

1996 Prediction about Techtainment and Work From Home

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REAL ESTATE INVESTMENT ADVISORY COUNCIL

REIAC INFORMATION COOPERATIVE

INFORMATION AGE TO DRIVE LA OUT OF RUT

STAYING ALIVE UNTIL '95

I'm still alive but when do I thrive. At least in '95, we can answer the question "where will the growth come from", a rhetorical question constantly asked by many pessimists and California bashers. California suffered from post recession baggage in '95: continued aerospace downsizing, downsizing of financial institutions, foreclosures, and extremely expensive housing prices. However, the growth engines have started. The engines of growth for the balance of the decade are likely to be telecommunications, computer, software, media, entertainment, and international trade. California will be a major benefactor of this growth. In Los Angeles, this trend has manifested itself in the entertainment industry.

The expansion of this industry on the westside is so pervasive that Barry Beitler, principal of Beitler Commercial declared, "if you are not appealing to the entertainment industry, you are sucking wind."

WHAT'S A REIAC

REIAC stands for the Real Estate Investment Advisory Council, a national non-profit trade association, which was founded for the purpose of having a forum for free and open exchange of ideas and concerns regarding issues challenging those in the real estate investment advisory discipline. Its membership is composed of senior executives from major pension fund advisors, insurance companies, foreign investment companies, and Wall Street firms.

GET SHORTY

The entertainment industry is very fickle. I saw the movie Get Shorty five times in an attempt to understand it. In one classic scene, John Travolta drives up in a minivan that he rented by mistake. Danny DeVito, who plays a famous actor, thinks Travolta is making a fashion statement and runs out and buys one. Likewise, some thrifty post production firms

rented warehouse buildings to save money on rent. Now movie producers think these warehouses are the "thing". Rents on warehouse buildings have risen above those of office buildings on the westside.

ARE WE ALL GOING TO WORK OUT OF OUR HOMES?

Are office properties going to become obsolete with the rise of the information superhighway? One can read articles daily about the prevalence of telecommuting. With networking, computers, faxes, E-mail, internet, and one day video-conferencing, will we no longer need offices or will we need less office space? Will we all work out of our homes or cars? The office served numerous roles. It defined the hierarchy. It created synergy. It provided an environment to connect with potential clients. In Beverly Hills in the 80's, we partially valued space by the ratio of window line to total rentable square foot. It was important