

## SOUNDSTAGE BOOM

## SPECIAL REPORT



# STAGES IN SHORT SUPPLY

With demand for content on the rise, developers hurry to build movie studios.

By **MICHAEL AUSHENKER** Staff Reporter

**W**ith **Walt Disney Co.** and **Warner Bros. Entertainment** – two of the world’s largest entertainment companies – based in Burbank and **NBCUniversal** headquartered in Universal City, San Fernando Valley residents have long known that the de facto heart of Hollywood is in the East Valley.

Right now it’s pumping with renewed energy.

Developers, investors, traditional movie studios and support companies are working to build enough soundstages to meet demand from newly launched streaming services, internet programming and other productions.

The boom actually started in the pre-COVID days of January 2019. That month **L.A. North Studios** opened in Santa Clarita with 143,000 square feet for film production, soundstages and production offices at 27615 Avenue Hopkins.

“We took the building with the intention of converting the warehouse portion into production for the entertainment industry,” said L.A. North Studios partner **John Prabhu**.

In August 2019, **Quixote Studios** also anticipated the demand for production space by taking a 75,000-square-foot facility in Pacoima originally designed for e-commerce warehousing and turning it into film production soundstages. Quixote will soon take on another 124,000 square feet at a second Pacoima location.

Today the construction of new production lots in East San Fernando Valley has heated up like never before, with hundreds of thousands of square feet of new soundstages in development or construction.

“It’s the bright shiny new toy in the (commercial real estate) toybox,” said **Greg Barsamian**, who heads the studio services

division at brokerage **CBRE Group** with Quixote Studios co-founder **Jordan Kitean**.

What’s driving the demand for soundstages is a huge appetite for content by such streamers as Netflix, Amazon Prime Video, Disney Plus and Apple TV Plus.

“(During the pandemic,) we were all absorbing as much content as we could,” Barsamian said. “I knew once the lockdown lifted, there was going to be a crush (of production). The writers could write their content during lockdown, but you had to wait to produce it.”

## Post-pandemic appetite

According to a **Motion Picture Association of America** report for 2020, the world’s entertainment market – encompassing both theatrical and home releases – decreased 18 percent because of the pandemic to nearly \$80.8 billion from a record high of \$98.3 billion a year earlier. And because theatrical had diminished to \$12 billion from 2019’s \$42.3 billion, digital viewership, which had been steadily growing, took up the lion’s share in 2020 with \$61.8 billion.

Last year, the global total of online video subscriptions reached 1.1 billion, an increase of 26 percent, or 232 million subscriptions, year over year from 2019.

After a delay of production due to lockdown periods and complications from working during the pandemic, the entertainment industry has bounced back hard.

And it’s not just the big studios that are ramping up expansions of studio space.

Institutional capital from investment firms such as **Blackstone**, **Hudson Pacific Properties** and **King Street Capital Management** are getting involved in creating soundstages as they realize the outsized demand for space. Barsamian said that the thirst for content from

streamers has changed everything.

“They’ll lease it (to a **Netflix Inc.**) in the old style for five or 10 years on a triple net lease. So now the institutional guys go, ‘Alright I get it,’” Barsamian said.

The East San Fernando Valley appears to be the biggest beneficiary of this trend.

Warner Bros., which launched its **HBOMax** streaming service in May 2020, announced last month that **Worthe Real Estate Group** and **Stockbridge Capital** will redevelop the historic Ranch Lot in Burbank that the studio had sold to Worthe in a leaseback deal. That project, which will see 16 new soundstages created on 32 acres and cost \$500 million, will total 926,000 square feet — the largest studio project in development nationwide.

This is in addition to Warner Bros.’ Second Century overhaul of its main studio lot – replete with buildings designed by Frank Gehry – due in time for the studio’s 100th anniversary in 2023.

Other production lot projects currently in development include Hudson Pacific and Blackstone’s **Sunset Glenoaks Studios** in Sun Valley, a new \$190 million studio lot with seven soundstages on 10 acres totaling 240,000 square feet, which also has a 2023 completion date.

Last month, **NBCUniversal** announced that Universal Studios will gain eight more soundstages by next summer, bringing its total to 37 soundstages on the Universal City lot. **NBCUniversal** has already begun creating an 11-story, 350,000-square-foot office building for creative and business offices due in 2023.

