



REAL ESTATE

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Prop 15 May Imperil Lots Of Tenants

Voters to decide on split-roll tax system in November.

By **MICHAEL AUSHENKER** Staff Reporter

Proposition 15, an initiative to tax commercial and industrial properties at a higher rate for education and local government funding, will have a negative domino effect on the market, commercial real estate experts told the Business Journal.

That's because landlords will pass along hiked property taxes to tenants, who will charge customers more.

If approved by voters on Nov. 3, Prop 15 will create a split-roll tax, or separate tax rules for commercial and retail property versus residential property. The ballot measure intends to upend what voters approved in 1978 with Proposition 13, in which all assessed property values are based on the most recent purchase. Prop 13 caps property tax rates at 1 percent of the assessed value with annual increases not to exceed 2 percent.

John Loper, associate professor at **USC Lusk Center for Real Estate**, said passage of Prop 15 will add more financial burden to restaurant and retail tenants already responsible for triple-net (property taxes, insurance and operating costs) leases.

"If property taxes go up, the tenants pay, not

the landlords," Loper said.

With non-chain restaurants, small shops, cabinet makers, carpenters and plumbers — "all of the small businesses are going to be paying those property taxes," Loper continued. Entrepreneurial business owners have already "been hurt the most by COVID. They don't have deep pockets."

There are some exemptions, according to Loper, such as small companies that own their property. "But most of the time, they're renting at a shopping center or multi-tenant industrial park and (tax hikes are) not going to help," he said.

Union groups have backed Prop 15, which promises \$11 billion in revenue in a 60-40 split between municipal governments and local schools from K-12 to community colleges.

While that might sound ideal on paper, broker **Yair Haimoff**, founder of **Spectrum Real Estate Services** in Encino and Valencia, questions whether the funds will truly go where intended.

"Who is going to be in charge of appropriating the funds?" Haimoff asked. "County assessors, they're already behind. ... Where are they going to get the manpower to do this?"

If landlords raise rents and tenants can't pay or go out of business, landlords will stumble in paying their mortgage lenders, Haimoff said.

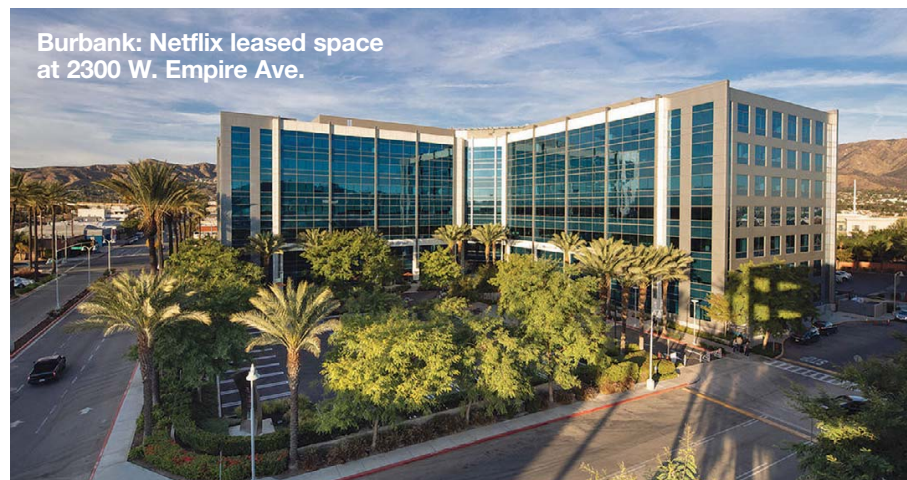
Loper thinks Prop 15 could exert a large influence on the economy at large.

"This could be the thing that tips (business owners to say) 'I can't do this anymore,'" he said.

Eventually, customers will pay for the tax hike, the broker and academic agreed.

"The tenants are going to have to raise prices and the consumers are going to have to pay for it," Haimoff said.

Added Loper: "This is going to severely hurt a lot of small businesses. On top of COVID, this is scary."



Netflix Grows Footprint By 171,000 Square Feet

Streamer may set up animation studio in Burbank.

By **MICHAEL AUSHENKER** Staff Reporter

Netflix Inc. is deepening the San Fernando Valley's longtime status as the capital of the cartoon industry by starting an animation studio in Burbank.

