained.

Some universities are considering building on-campus cogeneneration plants, which

Qualified Engineers

(Continued From Page 25)

engineers while implementing workplace practices to boost employee retention.

Brian Kundert, senior vice president of human resources for Arcadis, an international design and engineering consultancy firm that has offices in Long Beach, said there still remains a shortage of individuals across the country and the world, adding that the need is interdependent on location.

“I don’t know a time when there wasn’t a shortage of engineers and it’s still true today,” he said, adding that the company does its best to hire entry level engineers to grow the skills of individuals within the company. Kundert said that the shortage persists primarily for engineers with experience.

Julio Nuno, vice president of environmental services for Long Beach-based SCS Engineers, which provides engineering services related to landslides, said the company has recently seen longtime engineers retire, leaving a void.

He said that the number of qualified engineers has somewhat decreased from about a decade ago, but the biggest problem is finding mid-level engineers with “specialized” expertise.

“I think the biggest problem we have is finding those mid-level people with the right experience and demeanor to be in the consulting business to be able to provide the services that we need,” Nuno said. “We will get a fair amount of applicants whenever we do have a position that’s available. It’s just trying to find the right person with the right experience.”

EBI Consulting, a national engineering and due diligence firm headquartered in Burlington, Massachusetts, recently opened its first West Coast office in Long Beach’s Bixby Knolls neighborhood. The company has about 400 employees nationwide, most working remotely. Twenty employees are associated with the new office on Long Beach Boulevard. Jose Gandara, senior project manager, said the company could easily double the number of local employees in the near future. “Long Beach is a perfect location for us. It gives us the flexibility of working in the L.A. markets as well as the Orange County markets,” he said. Shana Hurley, retail account manager, said employees love the Bixby Knolls area. “With the airport so close, it’s been great for when people fly in,” she noted. EBI services an array of industries, including retail, manufacturing, health care, real estate, financial services, wireless telecommunications and more. According to the firm’s website, “EBI Consulting provides environmental risk and compliance management, due diligence, energy efficiency, and engineering services to organizations seeking to improve operations, lower costs, manage risk and exceed stakeholder expectations.”

Engineers are also helping implement new technologies that aid in student learning and student-teacher interaction.

“One thing we’re doing at a lot of schools is called smart boards,” Musser said. “It’s kind of like a white board, but you can project on it from the computer or the Internet,” he explained. “What you’re writing can be recorded as well, so that can be posted to the Internet . . . and kids could basically have a recap of what was taught that was captured real time.”

In the end, Musser emphasized that the end goal of engineering for schools is working within the means of the educational institutions to achieve necessary functionality and usability.
funds from the state. That did not occur.

There is no record on file of Long Beach voters ever approving a tax increase. And there’s a good reason why.

Prior to 1996, voters did not get a say on tax increases. Neither the state legislature or city councils needed voter approval to raise taxes. In fact, twice in the early 1990s the Long Beach City Council voted to increase the utility users tax (UUT), taking it from 5 percent to 7 percent, then to 10 percent. Voters had no say.

Both times the UUT was increased, councilmembers promised it would be “temporary.” Councilmembers did not keep their word, which led to voters taking matters into their own hands in 2000 by reducing the UUT back to 5 percent, where it stands today. By the way, the average UUT in the state is around 3.5 percent, so Long Beach remains higher than most cities.

In November 1996, California voters approved Proposition 218—the “Right To Vote On Taxes Act.” Borrowing language from the California Tax Data organization, “This constitutional amendment protects taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent. Proposition 218 requires voter approval prior to imposition of general taxes, assessments, and certain user fees.”

Sales Tax Justification

Mayor García’s argument—shared by many residents and business owners—is that Long Beach needs to fix its infrastructure now because the longer we wait, the more expensive it becomes. City staff has identified about $2.8 billion in infrastructure needs—from streets and sidewalks to alleyways to community buildings and storm drain systems and more. City officials also claim that money is needed to hire more police to battle the recent rise in crime and “to preserve fire staffing to maintain 911 paramedics response times at stations across the city.” These are all important issues, and the mayor is correct in putting them before the city council and the voters.

