

LOS ANGELES BUSINESS JOURNAL

Volume 38, Number 43

THE COMMUNITY OF BUSINESS™

October 24-30, 2016 • \$5.00

Up Front



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This arts administrator presents a welcoming vibe. **PAGE 58**



Slice of Pie

Shored Up: Fresh Brothers' Adam Goldberg, left, with Peter Nolan of Nolan Capital in Hermosa Beach.

PHOTO BY RINGO H.W. CHULALAB

DINING: Pizza chain Fresh Brothers cuts in investor to feed growth.

By **CAROLINE ANDERSON**
Staff Reporter

It took a lot of pizza dates for Fresh Brothers to settle on a partner.

In a deal guided by investment bank **Innovation Capital**, the co-founders of the 15-store Southern California chain met with 25 potential investors and entertained several offers over nine months.

In the end they went with someone close to their South Bay origins: **Nolan Capital Inc.**, the Hermosa Beach family office of Peter Nolan, a former managing partner at **Leonard Green & Partners**, one of the largest backers of burger chain **Shake Shack Inc.**

"We really felt that Peter Nolan and Nolan Capital were best suited to Fresh Brothers because it's a family office, it's not a full-on private equity office, which allows for a different type of benchmarking for growth," said **Adam Goldberg**, 44, Fresh Brothers' chief executive. "We said

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Facebook Sending Message to Snapchat

INTERNET: Social media giant vies with upstart for millennials.

By **GARRETT REIM** Staff Reporter

If you can't buy it, you can always try building it yourself.

Three years after **Facebook Inc.**'s \$3 billion acquisition offer for Snapchat was rejected, the Menlo Park social network is busily trying to reverse-engineer its rival one feature at a time. And it has seen some success.

Facebook's Instagram platform earlier this month announced that its photo and videoslideshow feature called **Stories** — a clone of Snapchat's feature of the same name

launched in 2013 — had grown to more than 100 million daily active viewers in just two months. Facebook has also started testing a similar feature within its Messenger app in Poland and Australia.

Facebook's effort to reconstruct Snapchat's most appealing feature comes at a critical time for Venice-based **Snap Inc.**, parent of the ephemeral messaging and content app. The company, helmed by Chief Executive **Evan Spiegel**, is reportedly eyeing a March initial public offering at a \$25 billion valuation. That sum is based largely on the perceived worth of the app's youthful audience, which is enticing to advertisers. In September, it was reported that Snapchat had 150 million daily active users; the company

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Public Image: Evan Spiegel of Snap may be eyeing an IPO.

MICHAEL KOVACI/GETTY IMAGES

Photographers Focused Online

By **HAYLEY FOX** Staff Reporter

Santa Monica photographer **Michael Grecco** posed **Janet Jackson** against a platter-paint backdrop wearing her signature hat and a single hoop-and-key earring for a portrait he shot in 1989.

The photo became an iconic representation of the performer, said Grecco. So iconic that this year, on the 30th anniversary of Jackson's hit song "Rhythm Nation," the image began circulating on a slew of blogs and mainstream media sites without his permission.

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PHOTO BY MICHAEL GRECCO

Taking Shot: Michael Grecco's 1989 photo of Janet Jackson was poached repeatedly online.

Santa Monica Office Rebound

By **DAINA BETH SOLOMON**
Staff Reporter

Century City real estate investor **Artisan Partners** is set to close on the \$400 million acquisition of the Lantana office complex in Santa Monica early next month, the latest in a series of transactions signaling a sharp turnaround for a market that has flagged of late.

The purchase, at about \$825 a square foot, comes on the heels of nearby Colorado

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Real Estate: Santa Monica Office Rents May Rise

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Center's sale in July for about \$863 a square foot. The two rank among L.A.'s priciest office sales in recent years and come as leasing activity is ratcheting up after a period of flux amid the boom of nearby Playa Vista.

Leases totaling several hundred thousand square feet are set to be signed in the next several weeks, according to brokers working in the market.

