



LOS ANGELES BUSINESS JOURNAL
COMMERCIAL
REAL ESTATE
AWARDS
— 2023

THE NOMINEES

Join us in honoring the brokers of the most notable transactions in Los Angeles and recognize the most impactful projects completed within the last 12 months.

WEDNESDAY, MARCH 1

InterContinental Los Angeles Downtown | 6:00 - 8:30PM PST

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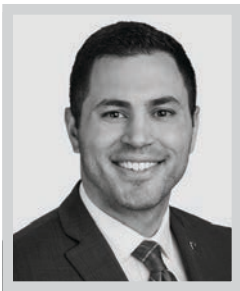


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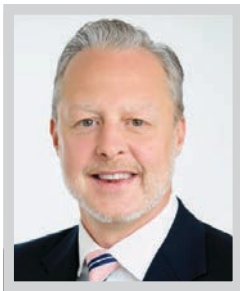
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MARTIN D. AGNEW
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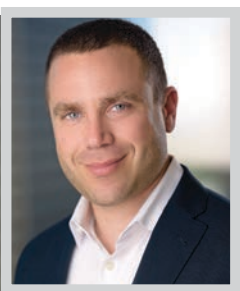
JOHN ANTHONY
Kidder Mathews



BARBARA ARMENDARIZ
SharpLine



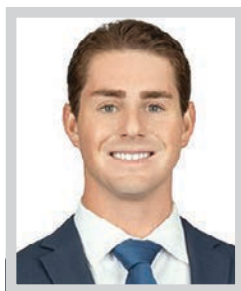
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NAI Capital Commercial



DAVID ASCHKENASY
Commercial Asset Group



SHANE AVERA
Matthews Real Estate
Investment Services



ALEX BANKS
Coldwell Banker Commercial



FRANK BARBANO
Barbano Realty, Inc.



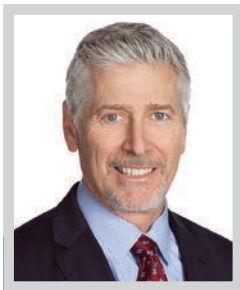
JOHN BARGANSKI
Brookfield Properties



BILL BAUMAN
Newmark



MAXX BAUMAN
Matthews Real Estate
Investment Services



HARVEY BEESEN
Kidder Mathews



KEVIN BENDER
JLL



JOHN BENETTI
CommonWealth Partners



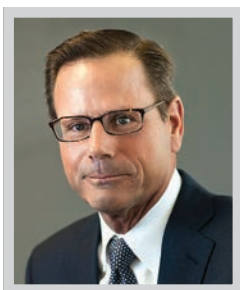
CHRIS BENTON
Newmark



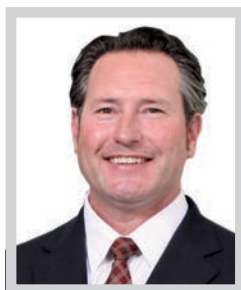
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Lee & Associates –
LA North/Ventura



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Newmark



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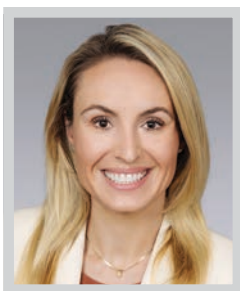
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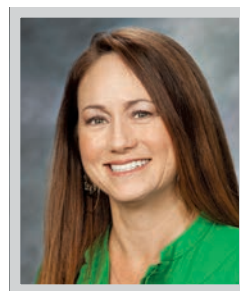
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Finalists

Best Office Lease of the Year

John Zanetos

Finalist

Best Office Lease of the Year

WEST LA OFFICE

Dean Zander & Stew Weston

Finalists

Best Multi-Family Deal of the Year

GLENDALE OFFICE

Michael Bogle

Finalist

Best Industrial Sale of the Year

Doug Marlow

Finalist

Best Office Lease of the Year

Steve Nelson

Finalist

Best Retail Lease of the Year

SOUTH BAY OFFICE

Tres Reid

Finalist

Brokerage Executive of the Year

Finalist

Best Industrial Lease of the Year



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Jessica Lall

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Downtown LA
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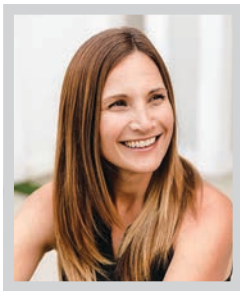
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NAI Capital Commercial



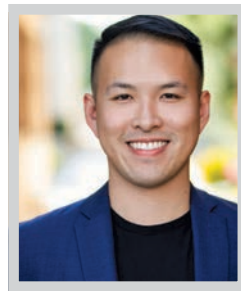
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Lyon Stahl Investment
Real Estate



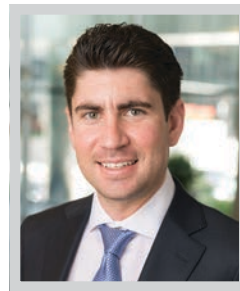
AMANDA CALOF
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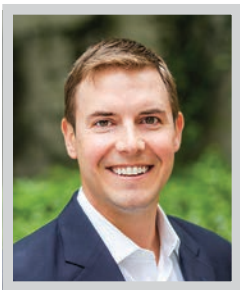
RYAN CAMPBELL
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RICHARD CHENG
Urbanlime Real Estate



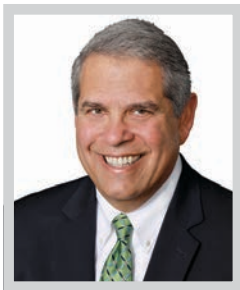
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Kennedy Wilson



TOMMY CHRISTMAN
Swift Real Estate Partners



MICHAEL CONDON, SR.
Cushman & Wakefield



CHRISTOPHER COOPER
Avison Young



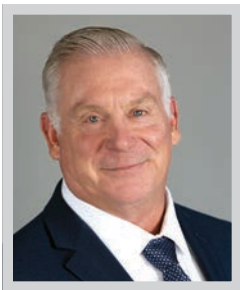
KEVIN COOPER
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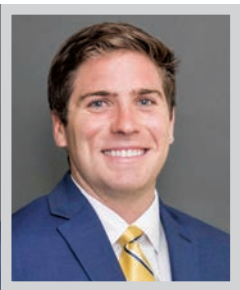
FREDERICK CORDOVA
Corion Enterprises



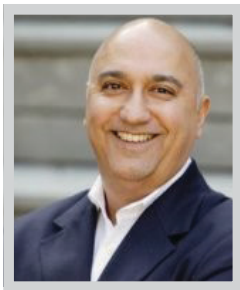
TIM CRISSMAN
Re/Max Crissman
Commercial Services



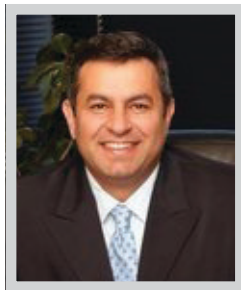
RANDY CUDE
Spectrum Commercial
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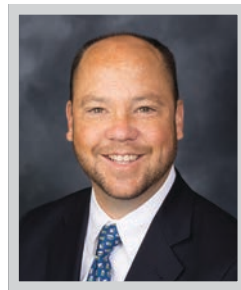
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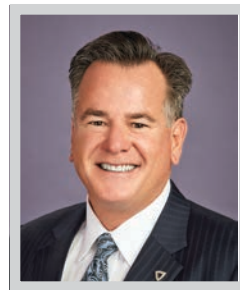
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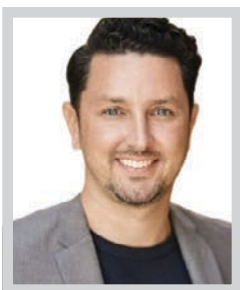
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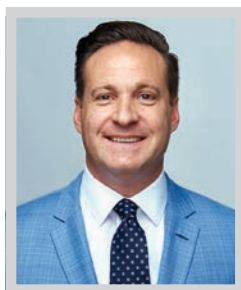
TYLER DEL RE
Urbanlime Real Estate