Many law enforcement officials blame the rise in crime throughout the state to the passage last year of Proposition 47, which changed some nonviolent felonies to misdemeanors. Thousands of inmates were let out of prison early or did not serve jail time. The hoped-for rehabilitation of these nonviolent criminals has, it appears, not materialized. Police officers are being tested physically, and overtime is considerable as the ranks have dwindled due to funding issues, retirements and a lack of academics. If Mayor García gets his way and the city council approves his 10-year sales tax measure—set at a 1 cent increase (10 percent sales tax) for the first six years and dropping to a half-cent increase (9.5 percent sales tax) for the final four years—for the Long Beach ballot, it would require the majority of city voters to approve it for passage. That means the additional money raised—estimated for the first increase to be $48 million a year at current prices—would go into the city’s general fund.

General fund money can be spent pretty much however councilmembers wish, including on infrastructure repairs, hiring more law enforcement personnel and, of course, pay raises for city employees.

That takes us to the “trust” issue. Will councilmembers spend the “new” revenue on infrastructure and more police officers? Unlike the recent city college bond measure, where a citizens’ committee oversees how the money is spent and conducts public meetings—there is no independent oversight (no offense to city staff) of councilmember budget appropriations. (The college’s citizens oversight committee, consisting of seven members, is constrained by bylaws and must produce annual reports, etc. For information, visit: www.lbcc.edu/bondprogram/COC.cfm.)

One of our concerns is, indeed, trusting city councilmembers to do the right thing. Since a majority of the council is union-friendly—as illustrated by votes raising the minimum wage and establishing a project labor agreement—can we trust that the city council will not use new tax dollars for hefty pay increases for union employees? After all, the city’s nine unions are either in negotiations with the city or soon will be. It is a pretty safe bet that the unions will not forgo pay raises.

There are differing views on city employee salaries. Unions and their employees say they’re too low “compared to other cities,” while many residents feel they are too high compared to what the average household income is locally and statewide.

We’ve never bought into the “city comparison argument” since unions intentionally pit one city against another to achieve pay and benefit increases. We believe the city has many employees—not especially at the lower end of the pay scale—probably deserve increases. However, our caveat is: can we afford it?

Voters have much to consider if one or both of these measures appear on the June ballot. They need to ask questions of the college trustees and of the mayor and councilmembers.

Our Recommendations—In The Name Of Transparency

The Business Journal generally supports all school bond measures, which require a threshold of 55 percent to pass. The maximum that can be asked of property owners is to pay $25 per $100,000 of assessed valuation. According to Long Beach’s Mayoral Executive Office, the once for new classroom rooms, renovations, etc. are accomplished through this proposed measure, the college will be set for 50 years. That’s a sound investment that we can all support. The sales tax proposed by the mayor is the fairest of taxes since everyone-
Inside City Hall
The Numbers Just Don't Add Up For A Tax Increase

By Gerrie Schipske

B y the time this column runs, there will be a press conference featuring current and past elected mayors who think it is very wise for the taxpayers of Long Beach to pony up again and pay more taxes.

These politicians think it is perfectly fine to ask taxpayers to approve an increase in sales taxes. California already has the highest state level sales tax at 9.5 percent. Counties and cities have added on their own sales taxes, which is what Long Beach is proposing to do by increasing the tax.

The increase is being justified to voters because, gosh darn it, the city needs more money. And, remember, they are only asking for a “one-cent increase.” So, on every $1.00 you spend, you currently pay 9 cents in taxes. Long Beach wants you to pay 10 cents. It adds up.

What will the increased taxes be used for?

Everything. See, they have to say that because, if they specified how that increase is going to be used, it would require two-thirds of those voting to approve it.

When you don’t specify how tax increases will be used, then you only need to convince a “simple majority” of those voting to say “yes.”

There is chest pounding and wailing about how the city needs more money for police and fire and infrastructure. And we will likely start seeing the roll-out of the “why we need more taxes” show at community meetings.

Apparently, it doesn’t matter that over the past 10 years, according to the City of Long Beach Comprehensive Annual Financial Report, revenues increased from $263,132,000 in 2005 to $349,352,000 in 2014. That’s nearly 33 percent increase!