The pending deals – driven by major entertainment, media, and tech companies – are expected to tighten up a market that saw its vacancy rate climb to 19.5 percent in the third quarter, according to **Jones Lang LaSalle**. That, in turn, will push up rents and force larger tenants to move far afield if they want to expand.

"That market is tight and dry between 30 and 60 days from now," said **Rick Buckley**, a principal at **L.A. Realty Partners**. "If you're a tenant, you're not going to have a lot of choices and you're going to have higher rent."

Most of the activity is clustered on the southeast side of the beachside city, an area roughly bordered by Broadway, Centinela Avenue, Olympic Boulevard, and 20th Street. The area includes two of Santa Monica's biggest office parks – Colorado Center and the Water Garden. Buckley estimated that the vacancy rate in that pocket over the next couple of months will plummet from about 25 percent to 10 percent.

Other brokers familiar with market support that projection.

"There are probably close to 300,000 square feet of leases being signed as we speak," said **Carl Muhlstein**, a regional director at **JLL**. "There are going to be a lot of announcements coming out in the next 45 days."

Just which companies are putting their names on contracts has yet to be made public, but a few deals are already being widdly discussed in local real estate circles.

'Vital components'

Pharmaceutical company **Kite Pharma Inc.** is close to signing a lease for 160,000 square feet at Colorado Center, according to several sources. That would be a huge increase from its current Santa Monica headquarters of 20,111 square feet.

Raymond Ritchey, senior executive vice president at **Boston Properties**, which purchased a 49.8 percent stake in Colorado



Signed On: Office development Pen Factory, a former Paper Mate building in Santa Monica, is already about half-leased.

Center for \$511 million in July, declined to comment on Kite. But he did say that he is in talks with tech and media tenants interested in space at the 1.18 million-square-foot complex, which is 68 percent occupied.

"We anticipate we could be upwards of 90 percent leased by end of year," he said.

Across the street, the 1.3 million-square-foot Water Garden is anticipating that 175,000 square feet could be leased by a major technology company, said **CBRE** Managing Director **Pat McRoskey**, who handles the project's leasing efforts. He did not disclose the tenant's name, but other sources said software giant **Oracle Corp.**, which recently signed for 92,350 square feet in the project, is looking to expand its footprint.

Movie and TV studio **Lions Gate Entertainment Corp.**, based at the 2700 Colorado office building, is looking for 60,000 additional square feet after acquiring Beverly Hills-based cable network **Starz**, sources said.

Online video network **Hulu** is also seeking to add about 60,000 square feet while

remaining at Colorado Center. In addition, **Red Bull** and West L.A.'s **Riot Games** are said to be scouting for new space, and there is buzz that the Amazon Studios division of **Amazon.com Inc.**, which already holds at least 75,000 square feet at the Water Garden, might be aiming for as much as 100,000 square feet more.

These deals would add to leases already signed in the area by other firms.

AwesomenessTV, a West L.A. production company owned by **NBCUniversal**, signed in July for 90,000 square feet at the Pen Factory, a former Paper Mate building being converted into offices.

Fitness video company **Beachbody** took an extra 69,000 square feet at its Lantana headquarters in May, bringing its total footprint there to 200,000 square feet. **Artisan** is acquiring the 480,000-square-foot complex from Atlanta investment firm **Jamestown**, which purchased the complex in 2013 for \$328 million, or \$677 a square foot.

The healthy economy combined with

high-tech developments in the entertainment industry are pushing the growth of these companies in Los Angeles, said **Matthew Miller**, a managing principal at **Cresa**.

"Silicon Valley's tech expansion is well-known, but L.A. is the nexus of the ongoing convergence of entertainment and technology," he said. "As the way we consume media continues to evolve, L.A. has the vital components of content, talent, universities, capital, and quality of life."

'Rare unicorn'

Leasing action is beginning to shift back to Santa Monica now that neighboring markets have filled up – largely with companies that fled Santa Monica to find bigger spaces at cheaper rates. Culver City and West Los Angeles are tight, and Playa Vista is nearly fully leased.

