

The Weekly Take

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Are You Ready for Some Football: The L.A. Chargers Tackle CRE

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Spencer Levy

I'm Spencer Levy, and this is The Weekly Take. The festivities for Super Bowl 56 kick off this week – the Cincinnati Bengals playing the Los Angeles Rams for the NFL's Championship at SoFi Stadium in L.A. on Sunday. We're joining the climactic events with a highlight reel of football and real estate. On this episode, another NFL team from L.A., the Chargers, opens its playbook to tell us about the franchise's recent change of address from San Diego and how it undertook a massive development project on and off the gridiron.

Fred Maas

Finding real estate in the greater Los Angeles market that could accommodate three football fields that don't generate any revenue necessarily is a challenge, and that indeed was probably the biggest hurdle that we had to confront.

Spencer Levy

That's Fred Maas, the Chargers chief of staff. He originally joined the team as a special adviser to current Chargers Chairman Dean Spanos in 2016 after ownership decided to make the move. Fred helped design plays for everything from stadium financing and the development of a state-of-the-art practice facility to forging a new organizational structure and a relationship with a new community, and more.

Phillip Ruhl

It took all of two years of detailed negotiations between the all parties to bring this one to a conclusion.

Spencer Levy

And that's Philip Ruhl, a CBRE senior associate in L.A. who huddled up with Fred and other Charger business leaders during the move. Our game plan is to focus on the real estate story of the team's return to L.A., where it was founded and played its inaugural season back in 1960. We'll break down the X's and O's of the move, the deal making behind the move and what the Chargers have done to literally build the future of the franchise from the ground up. Coming up, as the world focuses on Sunday's big game at SoFi Stadium, we focus on the franchise that shares this gleaming sports complex with the Rams all year long. The nuts and, of course, bolts of the L.A. Chargers and their real estate legacy. That's right now on The Weekly Take. Welcome to The Weekly Take in this week, we're going to be talking about football and real estate in light of the Super Bowl coming up, and it's really an honor for me, not just professionally but personally to have you here. Even though I grew up a lifelong Jets fan, my grandmother, when she would buy me my lunchbox, I told her to buy me a Chargers lunchbox because I really liked the logo. So, you know, it goes beyond just local market stuff. But speaking of local market stuff, Fred, you have done a tremendous transaction here in the Los Angeles area, building the practice facility for the Los Angeles Chargers. And it's a tremendous facility, and we want to talk about the transaction. What did you do? How did you do it? Take us from the beginning.

Fred Maas

Well, you know, it's a long story, and I'm not sure we'll have the time in this particular podcast to go through everything that transpired. But let me first say that it couldn't have happened without Phillip and John Zanetos at CBRE and the incredible role they played in accomplishing all this. Because, as you know, finding a real estate in the Greater Los Angeles market that could accommodate three football fields that don't generate any revenue necessarily is a challenge. And that indeed was probably the biggest hurdle that we had to confront, going back to I guess my first meeting in January 2017, when I first started looking at sites all around Greater L.A. And we truly scoured the marketplace, from as far north as the Reagan Library in Simi Valley and as far south as San Clemente in Orange County and everywhere in between. And there were a number of issues, as you could imagine, that we were confronting. But obviously finding, you know, four to six acres to accommodate three football fields in the urban and suburban areas of L.A. was a challenge. This is a site that we just couldn't be more excited about, but it took a long while to get there.

Spencer Levy

Phil, just for the benefit of our listeners, tell us a little bit about some of the work you did in connection with this big project.

Phillip Ruhl

Yeah, yeah, absolutely. This is a very exciting one. And as Fred said, his first meeting with ownership was January 17. Our first meeting was December 17, so this was a little over a four-year process to find this exact site. And we worked in conjunction with Fred. And this could not have happened without Fred on the other side as the client and we had 30 years of land development experience as we began these very detailed long negotiations with what was now

our developer, CDC. We were in and out of negotiations with a handful of developers. And as Fred mentioned, this last site that we found was just a goldmine for several reasons, which I'm sure we'll get into on the podcast. But it's an amazing opportunity and we couldn't be more excited for the outcome.

Spencer Levy

Before we talk about the facility itself, I'd love to hear about what were some of these three or four gold mine factors, Fred that swung you to your location?

