



**Breathing Easy:** Michael Castagna demonstrates insulin inhaler at MannKind headquarters in Valencia.

## MAN FOR MANNKIND

Biotech's new chief executive sees inhalable insulin as market-changer

By IRIS LEE Staff Reporter

In the last two years, MannKind Corp. has lost more than \$240 million. Its stock price has declined 74 percent. Its partnership with Sanofi, a large French pharmaceutical company, to market the company's only commercial product, dissolved prematurely. And it lost a billionaire benefactor, founder and former chief executive Alfred Mann,

who died in February 2016.

Last month the Valencia biotech's board appointed Michael Castagna as the company's chief executive – the third in the last two years. Despite the headwinds, Castagna shares Mann's vision for Afrezza, the company's inhalable insulin. In an interview with the Business Journal, Castagna described the losses as preparatory for the company to "turn the corner."

"We've got a fantastic drug that is going to help millions of patients," he said. "When we talk to consumers, 90 percent of people aren't even aware we exist. And then when you meet them at a conference like ADA (American Diabetes Association), they're saying 'How come my doctor didn't tell me?'"

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## Car Guy Moves Beyond L.A.

**AUTOMOTIVE:** Mike Sullivan buys High Desert dealerships.

By MARK R. MADLER Staff Reporter

When "L.A. Car Guy" Mike Sullivan first heard the idea of buying two car dealerships in Lancaster, the decision was an easy one – even though it represented a new strategy for his company.

"I studied the deal for a half Sullivan



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## Fuss Over Food

**REGULATION:** Nonprofit tackles lack of quality control workers.

By HELEN FLOERSH Staff Reporter

Last month, the U.S. Food and Drug Administration issued 37 recalls on food or nutraceutical products meant for human consumption. That represents an enormous price for the companies involved – about \$10 million for the average recall, according to a 2011 industry survey by the Grocery Manufacturers Association, a figure that represents only direct costs associated with the consequences of a recall, such as lost product

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## Mall Owner Goes Fishing for More Foot Traffic

**RETAIL:** NewMark hopes aquarium will lure shoppers.

By CAROL LAWRENCE Staff Reporter

NewMark Merrill Cos. has its eye on a different kind of tenant for its Janss Marketplace in Thousand Oaks. The mall owner hopes to bring an aquarium into the outdoor retail center to attract customers and improve foot traffic.

Woodland Hills-based NewMark sees enter-

tainment tenants as an advantage over competing ecommerce sites. But Chief Operating Officer Susan Rorison said putting entertainment venues next to stores involves challenges.

"Bringing these entertainment tenants into shopping malls makes them more accessible," she said, but "(the) tenants need more parking, good street frontage and signage than the average bear because there are going to be more people."

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PHOTO BY DAVID SPRAGUE

Entertainment: Janss Marketplace.

### HIGHEST-PAID EXECUTIVES



**UP-DOWN COMPENSATION:** The Business Journal's annual list of top-paid chief executives shows that some, such as Walt Disney Co.'s Robert Iger, saw their million-dollar paychecks shrink last year.

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### Big-Top Thrills

New acts draw customers to Circus Vargas performances in Valley region.



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### A Seat on Elvis' Private Jet

Agoura Hills auctioneer sells the King's airplane and garners global publicity.

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### Old Airport Finds Second Life

Antelope Valley College converts inactive terminal into workshops and classrooms.



Bank Director Magazine, 2016

# RANKED TOP 5 BANK IN THE U.S.<sup>1</sup>

**CITIZENS BUSINESS BANK**  
A Financial Services Company  
Equal Housing Lender | Member FDIC

<sup>1</sup>Among Banks with \$5 Billion to \$50 Billion in Assets. CVB Financial Corp. is the holding company for Citizens Business Bank.

# Engaging Tenants?

Janss Marketplace in Thousand Oaks hopes to bring an aquarium to the mall, a strategy to use attractions to generate traffic.