"It's been a seesaw effect between Playa Vista and Santa Monica," said **CBRE's** **McRoskey**.

Reflecting those moves, Santa Monica's vacancy climbed steadily since the third

Media: Photography, Internet Don't Always Click

Continued from page 1

he said.

"Everyone claims they see the picture on the internet, so it must be available," said **Grecco**.

Angered at seeing his work used without compensation, the 38-year professional photographer began negotiations with three major media operations, over their unauthorized use of his copyrighted material. **Grecco** subsequently received five-figure settlements with each company.

Scott Burroughs, a partner at **Doniger/Burroughs**, a Venice law firm that has represented numerous artists in copyright cases and is handling a portion of **Grecco's** claims, said that over the last decade what started as a trickle has become more of a flood.

This is due in large part to a handful of notable court cases, advances in technology that make it easier to identify misuse, and the growth of industry associations that work to educate photographers about their rights, said **Burroughs**.



Big Picture: Michael Grecco has battled to protect his photo copyrights online.

"It's a function of the photographers becoming more aware of their rights and attorneys being more willing to assist them in pursuing their claims," he said, estimating that thousands of commercial infringement cases occur across the country each year.

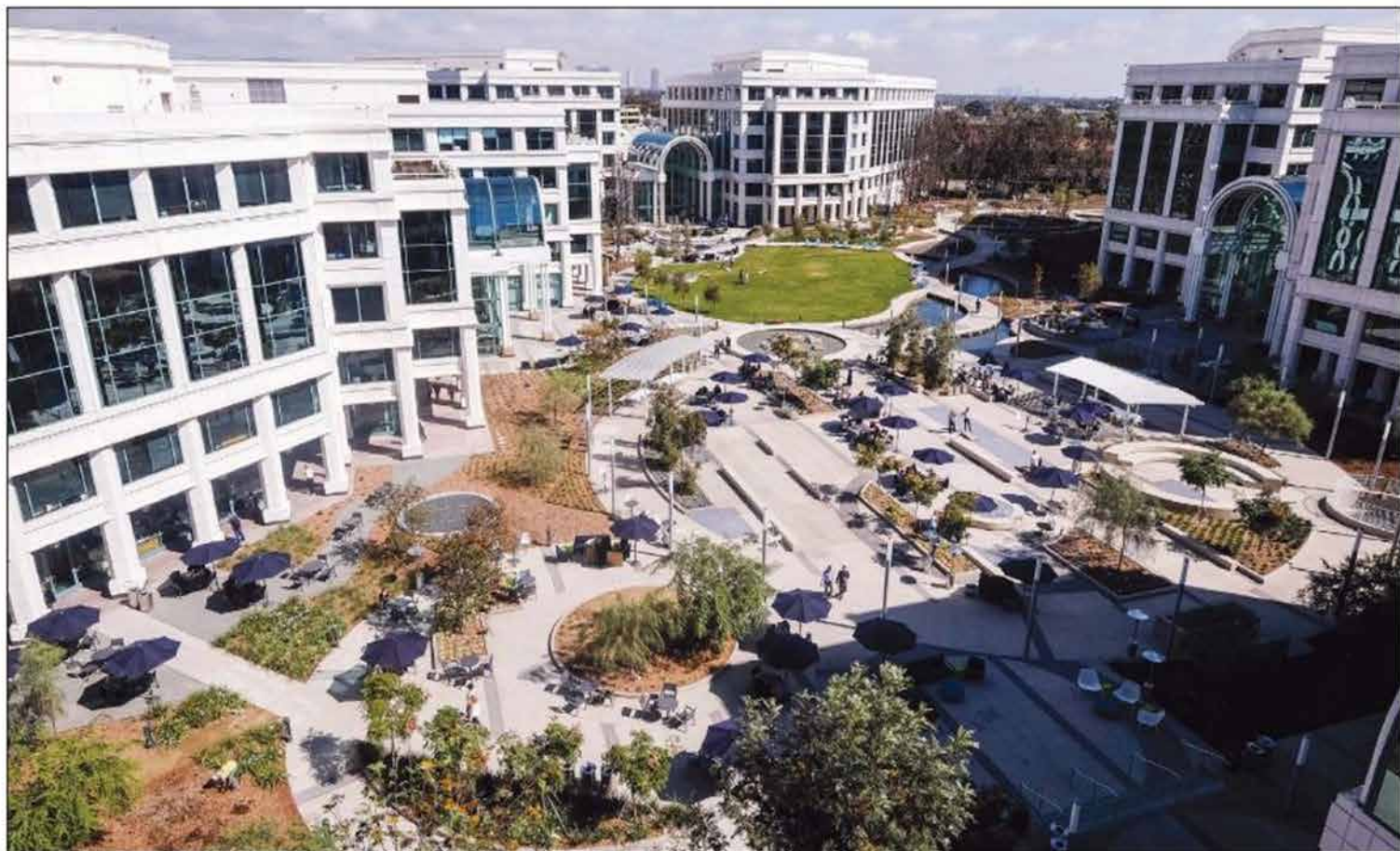
Grecco said he is slogging through 35,000 possible instances of copyright infringement and he works with a team of eight law firms throughout the country to address illegal use of his photographs.

