



You are here: [Home](#) > [Daily News](#) > Rhythm & Hues Campus is Sold

Last Updated: May 13, 2013

Rhythm & Hues Campus is Sold

By [Bruce Haring](#) | Los Angeles

Start each day with GlobeSt.com's *California AM Alert* for original coverage of the latest transactions and trends shaping the commercial real estate industry. [Sign Up Today!](#)



The former Rhythm & Hues campus will become creative office space.

EL SEGUNDO, CA—The campus that hosted bankrupt special effects house **Rhythm & Hues** has been sold for \$25 million to **Rockwood Capital** and **Marshall Property & Development** in an all-cash deal.

The 200,000-square-foot office campus, which includes three buildings, was the home of **Academy Award**-winning Rhythm & Hues, which filed for bankruptcy protection in February just weeks before winning an Oscar for its work on "Life of Pi."

Lucent Capital arranged the sale on behalf of **2100 Grand, LLC**, a Rhythm & Hues related entity, in an off-market transaction. The campus was built in 1978 and 1981 by defense contractor CSC. It is located at **2100 Grand Ave.**, **220 Continental Blvd.**, and **240 Continental Blvd.**

Rhythm & Hues was acquired last month in a complicated bankruptcy auction by an affiliate of Los Angeles-based **Prana Studios**. The buyer of the building property, **Continental Grand Office, LLC**, is an affiliate of an institutional real estate investment firm which manages over \$6.4 Billion of real estate.

Steven Yazdani, the Lucent Capital managing director, tells GlobeSt.com that his firm started marketing the sale of the campus to a handful of buyers prior to the Rhythm & Hues bankruptcy filing. Yazdani says they received "several excellent offers and went under contract" prior to the bankruptcy. He termed the deal "complex, time-sensitive and particularly challenging."

The property's new owners plan to invest up to \$20 million to redevelop the six-acre site into a creative office campus. Planned improvements include new interactive outdoor common areas, additional parking and new tenant spaces with floor to ceiling heights.

"For more than 30 years, this property has been flying below the radar—100% occupied by various owner/occupiers and quietly operating within the marketplace," said a statement from **John MacDonald**, VP of acquisitions for Rockwood Capital. "We will re-introduce the complex to the market with a fresh and relevant new look and feel."

Paul Marshall, president of Marshall Property & Development, said in a statement that the campus "provides a unique value-added investment opportunity centrally located in the South Bay/West L.A. markets. The existing architecture and unique campus setting provides us with a great opportunity to create what today's tenants are looking for – indoor and outdoor gathering areas which allow tenants to interact in a creative environment."

According to South Bay market report from Colliers International, the South Bay office market began 2013 with negative absorption compared to the positive absorption seen in Q4 2012. Net absorption was -358,500 square feet, which brought the vacancy rate up to 21.1%. This was a 110 basis point increase from a revised total vacancy of 20.0% at year end 2012.

The South Bay office market saw large space givebacks from both Northrop Grumman and Raytheon. With both companies vacating a total of nearly 448,000 square feet in El Segundo, total vacancy in the South Bay increased to the highest that has been reported since 2004.

Related Topics: [West](#)

About Our Columnist



Bruce Haring is a business journalist whose work has appeared in USA Today, the Associated Press, Rolling Stone, Entertainment Weekly and many other online and print publications. He is the author of five books, including the award-winning "Off The

Charts," and is the founder of the New York and San Francisco book festivals.

Phone: 323-665-8068

[Email](#)

[About ALM | Customer Support](#)

Copyright © 2013 ALM Media Properties, LLC. All rights reserved.

