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Top of the Town: Rendering of h.Club in Hollywood.

OPEN FOR BUSINESS

Rootop venues surge despite steep construction costs

By **RACHEL URANGA** *Staff Reporter*

On a clear spring day, the ocean shimmers in the distance beyond the port cranes in San Pedro. The ice-capped San Gabriel Mountains rise up behind the sprawling cityscape. And a DJ spins low-key electronic music.

Welcome to Los Angeles' rooftop scene where you can sip $18 martinis poolside or dine and dance under the stars.

Southern California's year-round mild climate and nearly 300 days of sunshine a year are driving the club and restaurant scene up and out. Developers say it's more of an investment up front — particularly for existing properties — but rooftop patios are becoming a must-have amenity for hotels, condos, restaurants and bars to draw customers.

"I think just about every one of our clients wants to have some rooftop amenities," said **Scott Hunter**, regional director for Dallas-based **HKS Architects**. But it's not always easy.

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HOSPILTALITY
SPECIAL REPORT

Short-Term Rentals Fill a Niche

Airbnb, others benefit amid luxury-hotel boom

By **HANNAH MADANS** *Staff Reporter*

In the last five years, Los Angeles hotel developers have boosted the number of hotel rooms in the city by more than 7%. But demand keeps rising as visitors to the L.A. area last year reached 50 million, up 18% from 2013.

While several dozen new hotels are in the works, the projects skew to the higher end — a consequence of the steep cost of land and development in Southern California.

Industry researchers and real estate groups say that has left an opening for short-term rental services like **Airbnb Inc.**

Rather than cannibalizing the hotel market — as some observers say **Uber Technologies Inc.** and **Lyft Inc.** have done with taxis — Airbnb's thousands of L.A.-area homes are providing relief for more budget-conscious travelers.

Airbnb is "a huge disruptor in the marketplace," said **Arjun Shokeen**, partner of El Segundo-based **Welcome Group Inc.**,

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Air Lease Bounces Back

AEROSPACE: Firm weathers Max woes, WOW bankruptcy

By **HOWARD FINE** *Staff Reporter*

Century City-based **Air Lease Corp.** leased and delivered plenty of aircraft during the first quarter despite the grounding of **Boeing Co.**'s 737 Max aircraft and the bankruptcy of a significant airline customer, **WOW Air**.

According to an update Air Lease issued earlier this month, the aircraft leasing company

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WeHo Plans Pot Lounges

RETAIL: City collects $3 million from applicants

By **RACHEL URANGA** *Staff Reporter*

Vered Nisim wants to make West Hollywood the happiest place on Earth for pot smokers.

"The Disneyland of cannabis is what we are building," said Nisim, who is in the process of opening **Fire Lounge** — a club where clientele can consume marijuana on site. "This is not for

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Forge Fires Up in SoCal Malls

TECH: Hiring platform connects retailers, employees

By **SAMSON AMORE** *Staff Reporter*

With record low unemployment in the United States, retailers are looking to nontraditional methods for staffing shifts and filling open positions.

That's been a boon for Playa Vista-based **Forge Technologies Inc.**, an online platform that

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Los Angeles Business Journal THE LIST TOP RANKINGS 2019

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Los Angeles' hospitality sector gets a boost as visitors flock to the city

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Family owned Musso & Frank stays true to its classic steakhouse roots

Malls: Forge Ramps Up Expansion Plans

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allows retail outlets at shopping centers and malls to share employees.

"Both low unemployment and low workforce participation rates are, in part, causing retailers and restaurant operators to find new avenues to attract talent," said Forge Chief Executive **Stacey Ferreira**. "With more jobs in the U.S. than people to fill them, sharing talent is the perfect way for a business operator to get access to quality employees looking for a few additional hours."

Forge's service is already in use at 10 malls nationally. The company launched at Mall of America in Bloomington, Minn. on April 18, and it has plans to roll out its talent sharing platform at the Glendale Galleria and five other Southern California malls in May.

