

LA TECH COMPANIES EXPAND OUTSIDE OF SILICON BEACH

Silicon Beach may be Los Angeles' answer to Silicon Valley, but many tech and media companies are seeing greater value a little farther south in Playa Vista, where space is more ample.

By Gregory Tuszynski

Silicon Beach is filling up, and space has become scarce in Santa Monica. There are currently only three existing projects that contain more than 50,000 square feet of available, contiguous space. These include the Water Garden, the Colorado Center and the Lantana Campus. If and when space becomes more available, there's a good chance that space will be vacated by tech companies relocating to Playa Vista. So far, this has been the case with Yahoo! and IMAX.

Playa Vista has been the winner of Silicon Beach's tech overflow. Just south of Santa Monica, Playa Vista has been the major landing area for these blue chip companies — so much so that this area may soon overshadow Silicon Beach as ground zero for Southern California's tech and media industries.

The past few years has seen an increase in leasing activity in this market, as the area has attracted developers seeking larger lots and cheaper alternatives to Silicon Beach. Tenants have followed suit, picking up large leases to increase their visibility in an attempt to attract more talent to the region.

Lincoln Property Company and Tishman Speyer are currently making the most noise. Lincoln sold 12 vacant acres adjacent to the Spruce Goose hangar to Google in a deal rumored to be valued at \$120 million. The acreage, which is zoned for nearly 900,000 square feet, along with Google's pending lease at the hangar itself, is a huge buildup for the Internet behemoth. These leases will add to Google's considerable Westside presence, as the company also has facilities in Venice and an existing YouTube production center in Playa Vista.

Tishman Speyer and co-owner Worthe Real Estate Group are in the process of completing construction on the Reserve. Yahoo! has already pre-



Playa Vista provides a wealth of activities and events for nearby residents and employees. This includes concerts held under the dome-like Campus Central Park Bandshell.

leased three of the project's five buildings. ICANN relocated its headquarters from Marina Del Rey to Playa Vista in 2012. Other tech tenants that have already established or are starting to establish a presence in Playa Vista include Microsoft, Facebook, EA, TOMS, IMAX, Verizon and Sony. Education tenants may have anticipated the area's growth as well. Playa Vista is also home to the Institute for Creative Technologies, which USC relocated from its University Park Campus.

As Silicon Beach has become more saturated in recent years, tech companies looking for larger spaces have moved south, usually with an eye toward custom spaces that fit their culture and will serve as an enticing amenity for new employees. Playa Vista, with an ideal location near the beach, freeways and LAX, has emerged as an innovation hub, with companies pushing to be recognized as part of the community.

While Playa Vista enjoys the spotlight, Downtown Los Angeles has been the runner up. Downtown definitely has some interesting new options for tech and media companies, but the synergy is not entirely there yet.

One of the most notable non-apparel industry leases in the historic core is AEG, which leased 82,000 square feet at the Desmond. This deal allowed the sporting and music entertainment presenter to consolidate its offices in Miracle Mile and in Downtown's LA Live building.

The historic core and the Arts District have a significant amount of

creative space coming online soon. These notable projects include Alameda Square, the Coca Cola plant (known as 4th & Traction), the Ford Plant on 7th and Santa Fe, and the Broadway Trade Center on Broadway and Hill.

As important as it is to have the right real estate product, these properties are now owned by proven operators such as Atlas Capital, Shorestein and Waterbridge Capital. These companies will be able to consummate a complex commercial lease and provide the tenant Improvements necessary to attract and retain corporate tenants.

There is also a small but growing number of creative office offerings in

Los Angeles' Central Business District that are being repurposed from existing traditional office buildings. The Pac-Mutual building has been signing media and fashion companies like Nasty Gal, which recently took 60,000 square feet,



Tuszynski

after the property received a creative makeover. The Bloc has assembled multiple floors of contiguous space that is slated for a large media or tech tenant. Google and Yahoo! have toured this space so far, but it hasn't experienced a significant closing yet, as of press time. The 1.3-million-square-foot Gas Company Tower has set a block of space aside as "vertical creative" space, although it too has yet to garner any commitments. The ownership may very be cooling to the idea of keeping space off-market for a dream deal with a tech company.

The Playa Vista success story began only seven years ago when the area first started to attract the attention of media and tech companies. It is now likely to become the center of these industries in Southern California. Things have transpired quickly in terms of commercial real estate, and the next chapter for Downtown will soon be written. If Downtown can attract a high-profile tech company like Apple, many more are likely to follow.

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Lincoln Property Company sold 12 vacant acres adjacent to the former Spruce Goose hangar (pictured above) to Google for a rumored \$120 million.