Fred Maas

There are a number of considerations that we had to sort of check off. Number one, could we accommodate the facilities that we needed to accommodate. Two: could we structure financial terms that made sense for the club and the team? Three: Did it fit within the bull's eyes of where we think our fan and marketplace is. Proximity to our stadium. Proximity to the South Bay was very important, although we looked at the San Fernando Valley and looked at South L.A. County and Carson and other places. Was there accommodations for the full range of our staff from our players who are highly compensated to some of our staff who some of which are an hourly wage? So it had to meet a bunch of different tests. It was sort of like a minefield full of Jack-in-the-boxes, and at one point, you know, one would pop up and we'd have to beat that one down and go find another one. And there were a number of exciting opportunities, but this sort of just checked all the boxes at about the right time.

Phillip Ruhl

With every site we found there was some kind of problem that would come up with that would prohibit it from further negotiations. In large part, it was finding six acres of land to put our fields on that we didn't want to pay for the FAR or for what a developer would have to forego on developing that piece of land, which was our biggest rub. And we ran into that on several different occasions. And I guess fast forwarding to the plot of land that we found was CDC, we hit a gold mine in the sense that CDC – Continental Development Corporation – is the largest landowner in El Segundo, and they currently have probably 20 acres that they are looking to develop. They weren't originally buying this parcel of land, and the original buyer fell through and CDC came through it and swapped it up at the last minute. That gave us our window of opportunity to engage a developer that has a ton of land and FAR to develop through El Segundo, and we're able to do a less dense use with us. That began in December of 2019, negotiations with Continental Development Corporation. And it took all of two years of detailed negotiations between all parties to bring this one to a conclusion.

Fred Maas

And just to add a couple of things, Spencer, took, yo what Phillip said. The unique cocktail of what we found here was really both the land basis that made sense for them and for us, but also the transferability of density. This was the first site we found where they could actually transfer the density that was attributed to the six acres and move it to some of the other parcels on campus. That made it attractive for them, as well as for us

Spencer Levy

Great and for the benefit of our listeners who are not familiar with the term. FAR stands for Floor Area Ratio, and what it really means is if you've got more FAR, you can build more. And what developers typically try to do is they try to max out building with FAR. They try to get, better-stated, the most FAR for the buck. Is that a good way to put it, Phil?

Phillip Ruhl

That's exactly correct.

Spencer Levy

Well, speaking of FAR for the buck, you got a great deal on the land on the site. I live three miles from the Ravens practice facility in Owings Mills, Maryland. They call it The Castle. They love it. It's a beautiful building, beautiful facility. And I'm sure yours is at least its equal, if not better. But I'd like to hear a little bit more about your vision for the facility and what are some of its features.

Fred Maas

It starts out about what does the building represent to the organization and how does it accommodate both the bread and butter of what we do, which is building a championship football team and a competitive football team, and how do we build a facility that's completely state of the art that meets that objective. But it also has to be a place to accommodate staff that works 12 months a year, in many cases 24-7. And what does the building need over the next 30 years to be state of the art to accomplish that and allow us to operate at the highest levels in professional sports? And so we brought in Gensler architects that have done some incredible facilities to kind of help us through and imagine what the building should be first. So we did a lot of work about our own little focus groups, if you will, for our own staff and others to try and figure out what do we project into the future that makes the most sense. In many cases, on the football side it was sort of the easiest thing to do because we're always on the cutting edge there. You have to be on the cutting edge and how we accommodate that was easy. But how do you operate from a non-football business operation in light of the pandemic? And how do you learn from these lessons? And how do you change the work balance? And how many people are actually going to have offices anymore? How many folks are really going to be working five days a week in the office? And so we went through a metamorphosis of concept and design from the earliest times in the project to where we are today. I mean, I think we shrunk about 40,000 square feet from the first iterations to where we are today because the needs changed. This had to be both a flagship for our organization and a flag that we're going to play in the South Bay, but also equally important, it had to be an operational building that met the needs of the organization for the next 30 years. And I think we got there in a really exciting way.

Phillip Ruhl

I think Fred and team and the Gensler team that we hired, which is the top sports team in the world, in terms of the last 10 facilities they've done are some of the most notable franchises across the world. And Gensler, I think did an absolutely incredible job. And exactly what Fred

said: It's beyond just the football players, which this is their home, more so than the beautiful SoFi Stadium down the street from this facility, but also a huge push is community engagement. And I learned a lot of that process too, through Fred and the team that a lot of this is community engagement, that this flagship headquarters is to engage with the community 365 days a year and make this part of their home, the fans that root the team on, you know, year round as well. There's a lot of different people. Fred was trying to please, when did you do this process? You're not going to make everyone happy, but I think the outcome and if you see the renderings of the building, the building looks like a lightning bolt is unbelievable.