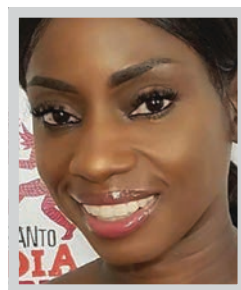
LALO DIAZ
JLL



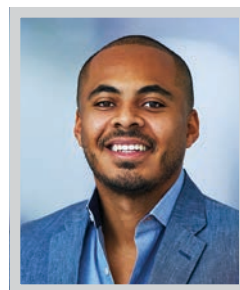
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NICK DIPAOLO
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DEMARCO DURAN
Savills



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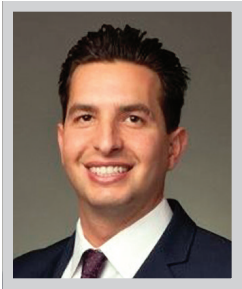
JAVI GALVAN
Delphi Business Properties, Inc.



GREG GERACI
Colliers



ANDREW GHASSEMI
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Real Estate



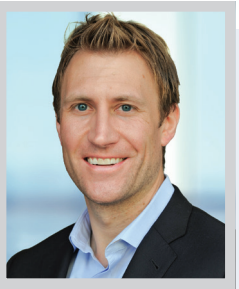
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Brookfield Properties



CHRISTOPHER GIORDANO
Kidder Mathews



RODRIGO GONZALEZ
DEODATE



JOE GRABIEC
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RYAN GRANITO
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Spectrum Commercial
Real Estate



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Spectrum Commercial
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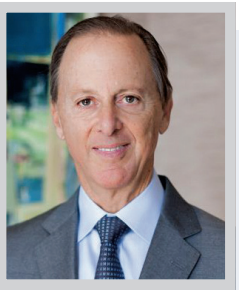
BRET HARDY
Newmark



DAVID HARRINGTON
Matthews Real Estate
Investment Services



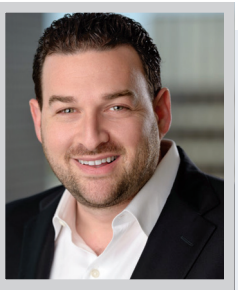
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Institutional Property Advisors



ROBERT HELD
Held Properties



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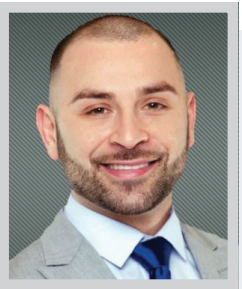
DAVID ICKOVICS
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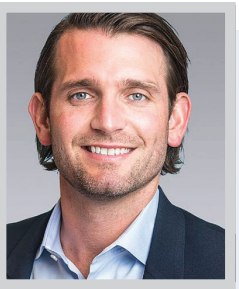
ROB IPPOLITO
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BARRY JAKOV
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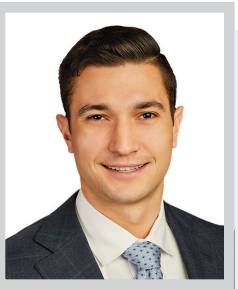
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MICHAEL KOLCUM
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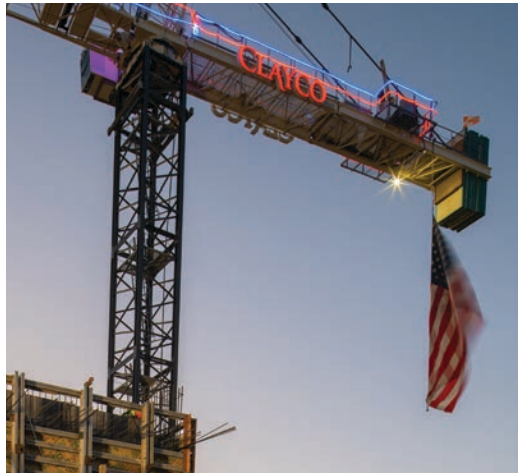
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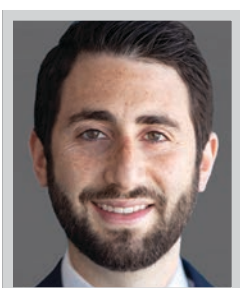
JONATHAN LARSEN
Avison Young



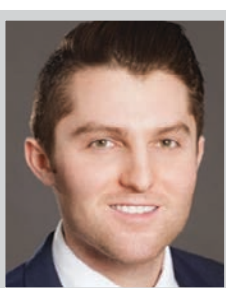
ERIC LASTITION
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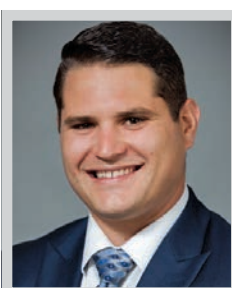
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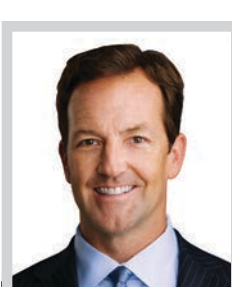
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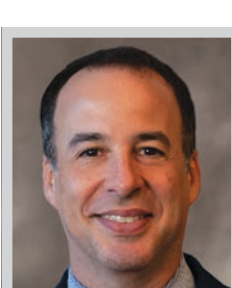
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Managing Director
Inland Empire & Orange County



Jodie Poirier
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Los Angeles



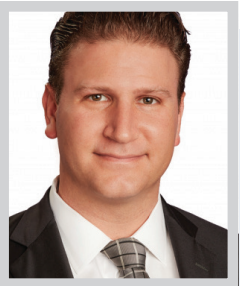
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BRENDAN MONAGHAN
Barbano Realty, Inc.



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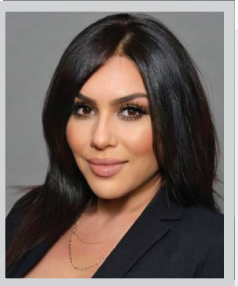
ANTHONY MUHLSTEIN
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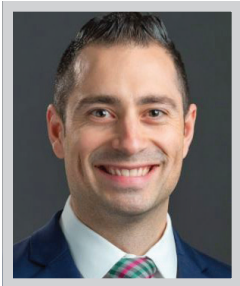
TODD NATHANSON
illi Commercial Real Estate



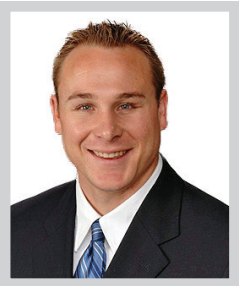
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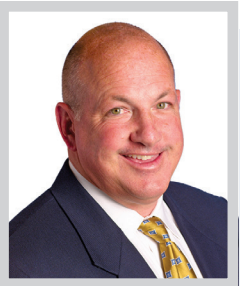
BRIAN NIEHAUS
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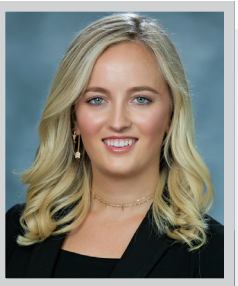
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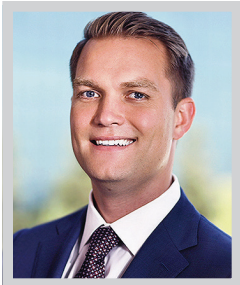
GREG OFFSAY
illi Commercial Real Estate



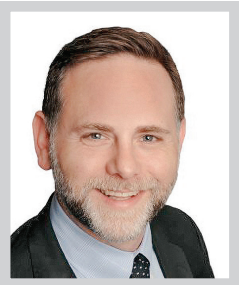
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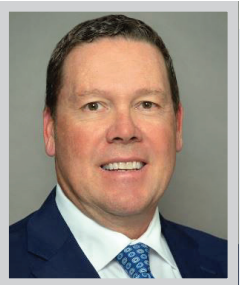
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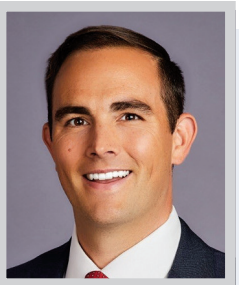
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Delphi Business Properties, Inc.



