for sale: ben kitay studios



method COMMERCIAL

January 16, 2019

Presented By:

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section 1
property
information

investment

6309 ELEANOR AVENUE

HOLLYWOOD, CA 90038

SALE PRICE: \$8,900,000

The offering of the Ben Kitay Studios ("BKS") includes the real estate owned and leased. BKS is a thirty-year-old studio rental company with an in-demand market niche in the core of the Hollywood Media District. This unique offering comes at a time when both studio and creative office space demand are at an all-time high. The property will be delivered vacant.

- Fee ownership of Stage 10 and Leaseholds on Stages 5, 15 and 20
- Option to purchase Stages 5 and 20
- Below market occupancy cost
- Parking: 52 structure spaces, 23 on campus spaces, plus garage parking within Stage 20
- Delivered vacant: perfect for investor, developer or occupier
- See valuation summary on page 24



 Campus Lot Size:
 31,181 SF

 Campus Studios:
 27,700 SF

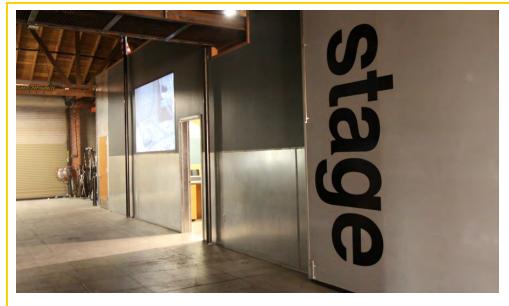
 Zoning:
 C2-1D-SN

APN: 5533-015-018,

5533-017-004 and

5533-017--011





PROPERTY DESCRIPTION

BKS is comprised of four sound stages (one owned and the other three are leased). The stages are identified as: 5, 10, 15 and 20. Stage 10 is the owned stage. 5 and 20 are leased from the same landlord with a new 18 year lease that includes a purchase option and a first right of refusal to purchase. The stages 5, 10 and 20 plus the Backlot comprise the "Campus Studio Lot". Stage 15 is off campus as is the parking structure for the 42 parking spaces that are leased from the Television Center. The lease for Stage 15 and the parking structure spaces expires 9/2020 and includes an option to extend at fair market rent for an additional ten years.

Stage 10 was completed gutted and rebuilt over a two year period starting in 2010. The square footage of Stage 10 is 9,600sf on the ground floor plus approximately 1,700sf of mezzanine space which is not currently included in property metrics. The size of the other two stages (Stage 5 and 20) that comprise the "Campus Studios" are understood to be approximately 18,100sf for a total campus studios size of approximately 27,700sf. Adding Stage 15 brings the total building square feet to 32,459. All stages have drive-on capability. Stages 10 and 20 have the capacity for live audience. Full lighting grids are installed at 18' on Stages 5 & 10 and 20' on Stages 15 & 20. The Backlot which is between Stages 5 and 20 on one side and Stage 10 on the other, can be gated from both ends, has drive through access between Eleanor Avenue and Santa Monica Boulevard, is a great location for outside events or craft services, allows for talent to move privately between the Campus Studios (5, 10 and 20) and can provide outdoor filming space without the need for permits.

ZONING

- C2-1D-SN
- State Enterprise Zone
- Hollywood Media District BID
- Transit Priority Area
- Hollywood Community Plan (pending): up-zoned to 3:1 for hotel and mixed use
- Tier 2 TOC



section 2
stage details

stage size and rental expense

UNIT NUMBER	UNIT SIZE (SF)	LEASE END	ANNUAL RENT
Stage 5	6,500	2020 (+16 year option)	\$107,800
Stage 10	9,600	Fee owned	\$0
Stage 15	4,759	2020 (+10 yr option)	\$103,082
Stage 20	11,600	2020 (+16 year option)	\$192,200
parking (52 spaces)	1	2020 (+10 year option)	\$91,872
	32,460		\$494,954

The rental expense for Stages 5 and 20 is reduced for the first two lease years at a monthly rate of \$25,000 (approx. \$1.38 per sf) and \$25,750 (approx. \$1.42 per sf) respectfully. In lease year three, the monthly rent is set to \$35,000 (approx. \$1.93 per sf) with three percent annual increases thereafter. All rental rates are very favorable to the market rental value.

