

Inside This Issue



New Corporate Citizen Opening At Douglas Park This Month

Page 12



Signal Hill Petroleum Awaiting Go Ahead For New Development

Pages 16



Molina Healthcare Board Makes Leadership Changes At The Top

Page 19



Small Business Showcase: East Anaheim Street

Pages 30-31

- 2 People In The News
- 4 Real Estate Quarterly
- 8 Perspective: 'Greenmailing'
- 12 Perspective: Realty Views
- 17 Newswatch
- 22 Focus On Minority-Owned Biz
- 31 Small Business Dollars & Sense

The Road To 'The Streets:' Tony Shooshani On Downtown's Rebirth

By **SAMANTHA MEHLINGER**
Assistant Editor

When Shooshani Developers, LLC purchased City Place Long Beach 12 years ago, Managing Member Tony Shooshani knew that Long Beach was on the cusp of great change. In the interim, there was a little hiccup:

the Great Recession. But now, Shooshani is seeing the potential in Long Beach – and in his property – realized.

"Twelve years ago, we bought this project through an exchange of a property that we sold in San Diego," Shooshani told the Business Journal. "We had a development opportunity there that did-

(Please Continue To Page 14)



Tony Shooshani, managing member of Shooshani Developers, LLC, believes Downtown Long Beach is in the midst of a rebirth. His firm is reinvesting in the six-square-block property it owns in the heart of the area, formerly known as City Place. Improvements to the portion of the project fronting 3rd Street at The Promenade are nearly complete. (Photograph by the Business Journal's Larry Duncan)

Exploring Some Of The Challenges Faced By Minority-Owned Businesses In Long Beach

By **BRANDON RICHARDSON**
Senior Writer

In the United States, historically, minority-owned business owners have been disproportionately underrepresented in terms of gaining access to capital to start and fund their businesses due to years of racial and economic discrimination.

"There are certain variables that may act as obstacles for minority-owned businesses . . . especially when it comes to

Related Stories Pgs 22-27

- **Local Business Owners Reflect On Their Paths To Success**
- **City To Push Economic Inclusion And Continue Outreach**

borrowing money," Seyed Jalali, Long Beach economic development officer, said. "We see and we feel that a majority of the victims that fall into the predatory funding trap are indeed minority-owned businesses."

Jalali said the country has come a long way in the past 20

years but that immigrants coming to the country still face challenges attributed to language barriers, education level and cultural norms. For example, he noted Cambodian immigrants have an inherent fear of government due to government corruption and the genocide of the Cambodian people in the past. He explained that this fear makes them less likely to reach out for government assistance while starting and maintaining a business.

(Please Continue To Page 22)

Long Beach Real Estate Market Update

City Is 'On Everyone's Radar Right Now'

By **SAMANTHA MEHLINGER**
Assistant Editor

Residential, commercial and industrial real estate markets in Long Beach and throughout Los Angeles County continue to experience high demand, with both domestic and foreign investments in development projects ramping up.

Over the past few years, single-family housing in Long Beach and statewide has been in short supply and high demand – dynamics that seem to become more pronounced as the recession fades further into hindsight. As a result, sales prices

(Please Continue To Page 4)

Apartment Rental Rate Studies Vary

Location, Amenities, Building Age, Etc., Impact Rental Price

By **BRANDON RICHARDSON**
Senior Writer

Since ApartmentList.com released a report in February claiming Long Beach's median rent for one- and two-bedroom units was \$1,400 and \$2,100 per month, respectively, rental rates have been a hot topic amongst city staff, housing advocates, residents and property owners and managers.

(Please Continue To Page 17)

Long Beach Business Journal
2599 E. 28th Street, Suite 212
Signal Hill, CA 90755-2139
562/988-1222 • www.lbbizjournal.com

PSRT STD
U.S. POSTAGE
PAID
Los Angeles, CA
PERMIT NO. 447

MILLENNIAL PULSE

By Assistant Editor Samantha Mehlinger

Fading Hope For Homeownership In California

My alma mater, Chapman University, and the California Association of Realtors' Center for California Real Estate just came out with a report that is just about as pessimistically named as you can get. Ready for it?

"Fading Promise: Millennial Prospects in the Golden State."

This gleefully titled summation of my future in California was authored by Joel Kotkin, director of Chapman's Center for

(Please Continue To Page 28)



Caldwell has been named president and CEO of Dignity Health St. Mary Medical Center, the 389-bed hospital in Downtown Long Beach. Caldwell has 30 years of health care industry experience, most recently serving as CEO of Desert Regional Medical Center in Palm Springs. She earned her master's degree from Texas Women's University. She joins St. Mary's next month. . . . **Kevin J.**



Jackson is the new deputy city manager for the City of Long Beach. He currently serves as neighborhood services director for the City of Champaign, Illinois. Prior to that he worked for the City of Glendale, Arizona. Jackson earned his master and bachelor degrees from Arizona State University. He starts June 26. . . . **Brad Williams** has been promoted to CEO for Long Beach-based Retail Design Collaborative (RDC). He replaces **Steve Ruth**, who will continue to serve as president and chairman of the board. Williams is also serving as CEO and chairman of the firm's Shanghai entity. He began with RDC in 1999, working with the company's Studio One Eleven brand. In 2013, Williams was promoted to chief operating officer for RDC. . . . The Long Beach Board of Harbor Commissioners announced that **Suzanne Plezia** has been promoted to senior director of the engineering bureau's program delivery group at the Port of Long Beach, and that **Tom Baldwin** has been promoted to oversee the port's capital improvement program. Plezia, who joined the port in 1996 as an intern, also holds the title of chief harbor engineer – the first woman to hold the position. She is responsible for four port divisions: program management; construction management; survey; and project controls. Baldwin, a port employee since 2002, is now responsible for the port's capital improvement program which includes dredging, wharf, terminal, building, railroad, bridge, safety, roadway and utility projects. . . . **Susana Gonzalez Edmond** has joined the Long Beach office of Ek, Sunkin, Klink & Bai, a public affairs, strategic communications and government advocacy firm. The company also has offices in Downtown Los Angeles and San Pedro. Edmond previously worked as a community liaison with Southern Cal-



Williams



Plezia has been promoted to senior director of the engineering bureau's program delivery group at the Port of Long Beach, and that **Tom Baldwin** has been promoted to oversee the port's capital improvement program. Plezia, who joined the port in 1996 as an intern, also holds the title of chief harbor engineer – the first woman to hold the position. She is responsible for four port divisions: program management; construction management; survey; and project controls. Baldwin, a port employee since 2002, is now responsible for the port's capital improvement program which includes dredging, wharf, terminal, building, railroad, bridge, safety, roadway and utility projects. . . . **Susana Gonzalez Edmond** has joined the Long Beach office of Ek, Sunkin, Klink & Bai, a public affairs, strategic communications and government advocacy firm. The company also has offices in Downtown Los Angeles and San Pedro. Edmond previously worked as a community liaison with Southern Cal-



Baldwin



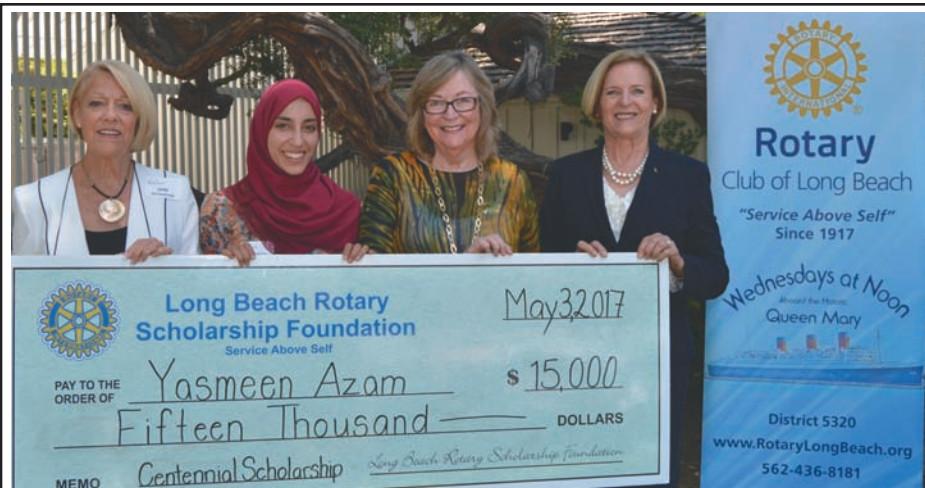
Edmond has joined the Long Beach office of Ek, Sunkin, Klink & Bai, a public affairs, strategic communications and government advocacy firm. The company also has offices in Downtown Los Angeles and San Pedro. Edmond previously worked as a community liaison with Southern Cal-



Wells Fargo employees presented a \$75,000 check to the Memorial Medical Center Foundation to coincide with the annual Miller Children's and Women's Hospital Long Beach's Tour of Long Beach kick off last month. One of the activities is a trike race featuring cancer patients – including the children pictured here – and the doctors and nurses who treat them. One of the veteran trike riders is Ben Alvarado, Wells Fargo Southern California lead region president and a member of the foundation board. "This donation is in honor of the Miller Children's community, which is founded in a culture of caring," Alvarado said. "It is a pleasure to be a part of this trike race today and to know our Wells Fargo team will be participating in the Miller Children's Tour of Long Beach in May." Pictured from left are: Alvarado; Wells Fargo Treasury Management Analyst Gus Jimenez; Miller Children's & Women's Hospital Long Beach CEO John Bishop; Wells Fargo Personal Bankers Maria Ramirez and Gladys Paz; Tony Cruz, former Olympian, professional cyclist, community ambassador and trike race master of ceremonies; and Jacqueline Casillas, M.D., M.S.H.S, medical director, Jonathan Jaques Children's Cancer Center, Miller Children's & Women's Hospital Long Beach. (Wells Fargo photograph)

ifornia Edison and as an aide to Long Beach Mayor Robert Garcia. . . . **Jim Rushton** has been named chief revenue officer for the Los Angeles Chargers, which will be playing its home games at StubHub Center in nearby Carson. Rushton comes to the Chargers from IBM, where he served as partner and global leader of the sports and entertainment consulting practice. . . . **Tom Huey** has been promoted to partner in the audit and assurance practice at Windes, an accounting and advisory firm based in Downtown Long Beach. He joined Windes in 2007. Huey, a certified public accountant, earned his bachelor's degree from UCLA. . . . Senior Associate **Guy Jimenez** and Associate **Charles Thrash** have been named principals at c/a Architects, a health-care, architecture, planning and design firm based in Long Beach. "This opportunity allows me to expand my efforts as we continue to grow our client base and build project capabilities," Jimenez said. Thrash added, "I'm excited for the opportunity to support our team and grow our culture from this new perspective, while continuing to provide the highest level of service to our clients." . . . During the 20th Annual "Entrepreneur of the Year" event presented by the Long Beach Area Chamber of Commerce and sponsored by City National Bank, the following individuals and companies were recognized: as reported in a edition, **Rick and Trent Bryson**, father and son owners of Bryson Financial Group, were honored as "City National Bank Entrepreneur of the Year;" Signal Hill Petroleum received the "Holthouse, Carlin & Van Trigt Corporate Citizen of the Year; **Mort** (posthumously) and **Susan Stuhlberg** received the "Chick-fil-A Community Spirit Award;" and **Kimberly Gros** of Steelcraft received the "Long Beach City College Shaun Lumachi Rising Star Award."

ifornia Edison and as an aide to Long Beach Mayor Robert Garcia. . . . **Jim Rushton** has been named chief revenue officer for the Los Angeles Chargers, which will be playing its home games at StubHub Center in nearby Carson. Rushton comes to the Chargers from IBM, where he served as partner and global leader of the sports and entertainment consulting practice. . . . **Tom Huey** has been promoted to partner in the audit and assurance practice at Windes, an accounting and advisory firm based in Downtown Long Beach. He joined Windes in 2007. Huey, a certified public accountant, earned his bachelor's degree from UCLA. . . . Senior Associate **Guy Jimenez** and Associate **Charles Thrash** have been named principals at c/a Architects, a health-care, architecture, planning and design firm based in Long Beach. "This opportunity allows me to expand my efforts as we continue to grow our client base and build project capabilities," Jimenez said. Thrash added, "I'm excited for the opportunity to support our team and grow our culture from this new perspective, while continuing to provide the highest level of service to our clients." . . . During the 20th Annual "Entrepreneur of the Year" event presented by the Long Beach Area Chamber of Commerce and sponsored by City National Bank, the following individuals and companies were recognized: as reported in a edition, **Rick and Trent Bryson**, father and son owners of Bryson Financial Group, were honored as "City National Bank Entrepreneur of the Year;" Signal Hill Petroleum received the "Holthouse, Carlin & Van Trigt Corporate Citizen of the Year; **Mort** (posthumously) and **Susan Stuhlberg** received the "Chick-fil-A Community Spirit Award;" and **Kimberly Gros** of Steelcraft received the "Long Beach City College Shaun Lumachi Rising Star Award."



During ceremonies held last week at the home of California State University, Long Beach President Jane Close Conoley, the Long Beach Rotary Scholarship Foundation presented a one-time centennial scholarship in the amount of \$15,000 to university student Yasmeeen Azam. It is the largest scholarship presented in the 60-year history of the foundation. Azam, born and raised in Los Angeles, is working toward a bachelors in international relations, with a double minor in economics and Middle Eastern/North African studies. Last year she spoke at the United Nations during International Youth Day. Pictured from left: Foundation President Jane Netherton; Azam; Conoley; and Jayne Lastusky, Rotary president. (Photograph by the Business Journal's Larry Duncan)

Long Beach Business Journal

Vol. XXX No. 9 • May 9-22, 2017

EDITOR & PUBLISHER

George Economides

SALES & MARKETING

EXECUTIVE

Heather Dann

PHOTOGRAPHER AND

STAFF ASSISTANT

Larry Duncan

EDITORIAL DEPARTMENT

ASSISTANT EDITOR

Samantha Mehlinger

SENIOR WRITER

Brandon Richardson

COPY EDITOR

Kellie C. O'Reilly

The Long Beach Business Journal is a publication of South Coast Publishing, Inc., incorporated in the State of California in July

1985. It is published every other Tuesday (except between Christmas and mid-January) – 25 copies annually. The Business Journal premiered March 1987 as the Long Beach Airport Business Journal. **Reproduction in whole or in part without written permission is strictly prohibited unless otherwise stated.** Opinions expressed by perspective writers and guest columnists are their views and not necessarily those of the Long Beach Business Journal. Send press releases to the address shown here:

Office
2599 E. 28th Street, Suite 212
Signal Hill, CA 90755
Ph: 562/988-1222
Fx: 562/988-1239
www.lbbizjournal.com

Advertising/Editorial Deadlines
Wednesday prior to publication date. Note: Press releases should be faxed or mailed. No follow up calls, please. For a copy of the 2017 advertising and editorial calendar, please fax request to 562/988-1239. Include your name, company and address and a copy will be sent to you. Distribution: Minimum 22,000.

Regular Office Hours
Monday-Friday
8:30 a.m.-5:30 p.m.

Subscriptions:
25 issues – 1 year
Standard Bulk Rate: \$30.00
(add \$2 if paid by credit card)
1st Class: \$70.00
(add \$3 if paid by credit card)

FREE: Sign up for **Monday Morning Coffee** (e-mail sent out at 6 a.m. every Monday about issues, events, meetings for the week) and **NewsFlash** (important local news impacting business)
Find us on Facebook • Follow us on Twitter: @LBBizJourn

Thanks, Long Beach area, for warmly welcoming me here...

...and to my members, thanks for three awesome years of serving as your Vistage Chair.

CEO GROUP 4032



Kevin Malloy
Trench Shoring



Dave Erickson
FreeConferenceCall.com



Keith Somers
ACI Last Mile Network



Jeff Hawke
Quality Refrigeration



Glen Schnablegger
Gold Acceptance



Kamran Jahangard
Z-Tronix



Martin Curtin
Curtin Maritime



Brian LaLonde
LaLonde Equipment Rental



Jeff Brady
PMA



Bruce Robertson
BGI Worldwide



Dennis Wang
GST



Brian Everett
Overland, Pacific and Cutler



Chris Larocca
OK International



Justin Silva
FiveSixTwo

KEY EXECUTIVE GROUP 9251



Tony Varbanov
DTWR



Janelle Reusch
LaLonde Equipment Rental



Jason Webber
Quality Refrigeration



Dave Medbery
Trench Shoring



Dan Roberts
BGI Worldwide



Sean Berkley
Berkley International Packaging



Steve Chew
Curtin Maritime



Ron Pearson
Bakkavor



Mike Boykin
Grant Thornton



Jeff Smith
GST



Peggy Fu
Focus Legal Group



Jeff Johnston
Catalina Material Handling



Howard Wallace
PSAV



Bruno Lucidarme
Organic by Nature

CEO GROUP 4754



John Ward
Turnstone Capital



Jim McGhee
Catalina Material Handling



Shane Kennedy
Sea Cargo



Cheri Bazley
Ronald McDonald House
of Long Beach



Peter Lake
Alumistar



Katie Hurley
GrassMonkey



Maggie Huang
Grand General



Robin Grove
Cars USA

The primary mission for our groups is to help one another make better decisions to grow strong companies* that will provide: ever-improving service to customers, engaging places of work for our colleagues, and good corporate citizens for our communities.



"Let's have a cup of coffee and find out if Vistage could be a fit for you."

Mike Miller, Vistage Chair

Groups 4032, 4754 and 9251

Call **562.343.2025** or

Email **mike.miller@vistage.com**

*Vistage companies grow three times as fast as the Dunn & Bradstreet average.

VISTAGE

Private advisory boards for CEOs,
executives and business owners.

(Continued From Page 1)
of single-family homes continue to increase.