Also last month came news that New York-based **King Street Capital Management**, Canada-based **Alberta Investment Management Corp.** and a sovereign wealth fund had entered a \$500 million partnership with

Glendale-based **East End Studios** to acquire and develop production studios. The joint venture has identified three locations – two in Glendale and one in downtown L.A. — totaling 750,000 square feet.

This Special Report features profiles of these transformative developments in the East Valley.

## Outside the Valley

The urge to build studio stretches beyond the Valley region.

For example, **Captiva Partners** is creating a 188,000-square-foot facility on 7.3 acres called **Reframe Studios** in Atwater Village across from Glendale, where the U.S. arm of London-based entertainment giant **FreemantleMedia** – the production company behind “American Idol,” “America’s Got Talent” and “Family Feud” – has committed to a 12-year lease for a 43,000-square-foot complex.

And in downtown L.A., **Atlas Capital** will transform the former Los Angeles Times printing plant into a \$650 million, 823,190-square-foot studio lot.

All of this has unfolded as movie and television production comes back to Southern California. **FilmLA**, the official film organization of Los Angeles that coordinates the permits for location filming in the L.A. area, reported that production has skyrocketed since 2020, up 141 percent.

According to its most recent report, the third quarter of 2021 was the third-strongest quarter over the last 26 years, with more than 10,000 days of location filming recorded in the greater Los Angeles area.

Television production in the third quarter saw a 22.1 percent jump over their pre-COVID average while commercial production had a 15.5 percent leap.

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Profiles of five studio  
projects in Valley.  
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# SUN VALLEY CAMPUS

Blackstone and Hudson Pacific plan to spend at least \$170 million to build Sunset Glenoaks Studios.

By KATHERINE TANGALAKIS-LIPPERT *Staff Reporter*

A joint venture between builder **Hudson Pacific Properties Inc.** and investment firm **Blackstone** will begin construction by the end of this year on a 240,000-square-foot movie and television production facility in Sun Valley called Sunset Glenoaks Studios.

“We expect construction to start this year, in the next month and a half, and then we expect to open probably in the third quarter, sort of the mid-year 2023,” **Jeff Stotland**, head of global studios and services for Hudson Pacific Properties, said of the project which was initially announced in July. “We expect construction is going to take probably about 20 months and we’re on track for that.”

The project is expected to cost between \$170 million and \$190 million and will join the ventures’ growing portfolio of recently purchased and upgraded legacy facilities, including Sunset Gower Studios, Sunset Bronson Studios and Sunset Las Palmas Studios in Hollywood.

The 10-acre property at 11070 W. Peoria St. near Glenoaks Boulevard will feature seven soundstages with a to-be-determined configuration of studio tenants.

The lot’s stages will range from 15,000 to 21,000 square feet, featuring 35- or 40-foot clear heights and technology intended to “future-proof” the studio. Sunset Glenoaks’ design includes the option to shoot on a virtual stage, a power grid designed for LED lighting as well as high-speed fiber connectivity with scalable production-level internet.

In addition to the production power, according to a company statement, the project will seek LEED certification and operations will be 100 percent carbon neutral with advanced waste, water and energy reduction programs. The Sun Valley location seeks to leverage its advanced technology, as well as



Rendering: Main entrance at 11070 W. Peoria St. in Sun Valley.

its proximity to Burbank, a hub for movie studios and production companies, including **Walt Disney Co.** and **Warner Bros. Entertainment**.

**‘Super attractive’ location**

“Sun Valley is really just a great location for studio clients. It’s maybe 10 minutes north of Burbank. It’s close to the airport. They are close to our facilities in Hollywood. So for us, it’s a bet that L.A. is going to continue to thrive as a hub of content production,” Stotland said. “The location within L.A. is super attractive, because it’s kind of nearby our existing Hollywood facilities where we feel like there’s some economies of scale as we build out a platform.”

Blackstone and Hudson Pacific have maintained focus on the Los Angeles market for several years as the joint venture expands its studio offerings. Sunset Bronson Studios, formerly known as the Old Warner Bros. Studios, KTLA Studios and Tribune Studios, was purchased by Hudson Pacific in 2008. The studio was the site where the first talking feature film, “The Jazz Singer,” was filmed in 1927, and has since gone on to be the filming location for **Netflix Inc.** shows including “**Girlboss**” (2017), “**Country Comfort**” (2021) and “**Pretty Smart**” (2021).

