

Hollywood Residential Development Market Still Sizzling

HOLLYWOOD continues to attract housing developers willing to pay princely sums to build projects in the community.

John Laing Homes has agreed to pay in the neighborhood of \$16 million for a nearly two-acre site that consists of mostly surface parking and also includes the Open Fist Theatre at 1625 La Brea Ave., according to sources.

An unsuccessful bidder on the property said John Laing Homes agreed to pay close to the \$200-a-foot asking price, which is nearly double the going rate for undeveloped Hollywood parcels.

Philip Simmons, president of John Laing Urban Division, confirmed the transaction but not the price. He said the company has initial plans for a 180-unit condominium project above about 14,000 square feet of shops and restaurants. The project will also include a 450-space underground garage.

The deal hasn't closed yet, but both sides have entered into a binding contract.

"We're making a strong push into L.A. with urban infill housing," Simmons said. "We feel that's where the market is heading."

Steve Ullman, principal of seller **Grant Parking Inc.**, directed inquiries to John Laing Homes.

The homebuilder may also be among a number of bidders on a new Hollywood listing.

The Bolour Trust has listed the Security Pacific building, a 75,000-square foot office property at 6381 Hollywood Blvd., at the northeast corner of Cahuenga Boulevard.

Along with the office building are two adjacent parcels at 1716 and 1720 Cahuenga Blvd. One parcel contains a retail building with a Sharkey's restaurant and the nightclub

is a surface parking lot.

Mehdi and Michel Bolour are asking \$17 million for the portfolio, which was listed at the beginning of the month with Ed Rosenthal, a vice president with **CB Richard Ellis Inc.** The Bolours bought the 70-year-old office building for \$5.2 million in 1987 and the two adjacent retail properties 12 years ago for \$825,000.

Rosenthal said the 97 percent occupied office building is bundled with the retail properties so the portfolio can be sold as a potential residential conversion project.

To make the deal work, prospective buyers would have to convince the restaurants to move into the ground floor of the office building (space that becomes available in six months), and the retail building would have to be either razed or incorporated into a new parking garage. The parking would be required for residential tenants.

Without confirming John Laing Urban's interest, Simmons said the unit was looking at several opportunities in the market.

"We are looking at several conversion and adaptive reuse opportunities," Simmons said. "But our primary focus remains on new ground-up development."

Already, Rosenthal said he has received an "attractive offer" from a "national homebuilder," and he said another developer with several commercial-to-residential conversions is expected to place bids within the next week.

Both **CIM Group Inc.** and **Kor Group Inc.** are converting former Hollywood office buildings into condominiums. Calls to both companies were not returned.

Child's Play

Children's Place Retail Stores Inc. has inked a 13-year lease worth \$23 million for the recently renovated Royal Laundry buildings in Pasadena.

The Secaucus, N.J.-based company plans to use the 72,000-square-foot converted office building as a regional headquarters for the retail stores it bought from **Walt Disney Co.** last year.

Besides spending four years on an \$8 million renovation of the buildings, owner

between **Lee Group Inc.** and Beverly Hills-based **Lexington Commercial Holdings Inc.** — had to finish an adjacent 220-space parking garage before it could lease the buildings.

As an incentive to the first tenant, the city of Pasadena agreed to cut municipal taxes in half. In the Tri-Cities market, Pasadena office buildings have the lowest average vacancy rates and some of the highest average asking rents.

Despite the tight market, the historic building has sat empty for nearly a year, according to Mike Mallick, director of the office properties group at **Marcus & Millichap**, which represented the landlord.

"It's been done now for over a year but it's been barely used," he said. "Some film shoots took place at the property, but otherwise nothing."

Initially, the property's owners were going to convert the building into for-sale live/work lofts. However, as Pasadena's office market tightened and a flood of new condominiums and apartments came on the market, the owners decided to convert the industrial site into "creative" office space.

The completed property was briefly marketed for sale before the owners decided to hold the building until a tenant could be found. The Children's Place is expected to occupy the building by the third quarter.

Shadd Walker of **Colliers Seeley International Inc.** represented The Children's Place and Steve Stein of Marcus & Millichap helped Mallick represent the landlord.

Riding the Wave

Diagnostic and Interventional Spine Care signed a 42,771-square-foot lease worth just over \$15 million at the Marina Business Center I in Marina del Rey, according to Chris Strickfaden, senior vice president at **PM Realty Group**.

The deal is one of the largest signed in the submarket of Marina del Rey and Culver City's Fox Hills community in more than a year, according to Strickfaden, who along with colleague Jim Bowers represented the landlord, **Hankey Investment Co. LP**.

The medical practice, founded by Dr.

and Bradley Stone of **Stone Co.**

Hankey Investment Co. bought the building, at 13160 Mindanao Way, about a year ago. Since then, the owner has nearly fully leased the 265,000-square-foot building, which had been about 20 percent vacant.

Last fall, the landlord inked a 7-year, 17,204-square-foot lease with Career Planning Center worth \$3 million. PM Realty represented the landlord in the transaction.

School's Back

The Westchester Neighborhood School has inked a \$22 million lease with **Heidt-Beethoven LLC** for a 50,500-square-foot building at 5401 Beethoven St. in Los Angeles.

The private school is moving from its current location next to Los Angeles International Airport to a new two-story building near the Playa Vista development.

The new building is more than twice the size of the school's original location, and will have a gym and a playground.

The school was represented by Dan Spell of **NAI Capital Commercial** and the tenant was represented internally.

Lights, Camera, Action!

Los Angeles Center Studios has inked long-term leases with six entertainment firms.

Maya Cinemas/Esparza-Katz Productions, AMP Filmworks, Delfino Entertainment, Gutz Film, Hollywood Paws and Enterprise Rent-a-Car's Entertainment Division have signed leases totaling 31,000 square feet.

Maya Cinemas, which is planning a multiplex in Inglewood, Delfino Entertainment and Gutz Film are currently in short-term flex space on the studio's 20-acre campus and will now move into more permanent locations.

Los Angeles Center Studios opened five years ago at the former **Unocal Corp.** headquarters on the eastern edge of downtown L.A. The studio has six 18,000-square-foot soundstages and 450,000 square-feet of office space.

Staff reporter Andy Fixmer can be reached by phone at (323) 549-5225, ext. 263, or by e-



REAL ESTATE

ANDY
FIXMER

Lights, Camera, Action!

Los Angeles Center Studios has inked long-term leases with six entertainment firms.

Maya Cinemas/Esparza-Katz Productions, AMP Filmworks, Delfino Entertainment, Gutz Film, Hollywood Paws and Enterprise Rent-a-Car's Entertainment Division have signed leases totaling 31,000 square feet.

Maya Cinemas, which is planning a multiplex in Inglewood, Delfino Entertainment and Gutz Film are currently in short-term flex space on the studio's 20-acre campus and will now move into more permanent locations.

Los Angeles Center Studios opened five years ago at the former **Unocal Corp.** headquarters on the eastern edge of downtown L.A. The studio has six 18,000-square-foot soundstages and 450,000 square-feet of office space.

Staff reporter Andy Fixmer can be reached by phone at (323) 549-5225, ext. 263, or by e-mail at afixmer@labusinessjournal.com.