“I think we are still dealing with homeowners who have no desire to sell if they feel as though they can continue to recover equity that they may have lost during the Great Recession,” Robert Kleinhenz, economist and executive director of research for Los Angeles-based firm Beacon Economics, told the Business Journal. This may be a cause of the impaired inventory of homes in the county and the state, he noted.

In Los Angeles County, only 28% of the population can afford the median price of a single-family detached home, according to Kleinhenz. Given current lending standards, Kleinhenz estimated that a household would have to earn roughly \$100,000 per year to afford monthly payments for a median-priced home, which is about \$549,000 in L.A. County.

William Yu, economist for the UCLA Anderson Forecast, noted that the Federal Reserve is expected to raise interest rates two to three times this year, although in modest increments. The prospect of rising interest rates should trigger even more heightened demand for housing, Kleinhenz said.

While the state is contending with a housing supply problem, construction of new housing – particularly single-family projects – is often hindered. “Because of the California special CEQA regulation, we have this kind of not-in-my-backyard mentality for most of the county,” Yu observed, referring to a state regulation that requires stringent environmental assessment before developments can move forward. “So it’s very difficult for a developer to get a permit to build to meet the demand.”

Kleinhenz also pointed to CEQA as an inhibitor of new housing. “So that’s a challenge

that Long Beach and just about every city in coastal California has to deal with – the idea that it’s already a pricey place, and inhibiting construction of new homes of any kind is going to inhibit affordability,” he said.

New multi-family developments planned in Long Beach will add some much-needed housing stock to the market over the next few years. Long Beach has seen an injection of private investment into the multi-family sector, according to Petra Durnin, Southern California director of research and analysis for CBRE. There are dozens of multi-family and mixed-use projects planned and underway, mostly concentrated in downtown.

“Long Beach has had everything in place for a revitalization for so long, and now it is actually coming to fruition,” Durnin told the Business Journal. “So as this area continues its revitalization with new housing and new amenities, that in

turn brings new office opportunities, occupiers, companies and investors.”

Local real estate agents report that sales of existing multi-family properties seem to be increasing despite short supply. Rents continue to rise and interest rates remain low, making the properties appealing to investors.

The South Bay region as a whole experienced a sharp decrease in office space vacancy rates in the first quarter. In the South Bay, vacancy rates decreased from 18.75% to 14.8% from the first quarter of 2016 to the same time this year, according to Kleinhenz.

In Long Beach, the vacancy rate of office space decreased by about 2.4% in the first quarter of 2016 to the same time this year, according to data from Cushman & Wakefield. The real estate firm’s quarterly report notes that the 100 Pine Ave. office building was removed from the overall market supply, as it is going to be converted to residential units.

Durnin speculated that as technology and aerospace firms continue to grow throughout the South Bay, they might eventually turn to Long Beach. “It is important to note that as these tech and tech-related companies are growing and emerging, they are looking for the next great submarket to be located in,” she said.

“[Long Beach] has got the housing, it has got a live-work-play environment,” Durnin said. “I think that’s why it is on everyone’s radar right now. . . . It has got that vibe, it has got that feel. It has got those amenities that will really make it viable for these creative types that are out there looking for the next cool environment.”

The vacancy rate of retail space in Long Beach is relatively flat, according to local real estate professionals. Retailers large and small are being forced to evolve thanks to the increasing desirability of online shopping.

“The reality is the industry as a whole is evolving and becoming more efficient and working to meet the changing needs of consumers,” Durnin said. “And that may mean going from a storefront to an online presence, or opening a storefront to support your online presence.”

Retail spaces are becoming increasingly experience-driven in order to offer something that the Internet cannot, according to Yu. Retail projects planned and underway in Long Beach, including the future 2nd + PCH project and the repositioning of City Place as The Streets, are focused on creating walkable, visually appealing environments that people will want to stay and play in, rather than simply visiting to go into a store and leave.

The overall vacancy rate of industrial properties in the South Bay is now below 1%, according to Kleinhenz. “It’s hard to believe vacancy rates can get as low as they have over these last several quarters,” he said. A strong manufacturing base in the region, reliant in large part upon the aerospace sector, as well as new demand for space to cultivate marijuana and the ongoing strength of the regional goods movement industry, are likely driving down vacancy, he observed.

Durnin pointed out that the growth of online retail is likely creating more demand for industrial space as companies seek to satisfy their customers with quicker delivery service by creating more distribution centers.

Overall, Kleinhenz is forecasting stability for the regional real estate markets, citing continued economic growth. “There is just no reason to think at this point in time that a recession is on the horizon,” he said. ■

Marcus & Millichap

Specialization • Expertise • Results

Marcus & Millichap Sells More Investment Real Estate Than Any Other Firm

Below is a Sampling of Our Recent Sales and Financing Transactions

<div>CLOSED</div> <div></div> <div>Shopping Center Torrance, CA \$2,625,000</div>	<div>FINANCED</div> <div></div> <div>20-Unit Multifamily Long Beach, CA \$2,540,000</div>	<div>CLOSED</div> <div></div> <div>28-Unit Multifamily Long Beach, CA \$5,075,000</div>
<div>CLOSED</div> <div></div> <div>22-Unit Multifamily Long Beach, CA \$3,275,000</div>	<div>CLOSED</div> <div></div> <div>14-Unit Multifamily Long Beach, CA \$2,700,000</div>	<div>FINANCED</div> <div></div> <div>Net Leased Bank Austin, TX Confidential</div>
<div>CLOSED</div> <div></div> <div>16-Unit Multifamily Downey, CA \$2,900,000</div>	<div>CLOSED</div> <div></div> <div>Retail Long Beach, CA \$2,338,000</div>	<div>CLOSED</div> <div></div> <div>16-Unit Multifamily Bellflower, CA \$5,000,000</div>

To access the largest exclusive inventory of properties, contact the market leader.

Damon Wyler
Regional Manager
(562) 257-1200
damon.wyler@marcusmillichap.com
Licensed by the California Bureau of Real Estate

Offices Throughout the U.S. and Canada

www.MarcusMillichap.com

Real Estate Investment Sales ♦ Financing ♦ Research ♦ Advisory Services



STEP

Leading the Multifamily Market \$87M - 2017 YTD



ROBERT STEPP



MICHAEL TOVEG



MARK WITSKEN



TODD HAWKE

S T E P P C O M M E R C I A L . C O M

2883 EAST SPRING STREET, #100 | LONG BEACH, CA | 90806 | 310.774.3740

Tight Home Supply Continues To Drive Single-Family Market Dynamics

■ By **SAMANTHA MEHLINGER**
Assistant Editor

The sales volume of single-family homes and condominiums in Long Beach was hampered in the first quarter due to low inventory of homes available for purchase, according to local real estate professionals. Strong demand to purchase homes in the city continues to drive up sales prices.

“It was a quiet first quarter, even by first quarter standards, primarily because of the lack of inventory,” Phil Jones, owner and CEO of Coldwell Banker Coastal Alliance, told the Business Journal. Typically, the first quarter is known as the slow season in single-family real estate.

“We’re seeing sales continue to be constricted by very short inventory,” Jones said. “At the end of March, there was only a supply in single-family detached [homes] of 1.9 months.” This means that given the amount of demand at the time, all homes on the market would have sold within that time frame. In March, there were 2.3 months worth of inventory of condos for sale in Long Beach, he noted.

Geoff McIntosh, president of the California Association of Realtors and owner of Long Beach’s Main Street Realtors, pointed out that the inventory of mid-priced homes is even lower. “If you’re looking at entry-level [homes] up to about \$800,000, the inventory is truly days. It’s probably 16 or 17 days,” he said.

“The number of closed sales in March was identical to March of last year, but the pending sales were down 32.5%,” Jones said, calling the decrease “substantial.” Pending sales of condos decreased by 29.9% from March of 2016 to the same month this year, he said.

“There were only 573 properties total on the market in Long Beach at the end of March,” Jones noted. “Historically, we’re at 1,500 to 2,000.”

McIntosh estimated that there is about two months of inventory of condos for sale in Long Beach. Jones estimated the sales prices of condos in Long Beach increased by 3% from March 2016 to March 2017.



Steve “Bogie” Bogoyevac, first vice president of investments for Marcus & Millichap, recently sold a portfolio of 20 Long Beach apartment buildings, including this 18-unit complex at 533 E. 11th St. (Photograph by the Business Journal’s Larry Duncan)

In April, Jones said his firm began to see increased listing activity, which he said is typical of the spring season, but cited as an encouraging sign.

Home prices in Long Beach have been appreciating at a rate of 5% to 6% so far this year, according to Jones. “Because of the demand being so strong and the interest rates so low, you would really expect to see more rapid price appreciation, particularly because we are seeing multiple offers on virtually every transaction,” he explained. “We are seeing moderate price increases, which is healthy,” he said.

Moving forward, both McIntosh and Jones expect similar market dynamics to remain at play through the year. Each emphasized the need to increase the supply of housing both in Long Beach and throughout California.

Jones supports rolling back state regulations to encourage residential development. “We need amendments to the California Environmental Quality Act – CEQA,” he said. CEQA is a state regulation that requires stringent environmental assessments before proceeding with development projects. “That needs to be amended or gotten rid of because it adds so much in cost to building and it adds to the affordability issue,” he added.

“There is a lot of discussion going on in Long Beach currently about how we encourage the supply of affordable workforce housing. We’re having more problems housing the working population here,” McIntosh said. “[In] the San Francisco Bay Area, for example, people are commuting two hours

each way to work to get to affordable housing stock. And we’re in danger of similar things happening here if we don’t find ways to dramatically increase supply.”

McIntosh views increasing density of housing as a solution but noted that many people are opposed to this concept. “We need to look at density because, as much as many people frown on the idea of increasing density due to the increase in traffic and so forth, there are benefits to increasing density. It brings in more retailers, which brings in more tax revenue,” he said. “So the city would actually perhaps experience a more robust economy if we were to allow an increase in density.”

Downtown Long Beach represents an opportunity to create housing density, according to McIntosh. “I think that downtown has probably a better chance of providing the kind of density and redevelopment that we need because people aren’t as opposed to redevelopment in the more dense areas,” he observed. “But we need housing of every kind.”

Two proposals for single-family developments in Long Beach have been stalled by litigation. The development of 131 single-family homes near Bixby Knolls, a project called Riverwalk, was initially proposed in 2015. But the plan was stalled when a citizens group filed suit. The group was granted concessions in November, which included scaling back the three-story height of the proposed buildings.

Plans for another single-family development, this one in East Long Beach on the site of the now-shuttered El Dorado Park

Portfolio Of Apartment Buildings Sold By Steve “Bogie” Bogoyevac

Address	Zip Code	# Of Units
1086 Stanley Avenue	90804	9
1128 Stanley Avenue	90804	9
1636 6th Street	90802	8
5270-22 Lemon Avenue	90805	14
533 E. 11th Street	90813	18
910 Gaviota Avenue	90813	8
938 E. 6th Street	90802	10
1074 Saint Louis Avenue	90804	8
1092 Gladys Avenue	90804	9
468 Gaviota Avenue	90802	12
811-817 Rose Avenue	90813	16
1056 E. 6th Street	90802	9
1088 Alamitos Avenue	90813	22
1430 Elm Street	90813	14
526-528 Golden Avenue	90802	21
539 E. 11th Street	90813	10
1862-1868 Pine Avenue	90806	16
2201 Locust Avenue	90806	12
2275 Chestnut Avenue	90806	8
2350 Cedar Avenue	90806	8

Source: Marcus & Millichap

This portfolio of properties recently sold within 3% of the asking price of \$40,955,000. Steve “Bogie” Bogoyevac, first vice president of investments for Marcus & Millichap, represented the seller.

Community Church, include 40 single-family homes. That project is tied up in litigation as the property owner negotiates a settlement with Warren Blesofsky, a local known for pursuing lawsuits against residential developments.

“Everybody agrees we need more housing, but nobody wants it in their backyard,” McIntosh observed. ■

Sales Of Long Beach Multi-Family Properties On The Rise

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Although the inventory of available multi-family properties for sale in Long Beach remains low, local apartment real estate specialists are seeing an up-trend in sales transactions as sellers look to cash in on their property equity and buyers hope to capitalize on low interest rates and rising rents.

Steve “Bogie” Bogoyevac, first vice president of investments with Marcus & Millichap, recently sold a portfolio of 20 apartment buildings in Long Beach listed by one seller for \$40,955,000. The



Development project Park Broadway (foreground) is under construction at 245 W. Broadway, between Cedar and Pacific avenues. The project consists of 222 residential units and 8,500 square feet of retail space. Just behind Park Broadway is the site of the Sares-Regis Group project 3rd + Pacific. The eight-story, multi-family residential development includes 163 residential units and 261 subterranean parking spaces. (Photograph by the Business Journal’s Larry Duncan)



Oceanaire, the 216-unit apartment complex by Lennar, broke ground on December 6 at 150 W. Ocean Blvd. at Pacific Avenue. The seven-story project includes 1,500 square feet of retail space and a massive slide from the street level down to a new public dog park on Seaside Way. The project is slated for completion in 2018. (Photograph by the Business Journal's Larry Duncan)

sales to multiple investors closed within 3% of asking price.

"It's kind of an interesting market in the fact that it's a good time to buy because rates are still low and you can still get good financing," Bogoyevac told the Business Journal. "There is opportunity out there and lots of properties where you can improve value and increase rents and

get a decent price in return. And for owners that have been thinking about selling, values are incredibly high and it's a good time for them, so it's kind of an interesting balance."

Lenders increased interest rates in the first quarter, which threw a wrench in a few pending deals in which rates had not been locked down yet, Bogoyevac noted.

Eric Christopher, senior associate with INCO Commercial, said that increasing interest rates – and the anticipation that the Federal Reserve will raise rates two to three times this year – are creating a sense of urgency among both buyers and sellers. Buyers wish to take advantage of low interest rates to create the best return on their investment, and sellers recognize that window of opportunity.

Robert Stepp, principal of Stepp Commercial, said he is seeing a high velocity of sales this year. Marketwide, he estimated about \$450 million in closed sales have been made so far this year. His own firm has closed about \$90 million in multi-family transactions.

"We are on pace to do \$250 million this

year. And last year we did \$200 million," he said. "Prices are higher. That helps. There is more velocity on the market. That helps."

While inventory is low, Stepp believes property owners are warming to the prospect of selling.

"I think sellers want to cash in on their equity," he said. "They have got quite a bit of equity in their buildings, and they want to either exchange into bigger buildings and increase their cash flow, or they just simply may want to cash out because of the prices at today's rate."

Still, inventory is fairly tight, the real estate professionals agreed. "We're definitely seeing more off-market deals than

(Please Continue To Page 8)

LAKESWOOD COUNTRY CLUB ESTATES

4352 Clubhouse Drive



**Stunning Architectural Design
 3 Bedrooms, 2 Bathrooms
 Offered at \$799,000**



**CONNIE CHICK, Broker, GRI, SRES
 DRE License #00592022**

MAIN STREET REALTORS

**244 Redondo Avenue
 Long Beach, CA 90803
 (562) 787-5518**



SOLAR SOURCE®

RESIDENTIAL / COMMERCIAL SOLAR PROFESSIONALS



78 kW Church - Long Beach

Headquartered in Long Beach Since 2007

- Residential/Commercial Solar Installation
- Solar Project Design, Analysis and Engineering
- Project Financing/Cost Savings Analysis
- City Permitting and Fulfillment
- Utility Interconnection

(562) 206-1584 or quote@solarsourceinc.com

4801 E Anaheim St Long Beach 90804

CA LICENSE #925231 C-46 SOLAR & C-10 ELECTRICAL CONTRACTOR

PROPERTY MANAGEMENT



*Our success is measured
 by our clients' success*

For over 25 years, Terra Bella has provided comprehensive real estate property management services with a broad-based knowledge in residential, commercial, high-rise and multi-family properties.

Our Services

- Property Preparation
- Market Analysis
- Rapid-Response Maintenance and Repair
- Lease Preparation
- Finding Qualifying Prospective Tenants
- Digital Records Prior to Occupancy
- Monthly Statements
- Semi-Annual Inspections
- Exit Inspections



CALL: 1 800 601 3092

(Continued From Page 7)

we ever have before. I would say probably 35% of deals done right now are off market,” Stepp observed.

Someone who bought an apartment building in Long Beach in 2012 and made no improvements to it would likely earn a 30% to 40% profit margin on the property, Christopher said. That kind of organic price appreciation has likely topped out, he speculated. However, for owners who continue to improve their properties and raise rents, they will be able to continue to push up their asking prices, he explained.

Bogoyevac pointed out that many property owners in Long Beach are behind the market when it comes to rental rates. For this reason, despite rental rates increasing citywide, “I think there is still potential for a lot of properties to increase rents,” he said.

“Rents are like anywhere else. They have gone through the roof in Long Beach,” Stepp said. Christopher estimated landlords should be able to push for \$25 to \$50 rent increases every six months.

All three pointed out that property owners and prospective buyers are concerned about rhetoric among local activist groups pushing for rent control.

“The pressure is on pretty much all over metro areas in the state for rent controls. And now we’re seeing that right here in Long Beach,” Christopher said.

“I get a lot of phone calls from owners in the market asking, ‘Is this really going to happen? Are we really going to see rent control? And if we do, how is that going to affect my value?’” Bogoyevac said.

“There is a perception out there that



As part of the Long Beach Civic Center development project, construction crews continue work on renewing Lincoln Park along Pacific Avenue between Broadway and Ocean Boulevard. A new main library is planned for the northern portion of the park, adjacent to Broadway. At upper right is Landmark Square office tower, which opened in 1992. (Photograph by the Business Journal’s Larry Duncan)

rent control is coming,” Stepp said. “It’s not good for the City of Long Beach. It’s not good for development. It would kill development.” Stepp said he relayed this concern to Mayor Robert Garcia, whom he recently met with.

“He told me that he is one hundred per-

cent positive that rent control will not happen in Long Beach,” Stepp said.