Last year, investment fund Blackstone Property Partners acquired 49 percent of the Sunset portfolio, totaling 2.2 million square feet including on-site or adjacent office space. Hudson Pacific retained 51 percent and continues to run day-to-day operations, leasing and development.

Going forward, the joint venture has its sights set on more of the Los Angeles market, catering to an area in which studio space remains scarce.

“I can’t speak for anybody else but, for us, Los Angeles is one of our top priorities in terms of markets. There’s over 400 stages in L.A. and we think there’s certainly room for a lot more, given the demand for content produc-



Camera Ready: Rendering of set inside Sunset Glenoaks Studios.



Executive Space: In addition to seven soundstages, the complex will include offices.

tion. Certainly purpose-built, high-quality, well-located studios are at the core of what our strategy is for growing the business. So I feel super bullish about L.A.,” Stotland said. “It’s a market where, given all the infrastructure,

talent and tax credits, it’s a great place to be today. It’s going to be a great place to produce content in the future. So we feel really confident about Los Angeles as a market and think it’s under-supplied for now.”

Blackstone

**BLACKSTONE GROUP**

**HEADQUARTERS:** New York

**CEO:** Stephen Schwarzman

**BUSINESS:** Global private equity firm

**NOTABLE:** Joint venture with Hudson Pacific Properties will begin construction on studio production campus in Sun Valley by end of this year

**HUDSON PACIFIC**

**HEADQUARTERS:** Los Angeles

**CEO:** Victor Coleman

**BUSINESS:** Commercial real estate

**NOTABLE:** Joint venture with Blackstone Group will begin construction on studio production campus in Sun Valley by end of this year



## SOUNDSTAGE BOOM

## SPECIAL REPORT

## VALLEY'S EARLY PLAYER

Quixote got into studio rentals before the boom, but faces new competitors.

By MICHAEL AUSHENKER *Staff Reporter*

In the pre-pandemic days of August 2019, **Quixote Studios** got ahead of the content-demand curve when it opened its North Valley Studios at 12137 Montague St. in Pacoima.

The debut of the **Xebec**-developed, \$30 million facility with five soundstages and 20,000 square feet of production offices for a 75,000-square-foot total footprint on 10 acres represented a giant leap forward for Pacoima.

Now, the landscape is changing all across East San Fernando Valley with so many studio lot projects in development, led by studios **Warner Bros.** and **NBCUniversal** as well as non-Hollywood firms **Blackstone** and **Hudson Pacific**.

Quixote Studios Chief Executive **Mikel Elliott** is well aware of the competition coming to North Los Angeles with the soundstage boom.

"We've been at it a lot longer than these guys," Elliott said. "We better understand the business better than them."

He believes he can create studio space faster and better because he has been ahead of this trend.

**DeGrinis** and **Patrick DuRoss** and Senior Managing Director **Jeff Abraham** represented **Rexford** in the transaction while **Greg Barsamian**, senior vice president at **CBRE Group**, represented Quixote Studios.

The new Pacoima facility, currently under construction, will open in May.

Among the productions that have already been filmed at 12137 Montague St.: Amazon Prime's series "Them," Nickelodeon's "Warped," Warner Bros.' "Mrs. Davis," the Apple TV Plus series "Physical" and the final season of HBO's "Insecure." A **Jay Leno** game show, a Reebok commercial featuring **Cardi B** and the **Lady Gaga** music video "Rain on Me" were also shot there.

Since the outbreak began, there's been no huge disruption of filming in Pacoima as Quixote has employed all COVID-19 protocols at its facilities. Interestingly, it was a labor issue rather than the pandemic that caused a minor pause in production at Elliott's facilities.

(ready)," Kitaen said. "We were able to sign a TV show pretty quick. That show did not last long but then another show rolled in called 'Criminal Minds.' That had a long run. That made us have an appetite for more studios."

Then Quixote went national.

"We sort of had to chase productions," Kitaen said. "We opened up a studio in Boston, in New Orleans, in New York and Atlanta. But we kept the bulk of our investment in Los Angeles."

In 2014, the company acquired **Movie Movers Inc.**, a film and TV trailer business that put them in competition with **Star Wagons**, adding 370 trailers to its fleet; and last month, Quixote purchased **Production Truck**, an industry provider of such inventory as make-up stations, refrigerators and walkie-talkies.