CONNOR QUAN
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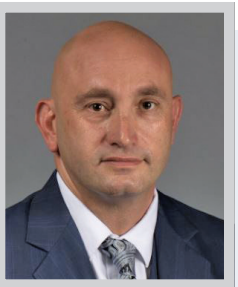
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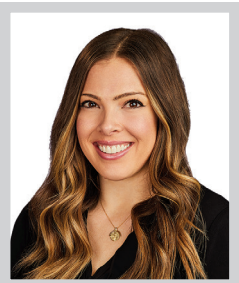
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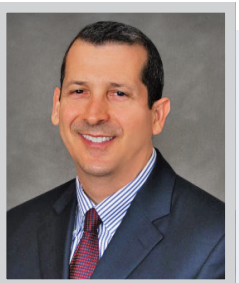
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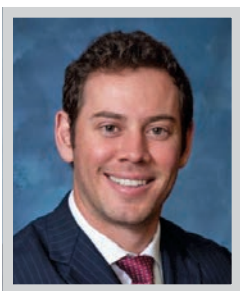
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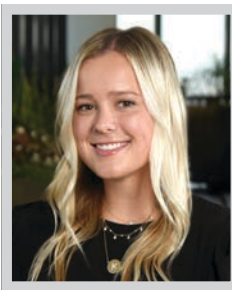
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NAI Capital Commercial



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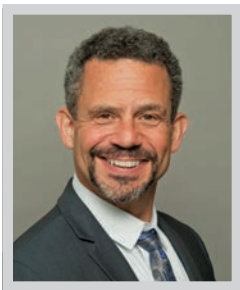
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Spectrum Commercial
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WOODY STAHL
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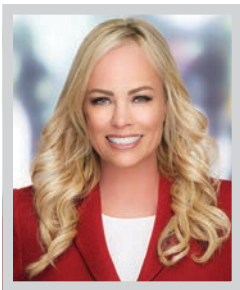
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Newmark



BRIDGE POINT GARDENA I & II

**NOMINATED FOR LABJ'S
PROJECT OF THE YEAR**



**THANK YOU TO CHRIS SHEEHAN,
MIKE FOLEY, AND CONNER REEVES**
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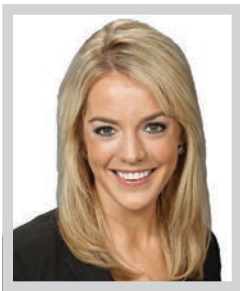
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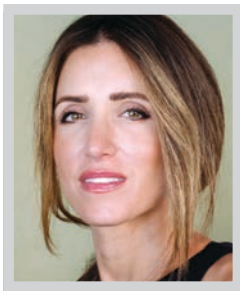
BROKER NOMINEES



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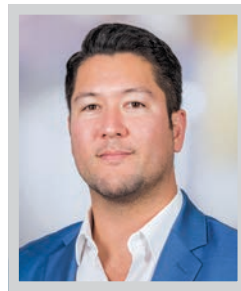
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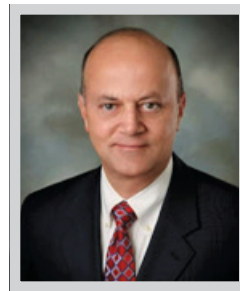
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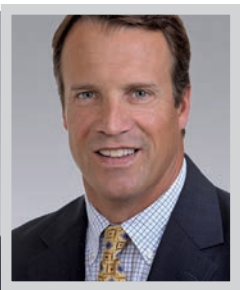
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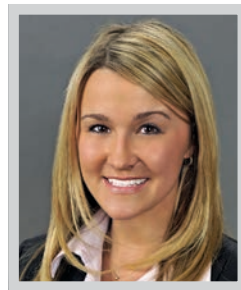
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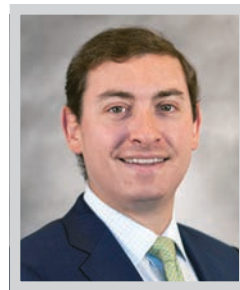
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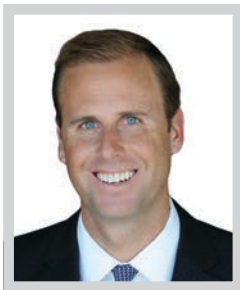
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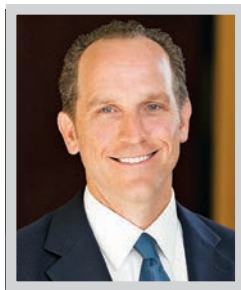
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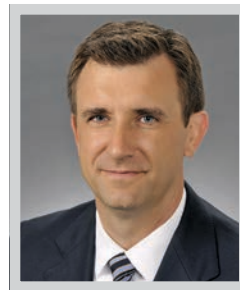
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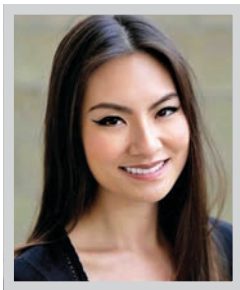
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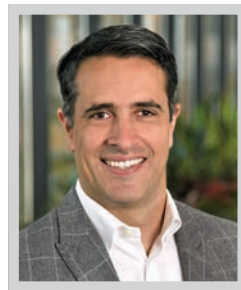
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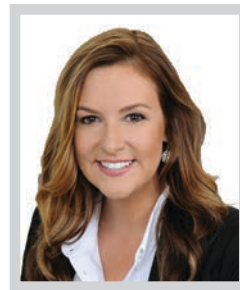
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PROJECT NOMINEES

DEVELOPER | GENERAL CONTRACTOR | ARCHITECT



15601 S. AVALON
| Rexford Industrial
| Pacific Construction Group
| RGA Architects



6TH AND SAN JULIAN
| Mercy Housing California
| Suffolk
| TCA Architects



2130 VIOLET ST.
| Lowe
| Swinerton
| Ware Malcomb



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| Northwood Investors LLC
| Morley Builders /
| Benchmark Contractors, Inc.
| RIOS



3516 SCHAEFER ST.
| Redcar Properties, Ltd.
| Del Amo Construction
| RAC Design Build



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| 821 FM LLC.
| Swinerton
| Loescher Meachem Architects, Inc.