In the coming months, rising interest rates could act as a bit of a detractor to market activity, but overall, Christopher expects more of the same. “I think everybody is scratching their head about, like,

what is the net effect of all these things that [President] Trump is trying to do [and] where does it land us,” he said. “But if you drill down into like Long Beach multi-family, I don’t see a lot that’s going to change our dynamics in the next year other than interest rates.” ■

‘Greenmailing’ Of Local Development Projects An Abuse Of CEQA And Bad For Long Beach



■ By **BLAKE CHRISTIAN**
CPA/ MBT

As a long-standing advocate for economic growth in this city, I was disappointed – but not surprised – to read the recent Long Beach Business Journal article on resident Warren Blesofsky’s attempts to delay the residential development project slated for the former church property (vacant for over a year) located on Norwalk Boulevard near Wardlow Road.

At first blush, this seems like just the latest iteration of “greenmail” – an attempt by an individual, or group often with no real connection to a project, to seek gain (either financial or otherwise) by holding a project’s entitlements or land-use approvals hostage under the guise of some nebulous community benefit. With the city attempting to market itself as very “business friendly,” these actions are very troubling.

But this most recent attempt to delay a project that will bring 40 much-needed, mid-priced, single-family residences to market, and which has received overwhelming support from the community and city staff alike, is much more. It is an abuse of the environmental review process under the California Environmental Quality Act (CEQA) and sets a dangerous precedent for future development and business attraction and retention in Long Beach.

I reached out to Mr. Blesofsky and did get some additional insights on his philosophy and anti-project focus. I found that he is not anti-growth, but most concerned about projects that destroy historically significant structures and projects that do not go through all the necessary entitlements processes. He is also open to fixing various housing issues – including housing the homeless.

After our discussion, I do not believe the aforementioned

Norwalk and Wardlow project conflicts with Mr. Blesofsky’s expressed values. While cash has been demanded on other projects by Blesofsky’s group to settle similar issues, no mention of cash came up in our conversation. Therefore, the developer and Mr. Blesofsky should be able to resolve this matter in short order – possibly by memorializing the role of church in Long Beach as part of the project. We discussed the possibility of placing a plaque and the classic pole and window speaker used at drive-ins at the park or in the greenbelt area of the development.

Yes, at its core, this recent challenge meets the classic definition of “greenmail.” By all accounts the litigant – Blesofsky and his “association” – has no significant challenge to this residential project. By his own admission he does not live in the immediate area, has no prior record of involvement with the church or surrounding neighborhood groups and did not participate at all in any of the outreach efforts by the developers or even the environmental impact review process.

It was not until the project was before the city’s planning commission (which passed with unanimous support and over 100 residents memorializing their approval for the project) that he appeared on behalf of his “anti-development group” (with no California Secretary of State registration that I could find) to voice his concerns about the Church’s “historical significance.” A theory which may be an over-reach based on my discussions with local pastors, although I do recall enjoying the spiritual “drive-in” novelty as a youngster, I’m confident that the church attracted many new members based on the drive-in convenience.

This delay will cost the developers tens of thousands of dollars (if not hundreds of thousands of dollars) in legal fees, other costs attributable to delay and could even derail this project and many others that Mr. Blesofsky is protesting if interest rates rise and the economy tanks during the delay period.

But this particular challenge has an even wider impact in the macro sense. By signaling to other developers that they can and will have their projects challenged on vir-

tually baseless grounds, it has a potential chilling effect on future development and economic growth in our city, as well as the entire state. This very significant impact on our local economy is something that often goes overlooked by those seeking short-term gain at the long-term expense of a city’s key economic vitality.

Last year, the law firm of Holland & Knight did a canvass of cities within the Southern California Association of Governments region to tally the number of similar “greenmail” claims. Housing projects like this one comprised the largest share of CEQA lawsuits in the region – a staggering 33%.

Against the backdrop of a city in desperate need of housing and dependent on the ability to attract new employers, Long Beach cannot afford such last-minute challenges. Not a week goes by at Long Beach City Council meetings where the need for additional housing is not addressed. Yet when developers come to town to risk their capital, create jobs and provide critical housing, they are met with the very real possibility of dubious challenges from local activists.

Think of just a few of the losses that come with filing such claims like the one filed by Blesofsky:

- Loss of potential tax revenue to the city
- Loss of direct and indirect jobs
- Loss of much-needed single-family housing for large employers such as Mercedes-Benz, Virgin Orbit, Boeing and other local employers
- Loss of increased home values to the adjacent homeowners

So let’s hope this matter can get resolved quickly. If not, Mr. Blesofsky and other like-minded community activists may hope their use of California’s CEQA law to further their “cause,” developers have and will take notice of these additional business development hurdles and not view Long Beach as “business friendly.” As a result, city hall, local businesses and residents will very likely lose out on much needed economic gains for years to come.

(Blake Christian, is a partner with the accounting firm HCVT, which has offices throughout Southern California and in Park City, Utah, and Fort Worth, Texas.)

LONG BEACH COMMERCIAL PROPERTIES



701 PINE AVENUE
6,650 SF Two-Story Retail/Office Property



2820 65TH STREET
6-Unit Apartment Building in Uptown District



2335 LONG BEACH BOULEVARD
4,500 SF Retail/Office Building w/900 SF Mezz.



1365 DAISY AVENUE
6,580 SF Warehouse Space With 1,000 SF office



425-427 ATLANTIC AVENUE
2,893 SF Office space in East Village



3860 MCGOWEN STREET
10,000 - 15,000 SF Dead Storage in Douglas Park



8,037 SF STILL AVAILABLE FOR LEASE
GALLERY 421 GROUND FLOOR RETAIL
Lease Rate \$2.50-3.00/SF - NNN



1818-B PALO VERDE AVENUE
750 SF Retail Space in Anthony's Plaza



16182 PACIFIC COAST HWY.
2,538 SF High Visibility Commercial Retail Building



3501 E. 7TH STREET
Approx. 6,210 SF Commercial Office Space



305 CORONADO AVENUE
16-Unit Apartment in Belmont Heights



853 ATLANTIC AVENUE
8,896 SF Two-Story Office Property



WWW.CBCBLAIR.COM (562) 495-6070
LOCAL EXPERIENCE. GLOBAL STRENGTH.

© 2017 Coldwell Banker Real Estate LLC, dba Coldwell Banker Commercial Affiliates. All rights reserved. Coldwell Banker Real Estate LLC, dba Coldwell Banker Commercial affiliates fully supports the principles of the equal opportunity act. Each office is independently owned and operated. Coldwell Banker Commercial and the Coldwell Banker Commercial logo are registered service marks owned by Coldwell Banker Real Estate LLC, dba Coldwell Banker Commercial affiliates. All information is deemed reliable but not guaranteed. Corporate BRE #01330395

The information presented in this offering is based upon the knowledge of the offering broker and owner (without the duty of inquiry or investigation) for the purposes of giving prospective buyers notice of specific conditions which, among other things, the prospective buyer should pay particular attention to during their due diligence. Although the information is provided in good faith, and is believed to be accurate, the property is being sold "as is", and all prospective buyers are solely responsible for confirming the accuracy thereof through their own inspection, testing, and investigation in the course of due diligence. This includes, without limitation, the value, liens, easements, rights of way, size, condition, presence of hazardous substances, oil wells, geologic formations, governmental approvals and entitlements, traffic, and all other conditions which affect the value and/or desirability of the property.

Commercial Real Estate Remains Strong After Flat First Quarter

■ By **BRANDON RICHARDSON**
Senior Writer

Across all sectors of commercial real estate, experts say markets remain strong and are poised for another year with low vacancy rates and increasing prices, despite a slow first quarter.

Office

Robert Garey, senior director at Cushman & Wakefield, said the office real estate market was relatively flat during the first quarter of 2017. However, he explained that he thinks the next 12 to 18 months will see trends of increased occupancy, driving up rents as space becomes more limited.

According to a first quarter report by Cushman & Wakefield released on April 13, Los Angeles County has a historical average of a 19.7% vacancy rate. At the time of the report, Long Beach had a 14.6% overall vacancy rate in the office market, with 9.8% in the suburban market and 16.5% downtown.

“As employment rises it creates the fuel for office demand. There’s a direct correlation,” Garey said. “That’s what’s changing that historical average – employment has been very good, so companies have



Construction continues on the Long Beach Civic Center development. The \$533 million public-private partnership project includes an 11-story, 254,000-square-foot city hall; an 11-story, 237,000-square-foot port building; a 92,500-square-foot main library; a 73,000-square-foot civic plaza with subterranean parking structure; and a renewed Lincoln Park. The city hall, port and library buildings are expected to be completed in mid to late 2019. Additional development is planned for future years, including a possible hotel/residential complex. The project is overseen by Plenary-Edgemoor Civic Partners. (Photograph by the Business Journal’s Larry Duncan)

been adding office space to meet the demand side of it.”

Year-to-date absorption was 100,302 square feet, and nearly 80,000 square feet of office space is currently under construction in the suburban market of Long Beach. Approximately 187,900 square feet of space has been leased citywide so far in 2017.

“Overall, it’s got a bright future,” Garey said. “Things are on a positive trend, and I don’t see it changing in the near term.”

David Smith, senior vice president of

CBRE Inc., explained that building renovations in the downtown area, such as The Hub at 100 W. Broadway, are exciting and attractive to prospective tenants. He said this type of high-quality, creative space is the future of office space downtown but that activity has been slower than people had hoped.

However, Smith said current retail and residential improvements underway downtown will have a very positive impact on the office market in the future.

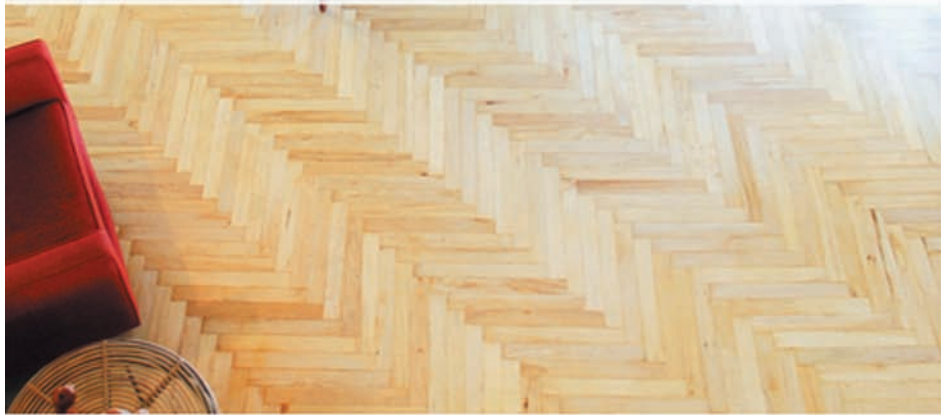
“Rates overall throughout Long Beach

are doing very well,” Smith said. “We’ve seen good escalation in rates as a general rule because it’s still definitely a bargain for the quality of space and the views and everything else.”

Asking rent for Class A buildings in the downtown area is currently \$2.83 per square foot, while Class B space is \$2.08. However, Smith noted that Class B has a wide range of types, with the newly renovated spaces pushing up on Class A rates. Suburban Class A building asking rent is currently \$2.62 per square foot, while



HARDWOOD
Restoration, Refinishing, & Installation



Follow us:
p i n f

LUKE HILLER
INCORPORATED

ESTABLISHED IN 1984

1898 Freeman Ave | Signal Hill, CA 90755

Phone: (562)597-4252 | Fax: (562)597-4233

C-15 #968354 | C-21 #968354 | CCP #CP218507

www.lukehillerinc.com



SIGNAL HILL PETROLEUM 2017
Energy Producer
Developer
Community Member

SIGNAL HILL PETROLEUM

www.shpi.net

PATREECE COBURN
COMMERCIAL ESCROW OFFICER

INTERNATIONAL CITY ESCROW, INC.
AN INDEPENDENT ESCROW CORPORATION.
LICENSED BY THE DEPT. OF BUSINESS OVERSIGHT

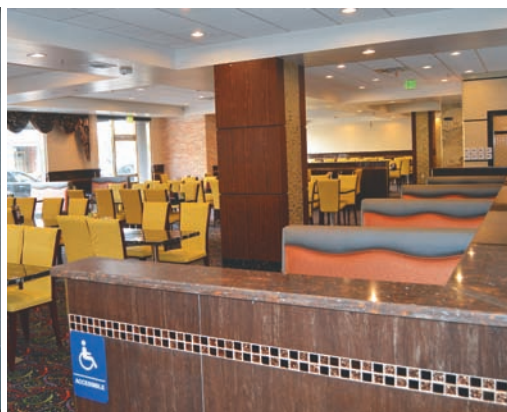
5000 E. SPRING ST. • SUITE 120 • LONG BEACH, CA 90815

INTERNATIONAL CITY
ESCROW, INC.

SPECIALIZING IN

- COMMERCIAL TRANSACTIONS
- BULK SALES
- ABC LICENSE TRANSFER
- EXCHANGES
- LEASE OPTIONS
- AND ALL YOUR ESCROW NEEDS

WWW.ICESCROW.COM
562-497-9777



Aman Lu and Joyce Chen celebrated the opening of their Chinese restaurant King Buffet on April 26. The married couple's 11,700-square-foot space at 520 Pine Ave. is part of the former City Place shopping center, now marketed as "The Streets." (Photograph by the Business Journal's Larry Duncan)

Class B is \$1.81, because very few have been renovated.

Smith noted that the gap in downtown vacancy rates between Class A and B buildings is also coming closer together due to the renovations of Class B space, which is causing lease rates for Class B space to increase at a faster rate than Class A.

"I would call leasing activity reasonable but not robust yet," Smith said. "The new developments at Douglas Park are being very well received. For those that are interested in that area, there is some availability, but there aren't multiple options like there are in other areas."

Retail

According to a first quarter report by Lee & Associates Commercial Real Estate Services, retail space vacancy in Long Beach and West Orange County rose slightly to 3.36% overall. Suburban Long Beach currently has a 3.5% vacancy, while

downtown and coastal areas have a 2.3% vacancy. Additionally, the report shows negative net absorption in Long Beach citywide and average rents that decreased slightly to \$2.07 per square foot.

"I would say, if the first quarter was a little more flat, the second quarter is a little more bullish, as far as people out looking to open up new stores and open up new restaurants," Doug Shea, president of INCO Commercial, said. "I'm getting a lot of calls on my retail products that are in good areas and some that are in just medium areas."

Shea and Joe Linkogle, director of Marcus & Millichap's National Retail Group, agree that apprehension by businesses has eased due to the outcome of the presidential elections, which will lead to more activity in the retail real estate market.

Linkogle said that despite an uptick in interest rates by the Federal Reserve, buying

(Please Continue To Page 12)

BEC

BIXBY EXECUTIVE CENTER

4401 Atlantic Ave Suite 200, Long Beach CA 90807
info@becib.com

Private suites, conference rooms, day offices, and virtual plans available from an hour up to a year!

Convenient location with FREE PARKING in the highly desirable Bixby Knolls neighborhood. Warm & Friendly staff ready to assist you and your clients.

Enterprise-level firewall & fiber network.



BIXBY EXECUTIVE CENTER
4401 Atlantic Ave Suite 200
Long Beach, CA 90807
info@becib.com

MOVE UPTOWN!

Furnished Offices Move In Ready

LB B.A.R. Assoc. Members receive **FREE RENT!***

562.984.2000

*Call for terms and conditions



INCO ADVANTAGE TAX-WISE EXIT STRATEGY

Sell appreciated real estate, avoid taxation, retain income for yourself and/or heirs, receive cash

Interested?

Come to our workshop and learn about the **INCO Advantage**
Solution To Selling Your Property Tax-free and putting cash in your pocket!

Must RSVP*
Krystle Wahl
(562) 498-3395

WHEN: May 31st 3:30 pm - 4:30 pm
WHERE: 6621 E. Pacific Coast Hwy., Ste. 280
Long Beach, CA 90803

* accountants, financial advisors welcome



www.incocommercial.com

(Continued From Page 11)

and leasing is still very strong, with a very active and enthusiastic market.

“I think that people feel that the Trump administration is going to promote legislation that is going to be favorable toward business. That’s the macro feeling,” Linkogle said. “So if there was any apprehension prior to the election, that went away.”

The old adage “location, location, location” was reaffirmed by Linkogle, who

noted the high rental rates of areas such as Belmont Shore and how vacancy rates in desirable areas will be much lower than in less desirable areas. Even on the same block, Linkogle said rents are typically higher for a corner than a mid-block space.

The latest change to the Long Beach retail market is the reintroduction of medical marijuana dispensaries throughout the city. Up to 32 dispensaries are going to be allowed to operate in Long Beach,

and the application process for non-priority dispensaries ended last month. One dispensary has already been approved for a location on 2nd Street in Belmont Shore, which Shea said will be terrible for other retail along the block.

“We generally do not like dealing with that at all,” Shea said. “There’s too much uncertainty. There’s too much non-professionalism in that industry. They’re really wasting a lot of our time. I would prefer they never call my office.”

Industrial

The dynamics of the fourth quarter of 2016 have carried over to the first quarter of 2017, according to Lance Ryan, senior vice president of marketing and leasing for Watson Land Company. Record low vacancies with high demand throughout Long Beach and the South Bay area are putting upward pressure on rental rates.

In addition to low vacancy and high rates, Ryan noted that many optimistic companies with expansion plans are having a difficult time finding space because there is also a lack of land to construct new industrial space.

“We’ve seen a little bit more of existing customers staying in place and renewing leases that they might not have otherwise, because a building is too large or too small or not quite the right fit,” Ryan said. “But because there’s such a lack of alternatives, they end up staying in place.”

Since the middle of last year, rental rates

have increased almost 10% in every size range, according to Ryan. He explained that there is always a spread between Class A space and Class B space due to functionality, location and the age of the building but that rates are even outperforming pre-recession levels.

