

## SPECIAL REPORT REAL ESTATE QUARTERLY

# Studio Lease Lifts Burbank; Glendale Continues to Take Back Space

**T**HE Tri-Cities submarket saw some of the county's largest deals last quarter, as investors and tenants alike committed to the area.

The submarket, which includes Burbank, Glendale and Pasadena, saw the vacancy rate drop 3 points to 14.8 percent as tenants took 165,000 square feet off the market in the first quarter, according to data compiled by **Jones Lang LaSalle Inc.**

"Tri-Cities is on fire," said **Arty Maharajh**, vice president of research at **DTZ**. "Because of the increasing prices in the Westside and Hollywood, entertainment and media companies are looking to the Tri-Cities."

Feeding on that demand, Burbank reported one of Los Angeles County's largest lease deals last quarter.

**Nickelodeon Studios** signed a deal to occupy all of a 113,760-square-foot building being developed by Oklahoma City developer **Accord/Bro Members** at 203 W. Olive Ave. By taking the entire five-story building, the entertainment company plans to consolidate up to 450 employees.

In all, Burbank's vacancy rate was down a significant 2.9 points to 16.1 percent from the year-ago period, though it did inch up three-tenths of a point from the prior period. The dip was attributed to **Yahoo Inc.**, which gave back more than 200,000 square feet when it renewed its lease at 3333 W. Empire Ave. It now takes just 100,000 square feet in the city.

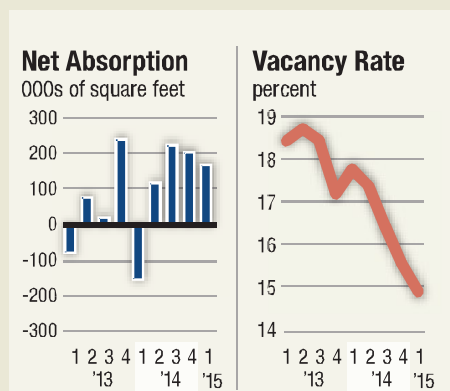
"They still stayed," said **Jonathan Larsen**, principal at **Avison Young**. "Most people thought they would consolidate to Playa Vista, so I think it's a big win for Burbank."

Nearby, Glendale reported notable absorption. Tenants took 88,059 square feet off the market in the first quarter, following near-record positive net absorption of 280,840 square feet in all of 2014.

## TRI-CITIES

### OFFICE MARKET AT A GLANCE

INVENTORY .....23.5 million square feet  
UNDER CONSTRUCTION ...155,000 square feet  
CLASS A ASKING RENTS .....\$2.84



"The positive absorption brings Glendale under 1 million square feet of vacant space," said **Bill Boyd**, senior managing at **Charles Dunn Co. Inc.** "The first time it's been less than 1 million square feet in seven years."

Among the deals there, educational technology company **Age of Learning** nearly doubled its requirement at 101 N. Brand Ave. when it added 30,000 square feet to its headquarters in a deal with landlord **Legacy Partners**. The firm now occupies 72,000 square feet in the building, impressive growth for a company that moved in with only 7,000 square feet in 2007.

Glendale's vacancy rate dropped an impressive 6.7 points to 14.1 percent in the first quarter over the year-ago period. Even so, in order to maintain the attractiveness to tenants, landlords are keeping rental rates

## Main Events



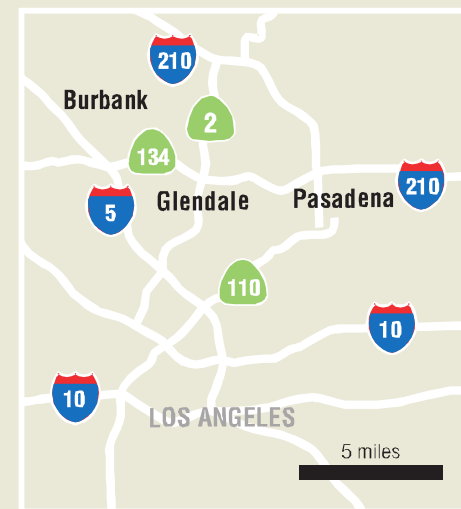
Lease: 203 W. Olive Ave. rendering.

► **Nickelodeon Studios** leased the entire 113,760-square-foot building under construction at 203 W. Olive Ave. in Burbank. Terms were not disclosed.

► **Yahoo Inc.** renewed at 3333 W. Empire Ave. in Burbank for 100,000 square feet with landlord **Worthe Real Estate Group**. The company, which is moving its Westside operations from Santa Monica to Playa Vista, decided to maintain a presence in the Tri-Cities even though it downsized from more than 300,000 square feet.

► **Age of Learning** expanded its headquarters by 30,000 square feet at 101 N. Brand in Glendale in a deal with landlord **Legacy Partners**. Terms were not disclosed.

► Century City real estate firm **3D Investments** bought a 55,550-square-foot



property at 3300 W. Riverside Drive in Burbank that is fully leased by the **New York Film Academy**. The deal, for \$30 million, was made with **Centurion Real Estate Partners**.

► A 163,000-square-foot office building at 199 S. Los Robles in Pasadena sold for \$52.5 million, the fourth-largest transaction in the county last quarter. **Laurus Corp.** and **Ethika Investments** bought the property from Chicago investment firm **Heitman**.

nearly flat. Class A asking rates are only up a nickel to \$2.54 a square foot monthly.

Meanwhile, Pasadena's vacancy rate declined seven-tenths of a point to 14.3 percent as tenants absorbed 101,964 square feet there. Landlords pushed the Class A asking rate up 25 cents to \$2.76 a square foot.

Investors and developers also feel bullish on

the market. The area has about 155,000 square feet under construction among projects such as the Pasadena Playhouse Plaza. It also reported the county's third-largest office sale last quarter when **Laurus Corp.** and **Ethika Investments** bought a 163,000-square-foot office building at 199 S. Los Robles Ave. for \$52.5 million.

— Jacquelyn Ryan