By **CAROL LAWRENCE** Staff Reporter

Could an aquarium lure consumers into spending money at a shopping mall when more of them are shopping online? **NewMark Merrill Cos.** in Woodland Hills, which owns the Janss Marketplace in Thousand Oaks, believes so. The real estate firm hopes to bring an aquarium into the outdoor retail center to fill space left by a discount non-apparel retailer.

“We’ve got to give people more of a reason (to go to a mall) than just to go shopping,” said NewMark Merrill Chief Executive **Sandy Sigal**. “It’s been an idea for a long time – what can we do to make Janss Marketplace a place to shop and eat, but what else?”

As more consumers spend money shopping online – the **National Retail Federation** forecasts online retail will grow 8 percent to 12 percent this year, up to three times more than the growth anticipated for the overall industry – owners and developers of retail real estate are seeking ways to compete.

They’ve remodeled, brought in trendy restaurants, designed outdoor “gathering places,” enabled free Wi-Fi and regularly hosted concerts and other events to reposition themselves as lifestyle centers to draw in consumers.

The Janss Marketplace has done all that, but with a family-focused slant. And its entertainment component is increasing.

In addition to negotiating for the aquarium, NewMark in December signed **CircusTriX**, a trampoline facility for adults and kids, to take the space vacated by **Padavo Home Furnishing** after it moved to another space within the mall.

The strategy will bring more entertainment at other NewMark malls, too, Sigal said.

“The trend is definitely continuing, and I’m guessing (malls) will be one-third entertainment over the next five years,” he added.

## Unconventional tenants

In Thousand Oaks, **Planet Aqua Group Inc.** of Louisiana would pretty much have a captive audience.

The nearest aquariums are the Santa Monica Pier Aquarium more than 37 miles away, the Santa Barbara Museum of Natural History’s sea center at 55 miles and the Aquarium of the Pacific, about 61 miles away in Long Beach.

“Location, location, location – that’s what it comes down to,” said **Adrea Gibbs**, Planet Aqua’s managing director. “We’re looking to bring aquatic life to regions that don’t have access to aquariums.”

Plus, she said, there was general interest in having a new kind of attraction at Janss, and something that could grow within the community and attract a wide demographic. Planet Aqua liked the idea because it prefers to go into existing buildings as part of its sustainability mission.

The space Planet Aqua would potentially occupy is at the farther end of a corridor off the central outdoor sitting area and in a roughly 20,000-square-foot space. Numerous types of fish would be on display, Gibbs said, such as tropical fish from the Caribbean Sea and the Pacific Ocean, and freshwater and saltwater fish. There would be interactive educational components to teach about water and life and its interconnectedness.

A startup, Planet Aqua has only one other aquarium, which is under construction in Shreveport, La. Although that setting is not retail, the company’s intention is to build in smaller settings, such as malls, and Gibbs said the company receives inquiries by mall owners.

“They have to reinvent themselves and have to put things into them (the malls) that people can’t do or see or buy online,” she said. “They have to create a competition for online. It’s all about reinvention.”

Attractions in malls are not new, but they are growing in scale. The West Edmonton Mall in Edmonton, Alberta, Canada offers an indoor ice skating rink surrounded by retail, an amuse-



PHOTOS BY DAVID SPRAGUE

**Window Shopping:** Visitors walk past vacant space that may host Planet Aqua’s aquarium at Janss Marketplace in Thousand Oaks.



**Leasor:** NewMark Merrill’s Susan Rorison.

ment park, water park, simulated wave park and mini golf. The Mall of America in Bloomington, Minn. features a Nickelodeon Universe indoor theme park, indoor zip line and an 18-hole mini golf course. Both have aquariums.

“It’s not unheard of; it just has not been done in a smaller footprint,” Gibbs explained. “People look at that (West Edmonton Mall and Mall of America) and it makes sense to have a roller coaster there. I think taking that idea and reconfiguring it to fit a smaller market allows lots of opportunities for real estate developers in the future to think outside the box.”

