

# Leading Urban Airport Center in the Making

RUTH RYON

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## Leading Urban Airport Center in the Making

By RUTH RYON, Times Staff Writer

Twin towers like the ones being built in El Segundo used to only happen downtown. Now people don't have time to go downtown.

—Barbara Guerra  
Director of Sales  
Airport Park Hotel

Time. Energy. Costs. Airport expansion.

Whatever the cause, the effect is tremendous commercial development in an area that is being called Los Angeles' "newest urban center," a place touted as having more hotel rooms and office space immediately adjacent to its international airport than any other city in the country.

"By 1983," says a research paper prepared for the Gilbert Simon public relations firm, "the fast-developing Los Angeles International Airport area will boast a record 8 million square feet of office space and well over 9,000 hotel rooms, establishing it as the nation's foremost urban airport center."

A look at projects being built, recently built and planned within a 2 1/4-mile radius of the airport theme restaurant lends support.

Among those being built are:

—The Airport Towers, a \$250-million, three-building project being developed on the northeast corner of Sepulveda and El Segundo boulevards in El Segundo by Prudential Insurance Co. of America. A preview party for the twin 20-story towers will be held this week.

(Originally scheduled for completion next October, the first two towers now are expected to be ready for occupancy in April with two floors to be finished on Feb. 1. A 23-story tower is planned.)

—Hughes Aircraft, about 2 million square feet of offices being built at an estimated \$400 million for the company's electro-optical and data systems group, in the final stages of construction on 143 acres south of El Segundo Boulevard and east of Sepulveda in El Segundo.

### Energy a Concern

—Hilton Hotel and office buildings, a 1,300-room hotel and six buildings—two completed, with a total of 2 million square feet of office space; all being developed by CD Investment Corp. on Century Boulevard between Airport and Aviation boulevards.

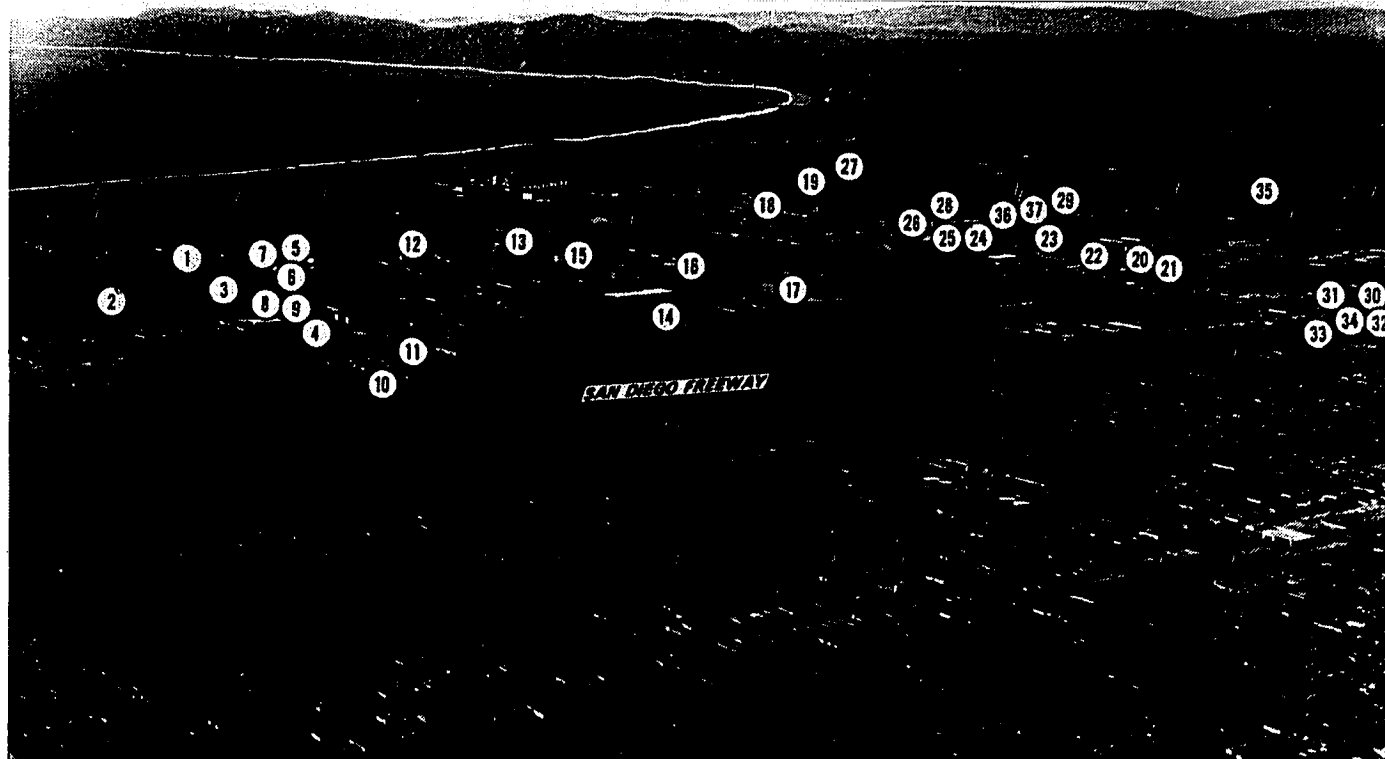
—Kilroy Airport Center, twin 12-story towers and a 13-story office/parking structure with a total of about 730,000 square feet of space being developed by Kilroy Industries on Imperial Highway at Douglas Street in El Segundo. (Energy conservation and acoustics were primary concerns of this \$120-million project.)

