



Creative Thinking: Michael Hackman of Hackman Capital Partners at one of the firm's office projects in Culver City.

PHOTO: IAN CHIU/JAUI

Culver City Surge

By **BETHANY FIRNHABER** Staff Reporter

Transit advantages such as the Metro rail stop fueled Culver City's appeal with developers.

THROUGH most of its first century, Culver City has been the quiet, middle-class town drivers motored through on their way west to Venice or north to Beverly Hills.

Lately, however, the efforts of local planners and developers to capitalize on its central location and make the city of almost 39,000 something more than a place between here and there have been paying off.

A combination of foresight and good timing has put Culver City not just at the nexus of transit — both as a stop on the 10 freeway or the new Metro Expo light-rail line — but helped make it a destination in and of itself. Five major developments, with an aggregate value of more than \$350 million, are in various stages of planning or construction on the east end of Culver City,

together promising to add about 430,000 square feet of office space, 195,000 square feet of retail, 315 apartment units and 150 hotel rooms.

Many of the projects fan out from the hub created by the Metro station, which opened 16 months ago; others are taking shape on tracts of former industrial land where warehouses are being converted into creative office space, attracting an increasing number of media, entertainment, technology and design industry tenants.

Walter Marks III, whose family-run real estate firm, **Walter N. Marks Inc.**, owns and manages the Helms Bakery site a block east of the Metro station, said developers and businesses are drawn to the area because high-quality space is still relatively affordable, especially compared with pricey Santa Monica property that has been the focus for tech and creative companies.

Marks' firm, which was also involved in rede-

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velopment efforts for the Third Street Promenade in Santa Monica, spent the better part of the last four decades transforming the 11-acre former bakery plant straddling the Culver City-Los Angeles city line into an artsy retail district for furniture dealers and independent eateries.

"Santa Monica is just priced out," he said. "As much as it's highly desired, it's expensive, and Culver City is a wonderful alternative."

Carl Muhlstein, a managing director for **Jones Lang LaSalle Inc.** who represents Westside landlords, said monthly lease rates for creative office space near downtown Culver City range from \$2 to \$3.25 a square foot a month. In Santa Monica, rates range from \$3.25 to more than \$4. Those rates reflect a tightness in the Santa Monica market, which, at 11.5 percent, has the lowest vacancy rate in the region.

In addition to its transportation infrastructure and affordable lease rates, another advantage Culver City has is a substantial stock of land to be developed or redeveloped, something city planners identified a decade ago.

Sol Blumenfeld, community development director for Culver City, said the recent activity, particularly that radiating out from the Metro station at Washington and National boulevards, has been a long time coming.

"We've been engaged in land planning in that area for probably 10 years," he said.

"We're now seeing that planning effort realized. Since last year, the city has rezoned or permitted over 800,000 square feet for development in that district."

One of three proposed projects immediately adjacent to the elevated rail line, a residential complex by developer **Greystar** of Charleston, S.C., broke ground last week.



Another, a retail and office center by Culver City developer **Runyon Group**, is expected to break ground this month. The third, a mixed-use development by Brentwood company **Lowe Enterprises**, has drawn up a master plan and will soon begin wading through the entitlement process.

A few blocks east along National, in an industrial district known as the Hayden Tract, **Hackman Capital Partners** is in the midst of redeveloping several old manufacturing buildings into creative office space. The West L.A. real estate firm recently leased two of its biggest buildings in the area to audio equipment company **Beats Electronics**, which sells high-end headphones branded by rapper and music producer **Dr. Dre**.

Meanwhile, closer to the city's historic downtown core at the southwest corner of Washington and Culver boulevards, **Combined Properties Inc.** of Malden,

Mass., and West L.A.'s **Hudson Pacific Properties Inc.** are expected to co-develop an office and retail campus.

Beyond rail

While the Metro rail line was almost certainly a draw for developers, the spate of office development has come in some measure as a response to demand by an increasing number of young professionals who are eager to live, work and play in the now-stylish neighborhood.

Keith Weaver, executive vice president of worldwide government affairs for **Sony Pictures Entertainment**, the city's largest private employer, said Culver City's move toward becoming a hub for creative companies can only mean good things for the community and, by extension, his company.