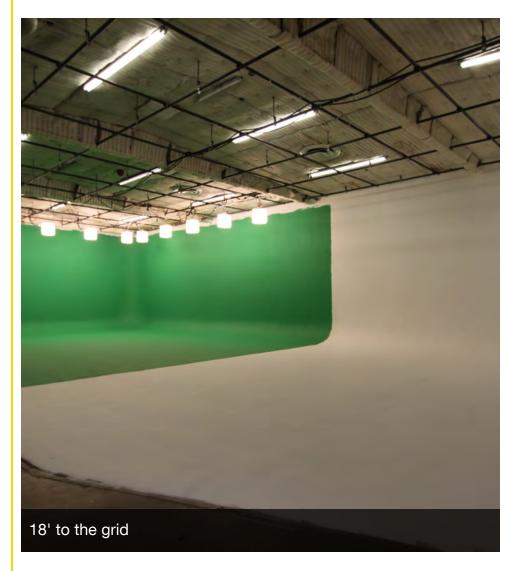
Stages 5 & 20 have a path to ownership: an option to purchase approximately twelve years out set at \$10,960,000 (approx. \$606 psf) and a first right of refusal if the Seller chooses to sell before the option.

Combined total monthly rental expense in lease year one for stages 5,15, 20 and the parking structure is approximately \$1.80 psf.

^{*}Stage 5 & 20 have a 18 year NNN lease term and a monthly rent schedule of \$25,000 year one, \$25,750 year two and \$35,000 year three with a fixed annual increase (each August) of 3% thereafter. Additionally, the leases include 80% prop 13 protection, a first right of refusal to purchase if offered during the term plus an option to purchase twelve years out at \$10,960,000. All square feet sizes are approximate.



