

Business

Defense executive to push link between aerospace, real estate

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and Mark Veverka

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The Long Beach defense executive who orchestrated last week's meeting between Gov. Pete Wilson and several aerospace industry CEOs plans today to take the first step toward a powerful political alliance between the aerospace and real-estate industries.

Opening a new front in the industry's self-described fight for its life, Ron Cedillos, president of Cedillos Testing Inc. of Long Beach, will urge developers to recognize their financial stake in California's embattled aerospace industry.

Aerospace contractors employ an estimated 1.4 million workers in California, including thousands of well-paid executives who buy and sell homes throughout Los Angeles and Orange counties, Cedillos said. Many of the firms also lease substantial amounts of office and plant space.

"Our industry is a pretty significant real estate consumer," said Cedillos, whose firm tests weapons and commercial-aircraft components.

Aerospace firms occupied about 7 percent of the county's industrial space in 1990, said Dennis Macheski of Price Waterhouse. Including subcontractors and related businesses, the industry's share is more than 10 percent.

Hughes Ground Systems Group in Fullerton, for example, leases 1.5 million square feet of office space, spokesman Dan Reeder said. The group owns another 2 million square feet. Likewise, McDonnell Douglas Space Systems Co. in Huntington Beach leases 29 percent of its space, or roughly 700,000 square feet.

The decline of the state's once high-flying aerospace sector could pinch selected real estate markets. Price Waterhouse projects aerospace employment will drop 43 percent in Orange County by the end of the decade. If that happens, about 380,000 square feet of industrial and research space will go empty.

But Macheski said the county's resilient economy should be able to absorb the blow.

"Losing a large chunk of aerospace hurts, but there are other segments in the economy that will offset it," Macheski said.

Cedillos plans to meet today in Century City with Ray Watt, president of Santa Monica-based Watt Industries, a leading developer, and Phil Nicholson of the Los Angeles law firm of Cox, Castle and Nicholson. Watt's residential division, Watt Homes, is based in Irvine. Nicholson's firm also maintains a 15-lawyer office in Irvine.

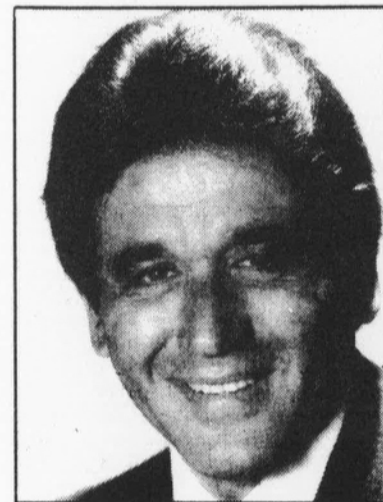
Aerospace executives want to pressure the state's congressional delegation to back major weapons programs, such as Northrop Corp.'s B-2 bomber and Douglas Aircraft Co.'s C-17 transport plane, which are built in California.

In recent years, California's congressional delegation has ranked below those of other key states in its support of defense programs, according to voting scorecards maintained by industry groups. The state also has few representatives on the congressional committees that approve funding for defense projects.

Since Wilson left Washington to run for governor, the 20-member Senate Armed Services Committee has lacked a California voice. The state now is represented in the Senate by freshman Sen. John Seymour and lame-duck Sen. Alan Cranston. In the House, Rep. Ron Dellums, D-Berkeley, who is leading the fight against the B-2, and Reps. Duncan Hunter, R-Coronado, and Robert Dornan, R-Garden Grove, are the only Californians on the 53-member House Armed Services Committee.

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Next week, Cedillos said he expects to meet with James Flanagan, executive vice president for governmental affairs for the Irvine Co. A company spokesman said no meeting has been scheduled yet.



Ron Cedillos