“They’re moving up, but they’re moving up faster than they have in the past,” Ryan said. “It seems to, rather than tapered off, have accelerated up another level. These are rates that haven’t been achieved before in this market.”

The Long Beach industrial real estate market currently has a vacancy rate just above 1% with rental rates around \$0.82 per square foot for Class A building space. At the same time, average sales price has decreased to \$121.62 per square foot.

The first quarter saw 182,677 square feet of absorption with nearly 1.7 million square feet of space under construction. Additionally, there was \$76.88 million in sales transactions.

“The strong momentum that we had coming out of 2016 has carried over to 2017,” Brandon Carrillo, principal at Lee & Associates, said. “With that, we are seeing a lot of signals showing us that 2017 should be another standout year for commercial real estate.”

Carrillo noted variables such as the Trump administration’s take on trade, which could potentially have a negative impact on the market. However, he said that the most recent rhetoric has backed

Realty Views

Retail Closures Cause Alarm



By **TERRY ROSS**

A decade ago, trouble in the housing market caused a ripple effect through the economy. Owners were in distress. Mortgages that had been bundled into securities put Wall Street into a panic with defaults as owners could not afford their loan payments, putting these bonds in jeopardy.

Now, in a scenario that is almost déjà vu, changes in the retail industry are threatening to throw the commercial loan industry into the same kind of crisis, though for a different reason.

The home mortgage industry mostly failed because housing prices had risen to the point that incomes could not support them or the mortgage payments. The loss of jobs and the resulting inability to pay mortgages cut a huge swath in the American economy. People wanted homes and needed them to live in but couldn’t afford them in many cases.

Today, in the retail real estate arena, a fundamental shift in the way people purchase things and the advent of technology have made the demand for retail space sparse in many areas and certainly below the supply that is available. Someone once said that people always need a place to live in, describing the chief attribute of investing in housing – be it single family or apartments.

But the same cannot be said of retail. People can shop from Amazon or a multitude of other Internet sites without having to even look at their automobiles – and more restaurants and grocery stores than ever are getting into the home delivery business. A younger generation has learned to shop – and shop heavily – from their mobile device or desktop, meaning there is less need for brick and mortar locations. If anything, there is an increased need for warehouse space to establish large shipping centers for these virtual retailers and less need for traditional retail locations.

The numbers for retail are not encouraging. Huge retailers like J.C. Penney, Sears and Macy’s are closing hundreds of stores that used to anchor malls, so the residual impact is not just with those companies. If large centers lose anchor tenants, then smaller ones move out, and the owner can’t make payments on their mortgages, forcing defaults – just like the result in the housing market at the start of the Great Recession.

Commercial mortgages are packaged into Commercial Mortgage-Backed Securities (CMBS) that are more complex than residential securities and tend to be more volatile in many ways. Morningstar predicts CMBS lending overall to drop about 15% – from \$70 billion last year to \$60 billion this year.

According to Morgan Stanley, CMBS account for nearly 10% of the \$3.6 trillion commercial real estate mortgage market. But a Bloomberg study says 3,500 mall-based stores will close in the next few months, and visits to shopping malls declined by 50% between 2010 and 2013, according to Cushman and Wakefield. The U.S. has more stores per capita than any other country, according to analysts. We have 23.5 square feet of retail per person, compared to 16.4 square feet in Canada and 11.1 in Australia, noted a report by Morningstar Credit Ratings.

Studies show that consumers are spending larger shares of their income on restaurants, travel and technology – and less on retail staples like apparel and accessories.

“Malls are hard to turn around once they go downhill,” Steve Jellinek of Morningstar said. As a result, many CMBS investments are getting wiped out, and “retail lending has really taken a beating.” About \$48 billion in loans backed by mall properties are at risk of default, he added.

“This is a forever trend,” Jellinek said about the retail industry’s struggles. “When you think about how things are going to look 10 years from now or 20 years from now – our parents will be dead, our kids will be adults – [do] you think more people are going to be shopping online or less? This is the Amazon effect, and it’s here forever.”

Like any real estate, location and quality can withstand some trends. Some observers believe that the Class A malls with tenants like Nordstrom and Neiman Marcus in wealthy areas will do fine, while the Class B, C and D properties will struggle. Green Street Advisors estimates that 30% of all malls fall in the C and D classes, meaning that a third of shopping malls are at risk.

If a massive retail property correction takes place – like we saw in housing in the last decade – then it will be triggered by a change of culture, lifestyle and ways of living with new technology rather than simply because of a lack of economic ability.

(Terry Ross, the broker-owner of TR Properties, will answer any questions about today’s real estate market. E-mail questions to Realty Views at terryross1@cs.com or call 949/457-4922.) ■



United Pacific President Joe Juliano said operations would begin at the company’s new headquarters on May 15. The 41,000-square-foot building is located on the southeast corner of Cover Street and Worsham Avenue in Douglas Park. (Photograph by the Business Journal’s Larry Duncan)



Construction crews tilt a section of wall for the third and final building of the Pacific Pointe East project at Douglas Park on May 4. Torrance-based Simplehuman, a privately owned designer and manufacturer of kitchen, bath and beauty tools, has leased the 220,000-square-foot building, which is scheduled for completion on September 1. (Photograph by the Business Journal’s Larry Duncan)

off of certain positions, such as a trade war with China, which is good news for the industrial market.

Industrial space on the Westside of Long Beach has experienced dramatic impacts to prices due to the incoming medical marijuana businesses, according to Carrillo. He said that with prices almost doubling in the area, it's like long-term property owners in the area have won the lottery.

"We have seen a lot of property owners testing the market and being pleasantly surprised," Carrillo said. "It's something similar to what our Lee & Associates office saw in Denver, Colorado, a few years ago when they passed the whole recreational/medical marijuana use approval."

Carrillo explained that there are winners and losers in this situation, with the losers being traditional industrial business users who are getting priced out of the area. He said the medical marijuana industry can afford to buy and lease space for much more than a typical business, which is unfortunate for traditional users, but he said he would be doing his clients a disservice if he were not getting top dollar for their space.

Between medical marijuana and watching how the Trump presidency plays out, Carrillo said there are certain aspects to keep an eye on, but he thinks the market will remain strong with low vacancy and high demand.

"Every company I've spoken with, there's a lot of optimism out there, which is great," Carrillo said. "I think the second quarter is going to be another great quarter for industrial real estate."

Douglas Park

The former McDonnell Douglas/Boeing property along Lakewood Boulevard continues to evolve with industrial, office and retail space, with several projects nearing completion and new tenants being announced.

On the southwest corner of Lakewood Boulevard and Conant Street, Pacific Pointe East has taken shape with two of its buildings scheduled for completion on June 1. Building 10 is 110,000 square feet and leased by Human Touch, a therapeutic furniture store relocating from its current location at 3030 Walnut Ave. in Long Beach. Building 9, at 140,000 square feet, is also scheduled for a June 1 completion and is still available.

Pacific Pointe East's Building 11 is scheduled for completion on September 1. Torrance-based Simplehuman, a privately owned designer and manufacturer of kitchen, bath and beauty tools, signed a lease for the 220,000-square-foot space adjacent to Skylinks golf course.

United Pacific employees are moving into the company's new headquarters on the southeast corner of Cover Street and Worsham Avenue beginning May 15, according to President and CEO Joe Juliano. He said the finishing touches, including, cabinetry, flooring, exterior concrete and landscaping, will be completed on May 12. The 41,000-square-foot space will serve as the company's new headquarters, which is currently located in Gardena.

According to Stephanie Zachan, marketing manager for Nexus Development Cor-

(Please Continue To Page 14)

PROPERTIES AVAILABLE NEAR YOU



1331-1351 ORIZABA AVENUE LONG BEACH • FOR SALE

Fully Refurbished Industrial/Office Condos
Units Ranging From 2,470 SF - 7,182 SF
Up to 50% Office Built to Suit
Estimated Completion 4th Quarter 2017
Extensive Glass & Creative Features

☎: Brandon Carrillo / Garrett Massaro

420 GRAND AVENUE LONG BEACH • FOR LEASE



±2,304 SF - ±3,135 SF Available for Lease
Mid Century Office Space • On-Site Parking
Located in Belmont Heights

☎: Noel Aguirre / Sean Lieppman

THE TERMINAL AT DOUGLAS PARK LONG BEACH • FOR SALE/LEASE



Creative Office / Condominium Project
Bldg 3: 25,534 SF • Bldg 4: 25,464 SF
Located in Douglas Park Master Plan Development

☎: Jeff Coburn / Shaun McCullough

3100 EAST PACIFIC COAST HWY LONG BEACH • FOR SALE



13,116 SF Bldg on 17,453 SF Lot
±3,350 SF of Bonus Mezzanine
Retail Frontage on Pacific Coast Highway

☎: Ryan Endres / Garrett Massaro / Brandon Carrillo

12052 IMPERIAL HIGHWAY NORWALK • FOR SALE



±13,603 SF Office Bldg on 29,885 SF
Recently Renovated • Owner/User Opportunity
Strong Credit Tenant Lease Thru 12/31/18

☎: Jordan Mannisto / Jeff Coburn / Shaun McCullough



562.354.2500

5000 E. Spring Street Suite 600
Long Beach, CA 90815
Company ID # 01069854



COMMERCIAL REAL ESTATE SERVICE AVAILABLE



3250 Airflite Way
Long Beach, CA
3,000 S/F to 8,700 S/F
Paroramic Airport Views

IN ESCROW



2760 E. Spring St.
Long Beach, CA



1755 Ximeno Ave.
Long Beach, CA
19,300 S/F

HOSPITALITY DIVISON & MTTM FESTIVAL SERVICES



One Love Reggae Festival
Long Beach, CA



Sales & Leasings of Restaurants,
Bars, Music Venues

ADG COMMERCIAL REAL ESTATE

Jon Sweeney- Director (562) 243-0882

BRE: 01064469

Matt Heavin- Sales Associate (562) 445-5971

BRE: 02026730

George Medak- Broker (562) 232-4050

BRE: 00808774



The 32,027-square-foot office building by 2H Construction located at 3849 McGowen St. in Douglas Park has been leased to Chestnut Ridge, NY-based MC2, a company that designs, builds and manages integrated marketing programs for events, exhibits and brand environments. Completion of the project is scheduled for November 1. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 13)

poration, the company's Hampton Inn and Homewood Suites dual hotel project recently had the roof completed and has started exterior wall finishes and drywall finish in guestrooms. Workers will begin focusing on public space build-out in mid-May and anticipate having four model rooms completed by the end of the month. Zachan said the hotel opening is estimated for mid-September.

Long Beach Exchange – the largest Douglas Park project, which will feature 266,000 square feet of retail and restaurant space on about 27 acres of land – is progressing very smoothly, with most building slabs completed or underway, according to Scott Burnham, president of Orange County-based Burnham USA, the developer of the project.

Burnham said major anchor tenants include Whole Foods 365, Nordstrom Rack



The Hampton Inn and Homewood Suites dual hotel recently had the roof completed and exterior wall finishes and guestroom drywalling has begun. Developers anticipate to have four model rooms completed by the end of the month and for the hotel to open mid-September. (Photograph by the Business Journal's Larry Duncan)

(relocating from the Lakewood Center), T.J. Maxx, PetSmart and Lowe's Orchard Supply Hardware, as well as other major names that have committed to the project but are not ready to be announced. The Long Beach Exchange is being built in a single phase and is scheduled for completion in March or April of 2018.

The 32,027-square-foot office building by 2H Construction located at 3849 McGowen St. has most of its underground

work completed, as well as foundation footings. MC2, a company based in Chestnut Ridge, New York, that designs, builds and manages integrated marketing programs for events, exhibits and brand environments, has signed a lease set to begin when construction is completed, which is estimated for November 1. According to a company spokesperson, the location is the company's 16th location nationwide and will be home to at least 20 employees. ■

Tony Shooshani

(Continued From Page 1)

n't happen. And I was looking for a city and an environment where I could actually make a difference and be involved."

Shooshani continued, "And the exciting part here was that I saw that there was change to come. I knew that this was such an amazing urban metropolitan beachfront downtown that it was just a matter of time for the rest of the world to discover it."

There are now more than 50 real estate developments planned or underway throughout the city, mostly concentrated in downtown.

"You know, some cities go through a resurgence or rebirth. I think this is the birth of a brand new downtown," Shooshani said. "I think we're on the cusp of something amazing and special."

The scale and design of the developments planned in downtown are like "nothing we've ever seen before," Shooshani said. "Our skyline in five years is going to be so modern and high tech, and we'll be the coolest downtown, I think, between San Francisco and San Diego. And the opportunities are still immense here."

Shooshani Developers, which is family owned and operated, invested in City Place because of the potential for growth in Downtown Long Beach that is now coming to fruition. But before City Place could undergo its own transformation – one Shooshani said he always knew would come – there were some bumps along the way.

"I was not anticipating for Walmart to close its location. I was not anticipating for Fresh & Easy to go bankrupt. And we were not anticipating for Nordstrom Rack to go dark and to vacate," Shooshani said, referring to what were once City Place's largest tenants.

First came the closure of Nordstrom Rack in 2013, which Shooshani admitted came as a shock. "But my thought was,



Tony Shooshani, managing member of Shooshani Developers, stands on The Promenade North off of 3rd Street. This portion of his company's project, recently renamed The Streets, is undergoing contemporary facade and interior renovations. (Photograph by the Business Journal's Larry Duncan) Inset, the official logo for The Streets, formerly known as City Place.

everything is an opportunity," he said. "I knew that I didn't want to just put a dollar store here and call it a day and move on and just collect rent. I knew that we would have to transform it."

After Nordstrom Rack shuttered, Shooshani found out that P+R Architects (now known as Retail Design Collaborative) and its subsidiary, Studio One Eleven, were considering moving their offices from the Landmark Square office tower when their lease expired in 2016.

"I personally reached out to them and brought them down here, and we met," Shooshani said. "I shared with them what my vision was. . . . I wanted very clean buildings, modern buildings, steel, big windows. A sense of architecture that really didn't exist, I think, in Long Beach. And that would really upgrade the whole community and the whole downtown."

Late last year, Retail Design Collaborative and Studio One Eleven moved into the old Nordstrom Rack, which has been transformed into an open, creative office space. They were the first tenant to move into the redesigned portion of the project at 3rd Street and the Promenade North.

City Place was recently renamed "The

Streets" in a nod to what Shooshani hopes will be achieved by the eventual, complete repositioning of all six blocks – 3rd to 6th streets and Pine Avenue to Long Beach Boulevard.

"Where I think before City Place was more of an island by itself, now it will be an integral seamless part of what our downtown is," Shooshani said. To break up that island, the various blocks of the projects will feature different designs but with similar aesthetics. When the project is complete in five years, the idea is for The Streets to feel more like an organic urban core – a network of unique streets – than a blocked-off shopping center.

For Shooshani, who was born in Iran and raised in Beverly Hills, real estate is a passion. "It is not just a job for me, or means of making a living. I love creating neighborhoods," he said. Shooshani holds a degree in real estate, business finance and insurance from California State University, Northridge. Second only to his passion for real estate is his passion for Ferraris, which he collects and often loans to museums around the world.

Shooshani pointed out that he did not start out at the top level that he holds today

with Shooshani Developers. He worked his way up from the bottom level of the company, which his father founded. Shooshani Developers owns several other real estate developments, including Venice Crossroads, a 160,000-square-foot "urban infill project," and numerous residential projects in West Los Angeles and West Hollywood, among others.

"I learned the process of property management from the ground up," Shooshani said. "I started in the lowest position. I was the local property manager that would be there with the plumber cleaning out restrooms. And in one of the projects I was valet attendant," he said. He eventually obtained licenses as a broker and general contractor.

Since taking over management of then-City Place 12 years ago, Shooshani has not only invested in Long Beach financially, but he has also invested his time. He was quick to join the board of the Downtown Long Beach Associates, now known as the Downtown Long Beach Alliance. "It [was] for me an opportunity to be better acquainted with the community. And that's something I had never done in any of our other projects," he said.

Recently, Shooshani purchased a home in Long Beach. "I have always wanted to have a home on the water, and I have always wanted to have a base and a home here in Long Beach as well," he said. Living in the city where he works and invests makes a difference "because you get to see the culture and the diversity of a city and a community much more if you're living in it," he noted.

"I have grown to not only love and appreciate and enjoy Long Beach, but this is my home now," Shooshani reflected. "I truly can't see myself living anywhere else. I love living here. I love the water. I love the people. I love the community. I love the diversity. I love the food. . . . And I love the direction it's going." ■

Turnover In Belmont Shore: New Franchises Are Filling The Vacancies

■ By **SAMANTHA MEHLINGER**
 Assistant Editor

Some degree of turnover is inevitable in any corridor that small businesses call home. Longtime Long Beach residents can surely recall many different iterations of the various shopping districts around town, including Belmont Shore, which has in the past year seen a number of businesses close or relocate, only to be swiftly replaced.

Fromex, which was located on 2nd Street since 1982, was one of these businesses. This year, owner John Albright moved his photo printing and processing business to a business park in Signal Hill.

“We opened as a franchise on July 2, 1982, on 2nd Street in Belmont Shore,” Albright wrote in an e-mail to the Business Journal. “It was the perfect location, high traffic with both cars and pedestrians, affluent neighborhood, and lots of retail businesses on the street.” He added, “Business was good and grew to a peak in the '90s. All our customers and 100% of our sales walked in the front door.”

The advent of the Internet caused Albright

to change his business model. “Fast forward to today. The majority of our business comes in over the Internet through our website and from all over the country,” he wrote.

Albright continued, “We just didn’t need to be in an expensive busy retail storefront location any more. It made sense to move to a larger space, better parking, easy free-way access, and a lower monthly lease cost. We found all that in PS Business Parks in Signal Hill.”