stage 5 photos - leased

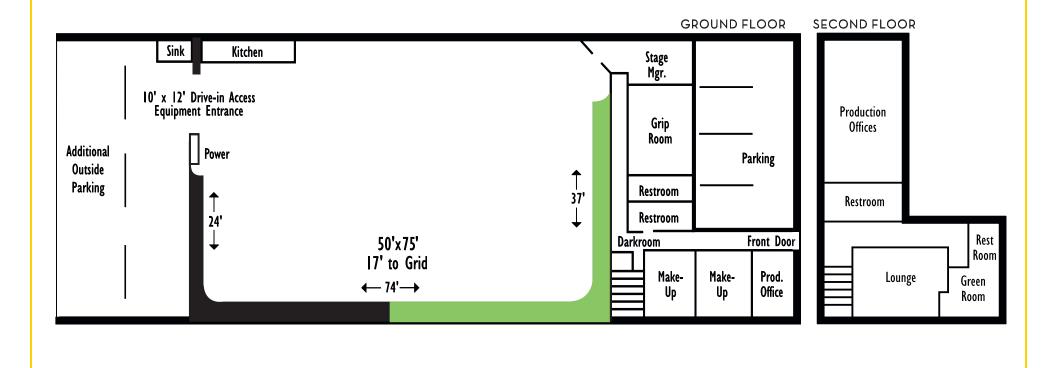








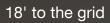
STAGE 5





stage 10 photos - owned





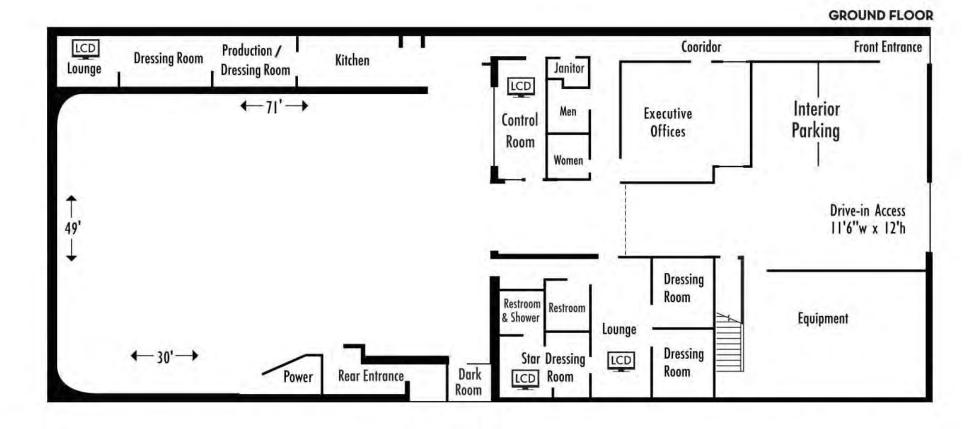






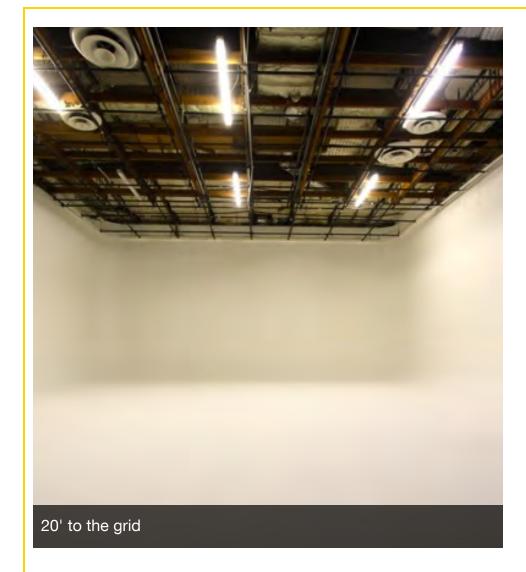


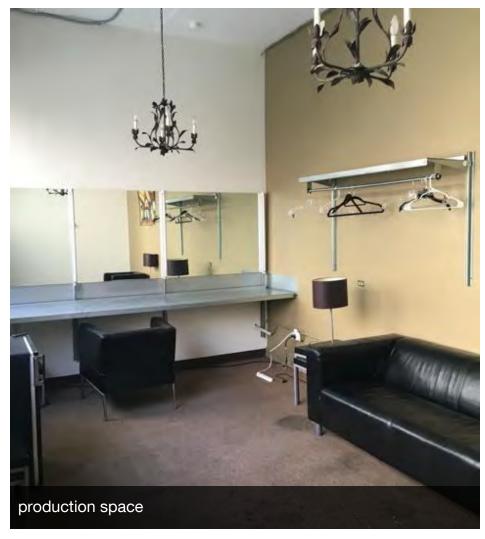
STAGE 10





stage 15 photos - leased







←30'→

STAGE 15





stage 20 photos - leased

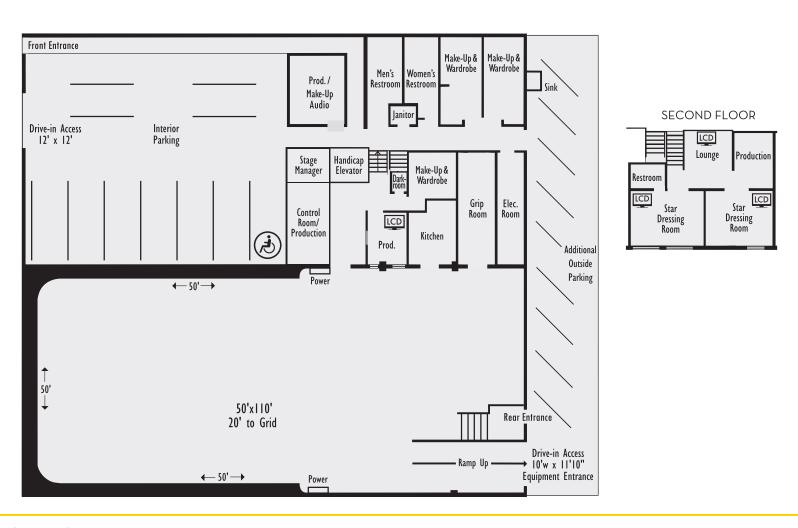






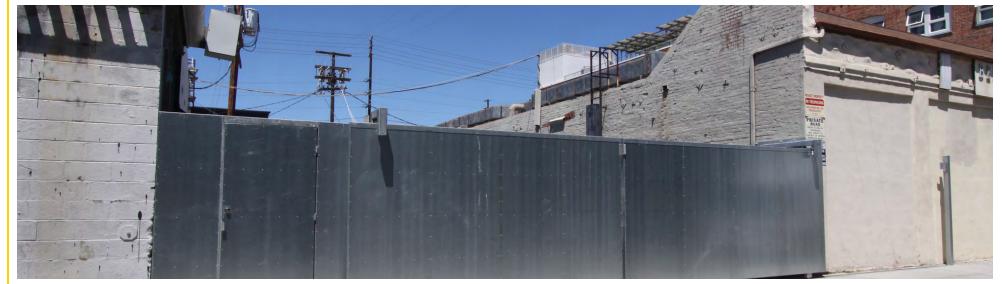


STAGE 20