#### Coming Soon: Rendering of expanded North Valley location.



"We are taking big warehouses and turning them into grade-A stages," he said. "So we can get new stages online in a much shorter period of time. We don't have to go through the entitlements, development, all that process. We're just taking a big box and cutting it up, as long as it's got the height, 30 feet or so, and the right location. ... We can repurpose a redistribution warehouse as a soundstage."

Quixote Studios has a total of 25 soundstages nationwide, including in New York, Atlanta and three in New Orleans.

Twelve of the company's soundstages — including five pending ones — are in North Los Angeles where they're adding a sixth soundstage to the original 12137 Montague St. lot in Pacoima. There's also a Quixote site in Sylmar and one in Sun Valley, which houses filmmaking equipment and a portion of the company's fleet of 600 trucks.

#### Pacoima, the sequel

In April, Quixote Studios announced that it will expand with another Pacoima site: a 123,974-square-foot lease at 12154 Montague St. The **Rexford Industrial Realty**-owned property includes 95,394 square feet of warehouse space and 28,580 square feet of office space, plus six ground-level doors, dock-high doors, 24-foot clearance height, abundant parking and a fenced yard.

Newmark's Calabasas-based industrial brokers Executive Managing Directors **John**

"There was a bit of a hiccup with the threat of an IATSE strike (last month)," Elliott said. "So, people did not want to start any new shows until that got resolved. That was only like two or three weeks."

#### Gradual rise

Elliott co-founded Quixote in 1995 with his UCLA classmate **Jordan Kitaen**. They were both literature majors and Elliott originally wanted to produce and direct.

"I grew up in this business," Elliott said. "My dad was a grip, so I've been running around sets forever. It's kind of in my blood."

"A lot of people start below the line to get into the industry," Kitaen said. "We liked it below the line. We saw opportunity there."

At the time, the entertainment industry's below-the-line offerings appeared piecemeal.

"It wasn't really professionalized," Elliott said. "We thought, 'Wow, we could do something really cool on the service side and still participate in the creativity of Hollywood and be near it.' That, to me, was super-appealing."

Originally, Elliott and Kitaen started their business driving motorhomes in 1995. That trailer and truck rental business soon expanded to include renting film equipment, which Quixote has a site for in Sun Valley.

In 1998, Quixote began leasing and buying studio space. Then came another big leap circa 2005 when they acquired what is now Q Park, a 100,000-square-foot soundstage near Griffith Park.

"We sort of walked in, it was really turnkey

"For a couple of English majors from UCLA to have all these physical assets, we've been blessed with good timing," Kitaen said. "I can't say we had any vision; we just followed our nose and Mikel is an extremely smart man."

Elliott now has 270 employees on the payroll. Kitaen, who remains a silent partner in the company, has not been involved in day-to-day operations for years.

In 2018, Elliott aligned with private equity partner **Bison Capital Asset Management**, which acquired 29 percent of Quixote Studios, to scale up his business.

"They provided some capital and some smarts," Elliott said. "As an entrepreneur, you have a vision but if you want to scale and make this a little bigger, you need to bring in some outside investment. But you've got to find the right partners for that."

With that kind of support, Quixote was able to go into neighborhoods such as Pacoima and Sylmar and create his sites, which are economic engines.

"We're putting Pacoima on the map," Elliott said. "We're occupying over 20 acres over there and it was sort of downtrodden industrial. Now we're making it a destination for production. It's not that far from Burbank and it was affordable real estate at the time."

CBRE's Barsamian, who has known Elliott and Kitaen for years, has long-represented Quixote in its real estate transactions.

"(Elliott) is forward thinking because L.A. was completely land constrained," Barsamian said. "We're in a fully developed urban environment. (But) what's impressive is having the vision and being able to execute on that."

Elliott sees a lot of creativity in what he does.

"We definitely have a creative sort of element to our brand and what we do, but we're

very disciplined financially," Elliott said. "There's no brand that speaks directly to the crew. And that's what we do."

Whether it's a soundstage or a piece of lighting equipment, Elliott said he wants to help film productions accomplish their goals.

"You can get a great high-end trailer for a celebrity or you can get a studio that is going to be super-clean and well-serviced and super-functional," he said. "That's unique about us."

The most fulfilling aspect of his profession, Elliott said, is "the people. Creating a cool culture. A place that everybody digs and loves to come to work. I like the culture and the building of the brand."

Right now the landscape is changing again and becoming more competitive for Quixote.

"Michael was born in Burbank and I was born in Van Nuys — we're Valley boys," Kitaen said. "Now we're slugging it out with these huge institutional companies we never had to compete with before."

