

# LOS ANGELES BUSINESS JOURNAL

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## Up Front



John Nese wants Galco's known for odd beers, not just old-timey soda pop. **PAGE 3**

## News & Analysis



Apparently there's no towering desire to buy portfolio including US Bank building. **PAGE 10**

## Real Estate



Home sales up, but listings down again. **PAGE 27**

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## Marina del Rey Harbors Growth Plan

**REAL ESTATE:** Developers look to plug into Silicon Beach scene.

By **JACQUELYN RYAN** Staff Reporter

High tide at Silicon Beach is helping lift the boats in Marina del Rey.

Spurred by an influx of technology and creative businesses on the Westside and a slowly rejuvenating economy, a flurry of activity has ignited in the marina, much of it aimed at a younger demographic that populated the area when it was first developed in the 1960s.

The result is a long-delayed development boom, one that could generate as much as \$680 million in construction activity in the coming years.

Los Angeles County, which leases some of the 804 acres that comprise the community to developers in a series of long-term deals, has for more than a decade sought to spur new and rehabilitation projects in the seaside community, only to see those efforts stalled by regulatory and economic setbacks.

The county, now in the process of renegotiating leases that were signed a half-century ago, has seen the tide turn amid a resuscitating housing market and an influx of commercial activity on the Westside.

"If you go around to the different shopping centers, the demographic is definitely getting younger," said

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## Port Firms Get Sinking Feeling

**SHIPPING:** Spurned labor deal may send cargo packing.

By **RYAN FAUGHNDER** Staff Reporter

The surprise rejection of a labor contract by a clerical workers union at L.A.'s ports is leading companies and industry groups to consider contingency plans in case of another strike.

The International Longshore and Warehouse Union Local 63 Office Clerical Unit voted down a contract agreement Feb. 6 that appeared to resolve the dispute that caused an eight-day strike that shut down 10 out of 14 container terminals late last year.

Industry leaders say the possibility of another strike at the ports of Los Angeles and Long Beach is already a concern for businesses that rely on imports and exports that pass through the ports.

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Heating Up: Robert Atallah with high-pressure equipment at CedarLane's factory in Carson.

## Under Pressure

Food company has fresh take on lengthening shelf life

By **RYAN FAUGHNDER** Staff Reporter

LOS ANGELES frozen-food pioneer **Robert Atallah** has a fresh business plan to deal with the cooling of the frozen-food market.

His Carson manufacturer, **CedarLane Natural Foods Inc.**, built its brand by making health-conscious frozen meals, such as vegetarian lasagnas and eggplant parmesan. Now, Atallah wants to strike again with ready-made, nonfrozen fare, and he's investing millions in new high-tech pressurization equipment that keeps food fresh much longer without freezing.

The company is emphasizing nonfrozen pack-

aged offerings that include curried tofu, edamame salads and specialty hummus, and plans to launch more, including lasagna and broccoli au gratin.

This "fresh" side of the business has gone from 25 percent of the company's revenue to 65 percent in the last six years, Atallah said.

That's a major pivot for CedarLane, which had to add the expensive pressurization technology to its production line to improve the food's longevity and make national distribution possible.

"On the fresh side, I wouldn't be surprised if

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Crossing Over: CEO Frank Addante at Rubicon Project in West Los Angeles.

## Ad Pioneer Sees Online Opening

**INTERNET:** Rubicon fights larger rivals to stake out turf.

By **TOM DOTAN** Staff Reporter

**Frank Addante** co-founded **Rubicon Project** five years ago with the goal of turning online advertising into a process more like buying an airline ticket.

People go to sites such as Expedia to compare rates for various airlines and book their travel, so why couldn't the online ad world have a central hub where websites, advertisers and the bunches of intermediary networks make easy transactions?

That concept has since caught on with a number of online publishers and turned the West L.A. firm into a fast growing presence in ad tech. Recently, Rubicon brought in two top executives that Addante hopes can push the

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See Change: Clockwise from left, Shores apartment complex in Marina del Rey; Fisherman's Village retail center; docked boats in the marina.

