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Developers buy Rhythm & Hues' ex-headquarters in El Segundo

BY ROGER VINCENT

The former El Segundo headquarters of the visual effects studio Rhythm & Hues has been sold for \$25 million to real estate developers who plan to upgrade it and turn it into an office campus for creative firms.

Rhythm & Hues was acquired in March in a bankruptcy auction by an affiliate of Hollywood-based Prana Studios. Rhythm & Hues filed for bankruptcy protection in February, just weeks before winning an Academy Award for its work on "Life of Pi."

The studio occupied three buildings on six acres on Grand Avenue and Continental Boulevard in El Segundo, an emerging hot spot for companies in such creative businesses as entertainment, media and advertising.

The buyers, New York real estate investment firm Rockwood Capital and Marshall Property & Development, said they would spend an additional \$20 million on improvements to the buildings erected by a defense contractor in the late 1970s and early 1980s.

Plans call for new outdoor common areas, additional parking and opening up the office interiors to provide the exposed high ceilings commonly favored by creative companies.

"We will reintroduce the complex to the market with a fresh and relevant new look and feel," said John MacDonald, vice president of acquisitions for Rock-wood.

An affiliate of Rhythm & Hues sold the 200,000-square-foot complex in an off-market transaction, said Beverly Hills real estate advisory firm Lucent Capital, which arranged the sale.

El Segundo, a longtime home to the aerospace industry, experienced large office vacancies after defense industry cutbacks started in the 1990s. In recent years it has shown growing appeal to creative firms, in part because rents there are lower than in the nearby competing markets of Santa Monica, Playa Vista and Culver City, said Steven Yazdani, managing director of Lucent Capital. roger.vincent@latimes.com



Lucent Capital

THE CAMPUS has been sold for \$25 million. The buyers plan \$20 million worth of improvements.