

WHO'S BUILDING L.A.

*A Quarterly Look at Who's
Building in the City of Angels*

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SoFi Stadium

INGLEWOOD

SoFi Stadium, the new home of the Los Angeles Rams and Los Angeles Chargers, is the first football stadium erected in Los Angeles in nearly a century. The open-air stadium seats approximately 70,000 and is also the only indoor-outdoor stadium to be constructed, as well as the NFL's largest stadium at 3.1 million square feet. Acting as the centerpiece of a near 300-acre development, the stadium shares a roof canopy with two additional unique venues – the 2.5-acre covered outdoor American Airlines Plaza and a 6,000-seat performance venue – all can simultaneously host different gatherings or work together for one large-scale event.

WHO'S BUILDING
SPOTLIGHT

Developed by Los Angeles Rams Owner/Chairman Stan Kroenke, designed by HKS Architects, and built by the Turner-AECOM/Hunt joint venture, SoFi Stadium's architecture incorporated a series of engineering feats that had never before been attempted. The one-of-a-kind architectural elements were numerous, ranging from an event level that is 100 ft. below-grade and a 2.5-acre covered outdoor plaza to the world's largest cable net roof structure and the installation of the largest video board in sports.

The seating bowl sits 100 feet below the existing grade – more than two times the depth of similar venues. Rather than highlighting the staircases, elevators and escalators that typically dominate the route to the event level, the design team created a memorable experience for fans by designing a landscaped series of indoor/outdoor paths with amenities throughout.

A signature feature of the stadium is the opened-ended, semi-translucent, one million-square-foot roof canopy, which helps define the facility as the only open-air, indoor-outdoor facility in the NFL. The roof canopy is comprised of three parts: the structural steel shell, including the compression ring, the cable net system, and ETFE (Ethylene tetrafluoroethylene), a lightweight and semi-transparent plastic.

The design of the roof enables the sun to shine inside the stadium and for breezes to be felt from the ocean five miles away. The roof structure is the biggest of its kind and is comprised of 35,000 unique panels, contains 17 miles of cable, and weighs 500 million pounds.

Lake Park, the central water feature at the SoFi Stadium development, consists of an upper and lower lake bridged by waterfalls with a total volume of approximately 16 million gallons.



PROJECT HIGHLIGHTS

- The open-air stadium seats approximately 70,000
- Event level is 100 ft. below-grade
- Opened-ended, semi-translucent, one million-square-foot roof canopy
- 70,000 square foot, 4k end-to-end video board is the largest in sports

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Los Angeles LGBT Center Liberation Coffee House

LOS ANGELES

The café, shop and gallery concept is located within a new LGBT Community Center building and is situated on a prominent urban public corner, as part of the Center's Anita May Rosenstein Campus. The space was conceived as a community living room for Center residents, employees and the surrounding neighbors. The café is operated and staffed by graduates of the LGBT Center's Culinary Arts program which prepares LGBTQ youth and seniors from the Center for employment in the restaurant and hospitality industries.

WHO'S BUILDING
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A celebration of the LGBTQ community in Los Angeles also inspired the design choices of the Liberation Coffee House. The interior palette of red, orange, yellow and green—which represent life, healing, sunlight, and nature, respectively, as part of the LGBTQ Pride flag—reference the positive, optimistic, and free spirit of the LGBTQ community and Los Angeles. A series of overlapping sheer fabric panels hung along the café's floor-to-ceiling windows shield harsh southern light and soften views outside, creating a gradient of color reminiscent of a California sunset.

