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SquadUp Shoots for High End

EVENTS: Ticketing firm touts nimbler tech, lower fees

By **MATTHEW BLAKE** Staff Reporter

New York City's Tribeca Film Festival switched its ticket vendor last summer from **Eventbrite Inc.** to **SquadUp Inc.**, a relatively new entrant to the ticket vending market.



Litvack

But the festival's moviegoers probably didn't notice. The Culver City outfit provides what it calls "white label" ticketing, which means it doesn't stamp its brand name on the tickets or the event website.

What attendees might have noticed instead were the slimmer processing fees on all 140,000 tickets Tribeca sold last year —

just \$1.99 plus 3 percent of the base ticket price. That's significantly lower than the average 27 percent fee added to most primary ticket sales, according to a report last year by the U.S. Government Accountability Office.

The lower surcharge is one of the prime attributes that, from a consumer perspective, distinguishes the ticketing startup from market leader Ticketmaster Entertainment.

Please see **TICKETING** page 58

Air Lease Corp. Grounds Planes

AVIATION: Boeing plane crashes hit leasing co.'s fleet

By **HOWARD FINE** Staff Reporter

Last week's grounding of **Boeing Co.'s 737 MAX 8** commercial jetliner has hit Century City aircraft leasing company **Air Lease Corp.**, which has 14 of the airplanes in its possession and another



Udvar-Hazy

Please see **AIRCRAFT** page 58

Paragon Sticks With Retail

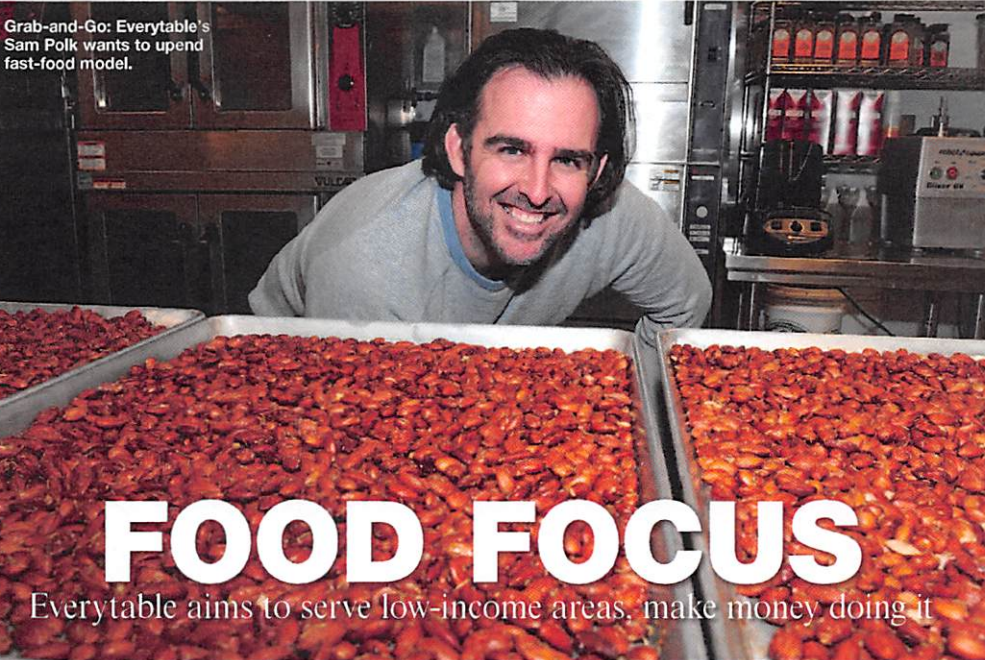
REAL ESTATE: Developer nabs malls, big-box stores

By **HANNAH MADANS** Staff Reporter

Retail isn't dying, it's evolving. At least that's how **Paragon Commercial Group** sees it.

