

NBC's Burbank property expected to be a major hit



Myung J. Chun / Los Angeles Times

LET THE BIDDING BEGIN: Up for grabs are several famous studios, soundstages and offices along with the rights to build more. The new owner could keep the more than 500,000 square feet of existing buildings or raze them and build as much as 1.2 million square feet of new development.

'It's a helluva' parcel, an appraiser says of the 34 acres situated in the city's Media District.

By Roger Vincent, Los Angeles Times Staff Writer

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With NBC moving its vast studio complex to Universal City, the spotlight turned Thursday to Burbank, where 34 acres of prime real estate and Hollywood history beckon.

Tucked between the Warner Bros. lot and Walt Disney Co.'s headquarters, the NBC Studios space has soundstages, TV studios, executive offices and acres of room for expansion -- zoned and ready for another entertainment enterprise.



Studio up for grabs



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3000 W. Alameda Ave.



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"It's a Hell-of-a" piece of real estate," said commercial appraiser David Zoraster of CB Richard Ellis, the nation's largest real estate brokerage. "It's highly unusual for a parcel of this size to be available."

Local real estate observers now expect one of Burbank's largest developers, M. David Paul & Associates, to emerge as the winner. The potential price is unknown.

The Santa Monica-based company already owns 2.5 million square feet of office space in Burbank and its tenants include some of the region's biggest media companies.

What will emerge at the site remains a question mark, but the area's biggest real estate players have been abuzz at the prospect of another major new entertainment complex emerging.

"There's going to be a fundamental shift with one of the world's eight major studios picking up and

moving," said real estate broker Brad Feld, a principal at Los Angeles brokerage Madison Partners, even though "as the crow flies, it's only a short move."

The official announcement Thursday also set the stage for a massive relocation program: moving the historic NBC operation to nearby Universal City. The site across the street from Universal Studios is within the city of Los Angeles.

NBC hopes to start by moving news operations into a new headquarters on Lankershim Boulevard by 2011. Other NBC Universal ventures would follow.

"We will move as quickly as we can. We'd like to break ground by next year," said Jim Thomas, president of Thomas Properties, the Los Angeles company building the shell of the new facilities. It has not yet received final city approval for the project.

The entertainment conglomerate would remain for years as a tenant on the historic lot where Tom Brokaw started his NBC career and Johnny Carson broadcast the first edition of "The Tonight Show" on the West Coast in 1972.

But Thursday's announcement, although a disappointment to Burbank officials, came as no surprise to them.

"The handwriting has been on the wall since NBC bought Universal" in 2004 that someone else would take over the historic NBC site, said Joy Forbes, deputy city planner for Burbank.

At stake is more than 1 million square feet of executive offices and production space including eight soundstages. Some of the stages are rated to host audiences for live performances such as "The Tonight Show" and "Last Call With Carson Daly."

The new owner could add as much as 900,000 square feet of offices or 1.3 million square feet of studio space, according to NBC.

The city has already approved such construction on the site, Forbes said, but it would have to serve the entertainment industry.

New buildings could include office towers, soundstages, studios or even warehouses.

"The area is intended for media-related uses," Forbes said. "Media is a big part of who Burbank is and we wouldn't want to lose that."

NBC said the sale of the Burbank property would help pay for its share of completing the elaborate new facility. The company would be anchor tenant of Thomas' nearly 1.5-million-

square-foot commercial project proposed atop the Red Line subway's Universal City station.

"By selling and securing a long-term lease, we are able to keep our businesses on the lot for several years while still allowing a new owner to bring high-quality jobs and investment to Burbank's Media District. It is good for NBC Universal and good for Burbank's future," said Tom Smith, head of West Coast real estate for NBC Universal

The new owner will probably build all the entitled new space there soon, Zoraster predicted. "I think it's going to be a tremendous win for the city."

The Burbank Media District around entertainment studios including Warner Bros. and Disney has had low office vacancies for decades even though more than 2 million square feet of office space has been built in just the last seven years, real estate broker Feld said.



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Source: ESRI

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"The studios have done nothing but grow and entrench themselves and make Burbank one of the most stable and profitable markets for developers," Feld said.

Only about 3% of the office space in the neighborhood is vacant, Feld said, making it one of the tightest in the region. Rents are rising, but at an average \$3 to almost \$4 per square foot per month they are at historic highs but easily below the \$5 to \$7 some landlords are seeking from entertainment tenants on the Westside.

"Burbank does not charge gross receipts taxes and has minimal business license fees, so you have a pro-business city that is very attractive to large entertainment companies and ancillary entertainment firms."

The most recent development is by M. David Paul, which is building about 500,000 square feet of offices in a 15-story building on land it purchased from NBC Universal.

It is set for completion in early 2009, said Jeff Worthe, a principal at the development firm.

It is the company's ninth office building in Burbank, and another of the same size has been approved nearby.

"There is going to be some ebb and flow," Feld said. "But this is a strong, stable market."