

Phase I of 1.6MSF LA Office Project Kicks Off

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Construction has commenced on the first phase of The Campus at Playa Vista, a new 1.2 billion, 1.6 million-square-foot office complex in West Los Angeles that is being developed by Tishman Speyer on behalf of its joint venture with Walton Street Capital L.L.C.



The initial segment of the project (pictured) will bring 325,000 square feet of premium space to the tight Los Angeles market, 150,000 square feet of which has just been claimed. Situated between the Marina del Rey and Westchester communities at the intersection of Jefferson Blvd. and Centinela Ave., The Campus will occupy a 64-acre parcel that the joint venture purchased for \$200 million in February 2007. The site includes an historic district that was developed by Howard Hughes, who located the headquarters of Hughes Aircraft Co. on the property.

Ultimately, in addition to the 1.6 million square feet of newly developed space, the green project will encompass 500,000 square feet contained within redeveloped historic structures. Phase I of the project will yield four buildings accounting for an aggregate 325,000 square feet of Class A office space encircled by 20 acres of parks. A nine-acre Central Park will highlight the green space. The structures, to be linked via three 9,000-square-foot elevated patios, will also feature two levels of parking accommodations below the office space, as well as green roofs. Tishman Speyer and Walton Street will seek LEED Gold certification for Gensler-designed endeavor.

In an area where office availability is still relatively low--the current vacancy rate in West Los Angeles is 8.4 percent, according to a first quarter report by real estate services firm Grubb & Ellis Co.--it is likely that filling up the tenant roster at The Campus will not be too challenging. "West L.A. is probably the best submarket on the West Coast," John Miller, senior managing director with Tishman Speyer, told *CPN* today. "It's very hard to get properties entitled, and there are very few entitlements remaining to be had." With a limited amount of space presently available in the area, and limited opportunity for future development, the outlook for the behemoth project looks bright. "This area is dominated by entertainment, technology and business services such as legal, and those groups are pretty robust," Miller said. "Despite the economy, the West L.A. market is still pretty strong, and development of the entire project will be phased over the next five to six years, so we will be building as the market permits."

The Campus has already been picked up on the radar of the city's diverse business community. Nearly half of Phase I's office offerings has been spoken for, as connectivity solutions provider Belkin International just pre-leased 150,000 square feet. The lease agreement will allow the company to unite its corporate operations, currently housed in various Los Angeles area locales, under one roof.

Kenrick Ventures Inc. represented Belkin in the transaction with Tishman Speyer. Financial terms of the deal have not been disclosed; however, the average monthly asking rate for full-service Class A space in West Los Angeles is \$4.72 per square foot, the highest in the Los Angeles office market, as per the report. Tishman Speyer and Walton Street are relying on California National Bank to finance the development of The Campus. Phase I is on target to reach completion during the fourth quarter of next year.

Headquartered in New York City, Tishman Speyer is an owner, developer, operator and fund manager of real estate around the world. Over the last three decades, the company's portfolio of acquired developed and managed properties has grown to encompass in excess of 100 million square feet valued at over \$40 billion. Chicago-based Walton Street is a leading real estate investment company active in the United States and abroad. Since its 1995 inception, Walton Street has received equity commitments totaling more than \$4.5 billion, and has invested or committed to investing \$3.5 billion of equity in \$13 billion of gross assets in approximately 160 real estate transactions. Property types involved in those transactions include office, hotel, retail, industrial, multi-family, for-sale residential, senior and student housing and golf assets.

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