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EXECUTIVE DIRECTOR

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to grow and thrive
in California.**





PROJECT NOMINEES

DEVELOPERGENERAL CONTRACTORARCHITECT



843 N. SPRING ST.
Redcar Properties
Shawmut Design and Construction
LEVER Architecture



ALAMEDA INDUSTRIAL
PIMA
CEG Construction
OC Design & Engineering



900 WILSHIRE RENOVATION
Sterling Real Estate Group, LLC
Cal-City Construction
Struere



ATLAS HOUSE
Jamison Properties LP
Philmont Management Inc
Corbel Architects



9000 WILSHIRE
Skanska USA Commercial Development
Skanska USA Building Inc.
Neil M. Denari Architects & HLW



BMI
Cushman & Wakefield
Howard Building Corporation
HLW International



Congratulations to all the winners in this year’s
Los Angeles Business Journal Commercial Real Estate Awards





BMW DESIGNWORKS
| Colliers International
| GCX
| Kevin Daly Architects



CALIFIA FARMS
| Hudson Pacific Properties
| RAM Construction
| The S/L/A/M Collaborative, Inc.



BRIDGE POINT GARDENA I AND II
| Bridge Industrial
| Oltmans Construction Co.
| RGA Office of Architectural Design, Inc.



CASTLE ARGYLE APARTMENTS
| Beacon Development Group / Human Good
| Walton Construction
| Relativity Architects



BRIDGE UNIVAR SANTA FE SPRINGS
| Bridge Development Partners
| Millie and Severson
| Herdman Architecture + Design



CATHERINE SANTA MONICA PHASE II
| Fifield Companies
| Milender White Inc.
| KFA Architecture

2023 LABJ AWARDS

CONGRATULATIONS TO THE

Winners and Nominees

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LOS ANGELES

NEW YORK

PHOENIX

SAN FRANCISCO

WASHINGTON, DC

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Clune Construction is an employee-owned, national general contractor, providing construction management services for some of the most respected companies in the world. With seven offices across the U.S., Clune manages over \$1 billion in projects annually and has been ranked as a Best Place to Work across the nation.



PROJECT NOMINEES

| DEVELOPER | GENERAL CONTRACTOR | ARCHITECT



CEDARS-SINAI LOS FELIZ URGENT CARE
| Cedars-Sinai Health System
| Pankow
| Abramson Architects



CITIBANK LA FAIRFAX
| Regency Centers
| DEB Construction, LLC.
| Gensler



CEDARS-SINAI MEDICAL CENTER / TORRANCE MEMORIAL MEDICAL CENTER AND MEDICAL OFFICE BUILDING
| Cedars-Sinai Medical Center
| Millie and Severson
| c|a Architects



CO/RELATE WEST HAUSER
| Canfield Development Inc.
| Westside Contractors
| Hochhauser Blatter Architecture & Planning



CHILDREN'S INSTITUTE, INC. WATTS CAMPUS
| Children's Institute, Inc.
| Oltmans Construction Co.
| Gehry Partners, LLP.



CONFIDENTIAL PROJECT
| Cushman & Wakefield
| Clune Construction
| Gensler



CONGRATULATIONS
TO ALL THE 2023
COMMERCIAL REAL ESTATE AWARD
NOMINEES



We Listen | We Care | We Collaborate | We Deliver



CONFIDENTIAL PROJECT

- CIM Group
- GCX
- Harley Ellis Devereaux (HED)



THE DOHENY

- Lenmar Doheny LLC
- Duke Development
- Albert Group Architects



THE DAIRY

- The Luzzatto Company
- GCX
- HLW



THE ENCLAVE

- The Ruth Group
- GS Construction
- 5+ Design



DEBBIE ALLEN DANCE ACADEMY

- Debbie Allen Dance Academy
- Build Group
- Gensler



ENTRADA

- LPC West
- KPRS Construction Services, Inc.
- Gensler



Oltmans
CONSTRUCTION CO.



**CHILDREN'S INSTITUTE, INC.
WATTS CAMPUS WATTS, CA**

Nominated Categories
Community Impact &
Tenant Improvement



**TOYOTA LOGISTICS VEHICLE
DISTRIBUTION LONG BEACH, CA**

Nominated Categories
Sustainable & Industrial



**BRIDGEPOINT GARDENA
GARDENA, CA**

Nominated Categories
Industrial & Redevelopment



**HOME DEPOT
IRWINDALE, CA**

Nominated Category
Tenant Improvement



PROJECT NOMINEES

DEVELOPER | GENERAL CONTRACTOR | ARCHITECT



ESPERANZA AT DUARTE STATION

- MBK Rental Living
- R.D. Olson Construction
- AO Architects



FRIEDKIN GROUP – EUCLID CREATIVE OFFICE

- The Friedkin Group
- C.W. Driver
- BA Collective



FEDORA & TRILBY APARTMENTS

- CGI Plus
- Frymer Construction
- KFA Architects



THE GEORGIAN HOTEL

- BLVD Hospitality + ESI Ventures
- BCCI Construction
- HLW International



FIG + PICO

- The Lightstone Group
- Suffolk
- Gensler



THE GRAND LA

- Related Companies
- Tishman Construction (AECOM)
- Gehry Partners



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HOLLYWOOD ARTS COLLECTIVE

- Thomas Safran & Associates
- Morley Builders / Benchmark Contractors, Inc.
- BSB Design (formerly Withee Malcolm Architects)



HYPEROBJECT

- HyperObject Industries
- GCX
- Wolcott Architecture



HOME DEPOT IRWINDALE

- Prologis
- Oltmans Construction Co.
- RGA, Office of Architectural Design



JASPER

- Cityview
- WPIC Construction
- AC Martin



THE HUNTINGTON

- The Richman Group of California, LLC
- Milender White Inc.
- DesignArc



LARCHMONT MERCANTILE

- Christina Development Corporation
- Del Amo Construction
- Gensler



Topgolf
City of El Segundo
Aria Group Architects, Inc.
DRC Engineering, Inc.
John A Martin & Associates, Inc.
Telios Corporation
Leighton Consulting, Inc.
American Landscape
Anning Johnson
Assa Abloy
Berg Electric

CA Signs
Coast Insulation
Controlair
Courtney, Inc.
Crown Fence
Elite Glazing
Frank Smith Masonry
Miller Environmental
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KONE
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McWhirter Steel
MS Rouse
Partition Specialties
Pacific Decorative Concrete
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Rebar Engineering
San Diego Paint Pros
Standard Drywall

Southwest Doors
Stumbaugh
Southwest Fire Protection
Trademark Concrete
US Smoke & Fire
Van Diest Bros
VNSM
Western Paving

Topgolf El Segundo
A finalist in the Los Angeles Business Journal's 2023 Commercial Real Estate Awards



PROJECT NOMINEES

DEVELOPER | GENERAL CONTRACTOR | ARCHITECT



LAS FLORES APARTMENTS
Community Corp of Santa Monica
R.D. Olson Construction
DE Architects



MGAC LA OFFICE
N/A
HITT Contracting
SOM (Skidmore, Owings & Merrill LLP)



**LONG BEACH CITY COLLEGE -
MULTI-DISCIPLINARY ACADEMIC FACILITY**
Long Beach City College
C.W. Driver
HPI Architecture



THE MIDAS
Mason Yoon, GRCLA, LLC
Wilshire Construction, LP
Lahmon Architects



MAGNOLIA VILLAS
EAH Housing
Walton Construction Inc.
DE Architects, AIA



MR. T
Park Lane Projects
GCX
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LA BUSINESS JOURNAL
CRE AWARD NOMINEES



MUSEUM OF TOLERANCE
| Simon Wiesenthal Center, Inc.
| Sierra Pacific Constructors
| Yazdani Studio of CannonDesign



OVATION HOLLYWOOD
| DJM Capital
| W.E.O'Neil Construction
| Gensler



NINE THOUSAND ONE
| GPI Companies
| Build Group Construction Company, Inc.
| Steinberg Hart



POMONA COLLEGE - CENTER FOR ATHLETICS, RECREATION AND WELLNESS
| Pomona College
| C.W. Driver
| SCB Architects



ONE LEGACY CAMPUS
| One Legacy
| PNG Builders
| LA-Architects, Inc.