It also doesn’t matter that not everyone in Long Beach has to pay sales taxes. Over the years, the city has given away sales tax revenues to shopping centers, car dealers and other businesses. And many of the largest businesses in Long Beach are nonprofits whose products or services are not taxable.

It also doesn’t matter that this mayor and council have moved forward on very expensive, unnecessary projects—such as a Civic Center complex that is so costly that the State Legislature had to pass a bill allowing Long Beach to increase the number of years it could finance the debt from 35 to 50 years.

And was anyone listening when the mayor promised 1 percent to the arts community in his state of the city? So who is left to pay the sales tax increase? The working (and not working) people whose incomes have risen less than sales taxes, which is insulting considering that this tax increase will help pay for increases in salaries and benefits for city employees.

The politicians are counting on a large voter turnout in June of mostly Democrats for the presidential primary and, as an aside, a handful of council elections.

Without protections of strong oversight on how this new money will be spent, the not so “simple majority” should vote against this tax increase.

Next column: Why Sex Trade Hurts Long Beach

Gerrie Schipske was elected to both the Long Beach Community College Board of Trustees and the Long Beach City Council. She is the author of several books on Long Beach history. Her blog is www.longbeachinside.blogspot.com.

3D Printing Made Easy

By Forouzan Golshani

T he dawn of personal computers brought printers from offices into our homes. These simple dot-matrix devices used a moving print head that struck an ink-soaked ribbon just like its predecessor, the type-writer. Dot-matrix technology was soon replaced by Inkjet printing, which sprayed tiny ink droplets without the device making contact with the printed surface.

The technology was further improved by laser printers that used toner instead of ink.

Given a computer file, ordinary printers create images on two-dimensional surface. 3D printing follows a similar process, whereby a three-dimensional object is synthesized while successive layers of material are laid down under the instructions of a precise computer model.

While 2D printers work with ink or fine powder, 3D printers are built to deposit powder, plastic, metal, composites or—virtually any type of material. The object being printed can have a complex shape or geometry.

It may be defined by a Computer-Aided Design (CAD) model or any other digital data source such as a range camera. Simply put, a 3D printer is an industrial robot with extruders of different types attached to it, depositing materials under a precise computer program.

The layer-upon-layer process used in 3D printing is often characterized as “additive manufacturing,” contrasting it to the traditional fabrication methods known as “subtractive manufacturing.” Starting with a solid block, subtractive manufacturing involves removal of extraneous pieces through various milling processes using lathes, machines, drills, or saws.

3D printing technology is especially important for rapid prototyping—construction of an illustrative and functional sample of a desired object. It is also used increasingly in large-scale production due to its potential for cost-saving, precision, and timelier delivery. However, the main strength of additive manufacturing is the fact that it allows a design-driven manufacturing process.

Instead of the manufacturing process determining the design, 3D printing enables the design and manufacturing of highly complex structures that are light, stable, and robust. This high degree of design freedom leads to more optimizations and allows for the integration of additional functional features. Furthermore, manufacturing in small batch sizes can be done at more reasonable costs, and product customization can be achieved even within serial production.

Already today, there are numerous application areas for 3D printers, including the medical field, nanotechnologies, and microelectronics. Combining a variety of processes such as extrusion, fusion, laser sintering, and photopolymerization, 3D printing is often characterized as an additive technology.

In recent years, 3D printing has become highly popular, making it a crucial technology in many industries. 3D printers can print objects from various materials, including plastic, metal, and ceramics.

In the medical field, 3D printing is used to create models for surgical planning, as well as customized prosthetics and implants.

In the construction industry, 3D printing is used to create prefabricated structures, enabling faster construction times and reduced material waste.

In the aerospace industry, 3D printing is used to create lightweight and durable parts for aircraft components.

In the automotive industry, 3D printing is used to create prototypes and custom parts for car components.

In the fashion industry, 3D printing is used to create personalized clothing and accessories.

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Each year approximately 40,000 babies are born in the United States with a congenital heart defect, and twice as many children die from congenital heart defects than from all forms of childhood cancers combined.

