



July 02, 2008

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## Office Deals in Playa Vista Demonstrate Strength of L.A.'s Westside

### *Major Transactions, Including Huge Lease to Fox Interactive, Point to Resiliency of Tech and Entertainment Industries*

Two deals in the Playa Vista mixed-use development, including one of the largest office leases in Los Angeles history, serve as a reminder that the Westside's office market continues to hold steady despite a shaky U.S. economy.

Fox Interactive Media announced Tuesday it has agreed to lease 421,000 square feet at the Horizon at Playa Vista, part of a development by Lincoln Property Co. and ASB Real Estate Investments that will eventually top out at 1 million square feet. Fox will consolidate its corporate headquarters with other L.A. operations, including Fox Sports Interactive, social-networking Web site MySpace and movie database Rotten Tomatoes, among others, at the 15-acre campus.

Meanwhile, Tishman Speyer and Walton Street Capital LLC on June 27 announced they have kicked off construction of the first phase of a planned 64-acre office development, The Campus at Playa Vista, and signed a 150,000-square-foot lease with computer networking company Belkin International Inc.

Demand remains solid in the area. With little new supply being delivered and continued strong performances by the entertainment, technology and business services sectors, availability of office space on the Westside remains in the single digits.

The total vacancy rate for Class A office space in West Los Angeles is 9% and slightly lower, 8.5%, in the Marina Del Rey/Venice submarket, according to CoStar data. By comparison, the downtown L.A. vacancy rate is just under 12%, while the John Wayne Airport submarket of Orange County, hard hit by the job losses in the financial sector, is 16.8%.

The Campus at Playa Vista at Jefferson Boulevard and Centinela Avenue in West Los Angeles will include 1.6 million square feet of new office space and the redevelopment of more than 500,000 square feet of historic buildings. The site includes structures built by billionaire Howard Hughes that was home to Hughes Aircraft Co.

Belkin International will consolidate its headquarters and other L.A.-area operations into the 325,000-square-foot first phase of the Campus development, which includes four low-rise office buildings targeted for LEED Gold certification and scheduled for completion in the fourth quarter of 2009. **Scott Chalmers, president of Kenrick Ventures, Inc., represented Belkin.** California National Bank is providing the financing.

Fox Interactive plans to locate more than 2,000 employees to Horizon at Playa Vista by June 2009, occupying virtually all of the project's first phase. Terms of the 12-year lease were not disclosed, but sources close to the deal cited in published reports put it at around \$350 million -- significantly higher than the average \$50.55 per-square-foot full-service rate for office space on the Westside. The first phase, two 5-story buildings at Bluff Creek Drive and Campus Center Drive designed by architecture firm Johnson Fain, will be seeking LEED Gold status.

As a result of the deal, Lincoln and ASB "will move forward immediately" on the second phase, encompassing nearly 350,000 square feet, said David Binswanger, executive vice president of Lincoln Property Co.

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Playa Vista Chairman Steve Soboroff called the Horizon project a "huge milestone" for the Playa Vista master development of homes, retail, office and parklands. The development has been a linchpin of community and environmental opposition for nearly two decades, including a failed effort to build a major studio on the site by Dreamworks SKG.

Cushman and Wakefield arranged the lease on behalf of Lincoln and ASB and negotiated with Studley Inc., which represented Fox Interactive Media.