The Pie Hole, a family-owned franchise specializing in dessert pies and potpies, is filling in Fromex’s ground floor space at 5277 E. 2nd St., according to Dede Rossi, executive director of the Belmont Shore Business Association. The Belmont Music Studio, which is located upstairs, is expanding its footprint into space formerly occupied by Fromex as well, she noted.

Like The Pie Hole, several other new businesses opening on 2nd Street are franchises.

Powell’s Sweet Shoppe, which recently closed when its owners chose not to renew their franchise agreement, has been replaced by Rocket Fizz, another franchise candy shop. Sancho’s Tacos, a franchise with locations in Huntington Beach, Newport Beach and San Clemente, is set to open where Le Donut & Croissant previously operated at 5272 E. 2nd St.

Urban Table, a market and café, closed a few weeks ago at 5000 E. 2nd St. Rossi indicated the owner, Carolyn Baer, also runs a catering business and had been considering selling or closing Urban Table for some time. It is slated to be replaced in June with the first American location of Pietris Bakery, which is based in Greece.

Lasher’s Kitchen, which was once located on Broadway before being replaced by The Attic, is set to open in a few weeks at 5295 E. 2nd St., according to Rossi. “It’s going to be really nice. Another high-end but smaller place,” she said. The space was formerly occupied by Pho-Nomenon.

A recent closure was Citibank, which occupied the building at 5345 E. 2nd St., according to Rossi. “And I know there is a lease up for Children’s Place,” she said, referring to the national retailer at 4801 E. 2nd St. “They had the lease for 20 years. So their lease came up, and that corporation has decided not to re-up.”

Rossi observed, “I feel like we go through a cycle every five years or something where we have a cycle of people leav-

ing.” She noted, “I know everyone always blames the rents, but that’s not really the case a lot of the time.”

Romance Etc., which has been located at 5209 E. 2nd St. for 20 years, is soon relocating to Parkview Village off of Viking Way. Co-owner Deborah Fay, who said the shop would remain open until the day after Mother’s Day, cited overall cost increases and online competition as reasons for the move.

“We couldn’t support the business with the amount of money we’re making and the overhead. That place just wasn’t working,” Fay said.

“I would say the biggest double whammy is the Internet affecting the normal retail walk-in [traffic], and then the rent is just

(Please Continue To Page 16)



INVESTOR SPECIAL COMMERCIAL/INDUSTRIAL IN CARSON

With Possible 10 Year Tenant

Current use is Manufacturing

The building is 3,570 Sq Ft on a
 6,345 Sq Ft Lot

Owner to Lease Back with a
 Triple Net Lease

Call Barbara For More Information



Call Barbara Irvine-Parker
 for showing appointment.
(562) 208-9726
 barbarairvineparker4@msn.com
 www.barbara4realestate.com



THANK YOU DOWNTOWN LB!

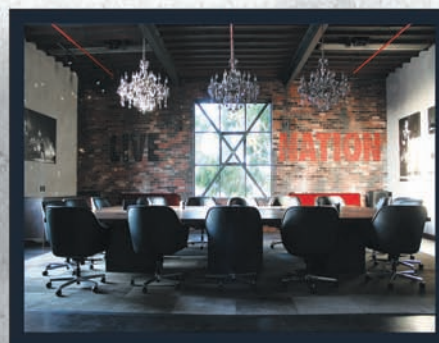
A big thank you to our clients, tenants, partners and property owners who have succeeded with William Morris Commercial over the past year.

WeWork	Challenger	George’s Greek	John Hancock
Table 301	Nation Tours	Intl. Registries	Ocean West
Pie Bar	HumanIT	Arroyo Capital	Millworks
BurgerIM	Party Monkey	Romeo Chocolates	Shooshani Dev.
PokiCat	Gotta Have It	Jack Schroeder	Shoreline Village
Pier 76	Glu Mobile	Mountain Bishop	Parallel Capital
Pizza Press	NW Mutual	Crepe Crafters	Davco Realty
AlTech	Shane Daley	Trademark Brewing	Lee & Associates
R-Bar	Station Digital	Blackstone Games	Cushman Wakefield
Lit.Econ	Thick Shakes	Nevermore Galleries	CBRE
Interpool	Plant Junkie	William Brooks	NAI Capital
Longines	GraphicAid	Shoreline Comics	CBM
Swagg	Java Junction	Pelican Products	Appleby
MISA	Beta Offshore	US Rep. Lowenthal	CBC Blair

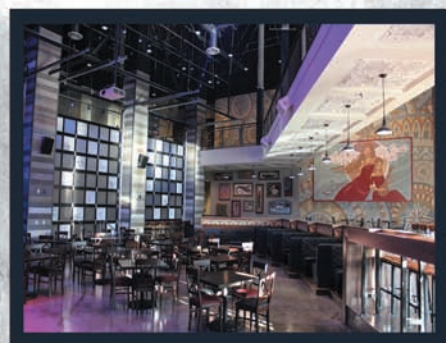


**WILLIAM MORRIS
 COMMERCIAL**

CATHERINE MORRIS / 310.989.6162
TOLIVER MORRIS / 562.552.8874



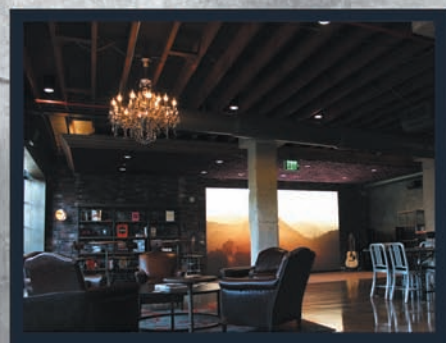
Live Nation Entertainment



House of Blues, Anaheim



House of Blues, Anaheim



Live Nation Entertainment



A Leading General Contracting Firm Specializing in Healthcare, Hospitality & Commercial Construction. Our Expertise is not limited to Specialty Construction, we excel at Fast Track & High Profile Projects in Retail/Mixed-Use, Institutional & Infrastructure. Our services include General Contracting, Design/Build & Construction Management.

Leading Construction, Leaving “Peace-of-Mind”

2801 East Anaheim St. | Long Beach, CA 90804
(562) 576-0900 | www.BrasciaBuilders.com



**Serious
 About
 Selling?**

Call us for
 a **FREE**
 Property
 Analysis

CBCBlair.com/
 multifamily



2820 65th Street
 Asking Price \$1,275,000
 • 6 (six) Units - 6-1bd/1ba
 • Turnkey Investment
 • All Separately metered
 • Parking for each unit

George Bustamante
 Mobile: (714) 856-7017
 GBustamante@cbcbclair.com
 BRE# 01484265



142 Bonito Avenue
 Asking Price \$1,795,000
 • 4 (four) Large Units
 • 4-1bd/1ba
 • 1 block from the beach
 • Remodeled “Like New” Units

Steve Warshauer
 Mobile: (562) 397-9520
 SteveW@cbcbclair.com
 BRE# 00499477

Cameron Jacques
 Mobile: (310) 490-8134
 CJacques@cbcbclair.com
 BRE# 01852032

Belmont Shore

(Continued From Page 15)

too high to sustain a business such as mine,” Fay explained. “It’s not just the dollar per square foot [rate]. It’s the fact that now in retail or in commercial real estate, at least in places like this, you’re responsible for the entire maintenance of the building.”

Fay indicated that her lease was coming up, and the building’s ownership indicated that it would be seeking a similar rental rate that the Children’s Place is expected to fetch – about \$5 per square foot. This would increase Fay’s cost of doing business by \$36,000 a year, she explained.

Online competition has caused the shop to lose out during the holidays in recent years. “The last two years we have really noticed a big hit with the Internet,” Fay said. “We noticed it at the holidays. Last year, we were down from the year before last . . . like \$40,000 for the month of December. And this year, we were down \$55,000.”

Romance Etc.’s new location at 5407 E. Village Rd. should be open sometime in June, Fay said.



Dede Rossi, executive director of the Belmont Shore Business Association, stands in front of the future location of Lasher’s Kitchen at 5295 E. 2nd St.. The restaurant formerly operated on Broadway. Previously located here was the Vietnamese restaurant Pho-Nomenon. (Photograph by the Business Journal’s Larry Duncan)

Kurt Schneider, a partner in Maverick Investments, owns property on 2nd Street, including nearly the entire block with Nick’s on 2nd, Le Creperie Cafe, AT&T and other businesses off of St. Joseph Avenue. He said he has a waiting list of

prospective tenants for his Belmont Shore properties.

“We own retail throughout the United States, but we live locally. And we have over 40,000 feet of retail in Belmont Shore,” Schneider said. “And I will tell

you that today is by far the best retail market we have had as far as demand for space on 2nd Street.”

While vacancy may be a bit higher than it has been in recent years, Schneider noted that it is still very low, historically, for the area. “And the reason for the vacancy on the street I don’t believe is really rent generated,” he noted.

“What we have going on in Belmont Shore is very unique,” Schneider said. Although Fay and Rossi had cited online competition as a source of struggle for small businesses on the street, Schneider believes online shopping trends may ultimately benefit the area.

“I think this area is only going to get better. Because as the Internet becomes stronger in our day-to-day lives, places like Belmont Shore will become more and more important because people are dying for an experience versus instant gratification over an application,” Schneider explained. “It’s a great place to see your friends and neighbors and future friends, and it will only become more dynamic.” ■

Signal Hill Petroleum Hopes To Create New City Center With Mixed-Use Development

■ By **SAMANTHA MEHLINGER**
Assistant Editor

A vacant eight-acre parcel of land next to the closed-down Fresh & Easy at the corner of Cherry Avenue and Crescent Heights Street may be transformed in coming years into a mixed-use development with luxury apartments, retail and community space.

Signal Hill Petroleum (SHP), which owns the Fresh & Easy property and adjacent land, has entered into an exclusive negotiating agreement with the City of Signal Hill to purchase parcels surrounding the property. Assuming a deal is signed within the coming months, Signal Hill Petroleum will begin fleshing out its conceptual plans for the site into reality.

Renderings by architectural design and planning firm KTGy reveal a development, tentatively dubbed Heritage Square, that would hearken back to the history of Signal Hill as an oil town but also integrate modern elements.

“The idea behind this is very open concept,” Kevin Laney, vice president of business development for SHP, said. “It’s not your run-of-the-mill strip center. . . . That’s not what we’re going for here.”

Tentative plans for the site include 35,000 to 50,000 square feet of retail, which will be mostly food-oriented and accessible and open to the surrounding Cherry Avenue, Crescent Heights Street and Burnett Street.

SHP hopes to develop a two-story restaurant fronting the corner of Cherry Avenue and Burnett Street for “a very reputable restaurant group” that has a location in Long Beach and has expressed interest, Laney noted. A covered community space will serve as the development’s center.

“We and the city very much feel this needs to be kind of the town center,” Laney said. “We have worked hand-in-

hand with the city so far, and we will moving forward, as well as with the community.”

At the rear of the site, SHP hopes to create a luxury apartment complex with potentially 200 units wrapped around a four-story garage to serve both residents and shoppers, according to Laney.



Kevin Laney, vice president of development for Signal Hill Petroleum, stands in the midst of a vacant parcel of land off of Cherry Avenue between Burnett and Crescent Heights streets. The oil company is planning to pursue a mixed-use development on the site. (Photograph by the Business Journal’s Larry Duncan)

SHP is already in negotiations with multiple boutique grocers for the former Fresh & Easy location. “The residents of the hill are very excited about having another nicer market coming in here,” Laney said. “It will be somebody that has a lot of fresh fruits and vegetables, probably a deli section, probably an outdoor dining patio [and] that sort of thing.”

Because SHP already owns that site, the market will open in advance of the new development, Laney noted.

Perhaps unsurprisingly, given the city’s history, there are several oil wells on the site that need to be abandoned (properly closed off) or re-abandoned, Laney said. “They are kind of scattered throughout. And there will probably be a couple of producing wells that are retained that stay within the project, which is something that we’ve done all over town,” he said. This remediation work, which Laney pointed out SHP is well versed in, must take place before the development breaks ground.

Due diligence work associated with seismic assessments must also be undertaken. “Right now we are working on a fault study,” Laney said. “The Cherry Hill Fault, which is a sliver of the Newport Inglewood Fault system, runs through Signal Hill. . . . You have to locate that fault to know where it is in proximity to the building you are going to build.”

An agreement with the city for the purchase

and development of former redevelopment agency-owned parcels within the proposed development footprint is being drafted, according to Laney. “I would hope we would have a signed agreement within six to nine months. . . . Then we are full steam ahead, actually investing in construction drawings,” he explained.

“Obviously, we want to respect the heritage of Signal Hill, and that is kind of the main theme of the entire project,” Laney said. ■



Signal Hill Petroleum’s proposed project off of Cherry Avenue would include a new market where Fresh & Easy once operated, as well as an adjacent community center. This conceptual rendering shows what such a center might look like. (Rendering provided by Signal Hill Petroleum)

Apartment Rental Rates

(Continued From Page 1)

After the report was released, property managers immediately fired back saying rents were much lower, citing data from CoStar Group that showed median rents in the city up to \$500 less than ApartmentList's claim. With so much data being interjected into the topic, city staff was directed to conduct its own research. Ultimately, the research will result in an in-depth report on Long Beach rental rates, which already has a draft version available with convoluted findings.

"Essentially, the numbers were all different," Patrick Ure, the housing development officer for the city's housing and community improvement bureau, said. "So we're not comfortable saying what the real rates are at this point in time."

The draft report considered data from REIS Inc., a commercial real estate information company; the American Community Survey, which is conducted annually by the United States Census Bureau; Apartments.com and Craigslist.org. The data varies greatly depending on the source, with citywide median rents ranging from \$1,122 to \$1,863 depending on the source.

According to 2010 census data, Long Beach has a total of 163,531 housing units. Of those units, nearly 60%, approximately 95,582, were renter-occupied. These thousands of rental units are dispersed throughout dozens of individual neighborhoods, each with its own demographics, culture and vibe – some more desirable than others.

In addition to location, some property managers, such as Spencer Pabst, a broker at Pabst, Kinney & Associates, claim there are too many factors at play to have citywide averages in rental rates and that numbers have to be broken down even further – parking, amenities, age of the building, renovations and size of the unit all need to be taken into consideration.

"Different tenants have different amenities that they are looking for, as well as different neighborhoods. For example, the Alamitos Beach area is very parking impacted," Pabst said. "I know for a fact if you have a one-bedroom there with a garage, you could probably get \$200 to \$300 more in rent if it has a garage."

Pabst refutes the ApartmentList numbers and said the website typically showcases newer luxury apartments, while most of the units in the city are owned by individuals, which are not represented in the website's figures. Additionally, he said apartment management companies that manage thousands of units are also not included in the data. Pabst, Kinney & Associates alone manages 3,200 units in Long Beach, most with rents far below ApartmentList's claim.

The report by ApartmentList has become a rallying cry for housing advocates, such as Josh Butler, executive director of Housing Long Beach. Butler often cites the report, as recently as May 2 in a press release, when discussing increasing rents and the need for renter protections.

Robert Fox, who owns 25 units in Long Beach, has been critical of Butler for citing the ApartmentList report. Fox is part of Better Housing for Long Beach (BHFLB), a community organization composed of property owners and residents, which opposes many of Butler and Housing Long Beach's goals, such as certain renter protections.

"The implication of what Josh [Butler] is saying is that our rents are just going up at a skyrocketed rate, and this is terrible, and we're putting people out of apartments left, right and center. And I didn't find that to be true," Fox said.

In response to Butler's use of the ApartmentList report, Fox and BHFLB began reaching out to property owners citywide to compile a list of rental rates separated between one- and two-bedroom rental units. After receiving data on more than 1,000 rental units, Fox said the citywide average rent is around \$1,450 per month, with one-bedroom apartment rents being \$1,069 overall.

According to Fox, the housing crisis is the result of high demand in the area and an inventory that is not keeping up, which affects people in all levels of income. The issue is only exacerbated by the city's ever-

increasing population, which the U.S. Census Bureau estimated was more than 474,000 in 2015.

"We have all this extra population, and whether it's poor or rich or whatever, we just didn't build the housing. That's the essence of it. If the desire for housing is strong and there's not enough inventory to satisfy the need citywide, then you have a crisis. And we do."

Fox said dishonest information being presented to the city council as fact really bothers him. He argues that most sites, such as ApartmentList, Zillow and others, do not offer information based on real data but rather estimations or small samples from their very limited database. He said BHFLB's rent survey is composed of real data, conveniently broken down by ZIP code.

However, Tony Balasuriya, owner of

Terra Bella Property Management, which manages between 600 and 800 units in the city, said Long Beach neighborhoods are so diverse that even breaking rental rates down by ZIP code is not good enough, and citywide averages are impossible.

"That's not realistic. They are not matching apples to apples," Balasuriya said. "You can't take a brand new high-rise condominium or a brand new on-the-ocean one-bedroom that's renting for \$5,000 and throw that into the mix with a regular rental. You simply can't do that."

Terra Bella manages condos in the International Tower downtown, which Balasuriya said get top-dollar rents – sometimes up to \$2,800 per month. But two blocks away, he said he has a condo renting for more than \$1,000 less. Balasuriya also cited the traffic circle area as having

(Please Continue To Page 18)

It's not the size that matters Small business focused since 1984

We understand the vital role we play in helping your business grow. That's why we provide business banking solutions that are tailored to your needs. It's our business to ensure that your business can go from 'startup' to 'stable' and from 'established' to 'thriving'.



INTERNATIONAL CITY BANK

Business made personal

249 E. Ocean Boulevard, Long Beach, CA 90802 | 562.436.9800 | icb.biz

© 2017 International City Bank



BIG E
PIZZA
 498-8788
 EST. 1986

30
 Years
 & counting!



**Come Join The 3rd Generation of
 Big E Boys For Dinner In Our
 New Expanded Dining Room!**

3225 E. Pacific Coast Hwy.

**Fast Delivery
 7 Days a Week**

562.498.8788

www.bigepizza.com

Apartment Rental Rates

(Continued From Page 17)

higher-end condos on one side and middle-income apartments on the other.

