Olson In $103M Deal on 3 Hotels

REAL ESTATE: Development push extends to Silicon Valley

By MARK MUELLER

Irvine-based R.D. Olson Development is under contract to sell a trio of its recently built hotels here for $103 million to a Virginia-based investor.

The company, California’s most active hotel developer for several years running, recently struck a deal to sell the Tustin Pacific Center, a two-hotel project next to the Costa Mesa (55) Freeway, as well as the Residence Inn by Marriott in San Juan Capistrano.

The three hotels total 424 rooms and are among the first new hotels to open in Orange County since the last recession.

The proposed buyer is Apple REIT Ten Inc., an affiliate of Richmond, Va.-based hotel investor Apple REIT Cos.

Apple REIT Ten has until late January to review the proposed transaction before closing on the properties, according to regulatory filings.

“The deal is expected to close in early February, assuming all goes as planned, according to Bob Olson, chief executive of R.D. Olson.

“We develop our hotels to hold them long term,” Olson said. “That said, we thought it was a good time to recycle capital. Cap rates are down, and the hotels we’re selling have performed well.”

The company has four hotels under construction and expects to break ground on another three this year.

The sales to Apple REIT won’t result in any changes to the operation or branding of the three hotels, according to Olson.

The two companies have done business together before.

Local Tech Covers Spread in Vegas

Games, Drones & Automobiles

By CHRIS CASACCHIA

The diversity of Orange County’s technology sector was on full display in Las Vegas for the International CES convention last week, as chipmakers, smart-products manufacturers, component suppliers, and the biggest auto brand based here launched products and teased others in development.

Local headliners that set out to cut through the clutter at the world’s largest consumer electronics convention reflected the rapid integration of technology into everyday consumer products.

Among the examples:

Hyundai Motor America Inc., the Fountain Valley-based unit of Hyundai Motor Corp., in South Korea, demonstrated a new app that allows users to start the engine, control lights, and door locks, as well as locate a vehicle through the Apple CarPlay system.

Hyundai has a shot at becoming a West Coast Miami at the Swim Collective trade show, which is produced by the California Swimwear Association in Santa Barbara and now has three yearly events.

It’s the highest mark since the third quarter of 2013, when the index hit 93.9.

A reading above 50 indicates expectations of growth in the economy.

The survey, headed by Mihaylo College Dean Anil Puri, aims to gauge local executives’ overall optimism with respect to Orange County’s business climate. The school’s quarterly business sentiment index reached 91.5 for the first quarter, compared with 85.7 three months ago and 88.8 a year ago.

It is the latest stop for the trade show, which is produced by the California Swimwear Association in Santa Barbara and now has three yearly events.

It’s no surprise that the Jan. 15-16 edition is in Orange County, home to a vibrant group of swimwear designers and manufacturers that account for hundreds of millions of dollars in annual sales thanks to their own brands, as well as license deals for big designer labels.

Swim Collective is the ‘first one in awhile that has a shot at becoming a West Coast Miami’ according to Manhattan Beach’s Seifert, Swim Collective has ‘shot at becoming a West Coast Miami’

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Exec Sentiment

Up for New Year

ECONOMY: 65% surveyed for CSUF index expect Q1 growth

By JANE YU

Orange County executives are starting 2015 with increased optimism, according to the latest quarterly index by California State University-Fullerton’s Mihaylo College of Business and Economics.

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outlook of the economy and aims to measure respondents’ expectations on sales, profit margins, and hiring plans, among other matters. The latest survey was conducted in mid-December and included 49 business owners, managers and chief executives.

Results showed that about 65% of the executives, up from 54% last quarter, said they expect “significant or some growth” in their own industries. A smaller proportion—4% versus 8% last quarter—expect decreases in business, and about 31% see little change in store for the next three months.

Dan Struve, chief executive of Irvine-based Helpmates Staffing Services, summed up the general outlook, saying he is “bullish some growth” in their own industries. About 31% see little change in store for the next three months.

Helpmates’ Struve: economic growth expect to bring tighter labor market

“The staffing industry, at least, is excited for this year,” he said. “First of all, the overall GDP growth is strong, which is always a good sign for employment growth. The second thing that’s helping is that, with the resurgence of hiring, there’s a tightening of the labor market. You’re seeing customers being more mindful about planning in advance, getting back to the staffing providers, and giving serious thoughts to raising pay rates and acting faster. They need to get things done, and they’re using us as a vehicle, because, if they try to go out and attract employees on their own, they’re having the same challenges as everyone else, and it’s not their core business. Recruiting and sourcing [are] our core business.”

Struve said the staffing industry grew average revenue and headcount by about 7% in 2014, with Helpmates notching a similar rate of growth. He did not disclose financial details but said he expects growth of between 15% and 17% this year.

Helpmates has about 50 full-time employees in the office and 3,000 overall, with the vast majority assigned to clients on a temporary basis.

Struve said business generally tends to be lighter in the first quarter of the calendar year than in other quarters. That could be different this year, he said, thanks to “the overflow [of demand] coming from 2014 to 2015.”

The Cal State Fullerton survey asked businesses about their hiring plans.

About 42% said they intend to hire, the same percentage as a quarter earlier. About 4% said they expect to cut jobs, down from 6%.

Revenue Expectations

Expectations for revenue improved, with nearly 78% of participants saying they predict higher sales in the quarter, up from 69% three months ago. About 22% said they expect little change.

Recent declines in the price of gas have led to “an increase in spendable dollars” among consumers, a turn that is likely contributing to the increased optimism among businesses, said Gene Micco, chief executive of Tustin Community Bank, which has about $65 million in assets.

“But the fast pace of this drop in oil price brings volatility in the markets, and nobody likes volatility,” Micco said. “Still, overall, I think the economy will be strong. The one thing, I think that we can be sure of is that prices will go back up at some point.”

The survey also asked for profit expectations, which showed little change quarter-to-quarter. About 63% of the companies said they expect higher profits, 31% expect no change, and 6% expect lower profits.

The survey also asked the businesses to indicate some of their biggest concerns.

Worries

The state of the overall economy was the top worry, at 33%, compared with 44% last quarter. Government regulation came close, at 33%, compared with 29% last quarter. About 8% said labor costs were their biggest worry, with a smaller share of the respondents pointing to taxes.

The survey pool’s heightened optimism about their own businesses played into their view of California’s economy overall. Nearly half—47%—said California will grow faster than the national economy, up from 34% last quarter. Nearly 31%, down from 38%, said the state will lag. About 22% said the economies will grow at the same rate, down from 28% in the prior quarter.