

Kilroy Realty Buys Entertainment Properties Tribeca West and Columbia Square for \$138 Million

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Charles LeNoir
Tribeca West

The publicly-traded real estate investment trust owns several office developments in the Los Angeles area that cater to Hollywood companies.

Commercial real estate investment firm Kilroy Realty Corp. has purchased the historic Columbia Square development in Hollywood for \$65 million, and struck a separate deal to acquire West Los Angeles office campus Tribeca West for \$73 million.

Los Angeles-based Kilroy, a publicly-traded real estate investment trust, acquired Columbia Square from iStar Financial on Sept. 28; the property at 6121 Sunset Blvd. formerly was the home of CBS' Los Angeles television and radio operations.

Kilroy is buying Tribeca West from Ocean West Capital Partners; the deal is expected to close by the end of October. Ocean West bought the 12233 W. Olympic Blvd. ^[4] development, which houses tenants such as Disney, Technicolor and NBC Studios, in February 2011 for \$58 million.

The 4.7-acre Columbia Square site includes about 96,000 square feet of existing office and studio space in five structures. Kilroy plans to renovate those buildings -- which are used by postproduction companies -- starting in second quarter 2013.

"What we are going to be doing is bringing it back to the 1938 historic look but adapting the buildings to creative office use," said David Simon, Kilroy's executive vice president for the Los Angeles region.

The company also will build about 550,000 square feet of new development at the Columbia Square site, including three office buildings and a residential tower. Simon said the new development would be built in phases and likely break ground in early 2014; AREA Partners, a previous owner of the property, received approvals for the project from the city of Los Angeles in 2011. In total, the Columbia Square development could cost as much as \$300 million.

Built in 1938 and originally known as CBS Columbia Square, the Sunset property is a Los Angeles Historic-Cultural Monument.

Tenants at Tribeca West fall into two camps: Some are production companies with short-term needs for space -- from eight to 24 months -- and others rent offices on a long-term basis. Films completed at Tribeca West include *Wall Street: Money Never Sleeps*, *The Campaign* and *Savages*. Simon said the 151,029-square-foot, three-story development is 97 percent leased.

"The production and postproduction demand associated with that kind of space continues to be strong," Simon said. "Even if productions are done outside of California, postproduction is done here. It's a great asset to have in your portfolio."

Commercial real estate broker Bob Safai of Madison Partners represented both parties in the Tribeca West transaction.

Kilroy has been an active player in the entertainment office market over the last few years. THR reported ^[3] in July 2011 that the company had reached a deal to buy the Sunset Media Tower, which is down the street from Columbia Square and houses the offices of television production company Magical Elves Productions, music services firm Associated Production Music and Nielsen Media Research. The \$79 million transaction for the 22-story building at 6255 Sunset Blvd. closed in August.

The company also owns Westside Media Center, a West L.A. office complex at 12200 W. Olympic Blvd. that is home to Hulu, Mark Gordon Co. and Fandango.