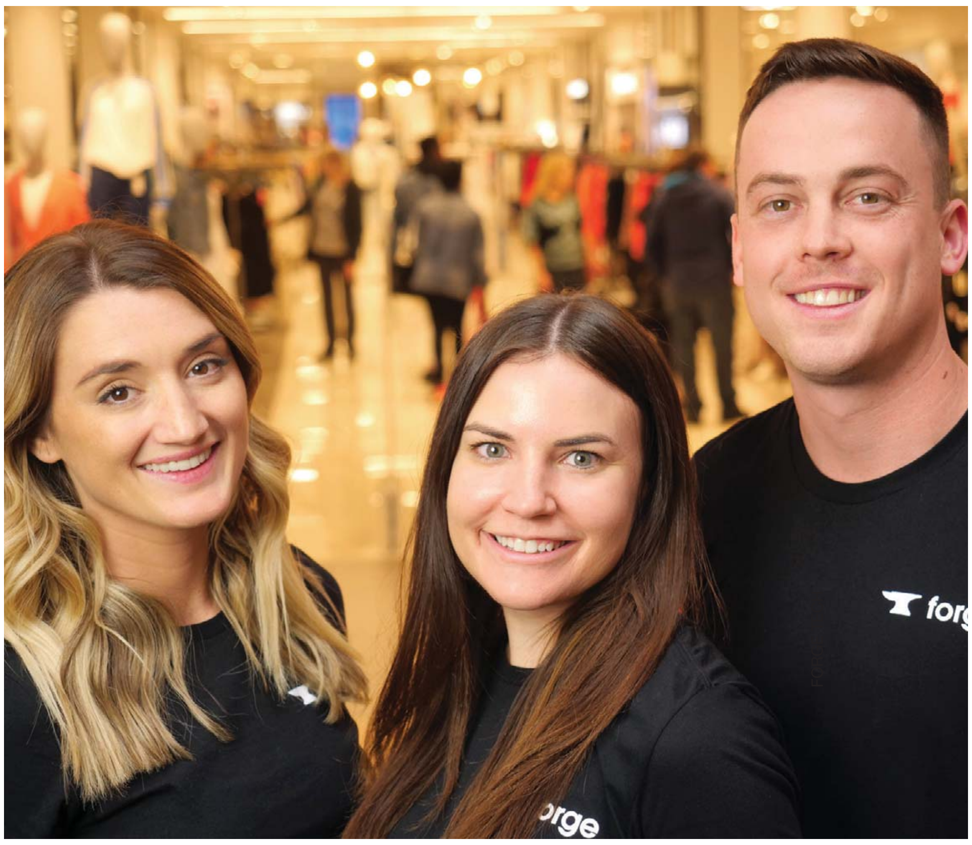
Forge works directly with real estate investment trusts and landlords that own malls before approaching individual business. It then encourages store managers to join the platform and recruit their staff to join. Once signed up, managers can recruit staff from other outlets to cover shifts at their stores, and employees can look to pick up additional work at nearby retailers.

Ferreira said stores treat employees picked up through the Forge platform as W-2 hourly workers, and that the hiring process and internal human resources functions are left to individual retailers.

"We're very hands off on that part," Ferreira said.

The demand for retail workers is driven by ultra-low unemployment rates that dropped to 3.8% nationally in March, down from 4% in January 2019. Roughly 15.8 million people nationwide worked in retail as of March, up from 15.6 million during the same period a year ago, according to the Bureau of Labor Statistics.

California's Employment Development Department said total retail jobs in the state are expected to increase 11% to 133,690 jobs in 2022 from 120,450 jobs in 2012.



FORGE TECH

Mall Rats: (From left) Forge executives Megan Hottman, Stacey Ferreira and Keaton Wyse at the Mall of America.

Venture backing

Forge has raised $4 million in two fundraising rounds since it was founded in 2015. The company's backers include downtown-based venture investor **Inevitable Ventures**, founded in 2015 by **Ron Burkle** and **D.A. Wallach**.

Wallach said Inevitable invested in Forge because retail employment solutions were an undervalued market segment.

"We felt like the new challenges that big parts of the retail economy were encountering deserved equal attention and were under-appreciated and under-covered by investors, in particular the incredible rates of turnover you see at retailers at malls or local restaurants," Wallach said.

Forge's other investors include L.A.-based **KittyHawk Ventures**, Palo Alto-based **Social Capital** and San Francisco-based **Sherpa Capital**.

Previously headquartered in San Francisco, Fereirra moved Forge to Playa Vista in February after acquiring Huntington Beach-based scheduling application developer ShiftMe Inc. for an undisclosed sum. As part of the deal, former ShiftMe Chief Executive **Megan Hottman** joined Forge as its head of operations.

Hottman said the company's offerings on the platform will grow.

"We're creating accounts now, and the talent pool will grow over the next couple of months," she said. "The involvement and adoption is really high, so we're excited to see how it grows."

Tiered model

Hallmark Cards Inc., **Qdoba Restaurant Corp.** and **Panda Express Inc.** have signed up to use Forge, along with 85 other companies, Ferreira said.