The El Segundo-based real estate group is diving into retail redevelopment, buying up sites including shuttered **Toys R Us Inc.** locations and worn-down shopping complexes that have hem-

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Grab-and-Go: **Everytable's** Sam Polk wants to upend fast-food model.

FOOD FOCUS

Everytable aims to serve low-income areas, make money doing it

By **RACHEL URANGA** Staff Reporter

Sam Polk made millions of dollars as a Wall Street trader, now he wants to fix the fast-food business — a proposition that could prove even more complicated than the intricate financial instruments he mastered.

The 39-year-old aims to bring healthy-food shops and restaurants to low-income communities — and make a profit doing it — with his startup, **Everytable**. Polk isn't the first to try and solve

the problem of so-called "food deserts," urban zones that lack affordable, fresh food options. Chefs **Roy Choi** and **Daniel Patterson** both wanted to eliminate food deserts and upend the fast-food model through food chain **Local** with its flagship in Watts. The chain lost money, and all four locations closed last summer as the chefs pivoted to catering.

"Food is really hard," Polk said. "By definition, it is low margin, and fresh food is the hardest." But he said he's up for the challenge.

Since launching four years ago, **Everytable** has opened seven grab-and-go-style food shops, added catering and subscription meal services, and attracted the interest of some high-profile investors.

Two-tier model

Polk's plan was to take on fast-food chains like **Subway** by offering healthy packaged meals at an affordable price. Key to that is keeping costs low.

Please see **EVERYTABLE** page 59

LAW FIRM SPECIAL REPORT



Law firms in Los Angeles have a long history of supporting entrepreneurs — and being entrepreneurial themselves. Our special report this week looks at several ways in which the legal community continues to support innovation and make the community a vibrant ecosystem.

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LAW FIRMS
Ranked by number of attorneys in L.A. County
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5 Intoxicating Environment
Top-secret bars turn up in surprising location: the workplace

56 Image Curation
Reload Management's Mhair Zeitounian makes the city his office





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Paragon: Firm Feasts on Retail's 'Perceived Distress'

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orrhaged tenants as more consumers pivot to e-commerce.

As part of the initiative, Paragon plans to spend \$500 million over the next 18 months to acquire and redevelop shopping centers in California, with roughly \$300 million of that planned for real estate projects in greater Los Angeles.

"Retail is not failing, it's doing what it should have been doing," said **Jim Dillavou**, co-founder and principal at Paragon. "It's adjusting."

Two current Paragon projects involve former Toys R Us locations in Burbank and Woodland Hills. In each case, Paragon is breaking the former big-box stores into two or three storefronts.

Dillavou acknowledged these types of redevelopments can get pricey. "It is much more expensive than people realize," he said.

It's not cheap or easy, but developers with the right chops can make it work, said **Richard Rizika**, partner and co-founder at El Segundo-based real estate agency **Beta Retail**.

"There continues to be tremendous interest in retail investment; however, the profile of the buyers is changing, of the owner-investor is changing," he said.

Dillavou said the equation for Paragon is simple: "We still believe in brick-and-mortar retail."

Risk and reward

At a time when retail centers are rapidly losing the customers and foot traffic they relied on for decades, analysts said reinvesting in these properties takes a lot of work and careful planning — not to mention a stomach for risk.

According to **CBRE Group Inc.**, stabilized shopping centers in well-off suburban communities in Los Angeles and Orange counties had the lowest cap rates in the nation during the sec-



THOMAS WASPER

Jim Dillavou worked to redevelop a former Manhattan Beach auto dealership into a retail complex with a grocery store and bank.

ond half of 2018, meaning they're expensive to buy, and they yield a low rate of return.

Patrick Wade, a senior vice president at CBRE, said most developers are risk-averse in today's retail property market.

"Investors are looking for favorable investments," he said. "Plenty of investors have cash available but are being cautious."

But Paragon is betting the risk will lead to reward.