"It benefits us to have a broad cross-section of the arts community here in Culver City," he said. "We work closely with some

of those very businesses. Whether it's a visual effects company or an advertisement or architectural firm, it all contributes to this dynamic community."

Developer **Joseph Miller**, the 31-year-old principal of **Runyon Group**, grew up in Culver City and as a teenager helped his grandfather wash cars at the family auto dealership on Washington. He watched firsthand as the city slowly changed, awakening to become a destination rather than a means to one.

"Through really good urban planning and an interesting group of entrepreneurs," he said, "this part of town has developed into one of the most dynamic in all of Los Angeles."

City planning officials and its now-defunct redevelopment agency began pushing hard in the late 1990s to revitalize downtown.

Blumenfeld, who worked for the local community redevelopment agency before Gov. **Jerry Brown** signed a law two years ago abolishing them, said the city worked hard for a long time to update its historic downtown district through traditional strategies, including building parking structures, widening sidewalks and assisting businesses through the permit process. At the same time, it began acquiring and piecing together small parcels of land around what is now the Metro stop. The city then forged partnerships with developers who shared a common vision for the area.

Miller, who started **Runyon** in 2006, is one of the developers with a project in the transit district. His two-acre project on Washington south of National, called **Platform**, will be a retail center with six freestanding buildings. The project, **Miller's** second in his hometown, will break ground by the end of the month on the site where his family used to sell **Datsuns**, **Mazdas**, **Subarus** and **Hyundais**.

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ON TRACK:
Tom Wulf at
Lowe's
project near
the Expo rail
line stop in
Culver City.



RINGO H.W. CHIU/LA81

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Platform, scheduled for completion in 2015, will have about 50,000 square feet of retail and restaurant space as well as about 30,000 square feet of creative office space. Much of the retail space has already been leased to high-end concepts, including to L.A. retailer **Nevena Borissova** for a 7,000-square-foot **Curve** boutique and to New York chef **Michael White** for a rooftop restaurant.

Just up the street, Greystar's mixed-use project, Access Culver City, will have 115 studio, one-, two- and three-bedroom units, and about 31,000 square feet of ground-floor retail.

Redevelopment muddle

Eclipsing both those projects is the development planned for the northwest corner of

Washington and National that is now a massive Metro parking lot. The city selected Lowe to develop a project for a triangle-shaped lot adjacent to the stairs to the rail line platform. Lowe, working with Minneapolis architecture firm **Cunningham Group Architecture Inc.**, plans to build a four-story office building totaling about 200,000 square feet, an apartment building totaling about 200 units and a 150-room boutique hotel, all with combined ground-floor retail of about 75,000 square feet. The three buildings will surround a public transit plaza and a park roughly the size of a football field.

The project, however, remains caught up in issues related to the dissolution of redevelopment agencies.

"We're in sort of a holding pattern right now," said **Tom Wulf**, Lowe's senior vice president. "The city completed rezoning the property to accommodate the uses that coincide with our vision for the site, but a portion of the property that was previously subject to redevelopment is tied up with the Department of Finance at the state level."

In other words, Lowe doesn't yet own all the land it hopes to develop and can't move forward until it does. Wulf said he hopes to break ground within two years, but doesn't expect to complete construction until late 2017.

Lowe's is not the only city project tangled up in redevelopment agency trouble. The mixed-use project the city awarded to co-developers **Combined Properties** and **Hudson Pacific** in late 2010 has yet to break ground for the same reasons.

The companies proposed a 115,000-square-foot project for the 1.2-acre lot known as Parcel B, which sits across the street from the Culver Hotel, a historic landmark built in 1924 by actor **Charlie Chaplin** and **Harry Culver**, the founder of Culver City. Plans for the mixed-use project that won city approval called for a four-story office building with ground-floor retail and a sweeping staircase that would lead pedestrians to an elevated restaurant pavilion.

Blumenfeld, of the city's community development department, said there's still a chance the projects held up by the Finance Department may fall through, but he remains optimistic. The problem is that good development often hinges on getting the timing just right.