# Real Estate: Tech Scene Shores Up Marina Projects

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**David Sorenson**, vice president of leasing at **Jones Lang LaSalle Inc.**, who brokers deals in the area. "The people I talk to like the fact that they're young professionals that are single and wanting to go out to eat and do things in the evening. I think that will continue to energize the area."

More than 1,100 residential units are expected to be delivered in the next several months, and the long-awaited rehabilitation of the Fisherman's Village retail center and the Marina West Shopping Center should commence in the coming year.

The development activity marks a financial boon to the county, which a decade ago hoped the build-out would be completed this year. A 2011 county report found that ground leases generated \$38.8 million for the county annually, plus an additional \$5.1 million in transient occupancy tax and \$11 million in property tax revenue. When all the proposed projects are completed, \$9.5 million more in annual leasehold rent is expected to land in county coffers.

## Fresh and refreshed

The largest project under way is developer **Jerry Epstein's Shores**, a \$165 million, 544-unit apartment complex on Via Marina that will open this spring. **Archstone**, a large Englewood, Colo., apartment investment and management company, is renovating the two apartment properties it bought in the area last year and might rehab others in the market already in its portfolio.

"Seeing these projects now actually start to take shape is very satisfying," said **Gary Jones**, deputy director of the Department of Beaches and Harbors, which has responsibility for the land and waterways that make up the marina. "It does bring the marina in line with what people now look for when they come to the coast or live by the water."

The timing coincides with the heating up of the commercial and residential real estate markets on the Westside, as the expansion of the tech and entertainment industries draws work-



ers who want to be close enough to the office to walk, bike or skateboard to their jobs.

Price is playing a role for both workers and employers in that process. Younger renters have sought to avoid the crowded and more expensive Santa Monica market, just as businesses have been drawn to the more affordable office space south of that seaside city.

That appeal has not been lost on developers, who have been breaking ground on mixed-use apartment complexes around the Westside at breakneck speed.

Epstein's Shores project broke ground in 2011 after years of legal push and pull with neighbors and a long negotiation with the

county, which required him to redevelop the project if he wanted to extend his ground lease.

The new project, which replaces an existing 202-unit garden-style apartment complex, comprises 12 buildings and a central two-acre courtyard designed by **Nadel Architects Inc.**

The one- and two-bedroom units will range from 750 to 1,225 square feet with monthly asking rents projected from \$2,295 to \$4,579, according to **David Levine**, Epstein's chief of staff.

"We are delighted by the upgrades and renovations in the marina as well," he said. "It lifts the quality of life for the entire neighborhood, and we are delighted to be part of the rejuvenation and its environs."

Archstone is betting big on the marina area. It bought a 205-unit apartment building called the Bay Club in October as well as the 224-unit Villa Venetia, now named the Archstone Breakwater, in August, bringing to four its apartment holdings in the marina. Large-scale, multimillion-dollar renovations, including gutting interiors and completely redoing facades, are under way on the properties it purchased last year. It is upgrading the adjacent boat slips with longer, more modern ones. Rents were not disclosed but Archstone's website suggests monthly rents for its marina properties begin around \$2,000.

Archstone representatives did not return calls.

Meanwhile, Westside developer **Gold Coast** plans to redevelop the 32,000-square-foot Fisherman's Village waterfront mall and boat harbor, and Marina West Shopping Center. Its plans could double the size of Fisherman's Village and add a 132-room hotel.

Gold Coast has also proposed redeveloping its 17,500-square-foot Marina West Shopping Center on Washington Boulevard, now home to an Islands restaurant and single-story retail shops, into a two-story retail shopping strip and add 6,000 square feet.

**Legacy Partners Inc.** has received approvals for a 126-unit apartment complex at the site of a public parking lot as well as a 400-unit apartment complex to replace an existing 136-unit building known as the Neptune Marina this year. It would also build a 1.5-acre wetland park.

Other projects are planned and many more have been contemplated but are still on the drawing board.

In support of the private development activity, the county is planning infrastructure projects that would include improving Burton Chace Park and the bicycle path through the area, and widening boat slips in the harbor.

"We are continuing to work with all stakeholders in the marina to continue the momentum that's been created and ensure that we see a complete reposition of the marina and maximize its potential for all who want to use it and have used it for the last 50 years," Jones said.