THE RISE KOREATOWN
| Rescore Property Corp.
| Rudolph and Sletten, Inc.
| Nadel Architecture and Planning



**Cedars-Sinai Medical Center/
Torrance Memorial Medical Center**
Developer: Cedars-Sinai Medical Center
Architect: cja ARCHITECTS

CONGRATULATIONS on being **NOMINATED** for a
LABJ 2023 Commercial Real Estate Award

Bridge Point Santa Fe Springs IV
Developer: Bridge Industrial
Architect: Herdman Architecture + Design





PROJECT NOMINEES

| DEVELOPER | GENERAL CONTRACTOR | ARCHITECT



ROCNATION
| 953 N. Sycamore (LA), LLC
| Sierra Pacific Constructors
| GP Architecture



SP7 / SAN PEDRO HOUSE
| Skid Row Housing Trust
| Snyder Langston Residential
| KFA Architecture



SAFFY'S
| Bestia
| GCX
| NCA Studios



TOP GOLF EL SEGUNDO
| Top Golf USA, Las Vegas, LLC
| McCarthy Building Companies, Inc.
| Aria Group Architects, Inc.



SILICON VALLEY BANK
| Colliers International
| GCX
| Studios Architecture



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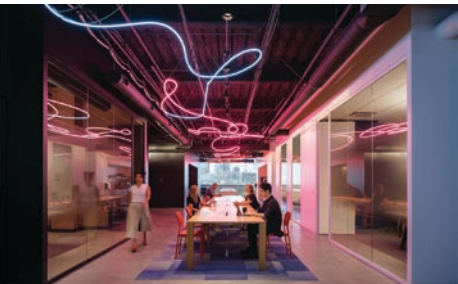
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| PCL Construction
| STUDIOS Architecture



THE WATERMARK
| Gelt Reseda Development, Llc
| WPIC Construction, LLC
| Albert Group Architects



VOX AT CUMULUS
| Carmel Partners
| Carmel Partners
| TCA Architects



YAAMAVA' RESORT AND CASINO AT SAN MANUEL
| San Manuel Band of Mission Indians
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OneLegacy Headquarters | Azusa



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AES Fluence BESS | Long Beach



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Navigating Supply Chain Disruptions and Instability in Materials Pricing

By DR. PAULA RAYMOND STAMP

If there's anything 2022 has shown us, it is that uncertainty continues to prevail and is becoming the norm. Materials and commodity prices spiked in 2022 and remain in flux due to ongoing supply chain disruptions, material input cost increases, and higher inflation. Pricing for rebar, sheet metal, lumber, and electrical equipment was heavily impacted with steep increases in the second quarter of 2022. Although pricing is leveling off, supply and delivery lead times for these materials and others is a challenge even as we begin 2023. For example, according to the Clayco Cost Index (CCI), past lead times for standard HVAC units was six to eight weeks. The CCI now tracks current lead times for small, standard HVAC units at 32 weeks and as high as 80 weeks for large HVAC units, such as Desiccant Dryers.

The 4th quarter of 2022 brought some improvement in material availability. Roof insulation and roof membrane availability continues to improve. Chemical factories are continuing to rebuild inventories improving availability of PVC, epoxy, flooring, and paint. Commodity future pricing is robust, bringing price stability to the market. Switchgear and electrical components are the most problematic material with lingering availability and long lead times as much as 72 weeks. The good news is metal pricing has dropped along with improved lead times. Except for electrical products with electrical components, 2023 should see continued market stabilization and improved product availability.

Although we will see improvement in material pricing and availability, we are still not back to the typical lead times and pricing as benchmarked prior to 2020. So how does a general contractor mitigate this risk for clients? Clayco advises clients on multiple strategies we can use to mitigate the risk for them and for our subcontractors. The Clayco team recently broke ground on a mixed-use project in Culver City. We proactively employed the following strategies to successfully navigate price, material, and lead time disruptions.

USE QUARTERLY COST INDEX TO INFORM SUPPLIERS

At the beginning of 2022, the cost of lumber had nearly tripled from the year before. Prices have come down over the last year but

continues to fluctuate. The mixed-use project would use a significant amount of lumber. The anticipated price moment and escalation would have to be carefully vetted. Clayco advised the owner regarding reasonable escalation for the project based on the Clayco Cost Index. In turn, Clayco took this information to the lumber supplier to negotiate pricing based on future trends tied to the cost index. Taking a data-driven approach to negotiate the pricing benefited the project and provided the supplier with source data to help them make an informed price decision.

LEVERAGE PURCHASING POWER

The Clayco family of companies includes a wholly owned purchasing subsidiary called Consolidated Distribution Company (CDC). CDC's buying power allows them to leverage better lead times and pricing with material manufacturers. In fact, CDC is the largest buyer of Sherwin Williams paint and #1 Hunter Douglas dealer in the country. Consolidated Distribution Company is assisting on the mixed-use project as a backcheck to solve procurement challenges, assist with obtaining materials faster, and to independently validate

materials procurement lead times prior to subcontractor engagement. This creates a benchmark for comparison once the subcontractors came on board for preconstruction services.

EARLY MATERIALS ORDERS

During the course of business, subcontractors will typically order the materials they need in advance to meet an installation deadline. Due to the unpredictable nature of the fluctuations, Clayco required that the subcontractors advise the project team of materials that will require an early deposit and/or release for fabrication. This approach gave Clayco the opportunity to advise the client on what materials should be ordered early to mitigate escalation costs and maintain tighter cost control over the project.

Although we may never see pre-pandemic materials pricing moving forward, we can employ strategies that help us manage the fluctuations and provide options for our clients to successfully navigate the future toward successful completion of their projects.

The Clayco Cost Index, referenced in this article, is a quarterly publication. The publication is a compilation of suppliers and



Although we will see improvement in material pricing and availability, we are still not back to the typical lead times and pricing as benchmarked prior to 2020.

nationally published commodity indexes. The material cost consists of the following: 3000 psi Concrete, Rebar, Wide Flange Steel, 1/2" Dry-wall, Copper, Hot Milled Sheet Steel, Lumber, Crude Oil and Hot Liquid Asphalt.



Dr. Paula Raymond Stamp is vice president, economic development at Clayco. For more information, visit claycorp.com.

Delivery Lead Times

| CSI DIVISION | SCOPE | TYPICAL LEAD TIME | CURRENT LEAD TIME |
|--------------|--------------------------------------|-------------------|--|
| 7 | Roofing | 3-5 Days | Insulation Board 2 Months, Membrane 4-5 Months, Fasteners & Accessories 6-8 Months |
| 23 | HVAC Units (small) | 6-8 Weeks | 32 Weeks +(part issues) |
| 23 | HVAC Units (>=25 ton) | 6-8 Weeks | 16-20 Weeks+ (Parts issues) but up to 80 Weeks for Desiccant Dryers |
| 26 | Light Fixtures-Interior, Exterior | 4-6 Weeks | 8-12 Weeks with exception of poles 18-22 Weeks |
| 26 | Generators, ATSs | 20-28 Weeks | Generators/ATSs - 60-80+ Weeks |
| 26 | Switchgear, Switchboard, Panelboards | 16-18 Weeks | 60-65 Wks Switchgear, 30-32 Wks Switchboards, 22-24 Wks Panelboard |



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We Love You."**



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Children's Institute's Watts campus, lovingly designed by Frank Gehry, is an investment and commitment to the community of Watts, an architectural landmark and a critical resource for families. It is home to a range of programs meant to positively impact multiple generations in a family, supporting them in achieving educational success and emotional well-being which we know build pathways to economic mobility.

