Housing: Playa Vista's Prices Hard to 'Live' With

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campus last year, up from roughly 2,000 in 2015 – a spike of about 150 percent. Around 11,000 people live in Playa Vista, according to **Randy Johnson**, executive vice president of **Brookfield Residential Properties Inc.**, the community's master developer.

Those numbers do not include spillover that has seen companies such as **Facebook Inc.**, **Sony Corp.**, and gossip website TMZ take space across the street from the master-planned community.

One likely reason for the low live-work numbers is that Playa Vista cemented its status as a Silicon Beach hub long after the first residents began arriving in 2002.

More than half of Playa Vista's housing stock – roughly 3,200 condos, apartments, and single-family homes – was completed by 2008, before Silicon Beach was even a term. The office campus' first building was completed that same year, Johnson said, with consumer electronics company **Belkin International Inc.** becoming one of first tenants on the campus in 2010.

An additional 2,800-plus residential units started construction in 2013, and the office campus has seen an explosion of growth since then. Google purchased 12 acres in Playa Vista in 2014 and has leased the 319,000-square-feet Spruce Goose Hangar for further expansion. Johnson estimated that with Google and the newly finished Brickyard office complex, 8,500 more employees will be headed to the campus over the next couple of years.

"The office space – the campus area – I thought would take 10 to 15 years to fill. It took two," said **Steve Soboroff**, former president of **Playa Capital Co.**, the area's master developer that was acquired by Brookfield in 2012. "Silicon Beach happened and happened fast."

Tight supply

As techies continue to pour in, the housing squeeze is driving up prices, making the neighborhood a costly choice for even well-paid tech industry workers. There are a couple hundred residential units in Playa Vista left to be built, according to **Alison Girard**, Brookfield's director of marketing.

"Because prices have driven up so much, I feel like if we were looking right now, we would be priced out," added **Linna Hsii**, Dennis' wife, who works as an attorney for **Icann**, the nonprofit internet regulatory agency, also based in Playa Vista. The Hsiis purchased a three-bedroom condo in 2014 for $1.1 million, and their neighbors have an identical unit on the market now that's listed at more than $1.5 million, according to MLS.

The asking price for homes in Playa Vista has increased by 43 percent since January of last year, according to real estate data provider **Redfin**. The median list price in the area is $1.3 million with a median price per square foot of $674. Nearby Culver City has a median list price of $1.05 million and a median price per square foot of $614. Playa Vista housing costs still haven't reached the heights of Venice, however, where the median list price is $1.82 million at a median price per square foot of $955.

Prices show no sign of moderating. A new single-family complex called Jewel, at 5900 S. Village Drive, is catering to tech executives moving to Silicon Beach with homes starting around the $3.5 million to $4 million.

Apartments are pricey, too. Local real estate agents said the cheapest one-bedroom units they've seen in Playa Vista go for $2,500 a month, well above the Los Angeles County median of $1,850.

"If home prices go up, it might make it less affordable for someone else, so the only alternative is to go to a rental. Now you're pushing people to the rental market," said agent **William Durfee** of Brentwood's **Gibson International**.

Such a situation might especially be the case for Silicon Beach-working millennials who haven't saved up enough to buy a home yet, added Dennis Hsii.

Those market forces have driven people east. While only a small fraction of Playa Vista's workforce lives in the community, 28 percent live within a three-mile radius, according to Compass. Incoming employees can get more bang for their buck in nearby Culver City and Mar Vista, agents said, even though the growth of Silicon Beach has driven up prices in those areas as well.

Another factor limiting supply in Playa Vista is that about 17 percent of the housing stock consists of rent-restricted units and "controlled price unit" homes that were sold well -below market rate and can't be resold at market prices for 15 years. There were 325 controlled-price homes built between 2002 and 2008, which were called for in the master plan. Priority was given to local public service workers such as firefighters, police officers, teachers, and nurses. Many of those individuals are holding on to their properties as an investment, said Soboroff. Some of those residents might cash out when their 15-year term is up in the not-too-distant future.

Nabbing a rent-restricted unit in Playa Vista is also difficult. An 83-unit complex for seniors at 12481 W. Fielding Circle completed last year has a three-year waitlist. Another 125 controlled-price condos are set to open soon in a project known as Hayden, with prices running from around $400,000 to $450,000. Johnson said 1,000 people applied in the first hour.

"Anything under a million in Playa Vista is gone in a matter of weeks," said **Greg Harris**, estate director at Beverly Hills brokerage **Compass**.

RINGO H.W. CHIU/LABJ

Right at Home: Linna and Dennis Hsii, with son, Cal, both live and work in Playa Vista.

Shipping: Cargo Partnerships Might Box In Ports

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has 10 employees, imports men's basic wear for clients including **J.C. Penney Co.**, **Macy's Inc.**, and **Wal-Mart Stores Inc.**

Last year, Pacific Textile lost $100,000 when $2 million worth of cargo, about half of its monthly imports, was stranded for two months after the bankruptcy of Hanjin Shipping Co., he said.

