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Instead of setting up shop among the thousands of tech businesses and startups in western Los Angeles, vegan meat-alternative manufacturer Beyond Meat decided to call El Segundo its home.



Brent Taylor, co-founder of Beyond Meat, said the city's location near international airports and freeways, along with lower tax rates and real estate prices, was a huge draw for the startup. The company, backed by investors like Bill Gates, Twitter co-founders Biz Stone and Evan Williams, expanded into a larger office space this year.

I always knew in the back of my mind (El Segundo) was a great place to do business, Taylor said. It had the lifestyle we were looking for, it has a business-friendly climate, and the culture and vibe are great.

As the tech industry and startup market becomes more and more crowded in western cities like Santa Monica, Venice and Westwood, South Bay communities are hoping more business owners start looking further south.

Cities like El Segundo, Torrance, Redondo Beach and Carson point to accessibility, low tax rates and business-friendly climates as highly desirable assets in their quest to bring in new employers.

Some of the more successful companies are growing out of their tiny offices in Santa Monica and Venice, said David Hernand, an attorney for technology companies and leader at Innovate Los Angeles. As they expand and become a little more mature, they're finding that places like Playa Vista and the South Bay are good places for them to go.

Hernand said companies looking for space in the South Bay can choose from newly developed office space a rare and expensive commodity in Santa Monica or Venice and have more chances to attract talent.

These companies are very focused on acquiring very high-quality talent, and they tend to be higher-wage jobs, Hernand said. That closely aligns with the South Bay communities. If you want to attract engineers to your company, and you can tout the fact that you are close to the beach, that becomes an attractive selling point.

Randy Matusoff, a commercial real estate broker with NAI Capital Inc.'s South Bay office, said tech companies are generally looking for places with a low tax rate, low crime rate and an easy-to-work-with city government, he said.

Some South Bay municipalities fit that bill, he said.

If you're looking to open a business and you compare costs between Los Angeles and Torrance, for example, there's a good chance you're not going to L.A., Matusoff said.

The South Bay has housed major tech companies especially aerospace and defense companies like SpaceX, Northrop Grumman, Boeing and others for decades.

But with declining activity in some of those industries, cities want to bring in tech newcomers to supplement their workforce.

City staff say efforts range from attending multiple trade shows each week, traveling overseas to look for investors and simplifying the process of permitting to make setting up a company easier.

El Segundo, just a few months after resurrecting its Economic Development Advisory Council, recently approved a three-year, \$450,000 contract with Paolucci Communication Arts to raise the city's profile in the technology industry.

We've heard for years that LAX is a kind of psychological boundary, El Segundo economic development manager Ted Shove said. Because of that, a lot of business owners don't dig any deeper in understanding what El Segundo is and what kind of amenities we have here. We're trying to get our name out there.

El Segundo is less congested and boasts better parking than western Los Angeles cities, said Bill Bloodgood, a partner with commercial real estate company CBRE's South Bay advisory group.

El Segundo continues to grow and expand significantly, Bloodgood said. People are looking for a less-expensive alternative, and they've been very successful in attracting those businesses.

TORRANCE, REDONDO COURT TECH COMPANIES

Other cities have made expanding their tech business market a long-term goal.

Torrance is regularly meeting with and reaching out to tech businesses, Torrance mayor Pat Furey said.

But the city has a fairly stable business climate, meaning finding space for young technology companies can be a struggle, he said.

Still, some new tech businesses are setting up shop in the city. Online coupon company LivingSocial relocated to Hawthorne Boulevard late last year, Furey said.

People talk about Silicon Beach, and we definitely want a slice of that, Furey said.

The departure of Toyota Motor Sales U.S.A. may also leave an opening for larger tech companies, depending on how the auto behemoth decides to sell off its property, Furey said.

I think the Toyota space is a gold mine, Matusoff said. Initially it's going to be a shock, but in a reasonable amount of time it'll be leased or sold.

In Redondo Beach, global-security company Northrop Grumman is the city's largest employer, with more than 5,000 employees. Internap, a data center, moved to Redondo Beach in 2012. And the city just approved permits for Aura Systems, a company specializing in mobile generation that will likely set up shop by the end of the year.

The city can assemble a red team for potential businesses looking to move to Redondo Beach, said Aaron Jones, community development director.

This allows companies to get all the information they need and meet all the people from the city they'll want to contact in a face-to-face meeting.

Jones said that many businesses like the fact that the city hasn't raised the cost of a business license in the past 10 years.

HERMOSA BEACH WORKS AROUND LIMITED SPACE

With just under 2 square miles to its name, the city of Hermosa Beach is short on commercial spaces. Because of this, Shelli Margolin-Mayer, economic development officer, said the city is looking for ways to support home and creative office spaces, many of which are tech oriented.

Ken Hartley, vice president of Custom Interactive Data Reporting Systems, works from home in Hermosa Beach. All of CIDR's employees work remotely.

I could live anywhere I want and still run my business, Hartley said. I choose to live in Hermosa because the weather is great and everything is close by.

When Hartley needs to do a work errand, he just rides his bike to the bank or wherever he needs to go.

Margolin-Mayer said tech businesses are attractive to Hermosa Beach because they often share the city's values of sustainability.

They are daytime uses with higher salaries, Margolin-Mayer said. They're usually educated and they like to shop and eat local. They often walk or carpool to work.

Carson mayor Jim Dear said after losing Nissan to Tennessee about eight years ago, the city's made a concerted effort to become more business friendly and has begun actively pursuing new companies.

Dear and city staff members traveled through seven cities in China early this year to drum up interest in the city, and have hosted business leaders.

Since then, they've had about two inquiries a week from businesses considering a move to the city, he said.

That success means the city's in the process of hiring economic development employees for follow-up, Dear said.

We believe California is going to be on the cutting edge of advanced technology businesses for years, he said. We figure, why not have that in Carson?