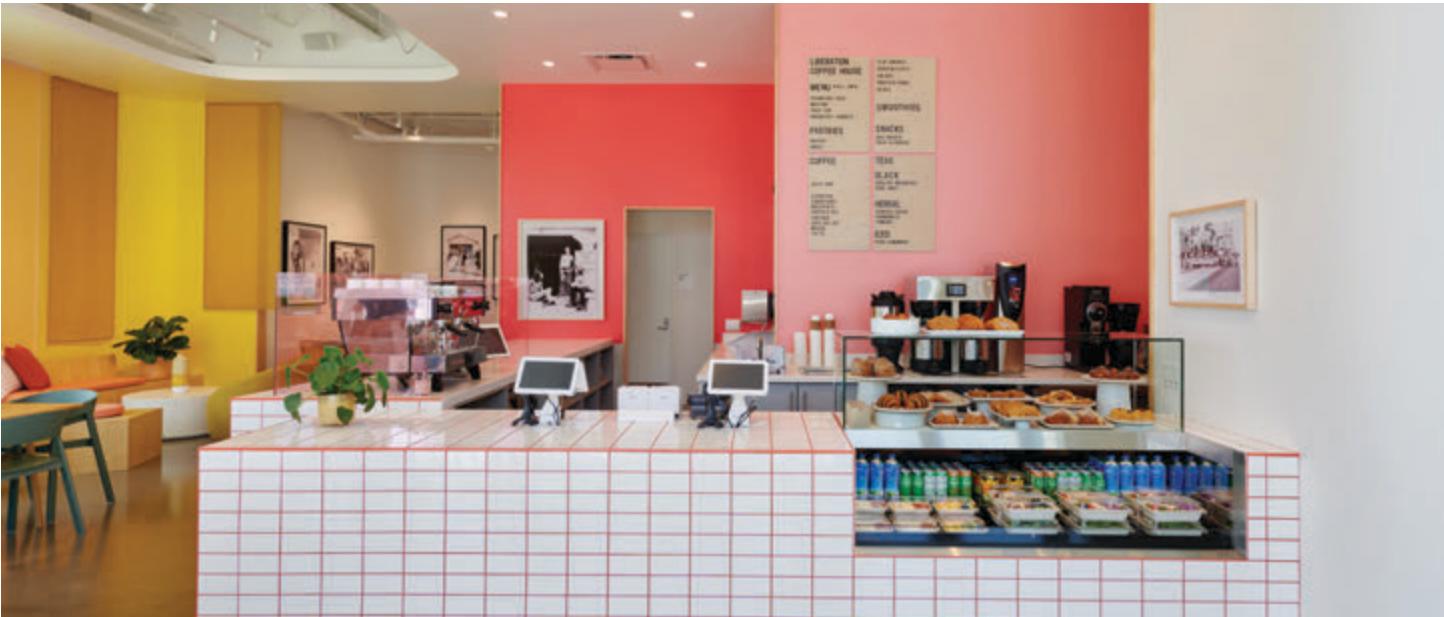
Wood accents, including a custom-designed curved wood bench and abundant planting, neutralize the strong colors bringing the outdoors in.

"The café's interior space was inspired by artist Keith Haring whose vivid colors and simple lines evoke energy and life," said ORA Architect and Designer Oonagh Ryan. "Building on this framework, the soft-curved architectural elements of the café's walls and furnishing represent the notion of fluidity. The Center's brief was to create a space that is welcoming to all, and our response was to create a flexible space that is fun, approachable, and accommodating to a variety of uses."

While the day-to-day use is a retail coffee shop, Liberation Coffee House's agile space layout can be reconfigured quickly to accommodate gallery openings, meetings, lectures, celebrations, networking mixers, and other community events.

PROJECT
HIGHLIGHTS

- Vibrant, symbolic design choices
- Interior design inspired by the work of legendary artist Keith Haring
- Agile space layout can be reconfigured quickly to accommodate special events
- Overlapping sheer fabric panels hung along the café's floor-to-ceiling windows create a beautiful gradient of color



CBRE CONGRATULATES TODD DONEY ON AN EXCEPTIONAL 2020

Todd completed over 2 million square feet of leasing transactions for a total consideration of \$856 million, including **the largest office lease completed in the State of California last year.** Thank you Todd for continuing to be a driving force behind the region's most significant office transactions year after year. Your tremendous contributions to CBRE and the real estate community are extraordinary.



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Swinerton DTLA HQ New Office

DOWNTOWN

The new Swinerton Downtown office is equipped with state-of-the-art technology to monitor, control and augment the environment to support the myriad of office activities and user comfort. From the first space plan to promote transparency and teamwork to the selection of the sustainable materials and furnishings, each detail was thoughtfully implemented to cultivate the company culture, core values and wellbeing.

