

# Los Angeles Times

## El Segundo office campus sells for more than \$300 million

Andrew Khouri | May 9, 2016



A four-building office campus in El Segundo sold for a reported \$328 million. (Intercontinental Real Estate Corp.)

A Boston-based real estate investor has purchased a sprawling El Segundo creative office campus for more than \$300 million, underscoring the city's ascendancy as a technology hub.

Intercontinental Real Estate Corp. said Monday that it acquired the 546,833-square-foot four-building campus known as Apollo at Rosecrans.

A purchase price was not disclosed, but people familiar with the deal pegged the price at roughly \$600 a square foot, which would translate into an overall value of more than \$325 million.

“If it’s not a record, it’s a high watermark,” said Jason Fine, an El Segundo office specialist with brokerage JLL who was not involved in the deal. “That high price really validates what’s going on and speaks to the momentum and confidence in this market.”

In recent years, El Segundo – long a home of aerospace firms -- has emerged as a hub for businesses of a more creative type, including tech, media and entertainment companies.

They’ve been lured by cheaper rents than nearby Playa Vista and a growing number of older office and industrial buildings that developers have transformed into flashy, modern offices with open floor plans, fireplaces and dog parks.

Invesco Real Estate and SSV Properties acquired the Apollo buildings in 2013 for an undisclosed sum and announced plans to plow more than \$75 million into renovating the property, portions of which once housed Raytheon Co.

Jessica Levin, Intercontinental’s director of acquisitions, said the renovations on the buildings, two of which opened in the early 1970s, wrapped up last year and the complex is now 98% occupied.

Tenants include online fashion retailer JustFab, DaVita HealthCare Partners Inc. and digital ad firm Rocket Fuel, according to CoStar Group Inc., a real estate data provider.

One vacant office is currently being advertised for \$4 per square foot -- about a dollar more than two leases signed in 2015 and 2014, according to real estate data provider CoStar.

Kevin A. Shannon, president of West Coast capital markets with Newmark Grubb Knight Frank, said large investors, like Intercontinental, are increasingly looking to acquire creative office

campuses as businesses look toward collaborative work environments to recruit young employees.

“El Segundo has the same momentum that Playa Vista has right now,” said Shannon, who represented the sellers.

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