

Deal for CNN Building Big News for Hollywood

SALE: \$127 million value towers well above market's average square-foot price.

HOLLYWOOD's 14-story CNN Building on Sunset Boulevard has just sold for a whopping \$127 million.

New York's **Tishman Speyer** snagged the 204,000-square-foot office tower earlier this month, dishing out \$622 a square foot, according to real estate information firm **CoStar Group Inc.** The price landed well above the \$490-a-square-foot average selling price for other office properties sold within a five-mile radius in the past year.

The seller, Palo Alto real estate investment firm **Broadreach Capital Partners**, had owned the CNN Building for the past decade. Its decision to purchase the building – also known as the Sunset Tower – in 2006 now appears well worth the initial investment. Broadreach paid \$52 million, or about \$255 a square foot, according to CoStar, less than half the price Tishman paid this month.

The tower, at 6430 W. Sunset Blvd., is widely recognized by the CNN logo prominently displayed at the top of the building, facing every direction.

CNN houses its West Coast headquarters in the tower, but the Atlanta cable news channel is not the building's largest tenant. Instead, entertainment marketing firm **BLT Communications** occupies the most space.

Built in 1968 and renovated in 2001, the Sunset Tower is currently about 86 percent leased, according to Tishman, which has a vast portfolio of office buildings in Los Angeles.

A Tishman spokesman said the company will soon invest in upgrading the property, but declined further details because plans aren't finalized.



Headliner: CNN Building in Hollywood.

"We plan to further modernize it for today's work style and reposition it in the market to meet the growing demand from media, entertainment and technology industry tenants who want to be in the heart of this legendary community," **John Miller**, Tishman's senior managing director for Southern California, said in a statement last week.

Broadreach did not respond to requests for comment.

Hot Hollywood Housing

At a hefty price of \$18.5 million, a four-story Class B apartment building in Hollywood traded hands last month.

Charles Dunn Co., a full-service real estate firm in downtown Los Angeles, announced the sale to the Business Journal exclusively last week.

Built in 1987, the apartment building at 1320 N. Sierra Bonita Ave. includes 52 units, two levels of underground parking, a spa, pool and fitness center, according to Charles Dunn, which represented the buyer and seller.

The final price yielded more than \$355,000 a unit, towering over Hollywood's \$246,000 average for multifamily properties sold in the past year, according to CoStar.

Investor Daniel Sands purchased the building from a private seller who paid only \$4.15 million in 1999, about \$80,000 a unit, according to CoStar. The seller owned the Hollywood apartments through an entity called **27th/Pico Boulevard**, but declined to be identified beyond that.

Apartments currently rent for \$1,300 a month on average – well shy of the Hollywood market's \$1,680 asking rate, according to CoStar.

"This property garnered several offers and was very desirable as it is a nonrent-controlled asset with an upside in rents," said **Hamid Soroudi**, a senior managing director at Charles Dunn who represented the seller. "The buyer plans to add value through renovating the units and bringing them up to market rates."

Charles Dunn's **Travis Greene** represented Sands in the deal.

South Bay Sale

Hawthorne Plaza, a roughly 100,000-square-foot shopping center anchored by **Superior Grocers** of Santa Fe Springs, has been bagged for a staggering \$43 million.

AK Hawthorne, a private buyer, paid about \$440 a square foot for the fully leased South Bay center at 12620-12770 Hawthorne Blvd.

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The seller, a joint venture between Century City's **Canyon Partners Real Estate** and **Paragon Commercial Group** of El Segundo, had bought the four-building center in late 2014 for \$26.4 million, according to CoStar.

At the time, one of **Albertsons Cos. Inc.**'s supermarkets was the primary anchor of the center. But the Boise, Idaho, grocer moved out before the deal closed.

"The original 65,000-square-foot anchor tenant vacated during our acquisition of the property, which gave us a perfect opportunity to right-size the anchor tenant space and deliver new excellent anchor tenants to the neighborhood," **Erwin Bucy**, a principal at Paragon, said in a statement.

Paragon and Canyon quickly inked a deal with Superior Grocers, which opened at the center in February of last year. Other tenants in the four-building shopping center include **Providence Health Systems**; **Ashley Stewart**, a plus-size clothing retailer for women; a branch of Manhattan Beach's **Kinecta Federal Credit Union**; and a **Radio Shack** electronics store, among other retailers and restaurants.

"Hawthorne Plaza is representative of our strategy to re-energize older urban infill retail shopping centers into vibrant neighborhood shopping destinations," Bucy said.

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