Spencer Levy

I think our audience knows what you need as a football team, just the playing of the game that fields, the weight room, the cafeteria. But that's just a small part of the Los Angeles Chargers organization. It may be the most visible part, but just a part of it. Tell us about the back office part. Tell us about the rest of the organization. Talk about how you tried to structure the office product and amenitize that to make it popular or make it workable for them too. Fred:

Fred Maas

Well, you know, the modern NFL team is much more than 17 Sundays throughout the year. And obviously you need all the facilities to accommodate that. But in the modern NFL – and what they've really created in Park Avenue in New York is a 365 day media and entertainment machine – each of us, all of us who represent the teams in the NFL are the spokes of that wheel that drive and the NFL's all year long. And so you have to build a facility that is able to accommodate that. For example, we'll have a full video and audio production facility to do podcasts, for example, like you're doing here today, but also to do a series of video shows that we can do and that we can produce in-house. So it'll be truly state of the art and it'll be pre-production so that we can obviously accommodate what we'll be doing during the games at SoFi, but how can we have our own internal facility that can manage that. We have the need for significant team meeting rooms to work through football during the season – for the offense and defense and special teams – as well as a full team meeting room that will look like almost a performing arts center, that will have some uses for the community and for sponsors and others throughout the year, that can accommodate more than just the players weekly meetings. We're doing something, I think, really different and novel. We're going to build an e-game studio. It's been something that has been seeing enormous growth, obviously outside of football, but has had incredible impact within football because so many of our players play that not professionally, but do it competitively. And so how we can integrate that both for their use and enjoyment, but also for many of our sponsors. So we'll have a full e-gaming studio there. We talked about COVID. We're going to have to deal with a lot of these problems, I think, going on for the indefinite future. And so we had to design a weight room, for example, that had roll up doors. Many of our meeting rooms were made larger so that we could handle social distancing if that ever became necessary. It's going to have to have state of the art HEPA filtration for air quality. We had to redesign the kitchen for thinking about prepackaging foods if that's becomes a necessity at some point in the future. So we had to morph from the time we started to the time

we ended up that addressed all of these needs, both from football as well as non-football operations throughout the year.

Spencer Levy

Stay on that point for a second because, Phil, you don't just deal with the Los Angeles Chargers and their real estate needs. How are you seeing technology along the lines of what Fred is talking about being incorporated into his facility – the media room, the gaming room and otherwise – being used by our other clients?

Phillip Ruhl

Actually, I want to make one comment on what went into this facility as well. When we engaged with the Chargers, I think every executive for the Chargers have come through the office I'm sitting in now – our CBRE Downtown L.A. office – which became our flagship office for the Workplace 360 model that we pioneered. And I would like to think that it had a pretty lasting impact on a lot of the executives at the Chargers and one of the core components of this three story headquarters building that they're designing is the center portion of the building is this huge cafeteria hall. It's partially indoor-outdoor. It overlooks the football field. And the first floor is entirely for the players from start to finish. Third floor is where a lot of those office employees sit, and the whole idea is that this cafeteria will serve both the players as well as the personnel, which will create collaboration between the entire organization. And I think that sort of embodies a lot of what CBRE pioneered 10 years ago and what I love about this company so much. And with that comes a huge investment in technology as well.

Fred Maas

I think this is a really important concept for you all as well as for us. You know, how do you build a building today that's able to accommodate 30 years in the future that no one can predict? My home is 14 years old, I guess. And when I built it, it was on the cutting edge of smart houses. And now 14 years later, virtually everything is obsolete. Fourteen years ago, no one was talking about Bluetooth. No one was talking about half the things we were talking about. Where are we going to be 30 years from now And how do you accommodate that? How do you be smart enough? And I think one of things we've done is realize we're not going to be smart enough, but we're doing, for example, we're going to build a shadow conduit throughout the whole building so that in 20 years, we'll be piped and ready to handle that, whatever that might mean in the future. And I think we've tried to have that kind of foresight that we don't foreclose ourselves from things that might happen in the future. But it's a challenge because things are just happening so rapidly in the smart construction smart home environment.

Spencer Levy

Phil, I'd love your point of view because you deal with lots of clients. How are they taking future proofing into consideration?

Phillip Ruhl

That's a tough question. We're working with several large clients and similar to what we're doing with the Chargers. You can only invest so much in what you know today. And on the tenant side, we're representing several hundred thousand square foot users that are looking to invest in technology as much as they can right now to give themselves some runway. But can we do a 10 year lease and not be out of date within five years? There's no science to this, especially with COVID in the realm right now, with a lot of larger users trying to plan for the future, because at some point it could be five years in the line, a lot of technology is going to be obsolete. Even in our CBRE Downtown L.A. office., we ran into that five years into the lease and we had to significantly upgrade our technology, which we thought we were way ahead of the game because we were already out of date. So there's only so much you can plan for. But as Fred said, to try to create as much leeway as we can is what we're seeing with clients we're working with here in Los Angeles right now.