Kitaen is surprised at all the announcements of new studio lots in development.

"We had no idea that we were at the beginning of something crazy," Kitaen said. "All of these studios ... none of them have been built yet. There sure are a lot of things in the planning stages."

Kitaen said he feels wary of the institutional firms dipping into the Hollywood real estate waters.

"A lot of the players coming into this market don't actually understand it," Kitaen said. "Yes, they're very smart people. Yes, there's a real estate component but it's a lot more complex than that."

Roughly 35 percent of revenue comes from commercials — what Elliott calls "our legacy business" — and 65 percent from movies and television. But Elliott says the commercials sector is not growing and he expects the latter category — episodic TV — to grow exponentially as Netflix, Amazon Prime Video, **Walt Disney Co.**'s Disney Plus and Hulu, Apple TV Plus, **Warner Bros.**' HBO Max, **NBCUniversal**'s Peacock, Paramount Plus and Roku all compete for viewers.

"You've got the most valuable companies on the planet vying for eyeballs," Elliott said. "The demand for content is going to continue for quite a while."



#### QUIXOTE STUDIOS

**HEADQUARTERS:** West Hollywood

**CEO:** Mikel Elliott

**YEAR FOUNDED:** 1995

**BUSINESS:** Entertainment soundstage and equipment rentals.

**LOCATIONS:** Pacoima, Sylmar and Sun Valley.

**EMPLOYEES:** 270

**NOTABLE:** Jordan Kitaen now co-leads a studio services division at real estate brokerage CBRE Group with broker Greg Barsamian.



# WARNER BROS. RANCH

Worthe Real Estate and Stockbridge Capital will spend \$500 million to build 16 stages in Burbank.

By MARK R. MADLER *Staff Reporter*

Although four years away from completion, **Warner Bros. Entertainment’s** makeover of its Burbank properties is full swing.

Executives are excited about new soundstages to be built for them at the Ranch Lot property.

The Ranch, just up Hollywood Way from the main studio lot, will become home to 16 state-of-the-art soundstages, along with accompanying production support space, a multi-level parking structure, a commissary, mill space and a 320,000-square-foot office complex.

To be built by **Worthe Real Estate Group** in Santa Monica and **Stockbridge Capital**, a San Francisco private equity real estate investment firm, the facilities are a way for Warner Bros. to support all of WarnerMedia’s production groups, said **Dan Dark**, executive vice president of worldwide studio operations in an email to the Business Journal.

“It’s crucial to ensure they have the available stage space that’s necessary for them to create great stories and great content,” Dark said in the email.

**Jeff Nagler**, president of Warner Bros. worldwide studio operations, said the company was pleased to further its ongoing relationship with **Jeff Worthe**, president of Worthe Real Estate Group, and his team.

“We’re excited for this opportunity to utilize the best-in-class Ranch property that the Worthe Group is creating over the next few years,” Nagler said in a statement. “Continuing to enhance our state-of-the-art studios and full-service offerings for our productions and partners is a key priority for our company, and the new Ranch Lot development will certainly fulfill this goal in the Los Angeles area.”



Jeff Worthe

In addition to the Ranch Lot project, Worthe and Stockbridge are constructing the Second Century project at nearby **Burbank Studios**, former home to NBC and “The Tonight Show.”

The Second Century project consists of two **Frank Gehry**-designed buildings that will be fully leased to Warner Bros. when completed. The 800,000-square-foot project is on schedule to be finished in two phases – one in May of next



Movie Factory: Rendering of redeveloped Ranch property.

year and the second in May 2023, Worthe said. “We are pretty far along,” he added.

### ‘Long-term lease’

Located a mile north of the studio’s main lot, the Warner Bros. Ranch houses the offices of both Warner Bros. Animation and The CW, its television network jointly owned with the CBS Entertainment Group unit of **ViacomCBS**.

Worthe will purchase the Ranch Lot from Warner Bros. in 2023, with a completion for the soundstages set for 2025. The entertainment company has already signed a lease with Worthe for the stages.

Worthe and Dark would not disclose how long the lease was for or its financial details. Worthe did state it was “a long-term lease.”

But according to a **Los Angeles Times** story, citing an industry expert familiar with the transaction but not authorized to discuss it, the lease is valued at more than \$1 billion.