WHO'S BUILDING
SPOTLIGHT

The Swinerton Downtown Los Angeles office project is truly an exemplary workplace of the future. The space is equipped with state-of-the-art technology to monitor, control and augment the environment to support the myriad of office activities and user comfort.

Located in Downtown Los Angeles' emerging South Park area, Swinerton transformed the entire 27th floor of a high-rise office building into a modern working environment for Swinerton employees.

The new 20,000-square-foot office provides a creative, integrated space with a collaborative environment for employees and business partners. The open space layout provides integrated meeting spaces and lounging areas, along with several closed door meeting rooms and offices. It also features a large, all-glass conference room with a Nano-Wall, which opens into an airy kitchen and congregation area for an even larger collaboration space. All of these spaces are fully equipped with state-of-the-art audio/visual and communications systems.

PROJECT HIGHLIGHTS

- 20,000 square foot office
- Creative, integrated space with a collaborative environment
- Open layout provides integrated meeting spaces and lounging areas
- Large, all-glass conference room with a Nano-Wall, which opens into an airy kitchen and congregation area



How Binge-Watching Leads to Increased Entertainment Construction

Increased demand for content during the pandemic has led to a greater demand for production space

Even before the COVID-19 pandemic, the term “binge-watching” was a common household phrase. Of course it has increased in popularity in the past year. As the hub of entertainment production, the uptick in “binge-watching” has increased the demand for content in the Los Angeles area, while residents clamor for more home entertainment to ride out the pandemic.

The demand for content has also led to a demand for the space to produce it. This has had a tremendous impact on entertainment construction in Los Angeles, which will be felt for years to come.

Clune Construction has been witness to exponential growth in entertainment construction in the Los Angeles market since well before March, 2020. They continue to be inspired by the level of creativity that entertainment companies have put into the design and construction of their spaces.

“There seems to be a lot of creativity in entertainment builds vs. a traditional firm,” said Peter Bahruth, executive managing director of Clune’s West Region. “There’s a lot of open ceilings, open concepts and a lot of fun areas with a beer tap, or coffee bar with full time baristas. Entertainment companies have always been about attracting employees.”

Entertainment companies are building spaces that reflect the artistic nature of their industry, and their desire to stay ahead of the curve and focus on employees. This is not only done to attract staff, but to retain them as well.

The significant increase in demand for streaming over the past year has increased the demand for spaces to house these services. As well, the scope of the facilities is also becoming more complex.

Clune senior project manager Denise DeSisto recalls a project that required the structural isolation, or a building within a



GENSLER

building to support a theater.

“We installed the same amount of structural steel on the interior of this facility that is typically installed on an entire core and shell building,” DeSisto said. According to DeSisto, 190 tons of steel were installed to build the structural isolation as well as a seating platform. “That’s definitely the most complex thing I have done,” she said. “That’s in addition to the attenuation requirements because it’s a theater. It was so much more massive than anything I’ve experienced so far.”

Like other industries, entertainment will see a change in how its employees work, with working remotely becoming more common-

place. The industry has already seen delays in production as a result of this shift.

Before the pandemic, decisions about production were made more quickly because all parties were in the same room. These decisions are now being delayed, due to the current remote working environment. It is likely that companies will need to adapt to these delays. Even when COVID-19 disappears, as remote working will likely not go away with it.

Clune has also witnessed an exciting trend in expansion within these spaces. Entertainment clients often have different branches and departments, such as programming, content creation/development, and marketing. Because

of the increasing demand for content, companies are hiring and expanding at a rapid pace. As a result, one department may outgrow the anticipated space before a project is completed. A space that was initially designed for the marketing department, for example, will require adjustments to accommodate programming as well. The result is a face-paced and exciting construction process.

Regardless of where entertainment employees will be working in the future, the industry’s rapid growth will likely not change.