We are thrilled to have this important project be recognized at the Los Angeles Business Journal's Commercial Real Estate Awards in the Community Impact Category.



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institute**

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Special Thanks

Gehry Partners, LLP

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Oltmans Construction Co.

The Watts Community



Commercial Real Estate is Vital to the Economy

The impact of new commercial real estate development in the U.S. continues to grow, according to the annual Economic Impacts of Commercial Real Estate research study conducted by the NAIOP Research Foundation.

The combined economic contributions of new commercial building development and the operations of existing commercial buildings in 2022 resulted in direct expenditures of \$826.9 billion and the following impacts on the U.S. economy:

- Contributed \$2.3 trillion to U.S. gross domestic product (GDP).
- Generated \$831.8 billion in personal earnings.
- Supported 15.1 million jobs.

Among other highlights:

- Significant (143.4%) increase in non-warehouse (manufacturing) industrial building construction in 2022, making it the largest segment of new CRE construction in 2022.
- The four property types covered in the report saw increased construction spending (hard costs) last year.
- With continued remote work, some firms are defensively putting space onto the sublease market, a trend exacerbated by true downsizing and layoffs, which has been especially concentrated in the tech sector.

• Notwithstanding the challenges of office-linked retail in urban-core markets, demand for traditional retail space has rebounded, and overall occupancy rates have recovered to pre-pandemic levels.

“The construction sector ended 2022 with positive momentum that we hope will continue into the new year,” said Richard Branch, chief economist, Dodge Construction Network, provider of the commercial construction data cited in the report. “As we look ahead, growth in sectors such as life sciences, data centers and manufacturing will be important for seeing the potential amid the economic slowdown in 2023.”

Altogether, commercial, residential, institutional and infrastructure development and operations of existing commercial buildings contributed \$6.5 trillion to the U.S. economy and supported 37.7 million jobs in 2022.

“The data in the report are strong economic indicators of commercial real estate development investment, job growth, and subsequent contributions to the U.S. economy,” said Marc Selvitelli, CAE, president and CEO of NAIOP. “Our success could be met with headwinds as inflation, workforce constraints and higher interest rates create uncertainty. Our Research Foundation, legislative team and education will keep our members and industry professionals



informed on these issues and offer resources as the industry navigates potentially choppy waters.”

The report notes that “slow growth in real (inflation-adjusted) GDP (0.2%) is expected, as well as in nonresidential fixed business investment (0.6%) – both evidence of potential declines in demand for construction and real estate. While expected slowdowns in economic growth in 2023 could dampen demand, the total value of construction is anticipated to increase modestly.”

The “Economic Impacts of Commercial Real Estate” report is authored by Brian Lewandows-

ki, Adam Illig, Michael P. Kercheval, Ph.D., and Richard Wobbekind, Ph.D., at the University of Colorado Boulder Leeds School of Business.

Since 2008, NAIOP has conducted this study for purposes of estimating the annual economic contribution of commercial real estate development to the U.S. economy. This study is used by real estate professionals and municipal, state, and federal officials and employees, to understand and quantify the key economic benefits of commercial real estate development.

NAIOP, the Commercial Real Estate Development Association, is the leading organization for developers, owners and related professionals in office, industrial, retail and mixed-use real estate. NAIOP comprises 20,000 members in North America. NAIOP advances responsible commercial real estate development and advocates for effective public policy.

The NAIOP Research Foundation was established in 2000 as a 501(c)(3) organization to support the work of individuals and organizations engaged in real estate development, investment and operations. The Foundation’s core purpose is to provide information about how real properties, impact and benefit communities throughout North America.

The full report is online at naiop.org/contributions23. For more information, visit naiop.org.

BLVD



BLVD Hospitality and BCCI Construction would like to congratulate all members of the Project Team for the successful and iconic restoration of Santa Monica’s First Lady - The Georgian Hotel.



- ARC Engineering
- Fettle Design
- HLW Architects
- NYA Structural Engineers
- Rolling Greens
- Summa International
- ACCO Engineered Systems
- American Awning & Blind Co.
- Apollo Painting
- Ceiling Concepts
- Control Air Enterprises
- Door Specialties
- DoorTek Systems
- Eco Bay Services
- Electrolurgy Manufacturing
- G Brothers
- George Electric Company
- Hilltop Alarms
- Majestic Fire Protection
- Oakstone Glass Corporation
- R A Darracq Concrete
- Tyko Sign Group
- Taber Company
- The Labor Solution
- Titan Environmental Solutions
- Universal Metro



Three Commercial Real Estate Considerations for 2023

By PAUL ROSENKRANZ

With uncertainty in the economy, minds naturally gravitate toward ways to save money. For commercial real estate owners, this is a particularly crucial time to be aware of a few tax incentives that have the potential to lower your tax liability and improve the after-tax return on your investment.

2023 marks the beginning of a gradual decrease for real estate bonus depreciation. Therefore, before the year progresses further, now represents an excellent time to consider a cost segregation study to see if your property qualifies for enhanced depreciation deductions. It's also an opportune moment to consider a "look back study" to determine if you can realize the benefits of a cost segregation study even after the year in which the property was purchased or constructed. Additionally, the Inflation Reduction Act of 2022 (IRA) has introduced a higher energy tax deduction for commercial property owners that maybe worth consideration.

TAKE ADVANTAGE OF BONUS DEPRECIATION

Real estate has been and remains a tax favored asset class; one example is bonus depreciation. Bonus depreciation is an incentive that allows taxpayers to deduct a large percentage of the cost

of qualifying property in the year it is placed in service (either by purchase or self-construction).

Qualifying property is property with a tax useful life of 20 years or less and includes items such as landscaping, furniture, wall and floor coverings, and many more assets that can be uncovered in a cost segregation study. The Tax Cut and Jobs Act of 2017 (TCJA) allowed for used property that is of original use to the taxpayer and that meets certain acquisition requirements to qualify for bonus depreciation as well.

The TCJA increased the first-year bonus depreciation from 50% to 100%, and that amount was available through the end of 2022. In 2023 this percentage is reduced to 80%. It will be 60% in 2024 and so on until it is set to be eliminated by 2027 (unless extended by Congress).

CONSIDER A COST SEGREGATION STUDY

A cost segregation study is a detailed analysis of the costs within and around a building that can be depreciated over shorter IRS prescribed tax lives, and further deducted via bonus depreciation. Depending on property type, it is possible for 25% or more of the cost of the building to be expensed in one year by combining a cost segregation study with bonus depreciation. A cost segregation study should be performed by a

It's an opportune moment to consider a "look back study" to determine if you can realize the benefits of a cost segregation study.

qualified firm that reviews available blueprints and physically inspects the property to allocate the component costs to their appropriate tax lives. A clear, well-documented report should be provided to the taxpayer to ensure defensibility.

Even if you purchased or constructed a building a few years ago and allocated 100% of the improvements to real property with a 39-year recovery period, you can still have a "look back" cost segregation study performed. The difference between the depreciation claimed with a cost segregation study and the amount claimed by the taxpayer using a 39-year recovery period can be claimed in one year without the need to amend prior years' tax returns.

LEVERAGE THE ENERGY TAX DEDUCTION

The recent passage of the IRA includes

provisions that could significantly boost climate actions in the building sector. One of the most significant changes was to the Energy Efficient Commercial Buildings Tax Deduction (Section 179D), which incentivizes builders and building designers for building energy-efficient commercial buildings.

