

PLOTS & PLOYS

Plots & Ploys: News Digest

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The Check Is in the Mail

Four years ago, a venture of Shorenstein Properties and a company controlled by Los Angeles investor Jeff Worthe paid \$44 million for an empty former U.S. Postal Service distribution center in western Los Angeles, betting it could make the cavernous space into a thriving hub of companies in the media and tech sector.

It worked.

The companies last week sold the property known as the Reserve—now fully leased—for about \$300 million to real-estate funds run by Invesco Ltd.

That comes out to around \$800 a square foot—a high number for Los Angeles, let alone for a former mail warehouse in the emerging Playa Vista neighborhood, just north of Los Angeles International Airport.

“This one worked out extremely well, there’s no two ways about it,” said Charles Malet, chief investment officer at Shorenstein. “The timing of the buy probably couldn’t have been better.”

Helping achieve the high price was a surprisingly high demand from tech and games tenants.

The owners and their brokers at JLL rapidly leased up the property at rates higher than expected, with tenants including Sony Corp.’s PlayStation unit and celebrity-gossip website TMZ.

Shorenstein and Mr. Worthe are among a growing roster of landlords who successfully leased up renovated buildings to so-called “creative” tenants in the area. Others include

Vantage Property Investors, which remade an ATM service center, and Ratkovich Co., which remade the former Hughes Aircraft headquarters into a home for YouTube and other tech firms.

—Eliot Brown