Streaming companies have advanced their systems, and the need for post-production locations to edit a movie or a short series is growing rapidly. Clune is seeing clients acquire increasing amounts of property to develop more production studios. Randy Starbird, president of Clune’s West Region, noted, “We are seeing companies building their own facilities, like screening rooms, where they may have outsourced that in the past.”

“The need for improved streaming systems has greatly increased during the pandemic,” said Darrin Craig, senior vice president and project executive for Clune. “I don’t see it slowing down.”

Despite the rapid pace of the entertainment industry, Clune does foresee a change in the workplace as a result of COVID-19. Providers will likely begin changing their protocols knowing that communicable diseases can easily be spread in smaller workspaces.

And the term binge-watching is not going anywhere soon.

“I think that people are still going to continue to use those services and there’s going to be a need for it,” said DeSisto. “And we’re going to keep building their spaces.”

For more information on Clune Construction’s Entertainment Construction capabilities, visit the website at clunegc.com, or contact Randy Starbird at rstarbird@clunegc.com.



EVAN PATRICK KELLY



NAIOP Forecasts Strong Growth in Demand for Industrial Space

A new industrial space demand forecast, published by the NAIOP Research Foundation, projects total net absorption in 2021 to be 314.9 million square feet, with a quarterly average of 78.7 million square feet. In 2022, net absorption is projected to be 231.6 million square feet, with a quarterly average of 57.9 million square feet.

According to the report, the industrial sector continues as the leading property type, due in large part to increased demand for e-commerce during the pandemic and the distribution infrastructure needed to support it. Net absorption rates in industrial reached their highest levels since 2000, with higher rents and low vacancy rates.

“When the economy stabilizes, fundamentals will once again drive market behavior, and net absorption rates will likely mean-revert toward long-term growth trends,” according to the report. “As more industrial tenants secure the space they need, net absorption rates will gradually dissipate in the coming quarters to levels that will likely be only slightly higher than economic fundamentals would have predicted before the pandemic.”

The report explains that, “when the pandemic broke, there was a brief decline in net absorption, reflecting the tumultuous state of the economy. Since then, the CARES Act

and subsequent stimulus packages have contributed to a sharp increase in net absorption, which has reached the highest rate since 2000. This rate of growth reflects a rebound in demand for industrial real estate and a return to long-term growth. Industrial rents continue to increase (more so along the coastal U.S. than in the Midwest), vacancy rates remain low, and transaction prices per square foot are higher, although deal flow has understandably experienced a modest decline. It is unusual to see such a high level of net absorption while the economy is still in a recession, but this is an unusual time in U.S. history.”

“When the economy stabilizes,” according to the report, “fundamentals will once again drive market behavior, and net absorption rates will likely mean-revert toward long-term growth trends. This is not to say that absorption rates will immediately slow; merely that the recent sharp increase in net absorption is unsustainable. The industrial market was already trending toward higher future demand between the first and third quarters of 2020 after experiencing a downward trend in the previous four years. However, the pandemic accelerated that demand, resulting in a short-term spike in net absorption. As more industrial tenants secure the space they need, net absorption rates will gradually dissipate in



the coming quarters to levels that will likely be only slightly higher than economic fundamentals would have predicted before the pandemic.”

The full report can be downloaded at the NAIOP website.

NAIOP, the Commercial Real Estate Devel-

opment Association, is the leading organization for developers, owners and related professionals in office, industrial, retail and mixed-use real estate. NAIOP comprises 20,000 members in North America. NAIOP advances responsible commercial real estate development and advocates for effective public policy. For more information, visit naiop.org.

CRE Finance Council Sees Promising Future for Commercial Real Estate in 2021

The CRE Finance Council (CREFC), the industry association that exclusively represents the \$4.8 trillion commercial and multifamily real estate finance industry, held its annual January conference virtually this year with record attendance of more than 4,200 industry professionals. The three-day conference covered a variety of topics including market fundamentals, distressed commercial mortgage debt and diversity and inclusion in the industry. Author Michael Lewis as the keynote speaker and a fireside chat with FHFA Director Dr. Mark Calabria were also highlights of the online event.

