



## REAL ESTATE QUARTERLY

Rendering: Amazon.com Inc. to take 700,000 square feet at Avion Burbank business park.

# A TIME FOR E-COMMERCE

Pandemic accelerates online shopping and need for warehouses.

By **MICHAEL AUSHENKER**  
Staff Reporter

The coronavirus has become an accelerator for the trend toward e-commerce – and the biggest beneficiary in the Valley region is **Amazon.com Inc.** Multiple sources confirmed to the Business Journal that Amazon has leased 700,000 square feet in two buildings at the

newly built Avion Burbank business park. While Valley-based e-commerce companies have benefited from the pandemic's emphasis on distant transactions, in the commercial real estate market Amazon has emerged as the big customer. **John DeGrinis**, executive managing director at brokerage **Newmark Knight Frank** in Woodland Hills, said a few years ago, Amazon had 127,000 square feet in the

region, but by the end of 2021, the company will have 3 million to 4 million square feet in the market. "They're making a big re-entry in the North L.A. market," DeGrinis explained. "Amazon is still moving forward. They will continue during the slowdown."

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## Office Park's Medical Future

**DEVELOPMENT:** Conejo campus comes 'into the 21st century.'

By **AMY STULICK** Staff Reporter

With health care facilities top-of-mind, **TriStar Realty Group** has an ambitious plan to redevelop a recently acquired office campus in Thousand Oaks into a medical campus, including retail and possibly multifamily and senior housing.

The Encino company hasn't signed a health care tenant yet, but it has an "extensive roster of

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## Hotels Hunker Down in Crisis

**LIST:** Hospitality sector open for health care workers.

By **ANDREW FOERCH** Staff Reporter



With tourists and airline crews absent, **Burbank Airport Marriott**, No. 2 on the Business Journal's list of Hotels, has found a new revenue stream in hospital staffers.

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## Call Centers Move to Home

**TECHNOLOGY:** Software facilitates telemarketing in quarantine.

By **MARK R. MADLER** Staff Reporter

In the call center business, productivity is everything.

And **Nima Hakimi**, chief executive of **Convo**, a software developer in Woodland Hills that creates programs specifically for call centers, knows that if agents are not making or receiving

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## Banks Hustle to Handle Business Loan Surge

**FINANCE:** Emergency program uses SBA lending process.

By **ANDREW FOERCH** Staff Reporter

In just 13 days, the nation's banks and other lenders processed \$349 billion in forgivable small business loans in the federal government's Paycheck Protection Program, a response to the COVID-19 crisis.

Banks in the Valley region took on the job of processing thousands of applications with their Small Business Administration loan operations. **Jared Wolff**, chief executive of **Banc of California Inc.**, which has branches in Woodland Hills, Sherman Oaks and Calabasas, called the program "one of the craziest things I've ever seen in banking."

The first round money is gone, but banks look forward to Congress authorizing a second round.

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Sherman Oaks: Banc of California.

MAIL TO:

## THE LIST

**MEETING & BANQUET FACILITIES**  
Ranked by square footage of the largest room  
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### Disney Stock's Extended Slump

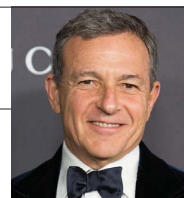
Burbank company's parks face pandemic challenge as Robert Iger, right, asserts control.

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### Cash Diet at Cheesecake

Coronavirus inflicts 'tremendous financial blow' on large-menu restaurant chain based in Calabasas.

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Providing stability during a time of uncertainty.



# Development: Campus Setting for Medical Offices

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national and regional health care groups” it has worked with in the past, according to **Daniel Kashani**, chief executive.

The 166,000-square-foot office building at 225 W. Hillcrest Drive is currently 75 percent leased by **Bank of America** through December. TriStar bought it for \$21.6 million on April 4. **CBRE Group's John La Spada** represented TriStar in the transaction and will continue to market the property to potential tenants.

“This is a really exciting project. Danny and I have worked together for 14 years at this point on projects like this,” said La Spada.

The Thousand Oaks building sits on 14.6 acres of land and was originally built in 1983 as Exxon's Southern California headquarters. But new owners see new uses for the office building and surrounding land.

“There's a lot of opportunity to tie in additional outdoor environments and possible workforce housing to curtail the housing crisis that we're in,” said Kashani. “The state mandated requirements to add housing to each community. We're looking at that to create a true live-work-play environment at the campus and there will be different components of what that housing will look like; some multi-family, potentially some senior housing.”

The central building will be “brought into the 21st century” through extensive renovations, Kashani said, and significant infrastructure upgrades will be made to meet expectations of a medical tenant.

“Additional power requirements, different HVAC systems, the utility system is different, and creating more expansive, wide floor plans. That's part of the internal work,” said Kashani. “For the external work, we're working with our architect to create a more prominent focal point for the building and an entryway, and have the building make more of a statement.”