Spencer Levy

I want to go to another word and it's community. And I think it's not a coincidence that community came up so much because the title sponsor of the stadium you share with the Rams is SoFi – social finance. That's not an accident that that's their term. They are really caring about their community and that really is the surrounding community of the facility. So Phil, how did that come into your site selection process, thinking about the local community?

Phillip Ruhl

Yeah. I mean, I think what the Chargers struggle with now is, as the Chargers try to grow a fan base in Los Angeles, they're currently in Costa Mesa, which is where the temporary headquarters are. And if you're only at so far stadium for eight games now, potentially nine home games a year, which makes it really tough to make a huge impact within the community you're trying to gain fans from. So the reason for this entire search starting in 2017 was to plant a flag in Los Angeles and some of the land development that we could have done, the land would have been free just to get the Chargers tenancy. But that wouldn't have solved the problem of planting your flag in Los Angeles and building that community fan base. And I think this facility is a flag that will bring fans there year-round. Fred deals with community engagement religiously, but I think having your headquarters down the street from some of the densest population area in Los Angeles, I think is a huge benefit.

Spencer Levy

So Fred earlier on in your career, you were in the golf business building golf courses, and I see a lot of similarity between the golf business and building a large practice facility for an NFL team because there is that core use, but then there is the real estate around it. So I wonder if you can tell our listeners a little bit more about your career in golf development and how it might inform your development of your NFL practice facility.

Fred Maas

I think there has been an evolution in all these developments from, you know, the early adopters in golf to the early adopters and stadium entertainment district development. I spent over 20

years in the golf development business with the PGA Tour. I started out very early in my career. I was in my 20s, I guess was a lobbyist in Washington and represented the PGA Tour and a number of things before Capitol Hill, but also had represented them on a number of their projects. And there was a real evolutionary change in the golf residential business. You know, when I started back in the late 80s, early 90s, the business of golf has radically changed over the course of the years. But the basic core of your question, I think, is somewhat true is the synergies between what you do, whether it's golf or in a stadium, and the ancillary development becomes very important and how you accommodate that. I was involved in the ballpark district, in the Gaslamp district, in San Diego when I wore a redevelopment hat on behalf of the city and watch the evolution of Petco Park and what happened to the 66 blocks surrounding it, how it worked and how it didn't. And I became a real student of a number of these projects around the country to see how they work, starting at Faneuil Hall and what the Rouse Company did and moving through Inner Harbor and going out to Denver and see what Coors Field did and go to the Power Light District in Kansas City – really studied all those things to see how they worked and how they didn't work. The quinessence of all these things really was the ability to have a series of ongoing events that generated people and activity throughout the year. You know, football stadiums, typically if they were 10-days-a-year, 10-events-a-year facilities made it really hard to capitalize there for the other three hundred and fifty five days a year. But as you begin to congregate other things around the facility that maintain a number of activities, it helps breathe life into the other ancillary development that's there. And I think that's why baseball has been different from football because they have, 81 games a year that fill the community and give lots of other opportunities in their back-filling that with other concerts, with corporate events, with other private events that enable a baseball stadium to kind of fill the year with activity and people. And I think it's been done really successfully in some places have been challenging in others, And I still believe you're going to see enormous spillover by virtue of having a modern NFL team in the South Bay and in El Segundo. Kudos need to go to them and the foresight this little city's had to attract not just us, but the Kings and the Lakers and rugby And it's become a sports team mecca. And I think the synergy of all those things collectively and collaboratively, I think is going to build this amazing little town south of LAX. That is really unique and special. And I think the town fathers deserve a lot credit for what they're doing. And as I said to them, and I think, you know, the proof will be in the pudding football and the NFL brings really different experiences. You talked about community in the kind of community events that we can do, the kind of fundraising things we can do. We have training camp there. We attracted the national media virtually ever on a daily basis. And when you're winning, you see what a Super Bowl does, not just to a city like El Segundo, you know, but greater L.A. I mean, having the Super Bowl here – now, the Rams are in it is just elevated. The intensity of excitement I think the town is experiencing – demonstrates the power of the NFL and the power of a franchise like the Chargers. It's an exciting time, an exciting opportunity for us.

Spencer Levy

Well, that was a terrific answer, Fred, and I think for the benefit of our listeners, we're going to ask for some wrap up comments. And yes, I am going to – even though regrettably, the Chargers aren't in it – I have to ask for a Super Bowl prediction. Let's start with you, Phil. What

do you see as the future of these types of unique use facilities as the driver for other real estate, for retail, for office, for hotel or otherwise?