—Union Bank Center, a 10-story, \$39-million complex with 325,000 square feet of office space being developed at La Cienega and Century boulevards.

—And West Bay Plaza at El Segundo and Nash Street in El Segundo; Hollingsworth-Arnett Building at Aviation and El Segundo in El Segundo; Century Airport Center on Century in Los Angeles; Continental Plaza on Rosecrans Avenue in El Segundo, and several Fox Hills office buildings on Bristol Parkway in Culver City.

Commercial structures built within the last three years in the area include an expansion of the Hacienda

- |  |  |                                     |
|--|--|-------------------------------------|
| 1. "The Airport Towers"                    | 14. Northrop Corp.   | 25. Equitable Office Building—I     |
| 2. Hughes Aircraft                         | 15. Hughes Aircraft Co.  | 26. Hyatt International Hotel       |
| 3. Continental Airlines                    | 16. Kilroy Airport Center (Rockwell International-Hughes Aircraft) | 27. Airport Marina Hotel            |
| 4. The Aerospace Corp.                     | 17. Pacific Telephone Co.  | 28. Citizen Savings & Loan          |
| 5. Hacienda Hotel                          | 18. International Airport Theme Building                           | 29. Airport Office Building         |
| 6. LAX Business Center (TRW)               | 19. I.B.M.   | 30. Holiday Inn Hotel               |
| 7. Prudential Office Buildings             | 20. Century Airport Center   | 31. Quality Inn Hotel               |
| 8. West Bay Plaza                          | 21. Hilton Hotel   | 32. Trizec (Imperial Bank Building) |
| 9. Seiko Corp.                             | 22. Marriott Hotel   | 33. Union Bank Plaza                |
| 10. United States Air Force                | 23. Equitable Office Buildings—II & III                            | 34. Airport Office Building         |
| 11. Hollingsworth-Arnett Building          | 24. Plaza La Reina Office Building (Sheraton) Plaza La Reina Hotel | 35. Control Data Corp.              |
| 12. Computer Sciences Corp. (headquarters) |  | 36. Travelodge                      |
| 13. Kilroy Office Buildings                |  | 37. Ramada Inn                      |



Hotel (another is planned), LAX Business Center (TRW) at Sepulveda and Grand Avenue in El Segundo, a Seiko Corp. building on El Segundo in El Segundo, an addition to Computer Sciences Corp.'s headquarters on Continental Way and Grand in El Segundo, a Hughes Aircraft Co. building on Imperial (the most recent in that complex with more than 1 million square feet of space completed about two years ago), renovation of Barnabey's hotel on Sepulveda in Manhattan Beach, La Brea Plaza buildings in Inglewood (the second one was completed last month) and Pacifica Plaza in Culver City, completed within the last six months.

Projects in advanced planning (and not shown on the aerial photo) include Hessel Property and Nu West Development (of Canada) buildings in El Segundo, Continental City (a 28-acre community with about 1.5 million square feet of office space) on the northeast cor-

ner of Imperial and Aviation, Equitable Airport Center on Century, Trizec II in Inglewood (two 12-story Trizec office buildings were built about eight years ago at Lincoln Boulevard and Fiji Way) and Phase 2 of Plaza La Reina (the second of two 192,000-square-foot office buildings next to the Sheraton Hotel on Century) and the Airport Towers.