The 32-acre Ranch property site is fully entitled for the more than \$500 million project. “There are not a lot of sites of that size that are available anymore,” Worthe said.

The total square footage is 926,000 feet or about 10 percent lower than what he could build but the project pencils out better with the lower square footage, Worthe said.

“For Class A soundstages, things like a base camp area for the productions to set up outside the stages eats up part of the land,” he explained.

Soundstage space is at a premium these days in the Los Angeles area.

Worthe said it was because of streaming companies such as **Amazon.com Inc.**, **Apple Inc.**, **Netflix Inc.** and **HBO Max** needing space to film their series.

Also with the COVID-19 pandemic, it is



Office Construction: Second Century project will lease to Warner Bros. when finished.

a lot more attractive to film close to home, he said.

“A majority of the people in the production food chain are in and around Los Angeles,” Worthe added. “We are a primary location for all the folks who are involved with production, the post-production, the stage workers themselves.”

His firm is seeing a lot of second-tier studio soundstages built or repurposed from warehouse conversions, Worth continued, adding that some of the studios are using inferior stages but people are willing to work with what they can get.

For the Ranch Lot project, Warner Bros. was looking for state-of-the-art soundstages, he said.

“All 16 soundstages are going to be considered the best that are out there,” Worthe added.

### ‘Waltons’ site

Warner Bros. will add eight additional soundstages to its portfolio with the planned

acquisition of Burbank Studios. Worthe will own the Second Century campus on the studio property, located between the Warner Bros. main studio lot and **Walt Disney Co.**

Altogether, including the Burbank Studios stages and the new ones at the Ranch Lot as well as the 32 at the 100-acre main studio lot, Warner Bros. will have 56 soundstages for film and television production.

“What it means is they have a state-of-the-art home for their productions and their partners’ productions for a very long time into the future,” Worthe said.

The Ranch Lot was first acquired and operated by **Columbia Pictures** – now owned by **Sony Group Corp.** – in 1934 until Warner Bros. took ownership of the property in 1990. The Ranch Lot has been home to decades of iconic productions, ranging from classics such as “Bewitched” and “The Waltons” to modern crime drama “Animal Kingdom” and fan favorite “Young Sheldon,” Warner Bros. said in a release.

## worthe

### WORTHE REAL ESTATE GROUP

**HEADQUARTERS:** Santa Monica

**PRESIDENT:** Jeff Worthe

**BUSINESS:** Real estate developer

**LOCATIONS:** 1

**EMPLOYEES:** 101

**NOTABLE:** Building 16 new soundstages for Warner Bros. Entertainment on the Ranch Lot in Burbank.



SOUNDSTAGE BOOM SPECIAL REPORT

BUILDING AN EPICENTER

NBCUniversal expands production capacity on its lot to become the ‘content hub of the future.’

By MICHAEL AUSHENKER  
Staff Reporter

In what the company calls the “content hub of the future,” NBCUniversal is currently building eight soundstages in an expansion and updating of its century-old Universal Studios lot.

Bastien and Associates Inc. will design the new soundstages, which will be constructed by next summer.

Grading has already been completed on what was previously unusable hillside, expanding space for the project from 8 acres to 12 acres. The new soundstages will have solar panels to allow for working off the power grid during peak hours and qualify as LEED Gold structures.

Already under construction just beyond Gate 4 from the Barham Boulevard side of the property, each of the eight soundstages will span 18,000 square feet, for a total of 144,000 square feet. With an additional 48,000-square-foot base camp, the new soundstages will provide 1,000 construction jobs and eventually will host more than 1,300 production jobs over the first decade of operations.

The new soundstages up Universal’s total to 14 built in recent years, with two stages built in 2016 and four stages erected in 2018.

Upon the completion of the new filming facilities, there will be a total of 37 soundstages at Universal Studios.

Although the Comcast Corp.-owned studio did not reveal the cost of the project, NBCUniversal said it is investing \$1 billion into an upgrade of the entire Universal lot.



Universal City:  
Rendering of eight  
new stages on  
NBCUniversal lot.

Office project

In addition to the soundstages, upgrades on the Universal City lot include a new office complex.

Last year, NBCUniversal began construction off Lankershim Boulevard on an 11-story, 350,000-square-foot creative office building for production companies working at the studio. There will be enough parking spaces to accommodate 1,250 vehicles.