Congenital heart disease is a defect or malfunction of blood vessels or the heart structure that occurs during fetal development before birth. Depending on the defect, symptoms can appear right away, or they may not present themselves until later on in life. The defects can range from a simple “hole” between two heart chambers, abnormal valve development, abnormal connections between veins/arteries and the heart, to missing heart chambers, and more. Many congenital heart defects can require surgery by pediatric congenital heart surgeons to correct the defect and prevent problems in the future. Some examples of types of defects include:

Atrial Septal Defect (ASD) ASD is a defect (ie: “hole in the heart”) in the wall that separates the left and right atriums. The hole allows blood to flow into the right side of the heart and places an undue stress on it.

Atrioventricular Septal Defects (AVSD) Commonly seen in patients with the genetic syndrome, Trisomy 21 or Down Syndrome, this defect includes the abnormal development of the inside of the heart, including holes in the heart and improper development of heart valves.

Anomalous Left Coronary Artery from the Pulmonary Artery (ALCAPA) ALCAPA is a congenital heart defect where the left coronary artery stems from the pulmonary artery rather than the aorta. The low oxygen content and pressure of this system causes the left heart to weaken and valves to improperly function.

Transposition of the Great Arteries This congenital heart defect is when the pulmonary and the aorta are swapped so that the aorta stems from the right side of the heart and the pulmonary artery from the left side of the heart. In this condition, the blood is pumped in parallel circulations and is life-threatening at birth without additional maneuvers to temporize the situation till surgery can be completed.

Ventricular Septal Defect (VSD) VSD is a hole in the wall between the heart’s right and left ventricles. The size of the hole may vary between patients and may cause symptoms dependent on the amount of blood flowing through it.

Signs & Symptoms on Congenital Heart Defects The wide variety of congenital heart defects can affect the ability of the heart to perform well. Some of the common signs and symptoms to be aware of include: bluish color to lips, tongue or nailbeds; increased rate of breathing; difficulty breathing; difficulty feeding (intermittent appetite); weight loss or failure to gain weight; heart murmur; sweating; and decreased pulses in the lower extremities.

Although congenital heart disease is generally associated with children, advances in surgical treatment means now adults who would have once died of congenital heart disease now survive well into adulthood. Many defects have to be monitored over a lifetime. When a congenital heart defect is found in a teenager or adult, they may require the expertise of a congenital cardiac surgeon to correct the defect. Surgeons specializing in congenital heart defects can care for any person with a congenital heart defect at any age. (Shaun Setty, M.D. is the medical director of the Pediatric Heart Center at Miller Children’s & Women’s Hospital Long Beach.)

HealthWise America’s Most Common Birth Defect

By Shaun Setty, M.D.

Each year approximately 40,000 babies are born in the United States with a congenital heart defect, and twice as many children die from congenital heart defects than from all forms of childhood cancers combined.

When fear persists, it distorts our ability to make decisions. It impacts our relationships, our health, our work, and our spirituality. In short, it prevents us from experiencing the “good life.” We can forget about our strengths, brilliance, and resilience. Do you fear failure, rejection, going broke, living alone? Who hasn’t had these fear-filled thoughts at some point? The problem is when they are isolated, amplified, and take control. When that happens, you have bought into the illusion. The side effects are a speeding heart and sleepless nights.

Here are five ways to overcome your fears and take back control.

1. Be specific about your fears. Is it fear of loss, failure, rejection, being issues, or at least make them clear. Who hasn’t had these fear-filled thoughts at some point? The problem is they are isolated, amplified, and take control. When that happens, you have bought into the illusion. The side effects are a speeding heart and sleepless nights.

2. Change your perception. Listen to the stories you tell yourself about your intelligence and strengths. Your self-worth is just that—worth you ascribe to yourself. You can expect the best or the worst, so why not expect the best. Habits take work. So you’ll need to funds and life support: the back pockets of their fans offered up at times when no financial institution would ever qualify them for lines of credit or financing.

Throughout history, there are five elements that have proven themselves as essential ingredients in the no-fail recipe for a thriving community organization. The first is its ability to prove its effectiveness or impact. Eventually, every organization must provide convincing evidence, rather than conjecture, that its work is creating a measurable difference for its stakeholders. There are more than a handful of organizations that have found out the hard way that doing something nice isn’t the same as doing something meaningful.