Those in advanced planning represent about \$234 million in construction and 2.6 million square feet of space, according to William S. Goodglick of the Goodglick Co., an industrial and commercial real estate company.

Regarding office space, he also estimated that 6.1 million square feet valued at \$862 million is being built and 1.19 million square feet valued at \$142.2 million has been constructed within the past three years. Total value of the existing 7 million square feet of the area's

commercial facilities is \$870 million, he said, but, additionally, hotels or company-owned properties would exceed \$1 billion and amount to about 5 million square feet. (According to the Los Angeles City Department of Airports, there are 8,600 existing hotel rooms but Goodglick figures there are 10,000 including motels.)

Goodglick, a past president of the Los Angeles chapter of the Society of Industrial Realtors, one of the founders and two-time president of American Industrial Real Estate Assn., a director of the Los Angeles Realty Board and leasing representative for the Airport Towers, has spent the past 25 years of his career working in the airport area. His offices are at 11203 S. La Cienega Blvd.

"For the first five years, there was not one office building in the area," he said. "There was no building

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Artist's rendering of \$21-million Aero Business Park, now under construction on former site of Westchester Ford, accents one of two multiten-

ant air freight buildings and portions of three two-story office structures planned by Zelman Development Co. and Toyomenka (America) Inc.

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over one story in height . . . There weren't any hotels."

What is happening now is, he says, an "urbanization" of the area. "It's kind of fun to see a city develop.

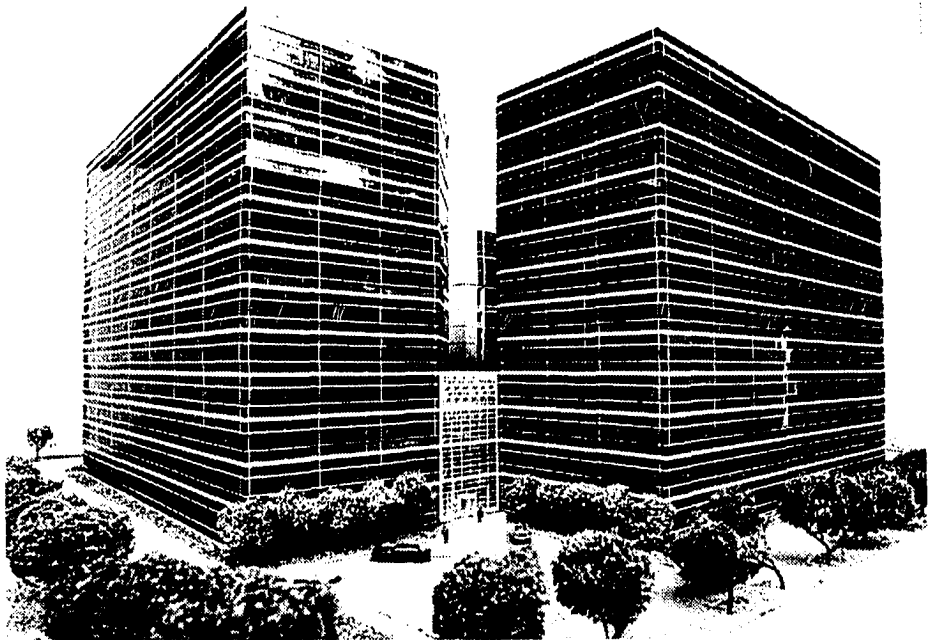
"Suddenly, property that was selling for a couple of bucks a square foot is selling for \$30 a square foot. The meat-and-potatoes man is moving out and the 10-, 20- and 30-story office buildings are going up, making the area cosmopolitan rather than suburban."

The low-rise industrial user is moving south and southeast. Why? Donald A. Miller, manager, airport

property for the Department of Airports, explained: "Industrial land users can't support a high land value so when the values get high, they relocate."

Land in the area has gone from \$10 to \$30 a square foot in the past two to three years, says Goodglick. That's still inexpensive contrasted with most other commercial areas and a reason many firms choose to lease office space in the airport vicinity. But as a result of the hike in land prices, he predicts that many old one-story buildings will be retrofitted or demolished. "I

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One of the office projects rising in the Los Angeles International Airport area is the Kilroy Airport Center, a \$120-million, 730,000-square-foot project of Kilroy Industries. Designed by Charles

Kober Associates, the twin 12-story towers and 13-story office/parking structure are being built on Imperial Highway at Douglas Street, El Segundo. A December, 1982, completion is set.