The global shutdown of the shipping line's operations caused containers to pile up at the Port of Long Beach and delayed deliveries worldwide.

Two new alliances, in which some of the world's largest cargo movers are consolidating operations by sharing space on ships to cut costs, now have the potential to add to shippers' headaches when they launch April 1. One of the alliances still hasn't informed ports and the greater supply chain where and when it plans to unload cargo, and efficiently unloading a jumble of containers from several companies off a single ship has already proved a challenge for ports.

The two new partnerships are the Ocean Alliance, made up four carriers, including French and Chinese lines, and one known as The Alliance, with five members including three Japanese carriers, are set to go live next month. They will be two of three alliances worldwide after the 2015 launch of 2M by Denmark's **Maersk Line** and Geneva-based **Mediterranean Shipping Co.**

"I call it the big bang of 2017," **David Arsenault**, former chief executive of **Hyundai Merchant Marine** in the United States and now an independent consultant, told a crowd last week during the Trans Pacific Maritime conference in Long Beach. "We've had alliances form and come and go, but it's all been staggered in the past. This is the first time we're seeing all three go into effect at once."

Rough waters

Shipping companies have been using such alliances to make up for an overcapacity of cargo space and plummeting rates in recent years. That shortfall has caused major carriers to post losses in the billions of dollars and was what drove Hanjin, once South Korea's largest line, to bankruptcy.

"Shipping lines thought the future of the industry was in building bigger vessels, so these megaships were built. But while vessels grew, trade didn't (after) the great recession," said **Michele Grubbs**, vice president for Southern California with the **Pacific Merchant Shipping Association**, a trade organization that represents terminal and vessel owners.

As shipping capacity grew because of the larger vessels, companies could offer services at a lower cost. But the problem was that no single line could fill up a megaship.

"Alliances really formed to fill up space. It offers multiple carries a chance to fill up vessels," said Grubbs.

Consultant Arsenault said the formation of alliances and cargo carriers' problems aren't over yet.

"Industry consolidation is happening at a faster rate than it ever happened before, and it is a sure sign and a clear red-flag indication of an industry that is not healthy and can't continue to go on as business as usual," he said.

While alliances seem to be the future of the shipping industry, the main concern at the moment is a lack of information about their operations.

As of last week, only one of the two new partnerships, Ocean Alliance, had shared scheduling information with ports on what terminals it would be calling at, according to port officials and shipping companies.

Uncertainty ahead

At the L.A.-Long Beach port complex, the largest in the country, a single hiccup can cause a ripple effect throughout the supply chain.

Rail and trucking schedules; availability of chassis, which are attachment trailers that fit on the back of trucks where containers are placed when cargo unloads from a ship; and other segments of the chain need to be coordinated with ship movement in order to move cargo efficiently to and from the ports.

There's also the potential for mixed-up cargo. If a ship has goods from one of its alliance partners, but docks at its regular terminal, longshoremen and truckers need to be aware that multiple carriers' cargo is coming in at that location.

Noel Hacegaba, chief commercial and operations officer for the Port of Long Beach, said there have been delays in the past as previous alliances took form.

"In anticipation of new shipping alliances, we are assessing readiness, identifying issues with port parties by reaching out to every segment of the supply chain. This includes shipping lines, terminal operators, labor, railroads, trucking companies, chassis leasing companies," Hacegaba said.

A likely issue that might arise with the newest alliances, he said, is the availability of chassis. When alliances change, cargo shifts to other terminals, requiring chassis to be repositioned.

The ports share a fleet of 85,000 chassis, and while there isn't necessarily a shortage, the challenge with the new alliances is that new vessels will be calling on terminals they haven't called on before. Amid the uncertainty, an adequate supply of chassis can't be planned for terminals, which might in turn result in cargo delays.

The Port of Los Angeles is also bracing for the rollout.

"We don't really know what to expect as we wait on information from the alliances, but we are preparing as best we can," said port spokesman **Phillip Sanfield**.

The lack of clarity has freight-forwarding companies anxiously waiting for updates so they can proceed with planning for their clients when shipments come in.

"We need to know which terminals they'll be calling on so we can determine who's got containers on particular routes. This helps us in making contracts," said **Kasra Ferasat**, marketing director at **American Export Lines**, a freight-forwarding company headquartered in Willowbrook.

Freight-forwarding companies act as a go-between for their clients, many of whom are manufacturers and retailers that import goods from Asia. The freight forwarders pick up containers, book shipping lines, fill out legal forms, drop of containers at ports, and arrange for delivery, among other tasks.

Robert Krieger, president of Carson freight-forwarder **Norman Krieger Inc.**, which handles cargo for Rasheed of Pacific Textile, noted that lack of information could cause delays in filling out customs entry and release forms at terminals, and information on whether goods needed to be examined, all of which could mean holding up delivery.

"Everyone should be nervous right now," Krieger said.