The developer anticipates filling the medical office space within 12 to 18 months. Both CBRE and TriStar declined to speak with the Business Journal about how COVID-19 would affect the project.

## Housing element

TriStar plans to work closely with the city of Thousand Oaks to fulfill the municipality's housing requirements, Kashani said.

He hopes to take a page from a previous TriStar project — The Ventana in Tarzana — for the Thousand Oaks project, by building on the idea of a centralized, synergistic network of medical offices that are not in competition with each other. The Ventana project at 18131-18133 Ventura Blvd. opened in June with tenants **Cedars-Sinai**, **Facemy Medical Group**, **Providence St. Joseph Health** and **Radnet**.

At one point during the process for Ventana, TriStar was approached by **Target Corp.**, which would have changed the whole trajectory of the project with the incorporation of retail. Kashani said it was a “hard decision” at the time, mainly because a real estate formula like Ventana was still relatively new.

“Each practice works off the other. The idea was to create almost an off-campus clinical environment that is run by different health care groups,” he explained. “It does provide a unique situation where you have a Ventura Boulevard



**Campus: Top, Bank of America will lease offices till the end of 2020; below, property has 14.6 acres with development potential.**

address and identity.”

TriStar also has plans for a retail and assisted living project in Encino, at 17017 Ventura Blvd. The development, according to a submitted proposal to the city of Los Angeles, includes a five-story, 82,100-square-foot building with 97 rooms, as well as a two-story health club and 460 parking spaces.

TriStar plans to combine the diverse medical office tenant mix at Ventana with the retail angle at Encino at the Thousand Oaks campus. In addition, it hopes to add senior living to the formula.

“For the senior housing component, I see that a lot of folks want to age in place,” said Kashani. “They don't want to be disconnected from their community or be far away from family. It's nice to have those facilities in places where they are surrounded by rich amenities and there are activities for the seniors.”

Other developers such as Calabasas-based **Griffin Living** are trying similar endeavors to bring senior apartments and retail amenities together, including a project originally due to open this month at 3921 Cochran St. in Simi Valley and another at 95 Duesenberg Drive in Westlake Village set to open in July.

Elsewhere in the region, Lancaster's long-awaited Medical Main Street is closer to what TriStar hopes the Thousand Oaks campus will be, with the city looking to turn 107 acres of vacant land into a walkable area for staff and patients of nearby **Antelope Valley Hospital**,

complete with restaurants and a hotel.

## Campus scarcity

For Kashani and La Spada, creating a central hub for one large health care tenant to build around will be a beacon for Valley consumers who currently face a very disjointed medical office experience.

“We viewed that market in a very similar way that we're viewing the Thousand Oaks market. The whole market in Tarzana was about 350,000 square feet of actual, true medical space,” Kashani said, referring to TriStar's research for its Ventana project. “There weren't really big blocks of medical space. I think that the largest continuous space that was available at the time was a 500,000 square foot sublease.”

In the search for tenants, La Spada noted the scarcity of campus properties in the Conejo Valley.

“This is one that we identified and we've been watching and watching, and we really knew what we wanted to do all this time,” La Spada said of 225 W. Hillcrest Drive. “If you look at it from a broker's standpoint, you look at the existing available large blocks of space and you can say greater than 10,000 square feet within a 10 mile radius, there are fewer than I can count on one hand. ... If I bring that to a higher level, let's say to the 100,000 square foot marker, this is the only site within a 20 mile radius. It really is a very unique option for someone like an institutional group.”

The current fragmented state of the medical office market stems from a shift in who provides care, La Spada said. Historically, doctors set up shop in 1,500 to 2,000-square-foot medical offices, and patients would bounce around from one specialist to the next in different locations.

Now, health care providers have consolidated, with physicians forming group practices that sometimes span multiple disciplines. The entrance of larger institutions such as **UCLA Health** and **Cedars-Sinai** in the Valley further alter the landscape.

“They come in and either align with local doctor groups and bring them under their umbrella or even the Kaiser systems. That in itself has created a demand for larger blocks of space,” explained La Spada.

A 2019 Healthcare Marketplace Report from brokerage **Colliers International** echoed this point, maintaining that mergers have transformed the industry. These transactions “consolidate bargaining power among fewer, larger firms covering a broad spectrum of costs, including real estate,” the report said.

In addition to industry consolidation, a national push toward outpatient centers focused on surgical procedures — such as the Ventana project — are preferred now to expensive hospital stays and is driven by technology. Colliers said, with telehealth more prominent than ever amid the highly contagious COVID-19. As a result, the central hub of a medical campus — formerly a hospital — has shifted to medical offices.

## TriStar Realty Group

**HEADQUARTERS:** Encino

**CEO:** Daniel Kashani

**BUSINESS:** Real estate development, management and investment

**NUMBER OF LOCATIONS:** 1

**EMPLOYEES:** 10

**NOTABLE:** Vertical integration adds value at any point in the lifecycle of a TriStar property.