According to a CoStar report, the streaming giant has signed a 171,000-square-foot lease at Burbank Empire Center, located next to Hollywood Burbank Airport at 2300 W. Empire Ave.

Life insurance company **New York Life**, which owns Burbank Empire Center, will benefit as Los Gatos-based Netflix takes on an estimated 150,000 square feet up front on the property, with plans to expand by 21,000 square feet later. Netflix will occupy the seven-story building's ground floor plus square footage on floors three, six, and seven.

Burbank Empire Center's office building, with more than 351,300 square feet, is now 100 percent leased. Technically, this Netflix deal amounts to the largest office lease in metropolitan Los Angeles during this pandemic year, at a time when the office market

has atrophied, according to CoStar.

Since the earliest days of **Walt Disney Co.**, Burbank has long been home to Hollywood's animation industry. Warner Bros. Animation, Hanna-Barbara, Walter Lantz Productions, Ruby-Spears, Filmation and Film Roman are just some of the companies that created cartoons in the area in decades past.

At a time when Hollywood's live-action TV production has struggled to resume in the face of a pandemic, animation creation has ramped up. Netflix has enjoyed massive success airing both its original animated series and acquired content — such as anime from Japan and Korea — on its streaming platform.

Animation house **Titmouse Inc.**, which in February announced that it will assume 95,000 square feet at Media Center North on 2835 N. Naomi St. in Burbank, created "The Midnight Gospel" for Netflix.

Netflix also leases space at neighboring Burbank Empire Center buildings at 2350 Empire Ave. and 2400 Empire Ave. At each address, Netflix occupies 33,000 square feet of space, according to CoStar data.

More Love for Mixed-Use Development in Moorpark

Daly Group's High Street Station inches closer to reality

By **MICHAEL AUSHENKER** Staff Reporter

Westlake Village developer **Daly Group Inc.** has cleared a major hurdle in realizing its Moorpark mixed-use project.

Moorpark Planning Commission unanimously approved the 2017-originated project for the Moorpark Metrolink station-adjacent 226 High St. at a Sept. 10 special meeting, where commissioners found Daly Group President **Vince Daly**'s vision consistent with the Moorpark's general plan

Formerly dubbed High Street Depot, the project, in which Moorpark's own **Di Cecco Architecture Inc.** has the design contract, has since been renamed High Street Station.

The project aims to revitalize the main drag High Street with 79 housing units, 14,000 square feet of retail and restaurants



while simultaneously paying tribute to the community's history. There will be 137 parking spaces.

The seven-building project, which will also include community green space, will now move on to the Moorpark City Council for final approval. Once the project is approved, Daly expects an 18-month build.

Local Colors In Mural at Janss Market

Thousand Oaks mall displays wall painting titled 'Conejo.'

By **MICHAEL AUSHENKER** Staff Reporter

NewMark Merrill Cos., the Woodland Hills-based retail shopping center developer, has completed the installation of a Conejo Valley-centric mural at Janss Marketplace shopping center, the 458,000-square-foot shopping center located at Moorpark Road and Hillcrest Drive in Thousand Oaks.

Called "Conejo" (which translates to "rabbit" in English), the mural, created by artist **Evan Meyer**, was inspired by "the rich history and abundant presence the cottontail rabbit has in the region as well as the namesake of the county," according to a NewMark Merrill statement.



Rabbity: Evan Meyer's 'Conejo.'

Meyer — co-founder of **Beautify Earth**, an organization aiming to beautify properties — designed the image in a geometric style. Muralist Meyer's previous work can be found all over Venice, including on the sides of Lincoln Boulevard businesses.

"For me, art inspires, exposes and resonates at a guttural level, evoking the imagination, exploring beyond anything you may be exposed to daily," said **Edie Trott**, senior marketing director at NewMark. "We wanted to give our shoppers and community the opportunity to experience and dream when they come to our shopping centers, make it a journey."

Janss Marketplace boasts a tenant mix of local, regional and national retailers including Regal Theaters, Old Navy, Buca di Beppo and Crazy King Kong Sushi.

Led by Chief Executive **Sandy Sigal**, NewMark Merrill Companies owns or manages a portfolio of more than 80 shopping centers valued at more than \$2 billion. NewMark's 1,800 tenants are located across 10 million square feet of retail space in California, Colorado and Illinois.