The newly implemented changes both increase eligibility to a wider group of taxpayers and the amount of the potential deduction. The changes include raising the maximum tax deduction from \$1.88 per square foot in 2022 to as much as \$5.00 per square foot in 2023 and lowers the required minimum savings in total annual energy and power costs from a 50% reduction to a 25% reduction.

Paul Rosenkranz is managing director of CBIZ, a business consulting, tax and financial services provider and works closely with MHM (Mayer Hoffman McCann P.C.), an independent CPA firm providing audit, review and attest services. This publication is distributed with the understanding that CBIZ is not rendering legal, accounting or other professional advice. The reader is advised to contact a tax professional prior to taking any action based upon this information.



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ESG Goals Increasingly Drive Brownfield Redevelopment

“Brownfield” is the technical name for an underused or abandoned industrial or commercial property. Brownfields can range from old factories to vacant warehouses; from defunct gas stations to former dry cleaning establishments.

Many brownfields are contaminated with potentially dangerous waste. Solvents and waste oil, for example, might be found at the site of an old automotive repair shop; the chemical perchloroethylene could be identified at a site previously occupied by a dry cleaner.

Appearances, however, can be deceiving. Despite the way they look, not all brownfields are actually contaminated. Unfortunately, even those properties that are not truly contaminated are widely believed to be.

The General Accounting Office has estimated that there are over 450,000 brownfield properties in the United States. And, according to the California Environmental Protection Agency, California is home to almost 90,000 them.

As the availability of readily developable land decreases, brownfields are attracting more attention from developers.

These sites, typically located in urban areas with well-developed transportation infrastructure, are potentially attractive targets for redevelopment to new uses, but often require regulatory support or public subsidies to overcome the additional costs and risks associated with environmental remediation.

Public support for brownfield projects – such as the \$1.5 billion that The Bipartisan Infrastructure Law recently committed to the Environmental Protection Agency’s Brownfields Program – is increasingly conditioned on meeting environmental, social and economic sustainability targets.

“Realizing significantly more sustainable brownfield redevelopment projects on the ground will require even more decisive leadership at all levels, effective policies and programs, robust stakeholder collaboration and buy-in, support from ESG (Environment, Social and Governance) investors, and investment from the commercial real estate industry,” according to a new report from the NAIOP Research Foundation.

“Sustainable Brownfield Development” was authored by Christopher De Sousa, Ph.D.,

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MCIP, RPP, professor, School of Urban and Regional Planning, Toronto Metropolitan University. The report is an analysis of two dozen brownfield projects that include best practices for developers and their public and non-profit partners. The brief also considers the construction methods and design features that developers most commonly adopt to meet sustainability objectives.

“As global and national concerns about the

environment accelerate, so too will environmentally sustainable actions aimed at generating renewable energy, eliminating waste, electrifying transportation, producing local agriculture, cleaning the air, offsetting carbon emissions, mixing land uses, and moving to net-zero and climate-positive actions,” the report said. “Making these changes in strong markets will be challenging enough from a feasibility perspective; they will be even more challenging in weaker markets that must also prioritize robust social and economic outcomes.”

“We are going to see more brownfield redevelopment,” said Marc Selvitelli, CAE, president and CEO of NAIOP. “The speed at which these projects reach completion will depend on the commitment of the commercial real estate industry, local community support that is based on two-way communication, funding, and other cooperation from local, state and federal governments. Our hope is that this report provides a road map and accelerates the process.”

For more information, visit naiop.org, or download the full brownfield report at naiop.org/brownfieldsresearch.

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Why Financial Institutions Need to Take Proactive Measures for their CRE Holdings

By RODRIGO GONZALEZ

As analysts closely monitor global events and their impact on financial markets, the financial state of commercial real estate continues to be a primary focus for many. Banks and lending institutions around the U.S. have not forgotten the Great Recession of 2008 and how commercial real estate portfolios impacted balance sheets and profitability. While the Great Recession's impact to residential real estate markets outpaced commercial real estate defaults, the potential for a moderate recession or cycle correction in 2023 will look much different than any others in recent history.

The current state of commercial real estate varies greatly by asset class, and these classes may currently benefit, or suffer, from various dynamics specific to their industry position. Banks holding debt on investment multifamily or operating assets (industrial or other logistics) will see different, more subdued market correction components than those holding office buildings or retail which stand to face greater headwinds over the next few years.

According to the Mortgage Brokers Asso-

ciation, office properties posted a 54% YoY decrease in lending for Q4-2022. And, according to Bloomberg, the \$175 billion of global real estate credit already in distress will continue to grow. This is largely due to protracted decisions made by companies as to how to right-size their portfolios when considering a recession, raising interest rates, declining office tenancy, and shifts to hybrid/remote work amenities. This is leading banks to boost reserves for potential losses attributed to commercial real estate loan defaults.

Banks and other lending institutions may continue to track borrower performance and real estate asset values, two of several tools utilized by such entities, in assessing risk within their portfolios during a correction environment. DEODATE's approach with bank and lending clients facing imminent correction in their respective portfolios is to do so strategically, proactively, and with initiatives unique to respective asset classes. Lending institutions are encouraged to assess multiple factors in their goal to limit portfolio risk exposure.

BORROWER PORTFOLIOS

- Conduct market analysis and disposition

strategy on current or potential borrower special/distressed/toxic real estate assets

- Proactive analysis of borrower (relationship) lease options coming up, notably in manufacturing or operating facilities, to understand how fixed escalations (3-5% of current base rate) or FMV (potential 25%-250% of current base rate) will impact DSCR and global cash flows
- Analysis and downside protection/risk analysis of office portfolios specific to market and vacancy factors
- Proactive analysis of borrower refinances to see how updated debt environments will impact DSCR
- Create and deliver information collateral/training to the borrower base on how to best position and negotiate operating assets over the next year
- Analysis of potential cash infusion necessary for property portfolios based on the trajectory of the market over a 1-3+ year period
- Data gathering and issuance to the borrower to assist in lease/acquisition negotiation such as retail gap, competitive reports, etc.
- Analysis of necessary reserves based on asset risk and potential valuation

Any bank or financial institution with a sizable portion of their business being dependent on returns from commercial real estate should be prepared for the potential of increased disruption to this industry. Many analysts, including our own, predict that we'll see continued uncertainty, so it's important for banks to be able to forecast the future standing of their loans as accurately as possible and to have sound downside protection strategies in place to mitigate risk and limit financial losses.

Successful mitigation of risk/losses by banks over the next 6-8 quarters will be determined by the proactive nature of their strategy and implementation. The best time for banks and lenders to make a strategic assessment of their commercial real estate portfolios is long before a correction occurs.

Rodrigo Gonzalez is CEO & managing partner at DEODATE. For the last 17 years (10 with DEODATE) his teams have advised on hundreds of engagements for over \$4 billion of commercial real estate and public infrastructure projects, exclusively in real estate strategy. Learn more at deodatecorp.com.