backlot between stages 5, 10 and 20



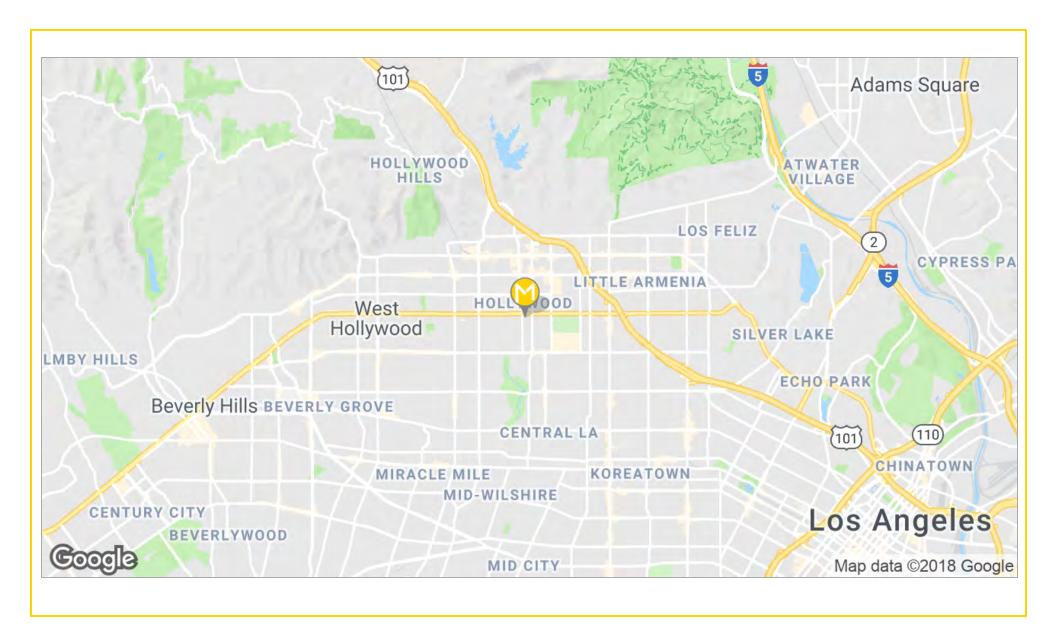




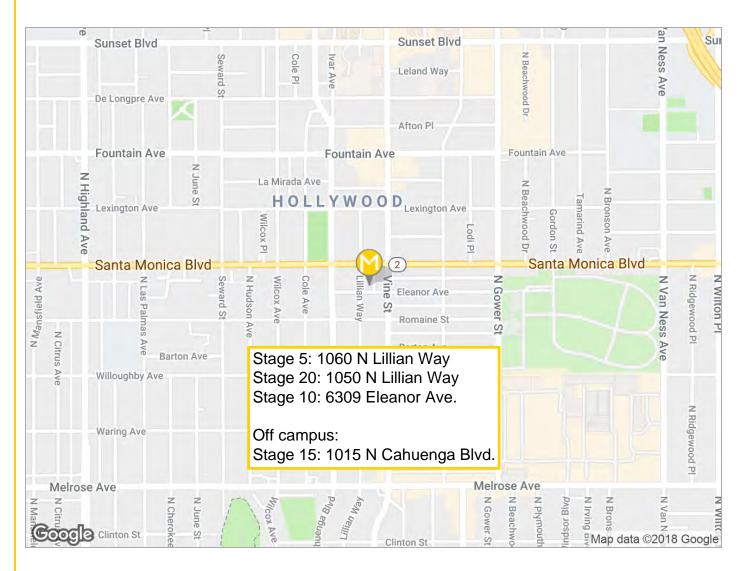


section 3 location information

regional map



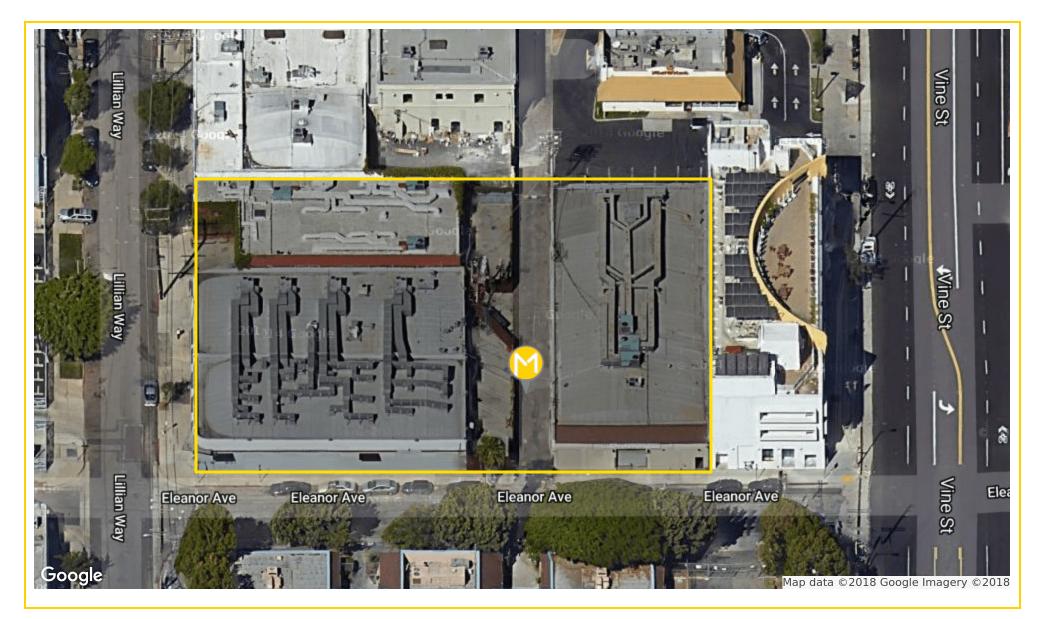




LOCATION DESCRIPTION

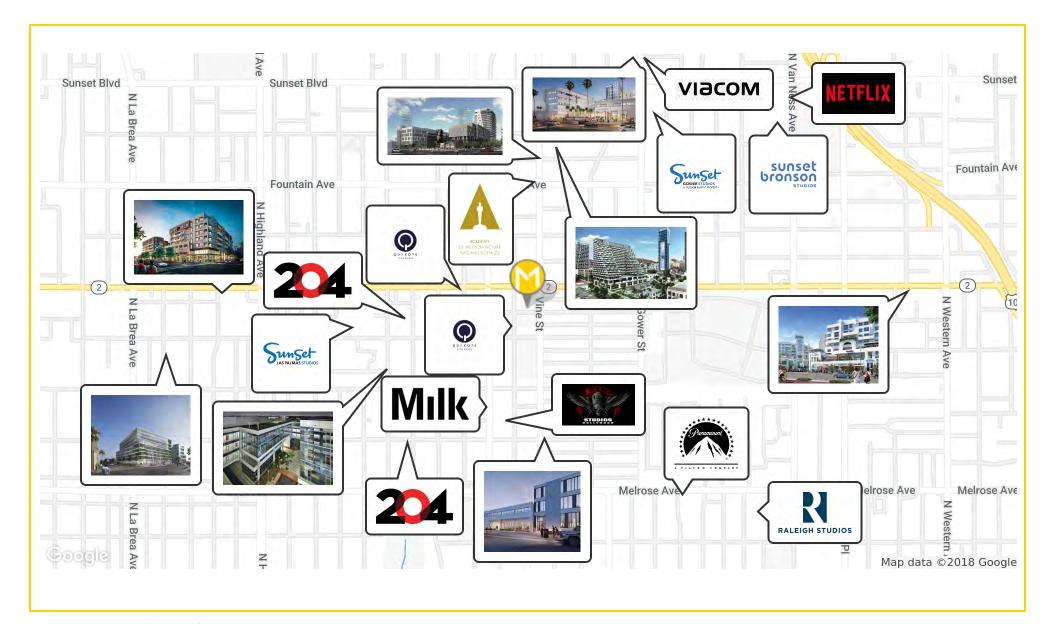
BKS is located in the Hollywood Media District in an area with studio roots dating back to Buster Keaton Studios. Hollywood has \$1.5B over development projects, many within walking distance. Although, these project bring more creative office than any other sub-market in Los Angeles, thousands of apartment units, new retail and more hotel units, no new studio space is under construction in Hollywood! The shortage of studios in Hollywood has led to rising rates and limited availability. Further, demand by the entertainment technology industries including high-profile additions of Netflix and Viacom, have made Hollywood the hottest creative office market, resulting in the lowest vacancy and highest rental rates in Los Angeles.

