

Business Panel Ponders El Segundo's Future

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By: Mark McDermott

Early in the panel discussion about the future of El Segundo hosted in the still-under-construction eleven Campus El Segundo last week, City Manager Greg Carpenter stood before a large overhead map of the city's 4.5 square miles and gave a guided tour of the city's new development.

It was an extensive tour, one that included eleven itself — an ambitious 23-acre, 17 building, \$97 million cutting-edge business and retail development — and touched on the new LA Lakers facility going up across the street, the new \$80 million “lifestyle center” The Point less than a mile away, the new headquarters of famed architect Frank Gehry planned at the corner of Utah and Douglas streets, the new aquatic center under construction by Wiseburn School District also on Douglas, the renovation of the Hacienda Hotel along Sepulveda, and the ongoing reinvention of the city's Smoky Hollow district into a hub for the “new creative” wave of technology and arts focused businesses.

“Our real challenge is just letting people know about it,” said Carpenter of Smoky Hollow, but he could have been talking about El Segundo in general.

As moderator Lee Watkins noted, nearly \$1 billion in development is either already underway or planned in the city. The setting of the discussion, atop the unfinished second story of one of eleven Campus El Segundo buildings, was apt — the future of El Segundo, is under construction.

The event, which took place December 11 and was sponsored by two of the most prominent local development firms, Mar Ventures and Continental Development, featured panel discussions among representatives from the retail, hospitality and commercial sectors. Each speaker was a participant in the massive reinvestment occurring in El Segundo.

Mar Ventures president Allan Mackenzie in his opening remarks noted that the eleven location is in the middle of one of the most important areas in the history of the aerospace industry, dating back to the airplanes built in El Segundo during WWII by Northrop and North American and extending throughout the subsequent decades as satellite technology was developed locally. But it was perhaps indicative of the city's future that the discussion featured representatives from the aerospace industry.

Continental senior vice president Alex Rose said that El Segundo has been moving through a transition for three decades away from dependence on aerospace.

“What was underlying all that though the past 30 years has been a changing economy,” he said. “So when we had the peace dividend in the late 80s and early 90s as the Cold War ended, a very different job picture [emerged] in El Segundo.”

Rose noted that this employment shift was reflected in the real estate industry, as El Segundo moved from large single-tenant office buildings to multi-tenant building, smaller entrepreneurial firms, and a burgeoning retail sector.

Several speakers remarked on another change — El Segundo formerly competed for businesses north of LAX, companies relocating from Santa Monica and Culver City. But a new trend has seen more and more businesses springing up from entrepreneurs living in the Beach Cities.

“These are local users,” said David Jordan, president of the real estate firm SSV Properties. “These are private equity guys living in Hill Section or Sand Section of Manhattan Beach...All these tenants are homegrown.”

Retail and hospitality trends are aligned with this shift. Marc Gordon, a principal with Rubicon Properties, which recently purchased the Hacienda Hotel in El Segundo — which he noted is the 10th largest hotel in LA County — said the hotel will be managed very differently than in the past in that it cater to higher end business travellers rather than the airport market. And the hotel will now be two hotels — a larger Fairfield Inn by Marriot, and a smaller, boutique Aloft Hotel. Federal Realty vice president Jeff Kreshek said his development, The Point, will be aimed at the highly educated local demographic.

“This is one of the few places where a stay-at-home mom has a master’s degree and her husband works in high-tech... You are talking highly educated people and jobs,” he said. “And people don’t understand that when you are talking about El Segundo.”

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