“After an unprecedented year addressing the impacts of COVID on the industry, a contentious election, as well as enormous societal unrest, we are all focused on what the future holds,” stated Lisa Pendergast, CREFC executive director. “As an organization dedicated to maintaining liquidity in the commercial real estate space, a vital component of the U.S. economy, CREFC is proud to offer our conference attendees thought-provoking, valuable content that shines a light on how all of these factors impact commercial real estate and the economy writ large. To the good, we are entering a new year in which science prevails and vaccines are available — hopefully in plentiful quantities as we progress through 2021.”

“Notwithstanding a great sense of hopefulness,” continued Pendergast, “2020 was incredibly difficult for a number of commercial and multifamily property owners, our borrowers, particularly in the hotel and retail sectors.

With them in mind, we will continue to advocate for appropriate borrower relief, as well as tenant rental assistance via direct government support that goes beyond the limited scope provided by the Paycheck Protection Program. Direct relief to tenants not only provides them with the ability to continue to operate their businesses, but also alleviates the challenges eviction moratoriums impose on property owners and their ability to hold on to their properties.”

INDUSTRY SENTIMENT: WHAT'S TO COME...

Overall, panelists conveyed a positive sentiment for the future of commercial real estate in 2021.

The introduction of a COVID vaccine has bolstered this view. Panelists often cited the healthy state of the commercial real estate industry, banks and our financial markets when the pandemic struck.

The property sectors that suffered the most are retail and hospitality, yet loan servicers acted judiciously with property owners to provide relief to avoid foreclosures with far less of this activity than many expected given the dire circumstances that COVID presented. Indeed, in-foreclosure and REO assets remained low at 1.2% and 1.0%, respectively, across conduit and SASB markets as of December 2020. In the office sector, many anticipate a return to the office in some form beginning later this year, and cited factors such as the critical importance of ‘getting back

in person’ for the sake of younger team members, as mentorship and fostering a healthy and collaborative corporate culture are foundational for advancing one’s career path. Some panelists noted they are safely back in the office already while others are looking for assurances of widespread vaccination to begin reentry.

PROPERTY FUNDAMENTALS

It is no secret that some property types have fared better than others throughout the pandemic.

The retail sector was in distress prior to COVID and continued to suffer as brick and mortar retail has been all but made obsolete due to the increase in e-commerce. The rise of e-commerce has created an incomparable demand in industrial space, now the darling of commercial real estate investment.

Hospitality has also suffered greatly, but the leisure sector has started to regain its strength though the groups, conferences and meetings sector still lagging behind as business travel continues to be on hold.

The office market remains strong for now as long-term leases in place have steadied that sector. However, it is expected that many companies will go through a ‘right-sizing’ exercise ensuring their space holistically meets the needs of a post-pandemic workforce, many of which may now choose to work from home. There is a sense that considerable stress may be looming in the office sector, but time will tell.

WHAT'S IN STORE FOR BIDEN'S ADMINISTRATION?

In his first few days in office, the 46th U.S. President Joe Biden issued more executive orders than any of his recent predecessors. With a clear strategy in place, his first 100 days is focusing on getting the pandemic under control, distributing vaccinations and putting the right personnel in place. President Biden’s Build Back Better plan will tackle the economy, jobs and enact the long delayed focus on infrastructure while retooling the economy for an environmentally sustainable future. The Build Back Better recovery plan will be fully unveiled in February, but those on the CREFC panel agreed we will likely not see legislation from this initiative being signed into law until possibly the fourth quarter. The panel was in agreement that Biden’s COVID package would likely be signed into law in March and be smaller than the proposed \$1.9 trillion. As for the House Financial Services Committee, chaired by Congresswoman Maxine Waters, the CREFC panelists noted her focus on COVID response would be related to housing, rental assistance and a continuation of eviction moratoriums, closing the racial wealth gap with diversity and inclusion initiatives and overturning Trump-era regulations that impacted the financial services sector.

The CRE Finance Council (CREFC) is the collective voice of the \$4.8 trillion commercial and multifamily real estate finance markets. For more information visit crefc.org.