

Embarcadero Capital Partners and Westbrook Purchase El Segundo Office Property

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A joint venture partnership between purchased a three-story, 309k sf office building in El Segundo. The property is a former Xerox Corporation facility that is located at 701 South Aviation Blvd, north of Rosecrans Ave and west of the 405 Fwy. Constructed in the late 1960s, the building was designed by renowned architect Craig Elwood.

Madison Partners principals Bob Safai and Matt Case represented the seller, Maxxam Enterprises, a privately held commercial real estate investment firm based in Beverly Hills. Safai notes that the transaction is a great example of the continuing transformation of El Segundo from a small oil town to a hub for the aerospace and defense industry in the 1950s and '60s and now to a lively mix of new, creative technology, media and entertainment companies.

"Xerox has gradually been reducing its former multi-building campus in the area, providing space for new and vibrant companies to move-in. Once Xerox vacated, Maxxam gutted the obsolete improvements to open up the building and ready it for a major renovation and new tenancy," Safai said. The property includes more than 1,100 parking spaces on its 12.5 acres of land on two parcels, and offers the potential for additional development.

The city of El Segundo, known as "the business friendly, new creative alternative to Santa Monica," offers significantly lower rents than in Santa Monica and other Westside neighborhoods that are popular with tech companies. Among other advantages, El Segundo is adjacent to Los Angeles International Airport (LAX) and a growing array of urban amenities, including shopping and exciting new dining venues in the beach cities. The entire area, including neighboring Playa Vista to the north and Manhattan Beach to the south, is becoming a vast creative office landscape, with several large, high profile office development projects in the works.

"The property's prominent corner location with expansive frontage along Aviation Blvd and Hawaii St is suitable for a company that envisions a world-class headquarters or corporate campus," said Safai. "It is an outstanding investment for the buyer, who acquired an architecturally distinct value-add office building, at a significant discount to replacement cost, in an exceptionally strong market with great fundamentals and potential for growth," he added.

El Segundo's favorable business user taxes, pro-business environment, outstanding freeway access, proximity to executive housing and strong amenity base has attracted major relocations of tenants from West Los Angeles, including: Karl Storz, Teledyne, Source Interlink, Ignited Minds, Mullin TBG, Just Fab, Nexon America, Cars Direct, Blue Shield, Konami Digital, David and Goliath and Square Enix.

The new owners have retained Joe King, Tony Ranger and Bob Safai of Madison Partners to lease the property, whose renovation will be completed this year.

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