"You cannot lock in one set of numbers for the whole of Long Beach. That would completely skew the perception of who we are and what we are about in Long Beach," Balasuriya said. "Everybody has a place in Long Beach. I think we have the middle, lower and upper all coexisting. If you don't have those three properly separated, I don't think we will be able to accurately look at the rents."

Ure said he doesn't think anyone disagrees with the idea that rents are rising but that city staff is uncertain as to how much, how quickly and if increases are consistent citywide. Due to the conflicting data being presented to city staff by others and through research, Ure said the city is moving forward with seeking a professional real estate firm to be contracted to conduct a full, in-depth citywide rental study. He added that no decisions or time frames have yet to be determined regarding the study.

When the study is complete, Ure said city staff would add it to the report on rental rates and present the findings to city council.

"It's a work in progress. I understand that people are frustrated and concerned about the numbers, and frankly, we are too. We're not comfortable with the numbers, and that's why we took it out of the housing report and decided to look at it separately and invest a little bit more time into getting it right." ■

Conditional Use Permit Study Underway

■ By **BRANDON RICHARDSON**
 Senior Writer

In December, 2nd District Councilmember Jeannine Pearce brought an agenda item before the Long Beach City Council in the hopes of streamlining the city's conditional use permit (CUP) process. The request passed, and a study is currently underway by consulting firm Dyett & Bhatta Urban & Regional Planners, which has a \$95,000 contract with the city.

"Councilwoman Pearce had what she called a business roundtable meeting back in March," Linda Tatum, planning bureau manager for Long Beach Development Services, said. "The consultant happened to be there to start her work by listening to the feedback that came from those on the panel and those members of the public who provided comment."

Tatum explained that the scope of the study has not changed from when the item was introduced in December. The study will focus on examining uses which require a CUP, efforts to make the CUP process more cost effective, streamlining the public noticing process related to CUPs, expediting CUP modifications for existing businesses, and creating a simplified CUP process for existing businesses opening additional locations.

KafeNeo
 An American Kitchen with Greek Soul
**GREEK
 HAPPY HOUR!**

M-F 3pm to 6pm

**SELECT APPETIZERS \$4
 GREEK BEERS \$3**

EAT FRESH \$4 EAT GREEK

SELECT APPETIZERS \$4

GREEK MEATBALLS

FALAFEL

DOLMADES

SAGANAKI

SPANAKOPITA

ANY DIP W/ PITA

CALAMARI



GREEK BEERS \$3

ALPHA. KEO. MYTHOS & SEPTUM

2800 E 4TH ST, LONG BEACH
 KAFENEOLB.COM



**WE'VE GOT
 CHUTZPAH**

1-lb BREAKFAST BURRITO
 pastrami, egg, potatoes, Brix Deli Sauce
 Swiss & American cheeses

**CRAFT BEER & WINE
 best NY BAGELS**

Brix at the SHORE

5372 E. 2nd Street, Long Beach

LetsDoBrix.com 562.343.5998

Delivery: Eat24.com or Grubhub.com

brunch daily 9am catering

WEEKDAY SPECIAL
 9am-1pm \$6.95

NY Bagel best in town!
 house scrambled eggs,
 & a potato pancake

According to Tatum, the study is about a month and a half in, and she hopes to have preliminary recommendations by the end of summer. At that time, she said city staff would have a clearer picture of the study timeline and when there might be additional outreach meetings.

When the study is completed, it will be presented to the planning commission before being voted on by the city council. Tatum said the original estimates to come back to city council were for early next year but that city staff hopes it will be sooner.

"I think we're excited about doing this work," Tatum said. "I think it's something that's just going to benefit not only the city but our business community as well. And that's kind of the whole point." ■

A Few Reactions To Trump's Rollback Of Offshore Drilling Restrictions

■ By **SAMANTHA MEHLINGER**
 Assistant Editor

On April 28, President Donald Trump signed an executive order to expand offshore drilling opportunities. Dubbed the "America-First Offshore Energy Strategy," the order also ordered a review "of all designations and expansions of National Marine Sanctuaries."

The order reversed an action taken by

former President Barack Obama on December 20, 2016, which was meant to prevent oil exploration within areas of the Outer Continental Shelf of the United States.

Following this action, on May 1, Interior Secretary Ryan Zinke issued orders to revise the 2017-2022 leasing plan for the Outer Continental Shelf.

The moves were met with swift opposition by environmentalists and many on the left. California Attorney General Xavier Becerra, for example, issued a statement indicating the state would "vigorously oppose new drilling off the shores of our coast."

The Business Journal sought reactions from the Western States Petroleum Association, Congressman Alan Lowenthal, and the Long Beach Area Sierra Club. They are as follows:

Catherine Reheis Boyd, President Western States Petroleum Association

"While energy policy is discussed in Washington D. C., we are focused on the matters affecting our members in the West. Our member companies proudly operate in some of the toughest regulatory environments in the country, where we power economies and lead in environmental protection.

"We value and are committed to working with the leaders, elected and otherwise, in the communities and states in which we operate to deliver our products safely, efficiently and in ways that best protect our environment now and in the future."

Congressman Alan Lowenthal California's 47th District


"The president's proposal is a non-starter. There is bipartisan opposition to this in Congress. It took years to develop the 2017-2022 five-year leasing plan, which called for a moratorium on oil and gas exploration in the Atlantic and Pacific oceans. It is a really bad idea to throw out all of that work and start from scratch to develop a plan that will in no doubt be a handout to the oil industry. I still remember the Santa Barbara oil spill in 1969 from a platform offshore. Beaches were fouled throughout the Channel Islands and Santa Barbara and Ventura counties. Thousands of birds were killed as well as other sea life like sea lions, dolphins and elephant seals. The spill is still the third largest in U.S. history and led to decades of bans on offshore drilling in federal waters that the president is now considering lifting. Opening up new areas to leasing won't bring us toward the brighter future we want to leave for our children. That is why this week I have authored a bipartisan letter to Secretary of the Interior Zinke urging him to not consider offshore oil and gas leasing in the Atlantic and Pacific as asked for in the president's executive order."

Gabrielle Weeks, Chair Long Beach Area Sierra Club

"The oil spill that sparked the modern-day environmental movement and Earth Day took place nearly five decades ago. This executive order will not undo the progress we've made and, like most of Trump's actions, is poorly thought out and likely to fail.

Our hope is that Trump's followers are starting to realize that renewable energy isn't just better for wildlife, it's better for our economy and human health, employing more people and costing less than fossil fuels." ■

The Long Beach Business Journal presents a talk by
Mayor Robert Garcia



BUILDING A BETTER LONG BEACH

An Update on Development in Long Beach
 Tuesday June 6, 2016 - 11 am
 Beverly O'Neill Theater
 300 East Ocean Blvd, Long Beach, CA 90802
 To RSVP, please email mayor@longbeach.gov



We Have a Lot of Competition, but our Ribs Don't!

- Also Featuring: Steaks, Tri-Tip, Chicken, Prime Rib, Fresh Fish, Sandwiches and Salads
- Family Owned & Operated
- Kids Menus
- Cocktail Lounge w/ 3 T.V.'s
- Tableside Magic Sunday Nights
- Warm & Comfortable Booths
- Reservations accepted
- Open at 4pm Monday-Friday
- Open at Noon Saturday-Sunday
- Take-out available after 10:30 a.m.
- Buckets, Party Paks, and Trays!

NAPLES RIB COMPANY
 Naples Rib Company
 5800 East 2nd St, Long Beach
(562) 439-RIBS
 RibCompany.com 7427

\$10 OFF
 Your Order of \$75 or more
 A Rose to all Mother's who dine in with us on Mother's Day.
 Not redeemable with any other offer, discount, coupon or price special.
 Expires August 31, 2017 LBBJ



Go See Sal

Auto Repair & Services
 1000 E. Wardlow Rd.
 (Corner of Wardlow and California)
www.LBWalkerAuto.com
 Facebook.com/LBWalkerAuto
562-981-2222

Over 43 Years of Experience

SYNTHETIC BLEND Oil Change
\$29.95
 +Tax, Haz. Fee, Up to 5qts Most Cars.

FULL SYNTHETIC Oil Change
\$45.95
 +Tax, Haz. Fee, Up to 5qts Most cars.

Smog Check
\$31.75
 +Cert 2000 & Newer Cars (99 & Older Extra)

A/C Check
\$49.95
 Refrigerant Extra (if needed) Most cars.

STAR Certified

BOULEVARD


BUICK



2800 Cherry Avenue Signal Hill
 (562) 492-1000

GMC



BOULEVARD4U.com



Cadillac



2850 Cherry Avenue Signal Hill
 (562) 595-6076

HEALTHCARE INDUSTRY QUARTERLY

- New Spine Center Offers High-Tech And Multi-Disciplinary Care
- Senior Health: Common Conditions And Proactive Care
 - Weighing Single-Payer Health Care:
How Senate Bill 562 Could Impact California
 - Interview With Carolyn Caldwell,
St. Mary Medical Center's New President/CEO
- SCAN Health Plan Celebrates 40th Anniversary



AD RESERVATION DEADLINE: MAY 17, 2017
ARTWORK DEADLINE: MAY 18, 2017

ISSUE DATE: MAY 23, 2017

ADVERTISE IN THE

Long Beach Business Journal

Please call to reserve your ad space

562/988-1222



Dr. J. Mario Molina and his sister, Dr. Martha Molina Bernadett, stand by a picture of their father and founder of Molina Healthcare, Dr. C. David Molina. Last week, the company's board of directors removed Mario Molina as CEO and his brother, John Molina, as CFO. Bernadett remains as the firm's chief innovation officer. (August 2016 Business Journal photograph)

Molina Healthcare Board Removes Founding Family Members Mario And John Molina From Leadership Positions

■ By **SAMANTHA MEHLINGER**
Assistant Editor

The health care industry experienced a shakeup on May 2 when Molina Healthcare's board of directors announced the removal of Dr. J. Mario Molina as chief

executive officer and chairman and John Molina as chief financial officer. The Long Beach-based, Fortune 500 company provides government-sponsored health plans in 12 states and Puerto Rico, and operates multiple health clinics in California.

The Molina brothers are the sons of

LONG BEACH CALIFORNIA
ESTD 1991

E.J. Malloy's

Sports Pub & Grill

AGED **25** YEARS

At **EJ's** we promise the stools will always rise to meet you and our staff will make you feel like you are at home.

We have the **MLB Package**,
and we show all the **Dodgers games**.

Three Long Beach locations

Breakfast served Saturdays and Sundays.
Lunch and Dinner 7 days a week.

We are open for **Easter** from 9:00-4:00
(sorry, no reservations)

www.ejmalloypub.com

A Trip to Italy For Only \$9.65!

Enjoy our **Lunch Buffet** featuring a
Spring Garden Salad Bar plus a rotating
menu of **7 or more authentic Italian specialties!**

Farfale Alfredo w/ Chicken & Broccoli
Rigatoni al Forno
Ziti w/ Sun Dried Tomatoes & Mushroom
Linguini e Vongole
Penne con Pesto Parmigiano
Lemon Chicken Piccata
Meat Balls in Meat Sauce
Italian Sausage w/ Peppers & Onions
An assortment of traditional & gourmet
pizzas & more...

Mon. - Fri.
11am-2pm



[facebook.com/buonosauthenticpizzeria](https://www.facebook.com/buonosauthenticpizzeria)
twitter.com/buonospizzeria

562.432.2211
250 W. Ocean Blvd., L.B.

562.595.6138
401 W. Willow St., L.B.

Order Online
BUONOSPIZZA.COM

company founder Dr. C. David Molina. Their sister, Dr. Martha Molina Bernadett, remains in the position of chief innovation officer. Asked if there were plans to remove her as well, spokesperson Paul Frankel told the Business Journal, "We are focused on executing a successful CEO transition and have no knowledge of additional leadership changes at this time."

Chief Accounting Officer Joseph W. White has been selected to fill in as CEO and CFO until permanent replacements are found, according to a press release from Molina Healthcare. Both Mario and John Molina were expected to remain on the board, but the former's position on the board is coming up for a vote at the board's annual meeting tomorrow, May 10.

The abrupt removal of the Molinas from company leadership came hand in hand with the release of the firm's first quarter financial results, which Dale B. Wolf, a director and now chairman of the board, called "disappointing" in a company statement.

According to the financial results report from Molina Healthcare, the company's income before taxes increased by \$67 million to \$131 million in the first quarter of 2017. "Income before income taxes increased \$67 million to \$131 million in the first quarter of 2017 from \$64 million in the first quarter of 2016," according to the firm's latest financial earnings report.

MarketWatch reported on May 2 that

the Molina family retains 20% to 25% ownership in Molina Healthcare.

Following the announcement of the leadership change, shares in the company – MOH on the New York Stock Exchange – rose by about 20%. Numerous national publications have since speculated that the company may be sold.

Molina Healthcare's former CEO has been in the headlines in recent months as an outspoken critic of President Donald Trump and his intended health care reforms. In an interview with POLITICO following his firing, Mario Molina stated: "I've been a very vocal critic of what's going on in Washington. I know the other health plan executives have been afraid to speak out. Maybe they're smarter than I am, but I'm not going to back off."

In a statement, Chairman Wolf said, "With the industry in dynamic transition, the board believes that now is the right time to bring in new leadership to capitalize on Molina's strong franchise and the opportunities we see for sustained growth. The board is committed to achieving operational excellence and improving the Company's financial performance on behalf of our shareholders, more than 20,000 employees and our over four million members."

Molina Healthcare experienced rapid growth under the Affordable Care Act, adding new locations, health plans, and thousands of employees and office space throughout the country and in Long Beach. Recently, it leased 100,000 square feet of office space in San Pedro. ■

Long Beach

ACE Hardware

Downtown (East Village)

Screen & Glass Shop
 * Custom Made or Repaired Screens
 * Repair Broken Windows

Lock & Key Shop
 * Key Cutting/ Chip Keys
 * Re-Keying Locks

Full Plumbing Dept.

Special Orders
 * We Can Order Anything

Paint Mixing
 * Computerized Color Matching

Stainless
 * Complete Fastener Section
 * Marine Supplies

Apartment Supplies Commercial Accounts

ACE is the place
 Service • Price • Convenience = **ACE**

Two locations to serve you!

- 746 E. 4th St.
562-432-2100
- 2720 E. Anaheim St.
562-438-8983

Free 2 Keys Cut
single-sided

Long Beach
Ace Hardware
746 E. 4th St.

Anaheim
Ace Hardware
2720 E. Anaheim St.

Anaheim St.				
	7th St.			
Atlantic		Olive	Alhambra	Cherry
	4th St.			Temple

One coupon per customer

HOME CARE
Specialists, Inc.

Professional & Reliable
 Senior care services providing your loved one assistance with non-medical home care from a certified in-home caregiver.

In-Home Caregivers

- Help with Daily Activities
- Personal Hygiene
- Meal Preparation
- Light Housekeeping
- Medication Reminders
- Doctor Appointments
- Running Errands

Home Care Specialists, Inc.

Call for a
free consultation
562-624-1970
www.homecarespecialists.net

"A Helping Hand at Home"

Licensed & Bonded HCO #194700345

MICHAEL LEVY GALLERY

DEALER & APPRAISER of FINE ART

NOW ACCEPTING CONSIGNMENT OF FINE ART SERVICES

CUSTOM FRAMING
 FINE ART APPRAISALS
 ESTATE LIQUIDATIONS

CORPORATE COLLECTIONS
 CONSIGNMENT OF FINE ART
 DELIVERY AND INSTALLATION

6226 EAST PACIFIC COAST HWY., LONG BEACH, CA 90803 (562) 856-9800 ARTOFHANDS@AOL.COM



Saundra Christmas, owner of Mabel's Gourmet Pralines on Pine Avenue, said her greatest challenge is excessive fees imposed by the city when she wants to participate at farmers markets, festivals and other city events. (Photograph by the Business Journal's Larry Duncan)



Jackson and Marení Khem, owners of Honeybee's, a coffeeshop on the corner of Loma Avenue and 3rd Street, said they had to work especially hard and adapt to create a successful shop in a predominantly Caucasian neighborhood. (Photograph by the Business Journal's Larry Duncan)

Challenges

(Continued From Page 1)

Prior to 1977, banks were known to "red-line" certain neighborhoods within cities, meaning they would not lend money to those within these low- to moderate-income areas. The Community Reinvestment Act of 1977 was designed to discourage

these discriminatory credit practices, which Jalali said worked overall and is no longer an issue in Long Beach.

John Keisler, director of the Long Beach Economic and Property Development Department, said that through community outreach, his department has determined the greatest challenge facing minority-owned businesses other than ac-

cess to capital is confusion over the process of starting a business.

"So confusion was the number one challenge, and that was because of, in some cases, [lack of] linguistic familiarity with the city itself, the network and knowing who to call, and the mentors and those kind of things. And lack of clarity," Keisler said.

Sometimes, the challenges faced by mi-

nority-owned businesses are not at the governmental level, but rather other companies within the industry of the business. Such is the case for Guy Barton, owner of Long Beach-based Tahlequah Steel, named after the Cherokee Nation city in Oklahoma.

Barton explained that leading competitors in the reinforcing steel industry are

(Please Continue To Next Page)

City Of Long Beach To Push Economic Inclusion And Continue Outreach To Minority-Owned Businesses

■ By **BRANDON RICHARDSON**
Senior Writer

With a minority-majority population of about 54% identifying as a race other than white, according to www.suburbanstats.org, it stands to reason that the City of Long Beach would analyze methods to assist minority-owned businesses.

"One of the things that's very prominent in the city council's blueprint for economic development is economic inclusion," John Keisler, director of economic & property development, said. "Looking at our economic analysis from Beacon Economics, there is tremendous opportunity to support our minority-owned businesses to grow and succeed."