aerial maps





industry and development map





section 4
sales
comparables

sale comps summary

	SALE COMPS	PRICE	BLDG SF	PRICE/SF	CLOSE
	5707 Melrose avenue Los Angeles, CA 90038	\$9,900,000	10,390 SF	\$952.84	12/01/2016
	6507 De Longpre Avenue Los Angeles, CA 90028	\$4,100,000	4,590 SF	\$893.25	05/08/2018
	843 Seward Street Los Angeles, CA 90038	\$3,725,000	4,234 SF	\$879.78	07/01/2010
	1463 Tamarind Avenue Los Angeles, CA 90028	\$3,750,000	4,364 SF	\$859.30	05/01/2018
	755 Seward Street Los Angeles, CA 90038	\$5,050,000	6,000 SF	\$841.67	11/29/2010
	6424 Santa Monica Blvd Los Angeles, CA 90038	\$4,750,000	6,006 SF	\$790.88	05/09/201
	1601 Ivar Avenue Los Angeles, CA 90028	\$4,250,000	5,414 SF	\$785.00	04/06/201
3	905 Cole Avenue Los Angeles, CA 90038	\$3,640,000	5,000 SF	\$728.00	02/02/2018
)	6640 W Sunset Blvd Los Angeles, CA 90028	\$10,000,000	12,960 SF	\$771.60	10/30/2018
)	1032 N Highland Avenue Los Angeles, CA 90038	\$7,950,000	10,000 SF	\$795.00	On Market



739 N Cahuenga Blvd 11 Los Angeles, CA 90038	\$2,350,000	3,202 SF	\$733.92	On Market
AVERAGES	\$5,405,909	6,560 SF	\$824.07	-

The BKS opportunity is a fee deal in two parts: Stage 10 today. Stages 5 and 20 in the future through options.

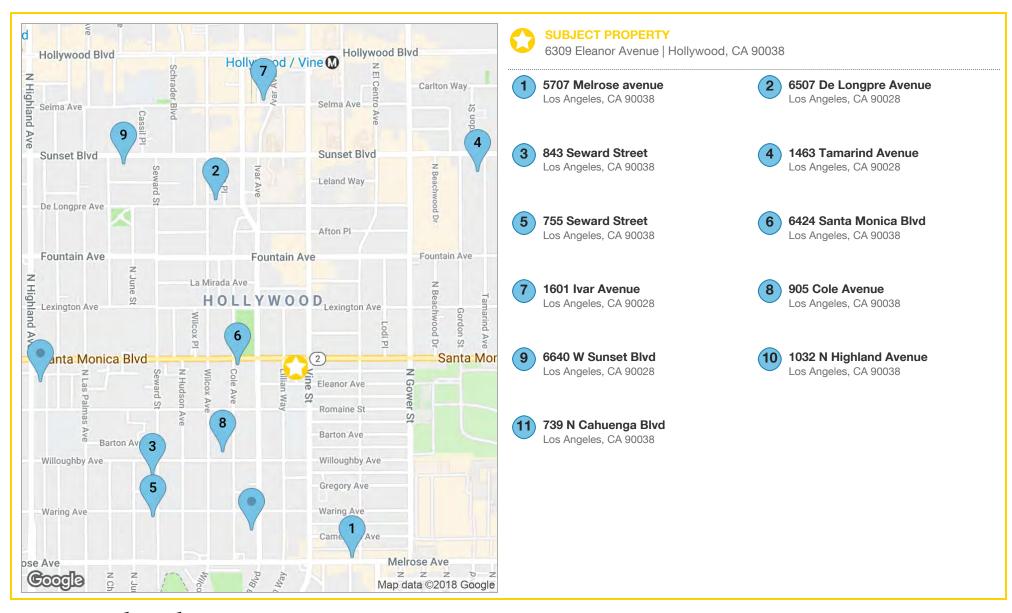
The minimum bid pricing is based primarily on the value of the fee ownership for Stage 10 without the mezzanine included.