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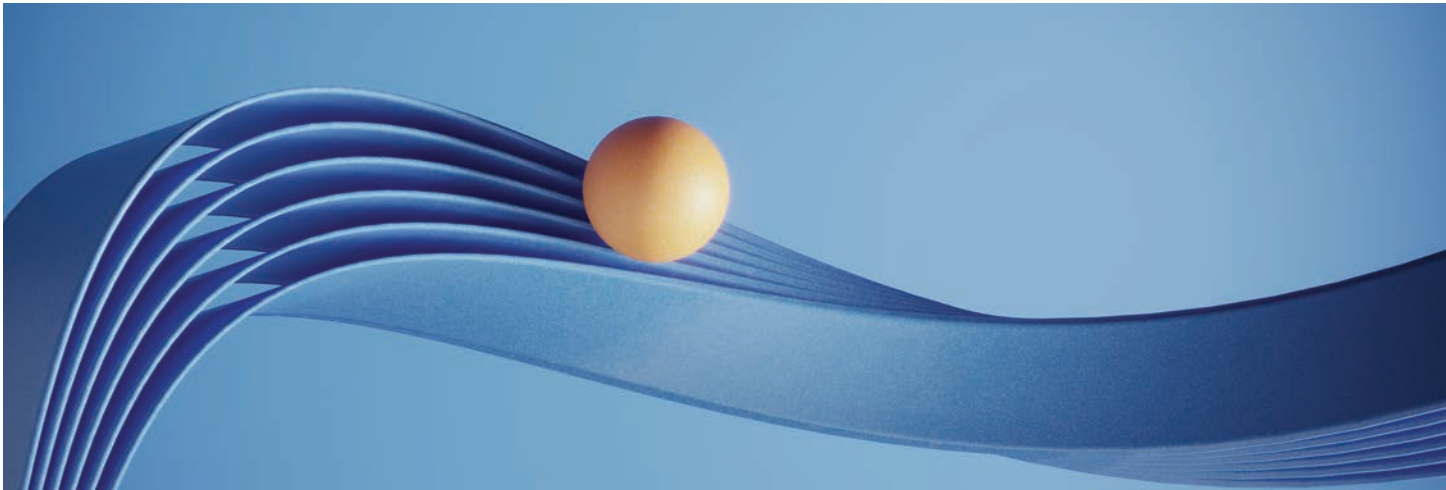


California CRE Survey Forecasts Market Fluctuations

Office market sees a longer recovery, multifamily rides the housing demand wave, industrial remains strong but cautious, retail continues to rebound

The Winter 2023 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey, released earlier this month, shows that commercial real estate developers, owners and investors have reverted to a less-than-confident outlook on the office sector as rental and occupancy rates continue to weaken. This sentiment is a departure from the optimism shared by many in the sector a year ago. The findings come as the commercial real estate industry continues to navigate rising interest rates, declining valuations and economic uncertainty, leading to a contraction in new commercial development across most asset classes.

The biannual survey polls a panel of California’s real estate professionals to project a three-year ahead outlook for commercial real estate and the macroeconomic trends impacting industry participants across the multifamily, office, retail and industrial markets.



“With the Winter 2023 Survey findings pointing to uncertainty as the prevailing sentiment in the commercial real estate community, we are advising clients to engage with business partners today so that they are prepared to capture the upside of a dislocated market,” said Allen Matkins partner John Tipton. “It is more important than ever that the commercial real estate industry embrace the changes of a post-COVID world to continue to play a crucial role in enabling the national economy.”

OFFICE DEVELOPMENT REMAINS ON THE SIDELINES
The cautious outlook for office development follows a period of confidence in early 2022, when it was predicted that the office market would rebound, presenting opportunity for new development as companies emphasized office-centric work following pandemic-era restrictions. The latest survey finds that 29% of Southern California panelists and 20% of Northern California panelists are planning

new office developments this year, compared to 48% and 50% in 2022, respectively, when demand was expected to grow alongside supply. However, those expectations did not materialize according to the latest survey, as 2022’s high interest rate environment impacted office market fundamentals.
“The bearish outlook on office performance revealed in the Winter 2023 Survey underscores the need for office owners to play an active role in this sector as the economy and work-from-

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home continue to impact performance,” said Allen Matkins partner Alain R’bibo, co-chair of the firm’s Century City real estate group. “In addition to driving new leasing, which will be challenging in this market, office landlords should consider how they can drive demand for space by incentivizing existing tenants to come into the office more and increase utilization, which will ultimately enhance asset value.”

CONTINUED HOUSING DEMAND KEEPS MULTIFAMILY A BULLISH SECTOR

The uncertain outlook on office space is also influencing sentiment about multifamily performance in metropolitan markets. The Winter 2023 Survey finds that urban multifamily assets have not recovered as quickly as those in suburban markets as migration trends outside of city centers continue and residents seek more affordable, transit-oriented housing options.

Two factors driving new multifamily development in the 2023–25 period are the inland parts of the state experiencing growth in logistics and infrastructure construction, coupled with two series of state laws — SB8, SB9 and SB10; and AB2011, AB2097 and AB2234 — that override some local building approval processes, therefore opening land currently zoned for single-family homes to the construction of small multifamily structures, and reducing barriers to multifamily construction in transit corridors.

“California has such a lack of supply. As such, interest rates and inflation won’t create

a huge impact on land use entitlements and development,” says Spencer Kallick, partner at Allen Matkins. “The multifamily market is very hot right now.”

INDUSTRIAL BEGINS TO NORMALIZE

While industrial remains a strong performer in the industry, the latest survey predicts that demand will remain strong but not increase at 2020 and 2021 rates in the coming years. According to the survey, two-thirds of Northern California respondents and more than half of Southern California respondents are planning at least one new industrial project in the next 12 months. While this is comparable to the Summer 2022 survey, the most recent survey results did indicate a slight decrease in development over the next three years.

“The biggest factor keeping industrial a hot market is continued e-commerce growth, which will drive high levels of demand in the industrial sector for the foreseeable future,” said Allen Matkins partner Seth Garrett. “Especially since the new supply has yet to match e-commerce demand in some markets.”

RETAIL REMAINS ON THE RISE

Following a period of headwinds caused by the pandemic and consumer reliance on e-commerce, the Winter 2023 Survey points to signs of recovery in the retail market. Panelists identified three key factors that are creating optimism in the sector:

- New housing development driving demand for nearby retail options

‘It is more important than ever that the commercial real estate industry embrace the changes of a post-COVID world to continue to play a crucial role in enabling the national economy.’

- Return to the office, albeit limited, and growth in tourism leading to retail demand in metropolitan areas
 - The reconfiguration of existing retail establishments adapting to open-air, post-COVID concepts to attract new customers
- “The retail industry has been resilient and able to adapt to meet consumer needs,” said Allen Matkins partner Sandy Jacobson. “As the sector inches toward a new cycle, we are seeing better than expected performance in retail centers with a diverse tenant set that offer consumers convenience. We see the most opportunity in establishments that offer a one-stop shopping experience, with tenants spanning needs-based goods, services experiences and more.”

ABOUT THE SURVEY

The Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey and Index polled a panel of California real estate professionals in the development and investment markets on various aspects of the commercial real estate market. The survey is designed to capture incipient activity by commercial real estate developers. To achieve this goal, the panel looks at the markets three years in the future, and building conditions over the three-year period. The survey was initiated by Allen Matkins and the UCLA Anderson Forecast in 2006, in furtherance of their interest in improving the quality of current information and forecasts of commercial real estate.

Allen Matkins, a law firm with more than 225 attorneys, was founded with deep roots in real estate that has leveraged that foundation to grow and build prominent litigation, corporate, tax, labor and employment, land use, and environmental practices allowing the firm to partner with clients across myriad industries and markets.

UCLA Anderson Forecast is one of the most widely watched and often-cited economic outlooks for California and the nation and was unique in predicting both the seriousness of the early-1990s downturn in California and the strength of the state’s rebound since 1993. The Forecast was credited as the first major U.S. economic forecasting group to call the recession of 2001 and, in March 2020, it was the first to declare that the recession caused by the COVID-19 pandemic had already begun.

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