Keisler said this renewed and deliberate focus on economic inclusion is meant to develop and implement a plan for increasing the number and size of minority-owned businesses in the city. He explained that once the economic blueprint is finalized, inclusion would be a major part of his department's work over the next year.

Some steps have already been taken to assist minority entrepreneurs in navigating the business startup process. Keisler explained that one major hurdle encountered by minority-owned businesses is a potential language barrier.

"An example of how we are trying to reach our minority-owned businesses is that we are trying to provide more navigators to assist people that might struggle with linguistic or cultural barriers," Keisler said.

BizPort, an online portal to assist entrepreneurs in starting and growing a business in Long Beach that was launched in October of last year, acts as a digital navigator through its translation into nine languages – Armenian, Chinese, Filipino, Japanese,



Romeo Chocolates has had a presence in Long Beach since November 2014, with owner Romeo Garcia (left) selling his treats at local retailers and hotels. In March, Seyed Jalali, economic development officer, (right) and the Long Beach Economic and Property Development Department awarded Garcia with a \$50,000 loan to open his first brick-and-mortar store at 460 Pine Ave. (Photograph by the Business Journal's Larry Duncan)

Khmer, Korean, Russian, Spanish and Vietnamese. Keisler said this feature is one of the more innovative tools in the country and received an award from the American Planning Association.

As for other business support systems currently offered by the city, Seyed Jalali, economic development officer for the city, explained that none are designed specifically to assist minority-owned businesses but that outreach is strongest in communities with large numbers of small businesses that are minority owned.

Jalali explained that the Small Business Development Center and other assistance programs reach out to minority-owned businesses in disenfranchised areas because they are less likely to be aware of them. He said the city also utilizes business improvement

districts (BIDs) to assist minority-owned businesses, such as helping in the formation of the Midtown and Uptown BIDs.

"Obviously, we have limited resources, so the way we are going to [assist] is through alignment and collaboration," Jalali said. "[We will] work with the DLBA, Bixby Knolls, all of these business associations that can sort of act as an advocate and be out there to promote and help deliver those services."

Both Jalali and Keisler noted access to capital as a challenge for minority-owned businesses. The city already offers launch grants and micro-loans for small businesses, but Keisler said his department is looking into smaller-scale loans that are even easier to access. He explained the city is in talks with nonprofit micro-lenders,

such as the Opportunity Fund and Kiva International, for assistance.

Through the new economic blueprint, Keisler said the city is going to identify areas that have a deficit of economic development and investment, which lead to struggling to support businesses or to generate sales.

"We are partnering with our development services department, which manages the Community Development Block Grant funding," Keisler said. "They are identifying what are called place-based neighborhood investment areas, which actually overlay the same areas that we want to focus on that have a high concentration of minority residents and business owners. Our goal is to provide them with technical assistance, business outreach, outreach with our loan programs."

The city also provides technical assistance to local groups in grant writing for underserved communities, according to Jalali. He said looking at the portfolio of city services, many of the beneficiaries of those services happen to be minority- and women-owned businesses, which is partly due to outreach efforts and partly due to the composition of the business community in Long Beach.

Jalali said it is evident that more and more minority and immigrant businesses are opening in Long Beach and that it's the city's responsibility to reach out and inform them of the resources available in order for them to succeed and grow.

"I would say the best is yet to come. It's very important that the city and our partners in the community support our minority-owned businesses because they represent an incredible opportunity for growth," Keisler said. "We think that you are going to see a lot of exciting programs coming out as part of our economic inclusion focus area in the blueprint." ■

disrespectful and claim the firm only obtains business because of government mandates to allocate business to minority-owned companies.

“So what we have to do as a minority business – you’ve heard that cliché to ‘give 110%’ – well, we need to give 120% in our work ethic and our building to show our competition that we do just as well or better service in building,” Barton said. “It’s a greedy world.”

With 44 years in the industry and now working under the tenth-largest steel company in the world, Gerdau, Barton said he has heard it all but has become very thick skinned. The company recently completed work on part of the new Gerald Desmond Bridge in Downtown Long Beach.

Jackson and Marení Khem, owners of Honeybee’s, a coffeeshop and market on the northwest corner of 3rd Street and Loma Avenue, said their biggest challenge was gaining a foothold and support in the neighborhood, which they said is mostly Caucasian.

“Sometimes people aren’t kind of sure about the business, and people are a little hesitant to come try it out. So it’s just a lot of work for us to prove ourselves,” Marení said. “Before we took over, it was a market. And it was owned by an Asian before, and he didn’t really have a good reputation here before. And now it was another group of Asians coming in to take over.”

Jackson explained that the couple adapted the business to the neighborhood by asking residents what they were looking for in the space. The couple celebrated the store’s one-year anniversary on

May 1 and said now that they have proven themselves, the surrounding community loves and embraces the shop.

“They keep telling me, ‘Please, do not leave,’” Jackson said. “What we do here, it was never our dream. It’s the neighborhood dream.”

Leoh Sandoval, owner of Aguas Way, a family-run cafe near the intersection of Long Beach Boulevard and Platt Street in North Long Beach, had the exact opposite experience as the Khems. Sandoval explained that many of the businesses in the majority-Hispanic neighborhood are pretty worn down and beat up.

“Most of the Hispanics aren’t used to the type of atmosphere that we have – a little bit more hip and modern look. They don’t travel downtown or to Bixby Knolls to eat at a place like we have,” Sandoval said. “So when they come to our establishment, they see it and they assume right away that we are really high priced because of the look, which we’re not.”

However, being a Hispanic-owned business in a majority-Hispanic community does have its perks. Sandoval explained that many patrons, particularly the older generation, enjoy being able to go into a nicer establishment and speak Spanish with the staff.

Sandoval also said he was not able to finance his business and instead relied on loans from family and friends to pay for startup costs. Other than this small financial hurdle, he said the startup process with the city was smooth.

Some minority business owners, such as Sandra Christmas, owner of Mabel’s

Gourmet Pralines on Pine Avenue, do not experience any challenges directly as a result of racial factors. Christmas explained that her main challenges are the constant fees imposed by the city, something every business owner must endure.

“I’ve already met the guidelines that the city says I have to in order to keep my store open, but if I go to a farmers market or a festival, I’m again hit with another fee,” Christmas said. “If someone comes to do business in Long Beach as an outsider, I’m basically treated like them. I have to buy a new permit, even though I have paid for a permit at the store.”

Vice Mayor Rex Richardson thinks more can be done to assist small businesses, particularly minority owned, in achieving their

dreams. He said the city has been working to highlight and accentuate these businesses more to showcase Long Beach’s diverse and unique culture.

However, Richardson explained that he would like to see the process of starting and maintaining a business be made easier for all, particularly small, minority-owned businesses.

“Given the diversity in Long Beach, there’s really a niche here for minority-owned businesses, and we should be just a little bit smarter in how we leverage our diversity and really highlight our culture,” Richardson said. “Support for minority-owned businesses has to be central to any economic development strategy that we have.” ■

**Baking
fresh baked products
since 1993**

GROUND'S
BAKERY & CAFE

**Family Owned
& Operated.
Free
Wi-Fi access
& Private
Meeting Room**

**Let Grounds Bakery Cafe deliver to your next event.
Breakfast, lunch or an afternoon snack.
Let us cater your next business meeting!**

**From fresh baked goods, sandwiches, salads, gourmet pizzas
desserts and coffee, all delivered to your office.**

Grounds Bakery Cafe. 6277 E. Spring St. Long Beach, CA 90808
(Corner of Spring St. & Palo Verde Ave) Like us on Facebook.com/GroundsCafe
Order online at www.groundscafe.com from your desktop, tablet or mobile device
Phone (562)429-5661 - Fax (562)429-5779

CITY OF LONG BEACH

BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Citywide Parking Operations & Management Svcs	RFP PW17-033	05/11/2017
As-Needed Citywide Fencing	ITB LB17-068	05/11/2017
Purchase of New Tires	ITB FS17-061	05/11/2017
Red Car Greenway Project	R-7060	05/17/2017
Develop & Implement Traffic Calming Measures		
For Traffic Exiting I-710 into Long Beach	R-7053/R-7056	05/17/2017
Long Beach Blue Line Signal Prioritization Project	R-7091	05/17/2017
Development & Operation of Airport Advertising Prg	RFQ AP17-053	05/18/2017
Two (2) 10,000# Three Stage Mast Forklifts	ITB FS17-071	05/18/2017
Furnish and Deliver Two (2) Service Rigs	WD-32-16	05/18/2017
Furnish and Deliver Two (2) Compressor Trucks	WD-30-16	05/18/2017
Airport Security Syst. Maint & Flight Info Disp Syst.	RFP AP17-065	05/24/2017
BMW Motorcycle Parts and Service	ITB FS17-081	05/25/2017
Furnish & Deliver Treatment Plant Roof Repl Project	WD-10-17	05/29/2017
Prep of City Ann Cost Alloc Plan & Deptml Plans	RFP FM17-074	05/30/2017
Fair Housing Services	RFP DV17-079	05/31/2017
Heavy Duty Flatbed Truck	ITB FS17-072	06/01/2017
Crane Boom Truck	ITB FS17-073	06/01/2017
Improvements to Runway	7R-25LR-7085	06/07/2017
Automotive Glass Replacement and Repair	ITB FS17-080	06/07/2017
Daisy – Myrtle Bicycle Boulevards	R-7080	06/28/2017

****Some of the listed projects have scheduled mandatory pre-bid meetings which may have already occurred due to publication lead times****

Bidder Registration

To receive notifications of bid opportunities, register with the City of Long Beach at www.longbeach.gov/finance/business-info/purchasing-division/purchasing-division/. Additional details on upcoming bids and how to register can be found on the website.

AUTO LIEN SALE AUCTION

3111 E. Willow Street
Long Beach, CA 90806
(562) 570-2828

May 16 & May 30, 2017
Registration & Viewing Hours:
8:00 A.M. – 9:50 A.M.

<http://www.longbeach.gov/finance/services-and-permits/towing-and-lien-sales/auction/>

The Most Trusted Shops In Southern California

Did you know we do complete auto service and repairs for European Vehicles? We have the equipment and experts to repair all vehicles to manufacturer specifications. Visit us today and find out what we are all about.

VOLVO

JAGUAR

PORSCHE

AUDI

562.427.4256

562.426.6322

562.920.1871

562.920.1873

Long Beach Minority Business Owners Reflect On Their Paths To Success

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Long Beach has for many years been known as one of the most diverse cities in the nation, earning it the nickname “The International City.” Its makeup of business owners is a reflection of that diversity, with people from all ethnic backgrounds heading up successful ventures large and small.

These business owners have grown their operations in a variety of ways over the years. Some have expanded to multiple locations, and others have significantly grown their revenues and employee-bases. Although from different backgrounds, they

hold these traits in common: a drive to succeed, a refusal to make excuses, and a commitment to their communities.

Servando Orozco, whose Long Beach business Orozco’s Auto Service now has three locations, told the Business Journal that he had no skills when he came to America. But a combination of fate and determination led him to change the course of his future.

When Orozco came to the United States 30 years ago, he was only supposed to stay for three months as a roadie with a band from Mexico. During that time, he stayed with a friend in Compton who owned an auto shop.

“Two weeks before the end of the three

months, I got shot in Compton,” Orozco recalled. “And everything [was] because I was wearing a red collar.” Because he wasn’t from the area, Orozco did not know that the color red signified affiliation with a specific gang.

The police handling the investigation of the crime told Orozco he had to stay in the country for at least three months. “During that three months when I stayed on in that shop, that’s when I became interested in being a mechanic,” he said.

Orozco had only attended school through 8th grade. In Mexico, he had earned money by selling Chiclets, cleaning windshields and pumping gas. “I had no skills,” he said.

Orozco decided to stay in America and worked at his friend’s auto shop for three years. He gained experience at a few other shops before landing at a Shell station in 1989, where he worked for 10 years. “When they lost the lease for the Shell, I moved next door, which was my first shop,” Orozco said. “And that’s where Orozco’s started in December 1999.”

In 2007, Orozco purchased a second location at 3619 Atlantic Ave. “Then in 2013, I bought a business in Bellflower,” Orozco said. “And then three months later, I bought the property next door, a transmission shop.”

Although Orozco faced many obstacles as an immigrant and a minority entrepreneur – he arrived with no skills, did not speak English and knew nothing of running a business – he said he learned not to make excuses for any of the bumps along the road to his success. “It’s easy to look for excuses and point to the other side and not point to ourselves,” he said.

In 2005, Orozco hit one such roadblock when he discovered he owed the IRS nearly \$10,000. Rather than throw in the towel, he accepted that he needed assistance in learning how to run a business and enrolled in classes. Now, 12 years later, he teaches those same classes to other entrepreneurs.

Renee Quarles, who has owned Shades of Afrika since 1997 when she assumed ownership from her sister and the business’s founder, Vonya Quarles, has a similar attitude about overcoming obstacles as a minority business owner: she refuses to let them get in her way.

“I do not look for excuses at all, meaning if there is a racist person that I have to

go through to get where I’ve got to go, I will find another way to do what I’ve got to do,” she said. “I am black, white and Indian. I have a lot of blood running through my veins, and I will not let race get in the way of my success.”

Quarles said she has dealt with a number of challenges in growing her business over the years: a former location was taken by the city through eminent domain, and in recent years, she has endured various crimes against the store, including a rock recently thrown through a window. But despite these challenges, she has grown the business.

“I was fortunate enough in ’07 to purchase the building we are in today. This is our building, so no one can take us out,” Quarles said. In 2010, she opened a second location in Corona. Revenues have grown from \$33 a day to about \$300,000 a year. “My whole approach is better products,” she said, noting that she sources many of her goods from local artisans.

“I want anyone reading this article to understand clearly that the sky is the limit when you are your own boss,” Quarles said.

Patricia Watts, founder and president of FCI Management, began her career as a temporary file clerk at Southern California Edison (SCE). She eventually worked her way up to manager of the firm’s community relations division. After 22 years with the company, she took an early retirement but did not stay retired for long.

“I thought I really would like to start a company, and I had a passion for creating jobs,” she said. Nineteen years ago, SCE began downsizing and increasingly using contractors for some of its services. Watts saw it as an opportunity and formed a company to meet some of SCE’s needs.

“Today we are one of the premiere prime contractors with Edison and other utilities providing what we call third-party implementer services for their energy efficiency portfolio,” Watts explained. This includes “lighting, retrofits, HVAC upgrades, refrigeration upgrades, improved building performance, renewable energy technology such as solar, and electric vehicle chargers,” she noted.

The company has grown organically and now has offices in Atlanta and New York. Pursuing leadership in various business organizations has helped Watts continue to network, while also providing the opportunity to mentor other business owners, she noted.

“I take leadership roles in business organizations like the Minority Business Development Council, Women Business Enterprise Council, the National Association of Women Business Owners,” Watts said. “I am very involved in both the trade level and community-based organizations.” It is a strategy she said she would recommend to other minority business owners seeking success.

Luis Navarro, owner of Lola’s Mexican Cuisine and co-owner of the Social List, said he learned his work ethic from his mother, Lola. She originally started Lola’s Mexican Cuisine after saving up for many years.

“She had many jobs, but for the majority of her life, she cleaned homes and was like a banquet server in a lot of the hotels here

(Please Continue To Page 26)



Patricia Watts founded FCI Management after a successful career with Southern California Edison (SCE). The company, which does contracted work for SCE, now has offices in New York and Atlanta. For more information, visit www.fcimgmt.com. (Photograph by the Business Journal’s Larry Duncan)



Julia Huang grew interTrend Communications from a small subsidiary into an independent advertising agency firm boasting Fortune 500 companies as clientele. She also runs Imprint Venture Lab. For more information, visit www.intertrend.com and www.imprintventurelab.com. (Photograph by the Business Journal’s Larry Duncan)



Lola’s Mexican Cuisine was originally founded by the mother of current owner Luis Navarro. The 4th Street business now has a second location in Bixby Knolls. Navarro’s family operates another restaurant, The Social List, as well. Pictured at the original Lola’s, from left, are family members involved in the businesses: Nathalia Rivera, Brenda Rivera (wife to Luis), Luis Navarro, and Luis Navarro, Sr. For more information, visit www.lolasmexicancuisine.com and www.thesociallistlb.com. (Photograph by the Business Journal’s Larry Duncan)

Long days. Late nights. Weekends.



Wells Fargo appreciates the passion and hard work you put into your business and is here to help you navigate change through each business cycle, growing pain, and new opportunity.

When it comes to the financial side of running and growing your business, we can help. Stop by to speak to a local banker today, or visit wellsfargo.com/appointments to make an appointment.

Learn more about
our special offers
at [wellsfargo.com/
appreciation](https://wellsfargo.com/appreciation)

Together we'll go far





Shades of Afrika owner Renee Quarles has grown her business's revenues and offerings since taking ownership of the store in 1997. The shop specializes in African-American Books, natural body care products, handmade collectibles and more. For more information, visit www.shadesofafrika.com. (Photograph by the Business Journal's Larry Duncan)

Paths To Success

(Continued From Page 24)

in Long Beach," Navarro said of his mother, who passed away from cancer a few years after opening Lola's on 4th Street. When he was growing up, every day his mother would take her children to school. She would then clean homes until she picked them back up from school and made dinner, and then she would go off to work again in her job as a banquet server.

Lola first arrived in the United States in 1974, speaking only Spanish and with just \$50 in her pocket, Navarro noted.

"But that was how she was able to kind of get ahead, just by outworking everybody else," Navarro said. "And yeah, she was able to buy her home and save some money and follow her dream."