The value is clearly increased by:

- the addition of the mezzanine space in Stage 10
- the utility of the Backlot
- the preferential rental rate for Stage 5 and 20 over the full term plus the very low tax expense for Stages 5 and 20
- the path to ownership of Stages 5 and 20 through the fixed price option to purchase and the first right of refusal to purchase
- the additional value of the purchase option spanning 12 months which supports financing and market timing
- the net present value of the fixed option price which drives the total purchase price down
- the in-demand use and limited supply of production space in Hollywood
- a ten-year lease for parking where a market term is only month-to-month
- the potential for further development given the unique C2 zoning for a Hollywood Media BID site and use and the 3:1 FAR for hotel and mixed-use



sale comps map





SUBJECT PROPERTY

6309 Eleanor Avenue | Hollywood, CA 90038



Sale Price: \$8,900,000

Lot Size: 0.25 AC

Year Built: 1924

Building SF: 9,600 SF

\$927.08

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5707 Melrose avenue | Los Angeles, CA 90038



 Sale Price:
 \$9,900,000

 Lot Size:
 0.45 AC

 Year Built:
 1942

 Building SF:
 10,390 SF

 Price PSF:
 \$952.84

Closed: 12/01/2016

Creative office building sold to an owner-occupier in the entertainment industry. The property was a brick, bow-truss single story building with a small parking lot. The location is similar to the Subject.



6507 De Longpre Avenue | Los Angeles, CA 90028



 Sale Price:
 \$4,100,000

 Lot Size:
 0.17 AC

 Year Built:
 1948

 Building SF:
 4,590 SF

 Price PSF:
 \$893.25

 Closed:
 05/08/2018

 Occupancy:
 0.0%

Bought by an owner-occupier. Nice creative office space.

3

843 Seward Street | Los Angeles, CA 90038



Sale Price: \$3,725,000 Lot Size: 3.4651338495

 Year Built:
 1923

 Building SF:
 4,234 SF

 Price PSF:
 \$879.78

 Closed:
 07/01/2016

Purchased vacant by a post production company for creative office. Limited parking.



1463 Tamarind Avenue | Los Angeles, CA 90028



 Sale Price:
 \$3,750,000

 Lot Size:
 0.06 AC

 Year Built:
 1921

 Building SF:
 4,364 SF

 Price PSF:
 \$859.30

 Closed:
 05/01/2018

Bought by owner-occupier. 12 parking spaces onsite (7 are stacked). Above-standard full renovation in 2017 by Hudson Pacific.

5

755 Seward Street | Los Angeles, CA 90038



 Sale Price:
 \$5,050,000

 Lot Size:
 0.3 AC

 Year Built:
 1923

 Building SF:
 6,000 SF

 Price PSF:
 \$841.67

 Closed:
 11/29/2016

Bought by entertainment industry owner-user, Motive Creative. They plan to spend another \$150 per foot on interior improvements. Superior parking to Subject. Similar location. Inferior condition to Stage 10.



6424 Santa Monica Blvd | Los Angeles, CA 90038



 Sale Price:
 \$4,750,000

 Lot Size:
 0.189 AC

 Year Built:
 1937

 Building SF:
 6,006 SF

 Price PSF:
 \$790.88

 Closed:
 05/09/2017

1031 exchange purchase. Vacant at time of sale. Very near Subject Property. Limited parking.

7

1601 Ivar Avenue | Los Angeles, CA 90028



 Sale Price:
 \$4,250,000

 Lot Size:
 0.169 AC

 Year Built:
 1949

 Building SF:
 5,414 SF

 Price PSF:
 \$785.00

 Closed:
 04/06/2017

Music studio with limited parking. Inferior condition to Stage 10.

905 Cole Avenue | Los Angeles, CA 90038



Sale Price: \$3,640,000 Lot Size: 0.141505968

Year Built: 1966
Building SF: 5,000 SF
Price PSF: \$728.00
Closed: 02/02/2018

Inferior condition to Stage 10. Bought by owner user, Anthony Menial's Actor Workshop. Limited parking. One stage for stills and office space.

9

6640 W Sunset Blvd | Los Angeles, CA 90028



 Sale Price:
 \$10,000,000

 Lot Size:
 0.33 AC

 Year Built:
 1945

 Building SF:
 12,960 SF

 Price PSF:
 \$771.60

 Closed:
 10/30/2018

Bow-truss creative office building with addition of a mezzanine. It includes a 34-car gated parking lot next door. Purchased by owner-occupier who plans to "complete a lot of TI work prior to moving-in."