Doniger has handled two- to three-dozen photo copyright cases in the past year or so, getting about 95 percent of its clients a financial payout, said **Burroughs**.

While he would not say how much it generated from these actions, "revenue from the photography cases has certainly increased our bottom line. It is difficult to put a number on it, however. Our involvement with these cases has more than doubled in the last year and they have resulted in hundreds of thousands of dollars going to photographers."

While many cases end in settlements in which terms are typically kept private, some

PHOTO BY MICHAEL GRECCO



RINOO HW. GHUJAEU

Making Splash: Water Garden, home to 1.3 million square feet of office space in Santa Monica, anticipates 175,000 square feet being leased by a major tech company.

quarter of 2013, from 9.6 percent to 19.5 percent at the end of the last quarter, according to JLL data. The market gave back more than 203,700 square feet in the third quarter, fed in part by direct marketing company **Guthy Renker's** move to El Segundo that left 84,000 square feet available at the Santa Monica Business Park.

But Santa Monica might soon reach its limit with new leases in the works and only two new office projects under development.

One, **Pen Factory**, owned by **Clarion Partners** and **Lincoln Property Co.**, is already about half-leased after the **AwesomenessTV** deal, leaving 140,000 square feet, said L.A. Realty Partners listing broker **Buckley**.

Santa Monica Gateway will offer 200,000 square feet, according to JLL's **Muhlstein**, who is marketing the project for developer **Jack Walter**. The construction costs for both projects are well above \$100 million.

The planned **Martin Expo Town Center** at Olympic and Bundy Drive just outside of Santa Monica would add an additional 200,000 square feet of office space.

David Binswanger, executive vice president at **Lincoln**, said it's unlikely that Santa Monica will see any new offices available for at least six more years. Developers typically need three years to acquire and entitle land, and another three to design and build a project. Even on that time frame, **Binswanger** doesn't

anticipate much new development.

"There are few developers that are well-capitalized enough and patient enough to embark on a blind entitlement process in any of the western submarkets, specifically Santa Monica," he said. "That's a very rare unicorn to find."

'Not musical chairs'

Without room for spillover in neighboring markets of Playa Vista, West Los Angeles, or Culver City, tenants might begin looking farther afield, possibly to emerging creative-office hot spots in El Segundo or downtown's Arts District, **Binswanger** said.

Although those moves have yet to play out,

what's certain for now is that growth is strong.

"It's not musical chairs, it's real, positive absorption," said **Brad Feld**, a vice chairman at **Newmark Grubb Knight Frank**.

A spike in rents could come next. Office rents in Santa Monica are already among the highest in the city, with rates around \$5.50 a square foot, he said. It would be possible for them to jump to \$6 or \$7 a square foot—or as high as \$8 in downtown Santa Monica. That would be on par with just a few previous rent spikes in the area.