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think the big wave is yet to come in that regard," he says, although he figures that about 250,000 square feet of industrial space already has been torn down.

"Look at Hughes," he says. "There's a good likelihood they'll move out of all of the old type buildings they now occupy into this new facility on 143 acres, and the owners will have to demolish the existing single-story buildings and commence new hotel and office development."

Similar projects are being considered for 280 acres of land north of the airport and 926 acres near Marina del Rey. In Culver City, 1.55 million square feet of commercial space to be developed by Edward C. Ellis and Bramalea Ltd. of Canada, is planned on 34 acres bought from the state and expected to close escrow by the end of the month.

Summa Corp.'s multiuse Playa Vista project (see related story on Page 1) will be developed on the Marina area property, and a \$500-million development is being planned on the parcel just north of the airport—land where 3,500 homes (containing nearly 10,000 residents)

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were condemned and removed in the 1970s by the Department of Airports. Miller doesn't expect construction to start on the property, which the department spent \$150 million to acquire, for about two years.

"If all goes right, we hope we can come in with ours between the El Segundo and Hughes (Playa Vista) projects," he said. Unlike Playa Vista, the airport property would contain no residences.

Speaking of residences reminds Goodglick of what he calls "the urbanizing factor," which he defines as the "influx of people who come in every day to work and then retreat to their homes."

In the airport area—which he delineates as El Segundo, Manhattan Beach, North Redondo Beach, Hawthorne, Inglewood, Los Angeles 90045, South Culver City (Fox Hills), Playa del Rey and the Marina—he says there is an aggregate population of 550,000 people. With his "urbanizing factor," the daytime population swells to about 750,000 people.

## Traffic Increasing

"It works like a bellows or an accordion," he says, "expanding and contracting. The quiet time is on the weekends."

With the influx comes added traffic, which is already a headache with roadwork progressing in preparation for a new international terminal at the airport before the 1984 Olympics.

What will traffic be like when Prudential's three towers are completed?

—When the whole block from 93rd to Will Rogers streets in Westchester is converted to 200,000 square feet of office space?

—When the Zelman Development Co./Toyomenka (America) Inc. \$21-million Manchester Aero Center and Carpenter Smallwood/Irwin Rautenberg \$15-million Airport Trade Center, both handled by Sparks & Muller, are built in Westchester?

—When the estimated \$100 million in construction planned for the 185-acre parcel once owned exclusively by Standard Oil east of Sepulveda and just south of Rosecrans is completed in Manhattan Beach? (The 40-acre shopping center being developed by Alexander Haagen is nearing completion there with the opening earlier this month of a 123,500-square-foot mall.)

## Other Plans

—When the several spec office buildings proposed along Sepulveda in Manhattan Beach are ready?

—When the \$30-million to \$35-million office structures to be developed by Samuels Development of England and two American firms rise on the west side of Sepulveda across the street from the Airport Towers?

—When the 700,000 square feet of land controlled by Lee & Keiter on Century at Aviation is developed as a hotel or office complex?

—When the \$30-million to \$40-million airport cargo complex is open on Imperial at Aviation?

Kathy Greer, executive manager of the Airport Area Chamber of Commerce (known until last week as the Westchester chamber) said her office estimates that, excluding Union Bank Center, more than 5.5 million square feet of office space will be completed within the next two years from La Cienega to Sepulveda and El Segundo Boulevard to Manchester.

Traffic certainly will multiply.

The new U-drive facilities being created on 50 acres away from the main terminals will help but some people are counting on the proposed Century Freeway, between the airport and Norwalk, to alleviate most of the congestion. The \$1.5-billion project, now expected to be under

construction in the spring, won't be ready for traffic until 1992 at best.

As Virginia Black, public and community relations director for the Department of Airports, says, "It's so many years down the road. We'll have the people long before the freeway."

## First High-Rises

Joe Janeira, regional property manager for Equitable Life Assurance Society of the United States, isn't concerned. After all, his interests are primarily on Century, which he says is being "double decked so there will be a good flow of traffic into the airport while traffic out will be diverted to the 96th Street side and that will free up the office buildings and hotels along Century."

Equitable owns the first high-rises in the airport area—the three former Tishman buildings, each about 12 stories high, the first built by Del Webb about 18 years ago.