NBCUniversal is also replacing its commissary, screening rooms and post-production facilities. The new employee commons area

will include a three-story, 84,000-square-foot commissary building that will include a sit-down restaurant, a state-of-the art theatrical sound-mixing facility, two screening rooms and a flexible event space.

A paseo will provide connective walkways with landscaping lined with functional indoor and outdoor gathering spaces for meetings and dining.

All of these components will be completed by late 2023.

“Content creation is the driver,” according to a note on Universal’s plan for the sound-



COMCAST CORP.

HEADQUARTERS: Philadelphia  
BUSINESS: Telecommunications, media and entertainment  
CEO: Brian Roberts  
MARKET CAP: \$243 Billion  
EARNINGS: Q3 \$4 Billion

stages. The studio is seeking to “become the creative epicenter of Los Angeles” and elevate its brand and the employee/partner experience, it added.

The studio is also aiming at creating “the workplace of tomorrow” and serve “as a catalyst for the recovery of California’s film and entertainment industry.”

Despite the COVID-19 outbreak impacting theatrical releases, NBCUniversal has scored some massive hits at the box office, including “F9,” the latest in the “Fast and the Furious” franchise, which grossed \$721 million worldwide; and “Halloween Kills,” which took in \$130 million. NBCUniversal also handled international distribution on the long-awaited final Daniel Craig James Bond movie “No Time to Die,” which earned \$708 million worldwide, including \$558 million of that tally in international market to become the highest-grossing U.S. film since the pandemic began.

REPOSITION STRATEGY

Partners plan to spend \$500 to create stages in Glendale and downtown L.A.

By ANTONIO PEQUEÑO IV  
Staff Reporter

King Street Capital Management has partnered with real estate investment trust AIMco and an unnamed sovereign wealth fund to acquire and develop three production studios in the L.A. market with a total capitalization of more than \$500 million.

The three companies, which have formed a joint venture, are working with East End Studios in Glendale on the project, which will deliver about 750,000 square feet of stage and ancillary space.

Like East End Studios, two of the devel-

opment sites are in Glendale, while the third is located near the Arts District in downtown Los Angeles.

“As an active real estate investor, we are drawn to the supply-demand imbalance in the studio sector which we identified through our industry relationships and expertise,” David Walch, a partner at King Street, said in a statement. “We look forward to leveraging our extensive experience to successfully reposition real estate assets in the studio sector.”

One of the Glendale locations, found at 1233 S. Glendale Ave., will be razed for a 90,000 square foot studio and office complex. Preliminary plans for the location include two stages that will account for around 35,000 square feet.

The other Glendale location, found at 5426 San Fernando Road, is currently a storage facility that will be demolished and developed into a 421,000 square foot studio and office complex. The site, which is more than 9 acres, has preliminary plans for eight stages that will average about 25,000 square feet with additional office and flex/support spaces.

‘Media appetite increases’

Philip Lanzafame, director of community development for the city of Glendale, said the Glendale facilities will be an important piece of Glendale’s entertainment and media cluster.

The studio that will be built in Los Angeles, referred to by King Street as Mission Campus, involves the refurbishment and expansion of an existing cold storage facility. It will feature an office complex and four



Glendale: Site at 1233 S. Glendale Blvd. will become 90,000-square-foot complex.

sound stages ranging from 20,000 to 40,000 square feet.

The multi-studio development project is being completed in a bid to capitalize on heightened demand for studio spaces. Said demand has been fueled by the media streaming race and a lack of spaces to make up for increases in film and tv productions.

“I think the demand (for studio space) is increasing, as our media appetite increases,” Lanzafame said. “You want to be in an area where there’s talent, and I think in all of the San Fernando Valley you get that.”

Lanzafame said Glendale could benefit

from the King Street joint venture in the form of a use tax. However, he added that most of the time, in the case of studios, it is the jobs that are generated that end up benefitting the city.

Walch told the Business Journal in an email that the joint venture is looking to secure long-term credit tenants for the properties.

“We are targeting future opportunities in cities where there are natural built-in advantages such as strong talent pool and production crew,” Walch wrote. “Those could include New York City, Toronto, Boston, Atlanta, London, among others.”



KING STREET CAPITAL MANAGEMENT

HEADQUARTERS: New York  
CEO: Kevin Dermody  
BUSINESS: Real Estate Investments  
LOCATIONS: 5 (New York, London, Singapore, Tokyo and Virginia)  
EMPLOYEES: 200+  
NOTABLE: Founded in 1995 and has \$20 billion under management.