

The Future of Burbank: Developers Adapt to Changes



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By Dennis Kaiser

"The Future of Burbank Panel Event" held earlier this week highlighted activity in Burbank. The online panel discussion hosted by Michael McCormick, Michael Cusumano, Avison Young, CBRE and the Providence Saint Joseph Real Estate Committee focused on the major commercial real estate development projects underway in the City of Burbank.

Insights came from #CRE experts: Overton Moore Properties' Timur Tecimer, Worthe Real Estate Group's Jeff Worthe, LaTerra Development, LLC's Charles Tourtellotte, the City of Burbank's Simone McFarland and Cusumano Group's Michael Cusumano, who moderated and serves on Providence Saint Joseph Foundation's Board of Governors.

Cusumano launched the deep dive discussion, noting he firmly believes that "what is good for Saint Joe's is good for the real estate community and because I have learned that we can all do very well by doing good."

Saint Joe's is in the midst of a campaign to build a critically-needed new emergency services and urgent care facility that will double the capacity of the current ER, and triple the size with state-of-the-art technology and infrastructure. "This project is a major value-add to everyone in the development community, and all the projects we're going to look at to today will be beneficiaries of this new facility," Cusumano said.

One of those big developments in Burbank is Worthe's Second Century office development (pictured), which spanned eight years from start to launch date. It encompasses an 810,000-square-foot office lease Worthe signed with Warner Bros. at Burbank Studios. Once that development delivers, the entertainment company will purchase the balance of the production facilities and in turn Worthe plans to buy Warner's 38-acre ranch lot in Burbank near Hollywood Way in 2023. Additionally, Worthe acquired three properties totaling 300,000 square feet across from the main lot.

The impact of the delivery of new office space in Burbank is not expected to drag down vacancies, notes Worthe, since their project is fully leased and the existing 6.5-million-square-foot Burbank office market is essentially leased up. Worthe says, the market may actually face a lack of space down the road because of continued demand from existing companies and those who want to be near the entertainment companies based in the market. It adds up to Worthe feeling "bullish on the long term" prospects for Burbank.

The discussion covered a range of topics, including housing shortages in Burbank that may be inhibiting businesses from wanting to locate or expand in the market. There is also a need for the existing infrastructure and schools to be improved to keep pace with development and population growth.

McFarland shared how the city is proactively addressing the jobs-housing imbalance in Burbank. She noted Burbank is "job rich and housing poor." A large number of workers commute to the city, essentially doubling the population during the day. That highlights the critical need for housing and to increase the use of SoCal's burgeoning mass transit system.

McFarland said that from 2010 to 2016 the city produced less than 300 new housing units, yet the jobs base increased by 17,000. That "real problem" led the city council in 2017 to move forward on a housing strategy designed to produce 12,000 housing units over the coming 15 years and to develop a transit corridor, while maintaining Burbank's unique community character.

Progress is being made, notes McFarland, who pointed to the 1,500 units that have been built or are underway in Burbank over the last three years. Cusumano's Talaria project with a Whole Foods incorporated is an example she cited of how to enrich the concept of a livable, walkable neighborhood.

Another example of a new development envisioned to create a neighborhood in Burbank is LaTerra Select. The eight-acre site, which required four years to entitle, includes 573 apartments, 300 hotel rooms and a landscaped transit plaza with open space that connects to transportation corridors.

Overton Moore is developing Avion Burbank on the 60-acre former Lockheed Skunkworks site. The 1.2-million-square-foot transportation centric project is under construction adjacent to the new terminal at Hollywood Burbank Airport. The mixed-use development includes industrial (delivers later in 2020), creative office (delivers early 2021), retail (delivers early 2021), and a 150-key hotel (delivers in 2022).

Tecimer says they are working to “create a unique environment where they designed this project and specifically the creative office to incorporate lifestyle and work environment.” He believes in the current environment companies will relocate out of high-rise towers in DTLA into a mid-rise or low-rise setting where users control their space, have dedicated access to it and appreciate the touchless access points. Additionally, the Avion Burbank project includes nine outdoor common meeting areas, operable windows and has direct access to transit options.

Another topic that emerged as panelists pondered the impacts of the COVID-19 stay-home era is remote workers. Panelists discussed the potential of this trend impacting businesses into the future, and if reduced demand will result for office spaces. The thought is it could have a negative impact on rents and valuations of commercial property, and potentially drive future development to be more focused on live-work environments.

The CRE experts noted they expect to see more square feet allocated per person in the future, than the trend toward open office plans and shared spaces that emerged over the past decade. Those changes are also spilling over into the multifamily sector, as well, with projects now being designed to accommodate open areas, work spaces and more balconies.

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