Among Equitable's other interests in the vicinity are a 625-room Holiday Inn, expected to be under way on Dec. 1 between an Equitable office building and the Plaza La Reina site; a 12-story, 220,000-square-foot office build-

ing, estimated to cost a total of \$33 million, including the garage, and scheduled to be under construction on Jan. 1, and a possible expansion of the airport Marriott hotel (A 263-room expansion of the Hacienda Hotel on Sepulveda and a 300-room Granada Royale on Imperial also are planned.)

"We own the Marriott but it is operated by them," said Janeira. It was a sale-leaseback.

Why did Holiday Inn decide to build the 625-room hotel on land leased from Equitable when it already has a 750-room hotel on Century nearby? The new one will be a corporate hotel, says Janeira, "not a franchise situation . . . and I don't think having them so close will matter because the other hotel is basically for airline people who are pre-registered. It doesn't get a lot of motor traffic."

## Many Tourists Stay in Area

Anyway, he says, Holiday Inn executives feel the Equitable property is "a good site in a hot area." That also might account for the Ramada Inn's location on Airport. There is another Ramada Inn less than 1½ miles away (not shown on the aerial photo).

Ty Stroh, vice president and general manager of the Greater Los Angeles Visitors & Convention Bureau, says tourism is "the No. 1 industry in California right now."

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And where do many tourists come first?

Los Angeles International Airport.

But whether they came for fun or on business, many of the 33 million passengers who traveled through the airport last year stayed in the airport area, says the Airport Park Hotel's Guerra, who is active in the Los Angeles Area Awareness Assn. formed about two years ago by local firms involved in tourism. (The Airport Park Hotel is also planning to expand.)

"When the airport opened (in 1930), there wasn't a whole lot here," she said, "but then Rockwell and Hughes came in, followed by the (Air Force) military installation, and then the hotels. Finally, tourists figured this was not a bad area to be in. It's not far from the Marina or Universal Studios or any of the other tourist attractions. In Inglewood, there is the Forum and the race track. All we need is a convention center . . . We can only take the overflow of a convention because the Convention Bureau is downtown.

"Now, though, a lot of your major industry is out here . . . A lot of the downtown, airline reservation offices have moved here . . . Why should a businessman go downtown to stay and then come back out here to do business?"

Goodglick says this idea prompted many businessmen from the East to establish branch offices at the airport rather than downtown. "Then they can fly in, quickly do their business and fly back home," he said.

But time isn't the only factor.

Although he says he is "trying to introduce to the area a multi-national, offshore, Pacific Rim, major corporate office" at Prudential's towers to help make the locale more diversified, Goodglick says aerospace is still vital because "we have an Administration that is playing catch up."

Greer, of the LAX Area chamber, said, "Rockwell told me they will have 6,000 employees right here in Westchester because of the B-1 bomber." (Four years ago, when the B-1 contract was canceled by the Carter Administration, Northrop bought 1 million square feet of space on Aviation in El Segundo from Rockwell. This marked "the first meaningful entry of Northrop into El Segundo," according to Goodglick, who says the firm had been "traditionally in Hawthorne.")

Greer also says the energy problem contributed to the airport area's commercial growth. By opening an office at the airport, an executive was spared the use of gasoline to drive downtown.

The Westchester Vitalization Corp., established by Mayor Tom Bradley, has been working to bring business to the area and, apparently, it is succeeding.

"We're changing a great deal from retail," Greer acknowledges. "This was a small shopping area and it needed those 10,000 people (displaced by the Department of Airports). Developers can see this becoming more office oriented."

To market the city, the Convention Bureau divides Los Angeles into areas because, as Stroh puts it, "We're not like Chicago, for example. We're more sprawling with more pockets."

Another person said Los Angeles has many downtowns. The airport area might be called one.

Frederick M. Nicholas, president of the Beverly Hills-based Hapsmith Co.—which is developing the Union Bank Center in joint venture with the Praxis Group Ltd. of Vancouver, British Columbia—said, "In addition to the customary high technology companies, we are finding much of the interest in Union Bank Center coming from firms more traditionally located in Century City or along the Wilshire corridor. This is a further sign of the airport's emergence as one of Los Angeles' major business centers."

Goodglick poses this: "What makes an urban area?"

He replies: "It is a self-contained place that doesn't rely on other communities."

People might not have time to go to downtown Los Angeles. Now many needn't leave the airport area.