

# Experience Matters

Lido Marina Village in Newport Beach, Calif.



## Greetings From the OC, Where Culture, Community Mix

- How DJM's postcard-perfect, waterfront centers have turned heads in a retail market typically associated with malls.

BY KARI HAMANAKA

**NEWPORT BEACH, Calif.** – Rare is the development that is unveiled and delivers those idyllic settings evoked in its renderings. But at Lido Marina Village, DJM Capital Partners Inc. has breathed new life into a run-down marina, turning it into a quaint hamlet filled with high-end shops and waterfront dining.

On a recent sunny, weekday afternoon, the restaurant Zinque was bustling with the lunch crowd and a few people strolled. Here, valets will park your boat for you or ample parking can be found at a parking garage that leads visitors right out onto the 116,000-square-foot property.

Lido Marina is nearly done save for some light construction on the street and shops yet to be opened with retail occupancy at around 94.6 percent. A craft beer, wine and tapas outpost called Lido Bottle Works and coastal-inspired home store Bixby & Ball are scheduled for May openings.

Lido has been enough to woo Elyse Walker who, after 16 years, made the decision to open a second location in what some view as a secondary market filled with malls oftentimes eclipsed by Los Angeles. There are also Steven Alan, Clare V., Bailey 44, Eberjey and Jenni Kayne, among others that have opened stores.

“We saw this unique opportunity with great real estate surrounded by one of the best customer bases in the U.S. in an area that has this rich history that we saw as

the golden era of Newport. That story is really told by these old residences that we bought,” said Stenn Parton, DJM director of acquisitions and development. “We saw the responsibility to tell that story. These buildings are unique to Orange County, where you find mainly malls or newly built [real estate]. This had a lot more character and charm.”

The immediate area's also affluent, with average household incomes last year totaling \$136,538, according to CBRE Research.

Stenn's father, Lindsay Parton, serves as president of DJM, which has a portfolio of managed assets in California totaling 2.65 million square feet, most of it in Southern California.

Lido Marina's heritage, stored up in Thirties-built buildings sitting at the entrance to the man-made Lido Marina island, is now infused into the updated center, but it was a careful process signing tenants. The deal with Steven Alan became the catalyst and momentum picked up from there, Parton said.

“We had to show differentiation in our competitive landscape in Orange County, which is more traditional malls – but really well-performing malls,” Parton said, referencing centers such as South Coast Plaza and Fashion Island. “It was not just about getting leased up, but understanding the merchandising.”

Retailers were won over with the retail component (the project also has some office space). Broken English and Cos Bar are among the most recent openings. Average store sizes total 1,295 square feet.

DJM declined to provide retail rent information. According to CBRE Research, triple net rents (where the tenant pays for real estate taxes, insurance and maintenance) range from \$3.50 to \$6 per square foot at Lido Marina.

“Lido Marina Village reminded me of the Brentwood Country Mart, which has a special place in my heart,” said Broken English owner Laura Freedman. “I could tell that a lot of thought and love went into the development and renovation, and I knew that it was a good fit for Broken English's first Orange County store.”

The jewelry boutique – which sells everything from vintage to contemporary pieces – set up its first door at the Country Mart, another highly curated retail center.

“We are committed to serving local communities by creating high-touch relationships with our customers and we felt that Lido Marina Village was the perfect place for our newest store,” said Cos Bar chief executive officer David Olsen. “Fashion Island is a great mall, and has serviced that community

for many years, but we know that the experience we provide and this new location is very different. It has more of a small town feel, right on the water, with excellent boutique co-tenants like Elyse Walker, Jenni Kayne, Aesop, Black Optical and incredible restaurants anchored by Nobu sushi.”

DJM sits on an interesting perch, informed by experience on both the developer and retailer side. Parton's brothers, Raan and Shea Parton, are the founders of the Apolis label and boutiques. Raan and his wife also established the retail concept Alchemy Works – with one at Lido Marina – that's a hybrid store, gallery and event space.

“One of the great gifts we've been able to benefit from is the experience learned as a retailer being on the other side of the table from landlords and seeing what's happening at retail today,” Stenn said. “My brothers are still managing, operating and running that [Apolis] business and so we learn from them on a day-to-day basis....It's one thing for a bunch of people in real estate to sit in a room and talk about what they think is cool. It's another thing to sit with my brothers and their friends and just be a fly on the wall and listen to what they're saying. I think that's really been a key driving factor in where we've directed our merchandising plan.”

It's also in tune with the communities where DJM's other centers are located. About four-and-a-half miles north on Pacific Coast Highway, the real estate investor and developer also has the recently built, 191,000-square-foot Pacific City project, which offers a mix of national and boutique tenants ranging from H&M and Free People to Seafolly and Kin. A food hall, dubbed Lot 579, includes the popular Bear Flag Fish Co., Dudes' Brewing Company and Hans' Homemade Ice Cream.

“It's only 4.5 miles away [from Lido], but we feel it represents a different culture. They feel like they're worlds apart,” Stenn said.

The beachfront property in Huntington Beach, which calls itself Surf City and is home to the annual U.S. Open of Surfing, serves as a destination for tourists and locals. Average income last year totaled \$121,837, with triple net rents at Pacific City ranging from \$4 to \$6 per square foot, according to CBRE Research.

“We looked at this [project] as the epicenter of Southern California lifestyle having deep roots in surfing,” Stenn said. “Surfing is one of those things that's very delicate in how you define that culture. It can be very kitschy or it can be very soulful.”

Pacific City offers visitors live music and a speaker series that will kick off in a few weeks with big-wave surfer Laird Hamilton. There is also a dedicated pop-up space at Pacific City to keep up with fast-changing trends and cultural movements, Stenn pointed out. It's not something that can be done at Lido, which doesn't have the space, but there are still activities there that are more community-based with sailboats for kids, Saturday street fairs and an incoming midweek farmers' market.

Up next for DJM is the revitalization of the Runway at Playa Vista project. Stenn – who lives in nearby Venice – sees nothing but upside in the potential to create something specific to the area that's become known as Silicon Beach and an enclave for the likes of Yahoo, YouTube and Google.

“We're rolling up our sleeves and thinking through how [Playa] can be reimagined to tap into that culture,” he said. “Every community has its own story. Every community has its own DNA and the merchant mix should reflect that DNA and that community's story.”