Entertainment tenants are more agreeable lately to being in shopping malls, according to Sigal. They used to want only department stores as neighbors if they couldn’t be by themselves, he added, because they didn’t see the stores as competition. But they didn’t want to be near movie theaters and bowling alleys, which they felt were competitors.

“What they realized is that their customers

are more likely to come there if they can drop off their kids and go shopping; that’s a change,” Sigal said. “It’s the changing perception of tenants which gives us more flexibility.”

To get off the ground, Planet Aqua is hunting for funding to help it build the aquarium, Segal said. Gibbs estimates the cost to set up the site at Janss Marketplace will cost about \$5 million.

The aquarium’s neighbors would be the nonprofit Shelter Hope Pet Shop, which adopts out shelter animals, and the Conejo Valley Art Museum.

**Kim Sill**, Shelter Hope’s founder, sees the aquarium fitting with the mall’s customer base.

“We get so many kids and families at this mall that it (the aquarium) is just going to make them want to stay longer,” Sill said. “It’ll draw more traffic.”

Entertainment tenants now account for 22 percent of the 458,000-square-foot Janss Marketplace, said **Susan Rorison**, NewMark’s chief operating officer. They include a Gold’s Gym, Regal Cinemas and most recently CircusTriX. The center also leases to kids-oriented tenants such as a computer center, a children’s hair salon and a gym.

They have unique needs to be successful in a mall setting, she added.

“Bringing these entertainment tenants into shopping malls makes them more accessible,” she said, but also added, “(the) tenants need more parking, good street frontage and signage than the average bear because there are going to be more people.”

## Entertainment draw

CircusTriX of Provo, Utah, will take nearly 40,000 square feet at Janss. The private equity-backed owner of 30-plus trampoline-themed parks in the U.S., Asia and Europe is the parent company, and the facilities market their own names such as Jumpology or Gravitopia, and individual themes aimed at the local demographic. The one opening in Janss will be called DojoBoom.

DojoBoom’s website advertises trampolines, launching decks, an obstacle course, dodgeball, aerial silks and foam pits targeting kids and adults.

A third entertainment venue is also moving into the neighborhood in the smaller strip next to the Janss Marketplace where a **DSW Inc.**

shoe store, a Nordstrom Rack and a now-closed Sports Authority took over a subdivided **Sears Holdings Corp.** store.

A Dave & Buster’s adult entertainment and restaurant will replace the Sports Authority. The growing Dallas company, **Dave & Buster’s Entertainment Inc.**, which has PLAY as its Nasdaq ticker symbol, added 11 new stores to its 98 venues in North America in 2016. Eleven are in California, the largest number in any state except for its home state of Texas.

**Matthew May**, a retail broker and resident of **May Realty Advisors** in Sherman Oaks, said entertainment businesses such as CircusTriX, Dave & Buster’s and potentially an aquarium are great because they generate foot traffic that malls currently aren’t getting.

“It’s entertainment – it brings people to malls that are going to stay there for an extended period of time. It’s a different draw, and it’s a complementary draw.”

Shopping malls have historically been driven by rent and became strictly functional, providing shopping and eating and that’s it, May said. The problem now is that there are too many of them.

“We have 25 square feet of retail space per person in America, compared to 7 square feet in other countries,” May said.

That’s an increasing problem as millennials’ shopping habits are shifting.

“Millennials tend to prefer spending money on experiences, not on commodities,” May said. “They will go out to eat rather than buy a new pair of pants or an outfit.”

Janss Marketplace has had its challenges over the years from competition, May said, so it’s important for it to find a niche customer.

Entertainment is just the latest unconventional type of tenant in malls. Health care providers are taking more space in the forms of satellite clinics and outpatient surgery centers, while urgent care facilities and dialysis centers have been there for some time. Charter schools, and even community colleges have filled empty spaces left by exiting retailers.

If the aquarium moves into the mall, it will be NewMark’s most unique tenant – and while unconventional, that’s an advantage, according to Sigal.

“People get scared by change, but change is what makes retail exciting,” he said.