

63,276-SF Med Offices Command \$55M

By **BOB HOWARD**

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BEVERLY HILLS, CA-New York City's LeFrak Organization has acquired a 63,276-sf medical office building at 120 S. Spalding Dr. from a joint venture of locally based Cambra Realty and Angelo Gordon & Co. for \$55 million, at \$869 per sf one of the highest prices per sf ever paid for office space in the L.A. market. Cambra principal Michael Schlesinger, who founded his Beverly Hills-based company in 2005, tells GlobeSt.com that the four-story building is 100% occupied, as it was when Cambra bought it in January 2007 for \$42 million.

The increase in value in the building resulted primarily from the soaring rents for medical office space in Westside Los Angeles markets. The top rents at 120 S. Spalding were about \$4.25 per sf per month when Cambra bought the property, but they have since risen to \$6.25 per sf per month.

Although Cambra was counting on rents to rise when it acquired the asset, rates have climbed far faster than Cambra anticipated when it bought the building. This prompted the company to sell sooner than called for under its original business plan for the property.

Medical office space in general is less sensitive to economic slowdowns than general purpose office



120 S. Spalding Drive

space, Schlesinger observes, pointing out that buildings like 120 S. Spalding have an added advantage because of their location. Most of the tenants at 120 S. Spalding are plastic surgeons who want to keep their offices in Beverly Hills and would not want to move.

LeFrak bought the Beverly Hills building in an off-market deal that was brokered by Bob Safai of Los Angeles-based Madison Partners. Schlesinger says that Cambra, which in January acquired a 92,486-sf class A office property at 10780 Santa Monica Blvd. in Westwood for \$33 million in another joint venture with Angelo Gordon, remains on the lookout for other acquisitions. The company owns a portfolio of office, industrial and retail properties in Arizona, California, Colorado, Hawaii, Maine, Missouri, New Mexico, Texas and Virginia.