In Manhattan Beach, Paragon acquired a former auto dealership for \$19.4 million in 2014, and it has spent more than \$10 million redeveloping the site. The complex now has a roughly 28,000-square-foot **Gelson's Markets Inc.** store, which opened in November. A new **First Republic Bank** is slated to open there over the summer.

Right mix

Paragon's strategy is to design each complex around the kind of business that people need to visit regularly, such as grocery stores or banks. Dillavou called the centers "daily trip anchored."

Paragon was a retail consultant on the USC Village project, a huge mixed-use complex across the street from USC's campus with **Target Corp.** and **Trader Joe's Co.** stores, along with student housing, restaurants and other retail. The shopping center is 95 percent leased, a success the company attributed in part to its efforts to attract the right mix of tenants for stu-

dents and the community.

Paragon is interested in redeveloping other sites in South L.A. and other densely populated urban areas, targeting mid-size, \$20 million to \$80 million assets.

"We love the market and the perceived distress," Dillavou said.

He added that the group likes to buy properties anchored by "troubled tenants and stabilize them when they leave."

Big box, big project

Those distressed properties include many former big-box store buildings that are no small task to redevelop.

Most prospective tenants aren't looking for such a large footprint, so the properties have to be broken up into multiple spaces. That sometimes requires adding additional bathrooms, escalators or other access to upper levels, and overhauling electrical wiring and plumbing, among other projects.

"It is very expensive to do that," Wade, of CBRE, said. "We only see more experienced developers take on those."

But it's become a necessity in a market where demand for large tracts of retail space is dwindling.

"There are a few big, larger tenants out there that are looking at reusing the entire building, but there are cases where you just don't have tenant demand for that size," **Jones Lang LaSalle Inc.**'s Executive Vice President **Scott Burns** said.

Burns said there were additional hurdles, however, such as the layout of loading docks, which can add complications. Some locations that had been owned by **Sears Holdings Corp.**, for example, had just one large loading area. Breaking up a building like that into multiple retail outlets means adding loading docks — a major construction undertaking.

Everytable: Company's Seven Locations Profitable

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The startup does that by preparing prepackaged meals, from kale Caesar salads to chicken tinga, at a central kitchen in Lincoln Heights. The meals are then delivered to Everytable locations, where customers pick out what they like from a wall of refrigerators, and employees reheat it.

Polk said that allows fewer workers to process more product than a **Chipotle Mexican Grill Inc.** restaurant, where employees both prepare food in kitchens on-site and also assemble meals in a cafeteria-style line.

Everytable's meals vary in price depending on what ZIP code they're sold in, with Compton and South Los Angeles locations charging around \$5 for meals that run closer to \$7 at the company's Santa Monica and Brentwood locations.

But retail stores are only part of the model. The company recently launched a subscription meal plan for residents within 5 miles of Everytable stores and a workplace service offering refrigerators filled with ready-made meals.

The company expects to install by next month 35 refrigerators at companies like **Kaiser Permanente Inc.**, Vernon-based **Fashion Nova Inc.** and Playa Vista-based **Toms Shoes**. Everytable uses "smart" refrigerators designed by **San Rafael's Byte Foods Inc.** that open with the swipe of a credit card and keep track of inventory.

Polk said the refrigerators put his company on the map, just as the stores do. "Subway has 650 locations in greater Los Angeles," he said. "We think we can have hundreds of locations and then thousands of these smart



THOMAS WASPER

Healthy Habits: Everytable cook Elizabeth Rivera making flourless chocolate chip cookies at Lincoln Heights location.

refrigerators in offices.

"We are trying to shape the entire food landscape around L.A. so that you can get fresh and healthy affordable food at work, at home and in your office."

Investor interest

While the company as a whole isn't profitable yet, Polk said each of the store locations has been turning a profit, varying from 5 percent to 25 percent.

There's also another factor — rents. Leases are cheaper in underserved communities where Everytable stores tend to do more business.

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