When charitable and public dollars or member dues are a stake, demonstrating economic savvy is required. Proving efficiencies and balancing overhead costs that are appropriate for the work being done against the impact that is being sought, requires a careful minding of the store. A second ingredient is never giving advice about how efficient and resilient an organization is at all times. A dashboard is the best way to keep a transparent watch on the road to either thriving or dying. Evolving with the community is the third essential ingredient. Resting on the laurels of a glorious past does not paint a rosy picture for the future. Making sure the organization is contemporary is a constant responsibility, and an expensive catch-up when ignored. Involving new generations of people, embracing technological success (and fear is the future. And since it hasn’t arrived, it is not real. It’s also true that most of the things we fear will not come to pass.

We all fear shark attacks even though they are extremely rare. And here’s my point: most dangers we feel are disproportionately relevant to our lives. When fear persists, it distorts our ability to make decisions. It impacts our relationships, our health, our work, and our spirituality. In short, it prevents us from experiencing the “good life.” We can forget about our strengths, brilliance, and resilience.

By Jeffrey Wilcox, CSP, CHS

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By Jeffrey Wilcox, CSP, CHS

Effectively leadership 5 Ways To Overcome Your Fears We are living in a political atmosphere where fear is exploited and we are the target. Fear mongering is an easy tool for manipulative purposes. Do not fall for its antics. Sometimes our fears are simply our natural tendency to stay in our comfort zones. It keeps us stuck. The greater the change, the greater the intensity of resistance. To stay in our comfort zones. It keeps us stuck. The greater the change, the greater the intensity of resistance.

By MicUkela

We are living in a political atmosphere where fear is exploited and we are the target. Fear mongering is an easy tool for manipulative purposes. Do not fall for its antics.

Understand that fear is a fact. It impacts all leaders – great and small. If you are in business or working for an organization there are plenty of opportunities to allow fear to rule you, or at least make you miserable. I’m not referring to the phobias that people have or the adrenaline that explodes through our body when our safety is suddenly threatened. The first needs clinical help, and the second recedes as the danger passes. I’m talking about those fears that keep you stuck in some area of your life.

We might regret the past, but we don’t fear it. The present isn’t what we fear either. What we are anxious about

By Shaun Setty, M.D.

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Run A Year-Round Business In A Seasonal Market

Whether your small business specializes in landscaping, air conditioning, bicycles, taxes, or a myriad of other areas, chances are you experience a seasonal market. Running a seasonal business calls for a high degree of financial flexibility. Here are some tips for success:

Build A 12-Month Budget
Planning is the key to making a seasonal business thrive financially. Even if you earn most of your revenue in just a few months, consider your income and expenses over a full 12-month period because expenses continue year-round even if you scale back your operations in the off-season.

• For the minimum budget your business needs for the year, add up all your fixed costs such as rent, loan payments, utilities and year-round payroll.

• Factor in variable costs such as inventory, supplies, and seasonal staff.

Small Business Dollars & Sense

Establish a business savings account to help cover ongoing costs and unexpected expenses.

• Think about how you pay yourself. In a startup or smaller business you may not draw a salary, but you should plan ahead for paying personal expenses year-round.

If your peak revenue doesn’t match expectations, adjust the expense side wherever possible. And if you take in more than you expect, consider making investments in the business, building up the savings account, or both.

Ramp Up Your Down Time
“There is no off-season” is the rule today for athletes who want to perform their best. That maxim holds true for many businesses as well. Some business owners find new ways to expand their products and services to appeal to customers beyond high season. For example, a landscaping company might provide holiday decorating services in December.

Chances are, however, that you will still face a drop in income at some point on the calendar. When the revenue falls off, a line of credit can help you cover your expenses and keep your finances in order. Depending on your financial partner, you may even be able to link a line of credit directly to your business checking account and online banking – so you’ll have easy access to your funds at any time.

Keep In Touch
Perhaps the single most important thing you can do in the off-season is to stay in touch with your customers. To help sustain customer relationships year-round, many business owners send thank-you messages, special offers, and other regular contact by mail or electronically. Others launch promotions such as off-season or early-bird discounts. Whatever tactic you choose, make every communication a welcome one by offering something of real interest or value.