1032 N Highland Avenue | Los Angeles, CA 90038



 Sale Price:
 \$7,950,000

 Lot Size:
 0.189 AC

 Year Built:
 1921

 Building SF:
 10,000 SF

Price PSF: \$795.00

The building is 8,250sf on the ground floor with an additional 1,750sf of mezzanine space. The building comes with no parking but does include a parking lease, for 7 spaces, that expires 7/31/2029. The building is bow-truss converted to a gallery use.

11

739 N Cahuenga Blvd | Los Angeles, CA 90038



 Sale Price:
 \$2,350,000

 Lot Size:
 0.14 AC

 Year Built:
 1921

 Building SF:
 3,202 SF

 Price PSF:
 \$733.92

Two-story old-Hollywood style office property.



section 5
additional
photos

production

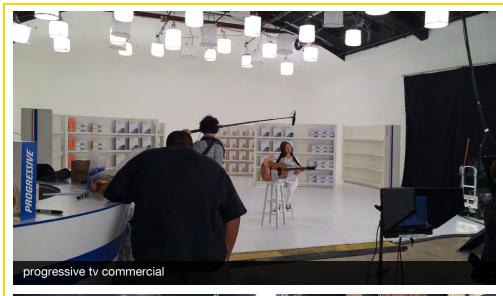


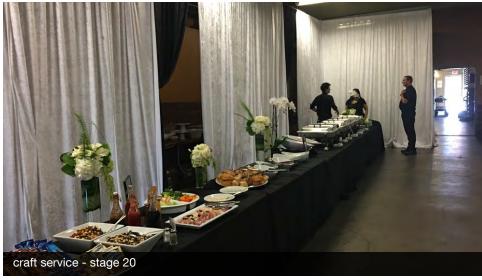






more production

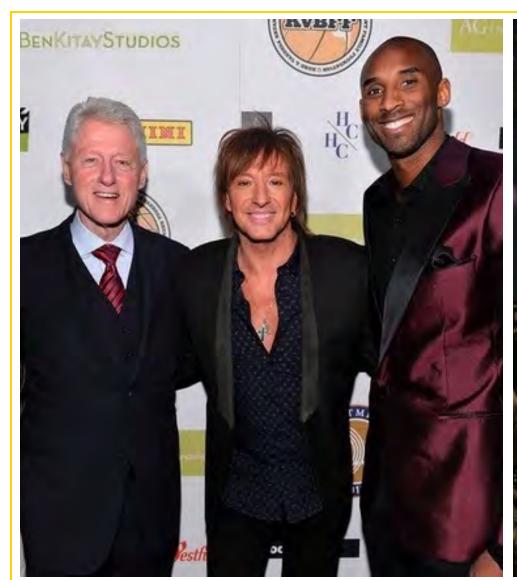








events







section 6 advisor bios

MARTIN MCDERMOTT Managing Director



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Professional Background

Martin McDermott is a co-founder and Managing Director of Method Commercial a new type of investment brokerage firm focused on the sale of retail, office and multifamily. Built to bring institutional quality analysis and advisory to private and family investors in Los Angeles but with the personal dedication of a boutique firm. Method Commercial leverages technology and a collaborative environment so that the client most benefits from the experience of our senior agents.

Previously, Mr. McDermott was a founding Principal in Avison Young Southern California which grew from four employees to over 150 before merging with Avison Young of Canada which took the size to over 2,300. Mr. McDermott ranked number one in the region for 2012 and remained one of the top investment agents during his tenure.

Prior to Avison Young, Mr. McDermott focused on tenant representation, agency work and sales at the Grubb and Ellis Company starting in 2002. While at Grubb and Ellis, Mr. McDermott ranked in the top ten in the years of 2006-2011 and in particular he ranked #1 in 2009 and 2011. Preceding real estate, Mr. McDermott was a "dot com" entrepreneur co-founding two companies between 1998 and 2002 and an executive in global executive development from 1993 to 2000 first at the Ameritech Institute and later at the Ross School of Business at the University of Michigan.

Memberships & Affiliations

Mr. McDermott is a member and instructor with the Urban Land Institute, a Certified Commercial Investment Member (CCIM) and holds a California Real Estate Broker's license.

Education

A.B. in Diplomacy and World Affairs and an emphasis in International Environmental Policy from Occidental College. Executive education courses in Sales, Marketing, Strategy and Leadership at The Ross School of Business at the University of Michigan.



For more information or to schedule a tour...

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