Navarro, who studied international business in college, became involved in Lola's from the beginning when it opened in 2008. When his mother became terminally ill, he



Mexican immigrant Servando Orozco came to the United States with \$20 in his pocket and few skills. He now owns and operates three auto repair locations. For locations and other information about Orozco's Auto Service, visit www.orozcousautoservice.com. (Photograph by the Business Journal's Larry Duncan)

took it upon himself to advance his culinary skills. He has taken multiple tours of Mexico, where he has learned about Mexican cuisine, and began refining Lola's menu. "I kind of learned it hands on, and it became more of a passion for me," he said. "I am now in a position where we have a really good team in place. I am more or less steering the ship instead of being the guy working on the ship."

In 2014, Navarro opened The Social List across the street with his sister, Erica Norton. Last year, he opened a second Lola's location in Bixby Knolls.

"One of the mottos we kind of run off of is we never compromise on our quality," Navarro said. "And you know, last — and I think it's the most important — thing is, we give back," he said, noting that he and his family are involved in giving to local schools and events. "As it comes in to us, we also distribute it back to the community to make us all stronger."

Julia Huang, president and CEO of interTrend Communications and startup incubator Imprint Venture Lab, has also made it a point to become involved in and invest in the community. Huang's firm is one of the co-sponsors of POW! WOW! Long Beach, which for the past two years has brought international artists to paint murals throughout the city.

"We host POW! WOW! Long Beach. We have worked with the mayor's office with his Mayor's Education Fund. We worked with Musica Angelica, which is also a local Long Beach music institution," Huang said. Her company has also physically invested in Long Beach through its purchase and rehabilitation of its headquarters at 228 E. Broadway, one of the oldest buildings in the city.

Huang, a Taiwanese-American raised in Japan, came to America for graduate school in the 1980s. Her journey to becoming a business owner was by chance. After working for a mergers and acquisitions firm for a number of years, she had the opportunity to start interTrend as an arm of that company to service the advertising needs of its client, Northwest Airlines. Despite having no background in advertising herself, she later spun off the company and has since amassed a legion of massive brands including Toyota, JP Morgan Chase, Disney, State Farm and many others.

Now, in addition to becoming involved in the community, Huang is finding ways to assist other entrepreneurs. Through Imprint Venture Lab, she helped found Built By She, a community of women entrepreneurs seeking to assist one another and network. "Because of the fact that we are in Long Beach, we started our focus on Long Beach-owned businesses," she said of Built By She.

"The great thing is this is a country that really supports small business and small business owners, and there are so many infrastructures people could reach out to [in order] to get resources that were really not available 20 or 30 years ago," Huang said. ■



Long Beach Water
LAWN-TO-GARDEN PROGRAM

NEW L2G PERKS ADDED!



Learn more about our drip irrigation incentive.

Replace your grass with a beautiful, climate-appropriate garden!

VISIT LBLAWNTOGARDEN.COM

Patricia needed an assistant with great customer service skills.

Carla had 20 years of experience and was looking for a new challenge.



Pacific Gateway brought FCI Management and Carla together, and paid 50% of Carla's wages during her training period.

Strong businesses need great people. We make the connection.

CONTACT:

Cort Huckabone • (562) 570-4576 • cort.huckabone@pacific-gateway.org

pacific-gateway.org/business

A free business assistance service administered by the City of Long Beach.

(Continued From Page 1)

Demographics and Policy, and Wendell Cox, an urban planner and owner of consulting firm Demographia.

The basic premise of the report is unsurprising: California housing is becoming increasingly more unaffordable. According to the report, it is the second-least affordable state to live in for middle-income households after Hawaii.

As of the fourth quarter in 2016, only 34% of Los Angeles-area residents could afford to buy a house, according to the report. Monthly mortgage payments in Los Angeles and the Bay Area take 40% of household income, compared with 15% nationally, according to the report.

The homeownership rate among Millennials in California is the third worst of all the states, with only 25.3% owning homes. Homeownership among 25- to 34-year-olds in California has also been declining faster than the U.S. average.

Home prices in California continue to rise due to high demand for housing and short supply – a situation exacerbated by stringent development standards. Just try saying “CEQA” (the acronym for the California Environmental Quality Act) around a real estate developer, and see what it does to his or her expression.

Environmental impact fees for new developments are one issue, as are land-use policies that impose “urban growth bound-

aries” to restrict new suburban housing tracts, according to the report.

As housing prices rise, Millennials continue to be worse off financially than prior generations. We earn \$2,000 less than the same age group did in 1980, according to the U.S. Census Bureau. And more than 20% of Millennials aged 18 to 30 live in poverty, compared with 14% in 1980.

Another woeful tidbit: “A millennial with a college degree and college debt, according to a recent analysis of Federal Reserve data, earns about the same as someone of the Baby Boomer generation did at the same age without a degree.”

Some have made the argument that Millennials are simply less interested in

purchasing property. But as Kotkin and Cox point out, both Fannie Mae and the California Association of Realtors have conducted recent surveys that showed roughly 80% of Millennial renters believe homeownership is a safe investment and makes more financial sense.

I asked my Facebook friends whether they felt buying a home was feasible for them right now, and I received numerous replies with varying degrees of frustration.

A recently married friend, age 26, commented that she and her husband just moved to Washington State in the hopes of eventually being able to buy a home. Rental rates in California make it too difficult to save for a down payment, she noted.

A high school classmate who studied at UC Santa Barbara said buying a home in California does not seem feasible unless she and her spouse compromise and live in a bad neighborhood. They might move out of state.

A married college friend and her husband have been approved for loans for single-family homes and condos – but only at the price points of \$190,000 and \$230,000, respectively. “Just nothing exists in that price range,” she said.

Three friends, all former college peers, managed to purchase homes with partners. One, a married, 29-year-old schoolteacher, was able to purchase a \$590,000 three-bedroom, one-bathroom home in the City of Orange in 2016. The down payment was made with her savings, and her husband’s income supplements monthly mortgage payments.

Another friend purchased a \$270,000 condo in Tustin in April 2016 with her boyfriend. “I started thinking about saving for a house my senior year of college, 2012, and it took me four years and paying off \$10,000 worth of debt to get there,” she said.

Perhaps the most unique situation among these was a former college peer who is married to an active-duty member of the military. Due to the short supply of homes available in California, she had a tough time even finding one to make an offer on. “Houses are gone within days, sometimes hours, of going on the market,” she said.

She and her husband eventually paid \$570,000 for a home in San Diego County. The only reason they were able to afford the home was that her husband qualified for a VA loan, which requires no down payment, she emphasized.

All speculated that California is in a housing bubble. But as someone who has been covering real estate for four years, I can tell you that experts agree – we are not. Say the word “bubble” to a real estate agent or an economist, and they’ll quickly wave you off. The reaction is so predictable that I gave up asking the question.

With all that being said, I offer up this note to my home state.

Dearest California,

If you want to keep your future workforce here, you need to build more housing. Release developers from your stranglehold. Figure out how to do so responsibly, or you might see an exodus of those of us who aren’t willing to fork over half our paychecks to stay in the sun.

(Note: If you have a comment or suggestion regarding Millennial Pulse, please send an e-mail to the writer at: samantha_mehlinger@lbbj.com.) ■

Celebrate Your LONG BEACH Legacy



Whether your company has been here one year or one hundred years, you should share your story!



Issue Date: June 6, 2017

Ad Reservation Deadline: May 31, 2017

Artwork Deadline: June 1, 2017

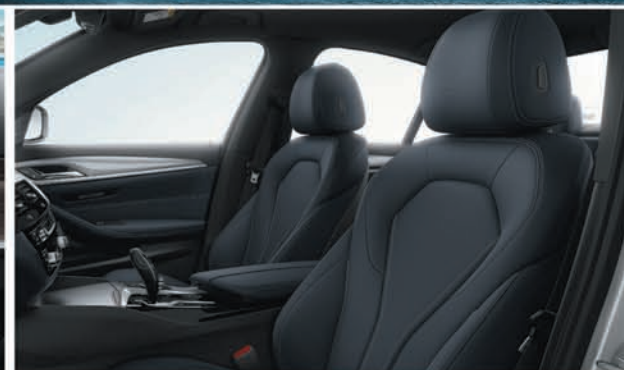
562/988-1222

Long Beach Business Journal

EXPERIENCE THE ULTIMATE DRIVING MACHINE AT LONG BEACH BMW



The Ultimate
Driving Machine



2017 BMW 530i SEDAN

MSRP: \$54,035

LEASE FOR

\$498/MO^{+TAX}

\$4,888 DUE AT SIGNING
10K MILES PER YEAR
5 MODELS AT THIS PRICE

2017 BMW 5 SERIES SOPHISTICATION, TURBOCHARGED.

Since its inception, the 5 Series has combined legendary BMW performance with a level of refinement that knows no equal. With leading innovations in both driving dynamics and interior technology, the All-New 5 Series is just as ambitious as those who drive it.

Small Business Showcase – East Anaheim Street



Paul's Glass Co.

Paul's Glass Co. has been located on Anaheim Street since 1944. The great-great-uncle of brothers and co-owners Todd and Kory Bersuch – the original Paul – was the company's founder. It has stayed in the family for four generations, and the Bersuch brothers' father is still involved, although he is semi-retired. "We take pride in our work, and we make sure it gets done right. We like to get out there and get working on jobs," Todd Bersuch said. Paul's Glass handles both walk-in residential customers and commercial jobs. "We have a big walk-in trade for single pane windows, mirrors, table tops, and replacement glass for a lot of the property management companies," Bersuch said. The business "does a little bit of everything," with the exception of auto glass. It was originally located catty-corner to its spot at 2400 E. Anaheim St. Because it has been based there for so long, the firm mostly does business within the city, Bersuch noted. "It's high traffic, and it's a great spot for our company," he added. "I have to give credit to our employees who have been with us for some time, especially our manager Sam. He has been with us 30 years," Bersuch said. "It's huge for us because that's what it takes to keep our business going – a good team." For more information, visit www.pauls-glass.com. Todd, left, is pictured with Kory.

Solar Source

Jarrold Osborne moved to Long Beach in 2000 to pursue a business economics degree at Cal State Long Beach. After graduation, he decided he was attracted to construction, an industry his father and grandfather belonged to before him. In 2007, Osborne opened Solar Source, a solar energy equipment supplier, at 4801 E. Anaheim St. "It's important that homeowners and businesses have energy choices and have the opportunity to buy their own power and own their own energy," Osborne said. "And it's clean power, so it's kind of a win-win." The company currently has nine employees and works with customers from start to finish – energy and financial analysis, design, engineering, permitting, installation and fulfillment with utility companies. It's a true one-stop shop for home and business owners looking to utilize solar energy. Many clients are located in Long Beach, but Osborne said the company has worked as far as San Diego and Chico. "The message we like to let people know is that we are a local, family-owned business. We're not a big Bay Area franchise that's just focused on lead generation and sales quotas," Osborne said. "Our business was really built on referrals, word of mouth and our reputation." For more information, visit www.solarsourceinc.com.



Roundin' 3rd Sports Bar & Grill

After about 20 years working in management in the restaurant industry, Geoff Rau and his wife, Karna, teamed up to open Roundin' 3rd Sports Bar & Grill at 4133 E. Anaheim St. "I was general manager at Claim Jumper for 15 years and Islands Restaurants for four years and then Yard House for a couple of years, so I have been in the restaurant business for a long, long time," Geoff Rau said. "We always had the dream of not working for someone else. Both my grandparents owned their own business – and my dad too – so it kind of runs in our family." Rau takes pride in the restaurant's menu, which his friend, an executive chef based out of Colorado, helped him create. "Eighty percent of our menu is made from scratch, so it is a little bit higher end than most sports bars are going to get," he said, noting that the menu features mostly burgers, sandwiches and salads. "The fact that people can get here by walking is great. That area is really starting to come alive," Rau said of the location. Two years ago, the business was doing so well that the Rauses opened a second location in Upland. They are hoping to open a third location in the City of Orange in the near future. For more information, visit www.roundin3rd.com.

Tom's Automotive Service Center

On April 3, Tom Bennett opened Tom's Automotive Service Center at 4401 E. Anaheim St., after more than 17 years operating in Signal Hill as Tom's Tire Performance Center. Bennett said he grew up in Long Beach and was around the auto repair industry his whole life. Prior to opening up shop in Signal Hill, Bennett was in business in the San Gabriel area, commuting back and forth each day. When he lost his shop to eminent domain, he decided to move closer to home. He explained that, having been in the service business his whole life, he enjoys talking to people and helping solve their problems most. "We are very customer service-oriented. We've always been that way – even before Yelp and those review sites," Bennett said. "I think the expertise of our technicians and the expertise of our sales staff, our state-of-the-art facility with the latest diagnostic equipment – our facility is brand new – [sets us apart from other shops]." The shop offers a variety of services, including brakes, alignments, diagnostics, auto repair and, of course, tires. Bennett said the family-owned and -operated shop provides customers free rental cars or gives them a ride home if needed. For more information, visit www.tomstire.com.



Articles by Assistant Editor Samantha Mehlinger
and Senior Writer Brandon Richardson.
Photographs by the Business Journal's Larry Duncan

Support Local Small Businesses

This edition features small businesses on East Anaheim Street from Cherry Avenue to Pacific Coast Highway

Iguana Kelley's

Four years ago, Steve and Melissa Guillen bought Iguana Kelley's, a bar located at 4306 E. Anaheim St. "I did pretty well in my previous job and decided to take the leap out of the corporate world," Steve said. "So we basically cashed out on our 401(k) plan and rolled the dice by buying an existing business." Prior to purchasing the bar, Steve worked as a restaurant consultant, helping restaurants such as BJ's Restaurant & Brewhouse and Elephant Bar open new locations across the country. After a two-year search and several negotiations with bars around Long Beach, the couple purchased Iguana Kelley's, and Steve quit his day job. Steve said his favorite time of the year is tax season, when he gets to hand his six full-time and four part-time employees their W2 forms and know that he is helping provide for others and their families. He explained that he feels intertwined with the local community and that other bars around the city inspire him to be better. "There's the old term the 'dive bar.' And we believe that we've revolutionized the dive bar scene by getting away from being the dirty, seedy place to being a fun, comfortable, clean establishment," Steve said. For more information, visit www.facebook.com/IguanaKelleys. Pictured from left: Melea, Melissa, Stevie and Steve Guillen.



Planet Books

Bound by a love of books and knowledge, James Rappaport (pictured) and business partner Michael Munns opened Planet Books at 3917 E. Anaheim St. just before Thanksgiving in 1998. "We knew each other from hanging out at a collectibles store in Long Beach back in the '80s," Rappaport said. "We liked the idea of storytelling. Books don't let you down." The name from the shop came from its original premise – a science fiction bookstore. Soon, though, the two branched out into other areas. "We have always had hundreds, or thousands, of high school yearbooks," Rappaport said. Planet Books also developed a following for its collection of township and military histories, he noted. "I always try to have really nice fiction and literature, especially award-winning books," he said. The majority of books in the store are used, and small paperbacks sell for \$1. Planet Books also carries rare and signed books, as well as vintage metal toys. "My business partner, he has been collecting them for a long time, and he has been selling them since the '80s," Rappaport said. "You never know what's going to come in the store one day or what you're going to sell the next. It's a true adventure, that's for sure." For more information, call 562/985-3154.

Small Business Dollars & Sense

Small business Optimism Holds Steady In Q2



By BEN
ALVARADO

Small business optimism held onto recent gains, the latest overall Small Business Index score was 95 in April, down from 100 in February when business owners reported being the most optimistic since the start of the Great Recession. The drop is not statistically significant, and small business optimism is still up significantly from a year ago when the Index score was 64, as business owners continue to report improvement across most survey measures.

Many of the key metrics this quarter were almost unchanged from the first-quarter survey. These included:

- **Strong financial situation** – Seventy-three percent said their current financial situation is very or somewhat good, up slightly from 71% in February
- **Healthy revenues** – Almost half (46%) said their business's revenue increased a little or a lot over the past 12 months, nearly the same as in February when it was 45%.
- **Steady cash flow** – Six in 10 (63%) said that their cash flow was very or somewhat good over the past 12 months, down one point from 64% in February.
- **Access to credit** – Thirty-nine percent said that credit was somewhat or easy to obtain over the past 12 months, about the same as February when it was 40%.

Small business owners were asked about their hiring plans and challenges and looking ahead. About a third say they expect the number of jobs or positions at their company to

increase over the next year. More than half of those surveyed say that finding qualified people to apply for open jobs is a top challenge.

Small business owners also were asked about the rising popularity of companies that provide on-demand businesses and services, which involves using the Internet and smart phone apps to assign work to people who are not regular employees, but are available to do tasks on an on-demand basis or as needed. Just 18% of those surveyed describe their business as a provider of on-demand goods and services, yet one in four (26%) believe the trend toward more on-demand labor will benefit their business in the long run. Another 20% say their business currently faces competition from on-demand companies, and another 27% expect to experience this competition in the future.

When business owners were asked to identify the most important challenges facing their business today, attracting customers and finding new business rose to the top of the list at 13%, followed by hiring and retaining quality staff (11%) and the economy (10%). Government regulations also was listed as a top challenge at 9%, down from 14% last quarter. These challenges have been consistently reported as the top concerns of small business owners since early 2013, although the order of concerns shifts from quarter to quarter.

In April, the present situation score – how business owners gauge their perceptions of the past 12 months – dipped to 36 from 40 in February, when it was the highest it had been since January 2008. The future expectations score – how business owners expect their businesses to perform over the next 12 months – remained relatively unchanged at 59.

(Ben Alvarado, a 26-year veteran of Wells Fargo, is the president of the bank's So. Calif. Region, which stretches from Long Beach to Orange, Imperial and San Diego counties.)



On Track for Tomorrow

The Port of Long Beach is the greenest, fastest, most efficient gateway for goods moving to and from Asia and marketplaces across America. This decade, we're investing \$4 billion in infrastructure to keep it that way.

A familiar name has returned — Hyundai Merchant Marine brought its Hyundai Long Beach to our largest terminal, as the first vessel in a new service between Asia and America. Welcome back!



Port of
LONG BEACH
The Green Port

www.POLB.com