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Grosvenor Buys Golden Triangle Location

By Bob Howard

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BEVERLY HILLS, CA—British firm Grosvenor has acquired the La Colonnade office and retail building in the Beverly Hills Triangle for one of the highest prices per sf paid for a Los Angeles area office and retail property in recent times. The 27,000-sf La Colonnade, at the southeast corner of Santa Monica Boulevard and Camden Drive, occupies one of the highest-visibility parcels in the area, near Rodeo Drive.

Terms of the deal were undisclosed. One industry source who was not involved in the transaction estimates that it was "probably in the high hundreds [of dollars] per sf," and others say that such a property would trade for \$800 to \$1,200 per sf because of its location and its combination of office and retail space. Some retail properties in Beverly Hills have sold for prices in the neighborhood of \$2,000 per sf, but such deals are pure retail buildings.

The La Colonnade is 100% leased, a sign of the strong demand for retail space in the Beverly Hills Triangle, where retail rents have risen by 25% to 30% in the past year, according to the CB Richard Ellis team that brokered the deal. The CBRE team included Dan Riley, Sam Alison, Phil Voorhees, Patrick Toomey and Jay Luchs.

CBRE represented the seller, BH Golden Triangle LP, with Grosvenor represented internally by investment manager Tina Colacino. The La Colonnade, a three-story building with subterranean parking and a penthouse office suite, attracted multiple bidders and sold within 45 days of opening of escrow.

The tenant roster at the property includes Sharper Image, Radio Shack and Global Business Centers, an executive suite operator that subleases space to approximately 30 other small office tenants. Among the high-profile retailers within a half mile of the building include Cartier, Chanel, Harry Winston, BCBG, Yves St. Laurent, Dolce & Gabbana, Christian Dior and Louis Vuitton.

Colacino says that Grosvenor plans to build a strong retail portfolio in the Los Angeles area, which is one of a number of metropolitan markets that the privately held British firm has identified as a "priority market" for 2007. According to Andrew Galbraith, San Francisco-based chief investment officer for Grosvenor, the company is "particularly focused on further growth in L.A."

Galbraith adds that direct investment and mezzanine financing programs for both retail and residential properties play a growing role in Grosvenor's investment strategy in Los Angeles. The company is also looking at properties in San Francisco, Seattle as well as Vancouver and Calgary in Canada.

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