Protect Your Investment
While the demand for products and services may vary throughout the year, risk is a constant. Take advantage of some down time to make sure your business is protected from business-related risks. If you haven’t already done so, talk to your banker or business insurance planner about the risks inherent in your business and learn how to set up a business property and liability plan.

By keeping your perspective during the peak season and making the most of the off-season, you can even out some of the financial bumps, and groom your business for a smoother ride year-round.

Ben Alvarado is a former editor of the Long Beach Business Journal. Send press releases to the address shown here.

PERSPECTIVES

Realty Views
 Builders See Rise In Housing Demand

Despite the overall economic chaos that has been the trademark of Wall Street early in 2016, those who make a living in building, renting and selling housing are seeing strong signs of steady improvement this year and are gearing their businesses accordingly.

First of all, single-family housing construction is predicted to increase by 18 percent this year to $400,000 units – up from 711,000 units in 2015. This is on the heels of a 14.5 percent increase in new home sales last year, which was the highest level since 2007 – just before the start of the Great Recession. In fact, sales rose in December by almost 11 percent over November to a seasonally adjusted rate of 544,000 units. Sales increased in all four regions of the country in December. The Midwest, West, Northeast and South all posted respective gains of 31.6 percent, 21 percent, 20.8 percent and 0.4 percent.

Using the 2000-2003 period as a healthy benchmark when single-family starts averaged 1.34 million units on an annual basis, the ongoing housing recovery will see single-family starts steadily climb from 55 percent of normal production at the end of the third quarter of 2015 all the way up to 87 percent of normal by the end of 2017. In the multi-family sector, the National Association of Home Builders (NAHB) predicts that building starts will be up 5 percent to 417,000 units this year – up from 397,000 in 2015.

“There are a number of positive indicators that provide solid evidence this will be a good year for housing and the economy,” said NAHB Chief Economist David Crowe. “Relatively low interest rates and an improving economy are motivating buyers to make a new-home purchase. Builders are upsizing their inventory in response to heightened consumer interest. Housing inventory is now at its highest level since October 2009.”

Private sector job growth has been averaging 240,000 jobs per month over the past two years. GDP growth is expected to climb slightly above last year’s level, and consumer confidence is nearly back to its pre-recession peak, Crowe added.

Higher rates of household formation and pent-up demand are two additional factors for the optimism in the housing sector. Labor market conditions, a key driver of housing demand, are strong in many metropolitan statistical areas – supporting faster household formations and boosting local housing activity through rising incomes.

With the unemployment rate declining in 90 percent of the metro areas over the past year, housing fundamentals are the strongest in over a decade, according to David Berson, chief economist at Nationwide Insurance. This is a trend supported by the labor market, demographics and consumer preference to own. However, Berson noted, many areas with strong ties to energy exploration and production in states including Louisiana, Texas, Wyoming and South Dakota are expected to see limited housing expansion in the near term, as low oil prices are reducing employment.

The mortgage equation in all of this is a mixed bag. Rates are currently very low given historical levels – running at or below 4 percent. On the other hand, underwriting is much tighter than 15-20 years ago, even is expected to loosen somewhat in the coming months and years.

According to Frank Nothaft, the chief economist at CoreLogic, rates will go up gradually over the year one quarter to one half percent higher than they currently are, and sales should enjoy a 4 to 5 percent increase overall and 13 percent for new homes. The South and West look to be the growth leaders in housing this year because of the growth in households, population and demand in these areas, he added. Nothaft predicted that home prices will reach the previous 2006 peak by mid-2017.

For builders there will be increased challenges to developing and building homes in the current environment, including the cost and availability of developed lots, building material prices, labor, federal environmental regulations and policies that are making it more expensive and difficult to build.

Overall, however, it looks like builders are pretty optimistic and are planning accordingly when it comes to increasing production in anticipation of the increased demand.

(Terry Ross, the broker-owner of TR Properties, will answer any questions about today’s real estate market. E-mail questions to RealtyViews@terryross1123@cs.com or call 949/457-4922.)
You want to strengthen your business. We do, too.
Our team provides you with a single, convenient source to meet your business needs. We help you strengthen your operation, whether you need to add staff or downsize seamlessly.

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