"I don't see it as frothy," **Feld** said. "Based on the fundamentals of the economy and supply and demand, I think it's very rational and healthy."

that are public—ones that make it in front of a judge or jury—have ended in million-dollar judgments. In August, a judge upheld a \$1.6 million jury verdict in favor of **Andrew Paul Leonard**, who, represented by **Doniger**, sued **Stentech Health Sciences Inc.**, for using his photographs on its websites, publications, and video presentations without permission.

Industry changes

While the internet might be to blame for facilitating copyright infringement, a changing media industry has also added to the challenges for photographers, said **Mickey H. Osterreicher**, general counsel of the National Press Photographers Association. **Osterreicher**, who has been a member of the organization since 1973, said that while its primary function used to be securing photographers' rights to shoot in public spaces, it has evolved into serving largely as a resource for copyright protection.

When **Osterreicher** began his career, most photographers worked on staff at news outlets, so the copyright to their work vested with their employer, he said. That model has shifted, with the ranks of staff photographers shrinking and the pool of freelancers or independent photographers growing. These professionals

pay for their own equipment and insurance and must register the copyright to their work themselves.

"As more and more companies are laying off staff... you either, as a photographer, find a new line of work or you freelance," said **Osterreicher**.

While the copyright process should become part of every photographer's work flow, many still neglect to register their images, he said, so even if a photo is used without permission, the photographer is only entitled to actual damages—damages that can be proved in court.

"When I teach copyright and I talk about it, my first slide up is, 'It's complicated,'" said **Osterreicher**. "It can be less complicated if you register prior to the infringement."

There are an array of tools and online programs available to help streamline the copyright process for photographers. **Google** has a reverse image search process, which uses a picture as its search term and then locates other uses of that image on the internet, that can be used to identify possible copyright infringements.

So does **Image Rights International Inc.**, a Boston company that allows photographers to upload their images to the site and then uses code to scour the internet, compare the "unique

fingerprint" of the uploaded image to other photos on the web, and alert the photographer to a possible infringement if a match is found.

Brian Wolff, veteran photographer and founder of **International Intellectual Property Inc.** in Yardley, Pa., said these are just two of the tools he uses to pursue copyright infringement cases. **Wolff**, who has covered wars and helicoptered over active volcanoes, said these images lose their exclusivity when they're widely and illegally distributed.

"You used to be famous for 15 minutes when there was television. Now you're lucky to be famous for 12 seconds," said **Wolff**.

Lasting litigation

A spattering of noteworthy lawsuits in recent years have encouraged both attorneys and photographers to seek legal remedies for copyright infringement. In 2013, photographer **Daniel Morel** was awarded \$1.2 million in a case against **Agence France-Presse** and **Getty Images** for their use of photos he took in postearthquake Haiti. His pictures, originally posted on **Twitpic**, also were used by **The Washington Post**, **ABC**, and **CBS**.

In December, New York artist **Richard Prince**—who has been sued for copyright infringement before and is notorious for

appropriating others' work—was sued by photographer **Donald Graham** for allegedly reproducing his photo and using it at an exhibit featuring blown up Instagram photos.

"I call (Prince) a misappropriations artist. I don't even know about 'artist,'" said **Osterreicher**. "He just keeps taking people's works and thumbing his nose at anyone who tries to bring a copyright claim."

Filing a copyright claim might get easier. The Copyright Alternative in Small-Claims Enforcement Act of 2016 was introduced in Congress in July. The bill would create a small-claims court for copyright cases and allow photographers to seek damages even if they can't afford lawyers to file a full-fledged suit.

While **Osterreicher** said this tool could prove helpful, the overarching issues of copyright infringement are much broader. Photography as a whole has become universally accessible by nearly anyone with a smartphone, and the line between professional photographers and everyday social media users has blurred. On Facebook alone, there are more than 450 million images uploaded every day.

"That itself devalues images and people don't realize there are a number of people who earn a living by taking pictures," **Osterreicher** said.