Forge's offerings break down into three subscription tiers. The first is offered to companies for free — it allows retailers to upload their employee base and post available shifts, which employees at other stores that use the platform can apply to pick up. From there, companies can upgrade for a fee of "a few hundred dollars per month" — Forge declined to provide specific fee numbers — to a system that allows retailers to recruit specific employees at other stores. An additional upgrade includes chat functions and a time clock.

In the last week of May, the company will begin offering its platform in several **Brookfield Properties** locations in Southern California, including the Glendale Galleria, Northridge Fashion Center, Riverside's Galleria at Tyler, Chula Vista's Otay Ranch Center, Chula Vista Center and Shoppes at Carlsbad.

"With the mall launches Forge is doing recently, it is starting to develop some really compelling traction," Wallach said. "The critical moment for a business like this is when you actually strike a nerve with customers, (and) what Stacey is hearing from a landlord level and from the individual store managers is that this fills a real need."

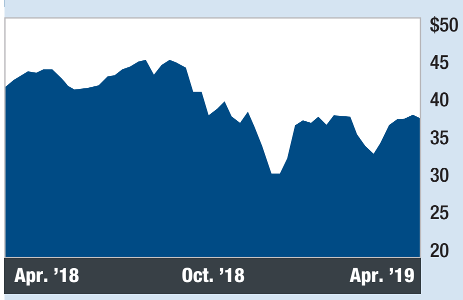
Airplanes: Used Market Could Buoy Air Lease

Continued from page 1

delivered 11 new planes to airline customers during the first quarter and has orders for 361 new aircraft to be delivered over the next five years.

This news came amid a rally by Air Lease stock, which has regained all of the ground it lost after a March 10 crash in Addis Ababa, Ethiopia — the second crash in six months of a Boeing 737 Max 8 — and the March 28 bankruptcy filing of Reykjavik, Iceland-based WOW Airlines. The stock closed April 24 at $38.29, up more than 15% from a low of $32.68 on March 22 and has returned to late-February levels.

Air Lease Corp.
(NYSE: AL) *Source: Yahoo Finance*



HEADQUARTERS: Century City
BUSINESS: Aircraft leasing
CEO: John Plueger
MARKET CAP: $4.22 billion
EARNINGS: Q4 net income: $138.4 million

The Max 8 grounding and the WOW bankruptcy directly affected 20 planes owned by Air Lease.

At the time of the Federal Aviation Administration's March 13 decision to ground Max aircraft manufactured by Chicago-based Boeing, Air Lease had 14 of the planes in its possession. Air Lease had already leased out dozens of the Maxaircraft, but under the lease terms the carriers must still make payments to Air Lease if the planes are grounded.

When WOW filed for bankruptcy, it had six Air Lease aircraft. Payments were temporarily suspended on those planes, pending resolution of the bankruptcy.

But Air Lease's exposure doesn't end there. According to an April 18 report from New York-based **Cowen Securities**, Air Lease has an order backlog of 153 Max aircraft, with 27 originally set for delivery this year. With the FAA grounding expected to last into summer and potentially longer, Cowen analysts **Helane Becker**, **Tyler Seidman** and **Conor Cunningham** said in their report they expect Air Lease will only be able to deliver about 20 of the 27 aircraft planned for this year. They also said some airlines with orders for delivery in coming years may decide to cancel those orders.

An Air Lease spokeswoman did not respond to emails seeking additional insight into the company's leases; as of press time, the company was under an SEC-mandated quiet period prior to its May 8 earnings release.

Max Out: 14 of Air Lease Corp.'s Boeing 737 Max 8s were grounded by the FAA.

The Cowen analysts said these negative impacts could be offset by a strong market for used aircraft. Some Air Lease customers may opt to lease other aircraft, either while waiting for deliveries of the Boeing Max plans or to replace canceled Max orders.

Several airlines, including Dallas-based **Southwest Airlines Co.**, had opted to cancel flights flown by the Max aircraft. But last week, reports in air travel trade publications indicated that Southwest executives have been looking at other aircraft as possible replacements, including A220 planes made by Netherlands-based **Airbus SE**.

As for the WOW bankruptcy, the Cowen analysts said Air Lease should be able to re-lease the six aircraft left stranded — a combination of Airbus A320 and A321 planes. "We do not believe they will have issues placing the aircraft given their fuel efficiency and the strong demand for narrow-body aircraft heading into the peak summer season," Cowen's report said.

Overall, the Cowen analysts believe Air Lease will still achieve its 2019 goal of $1 billion in aircraft sales.