"All these wonderful projects have been delayed, and for development, delay is a problem," he said. "We still hope these projects will go forward."

Private push

But where some Culver City redevelopment plans are in limbo, private adaptive reuse projects on large swaths of industrial land have lately flourished.

Dozens of former warehouse buildings have been converted to offices for technology companies, design firms and media and entertainment entities in the last decade. In the Hayden Tract, for example, a district south of National with more than 80 buildings, many of them repurposed warehouses, are headquarters for a growing number of technology and media companies, such as **Inside.com**, **Media Temple** and **PopSugar Inc.** Several notable architecture firms are also headquartered there, including Culver City's distinctive **Eric Owen Moss Architects**.

About a year ago, architecture firm **Cunningham** completed a \$1 million redevelopment of an 18,000-square-foot warehouse in the Hayden Tract it co-owns with Santa Monica development company **REthink Development Corp.** Cunningham moved its local office to the space, vacating a more traditional office in Marina del Rey.

Jonathan Watts, the firm's principal in

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'To be able to be halfway between the beaches and downtown (Los Angeles) was really important to us. There's a sense that you're in the right place when clients and consultants see you in a place that's seen to be creative.'

JONATHAN WATTS, Cuningham Architecture Group Inc.



PHOTO: H.W. CHIU/UBJ

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Culver City, said employees are much happier in the new space and it's been good for business to be centrally situated among like-minded creative companies.

"To be able to be halfway between the beaches and downtown (Los Angeles) was really important to us," he said. Plus, "there's a sense that you're in the right place when clients and consultants see you in a place that's seen to be creative."

Blumenfeld said the city is doing what it can to support projects in the Hayden Tract, as well as in a neighboring industrial area called Smiley Blackwelder. Last month, Culver City's Planning Commission approved the creation of parking districts in those areas to make it easier for developers to provide more parking than was standard for buildings originally zoned for industrial use.

"We're trying to encourage the evolution of these former industrial areas into creative office where that's feasible," he said. "It really represents the evolution of the economy and we see how it's an important source for job generation and overall improvement of the community."

Michael Hackman, chief executive of Hackman Capital, said he foresaw the demand for creative office space in Culver City. He bought six warehouses in the Hayden Tract in the last eight years.

"We believe in Culver City long term," he said. "We knew in 2006 there would be potential to do some sort of development there, we just weren't sure how it'd manifest itself over time."

Hackman Capital began redeveloping three of those warehouses last year. It recently turned over the smallest of the three — a 17,800-square-foot building at 3644 Eastham Drive — to marketing technology firm **Steelhouse Inc.**, which had preleased the space and plans to move in next month. The real estate company is working to finish construction on the other two warehouses,

which it's converting into a two-building campus totaling almost 110,000 square feet for Beats Electronics.

Hackman said media and technology companies that have traditionally looked for creative office space near the beach have lately been looking to Culver City because lease rates are more affordable.

"In Santa Monica and Venice, rates for creative office space are starting at just outrageous numbers," he said. "In Culver City, there's a real difference in pricing, but there's not a difference in quality."

While there's no denying that price is an important factor in what's driving creative businesses to relocate to Culver City, there are other factors at play, too.

For example, the city has begun meeting with the three utility companies that serve the area — **AT&T**, **Verizon** and **Time Warner Cable** — to lay down high-speed fiber-optic cable citywide.

Steven Rose, chief executive of the **Culver City Chamber of Commerce** and a former Culver City mayor, said officials are working out how best to divide the work and whether or not to limit its range to save money.

"The initiative is still in its infancy," he said, "but we think getting enough fiber bandwidth to the different business parks in Culver City is important so they can start attracting more and larger technology and media businesses."

Ultimately, though, more than any one thing on its own, Culver City's draw for creative companies is the result of a healthy mix of development across the board.

Marks of the Helms Bakery district, which recently welcomed Italian restaurant **Bucato** to its ranks and plans to open a namesake bakery early next year, said the development in Culver City will have a lasting, positive impact.

"It wasn't this bright star that got rebuilt," he said, "Downtown Culver City has really good legs, in the sense that it's going to be here for decades. It's not going to be a flash in the pan."