Phillip Ruhl

That's a great question. I think you've already seen it here in Los Angeles. One of the great examples was the Westfield Mall in Century City. It's a billion-dollar development that they designed to combat e-commerce in this experiential retail experience. I live right down the street from there. I go there almost weekly. I absolutely love it. And I think that's an example of what the Chargers are looking to achieve with sort of an experience within their facility that people will work, play and probably live right next to. I mean, also we're not mentioned adjacent to our new facility is TopGolf, which will be done at some point this year, which I think is a huge, huge amenity to the facility, potential collaborations and just having younger people come by. I think experiential real estate is something, especially with the metaverse and all this other stuff going on is certainly something that's in the near future and that we're already seeing as well.

Spencer Levy

Fred, same question to you. Kind of future-thinking: Five years from now when you're back on this show, what do you see as the growth of the area in and around your facility and the future of facilities like it? Is this going to be the model for great real estate developments going forward?

Fred Maas

It's certainly headed that way. You know there that we don't have the real estate, you know, immediately attached to our site to accommodate that. But there's certainly real estate around it. And I think it's going to be a catalyst for other landowners. And I think we're going to be a huge economic driver for greater El Segundo. But I think you're starting to see this. You know what David Tepper is doing in Carolina, what Stan Kroenke wants to do around Inglewood, what the Cowboys have done in Frisco. All of these things have become catalytic drivers of a greater real estate program that is just morphing and changing. As Philip said, real estate and particularly retail and the answer developers have become experiential. I started out really early in my career in the retail business of building shopping malls. And that has radically changed from the superstores and department stores being anchors to restaurants. And they've really become the driver of many of these facilities today because they're guaranteed audiences. Many of them, especially the large chains, can guarantee a load during important times of the day. And they've become super anchors of some of these experiential developments. And I think you're going to see that here where the sports teams, whether it's a training facility or a mini stadium or something else becomes part of this larger experiential development that can attract and draw and keep people coming back.

Spencer Levy

You know, I see this everywhere. I've been to Moscow and I saw a soccer stadium that was being built around. I just got back from Madrid and they're putting an enormous roof on Real Madrid's stadium and they're building a lot of real estate around that. I've been to Washington, D.C., where the Nationals play, and they have a soccer stadium, enormous Navy Yards

Development right there. So I do believe this is the future of the most significant developments we're going to see globally. Wembley Stadium may have started it in London, where they built a huge housing community right next to it. So it's no coincidence. This is maybe a – if not the – key driver to some of the most significant real estate developments around the world. So now that we've covered real estate. Phil, who's going to win the Super Bowl?

Phillip Ruhl

Can I tell you who I don't want to win the Super Bowl?

Spencer Levy

Phil, you work in the Los Angeles office. Phil actually said the Rams are going to win. Fred, who's your pick?

Fred Maas

Yeah, well, Spencer, you're good, but you aren't that good. You are not going to get me to pick a Super Bowl team here. It's not the Chargers. I'm not a betting guy. I'm precluded by the NFL rules, so I'm not going down there. Look, I think it's exciting opportunity for L.A. and I think, you know, look, I'm thrilled for the Rams. I think it's great for them being here and being part of all this. I'm a real believer –. I'm an old Jack Kemp guy – and I'm a real believer that a rising tide lifts all boats. And I think anything that continues to draw attention to SoFi into the Greater L.A. market is going to inure to the benefit of everybody. So I'm not picking winners and losers in that game, not going down that road, but I'm just excited for L.A. and I think we're just a big winner in all this, no matter what the outcome is.

Spencer Levy

Well, Fred did throw in the Jack Kemp comment. For those of you who don't know this, Jack Kemp was not just a noted congressman and V.P. candidate. He was the starting quarterback for the Buffalo Bills many, many years before that.

Fred Maas

I'm going to tell you he was also the starting quarterback for the Los Angeles Chargers in 1960.

Spencer Levy

I did not know that!

Fred Maas

He was traded he bills in '61

Spencer Levy

So on behalf of The Weekly Take, I first want to thank Fred Maas, the chief of staff of the Los Angeles Chargers, for joining us here today to talk about their terrific new practice facility and his broader career in golf and otherwise. Fred, thank you so much for joining the show.

Fred Maas

Thank you. Always an honor to be with CBRE.

Spencer Levy

And then I want to thank my colleague, Phil Ruhl, senior associate at CBRE, who was instrumental in the Chargers transaction. So Phil, thanks for joining the show.

Phillip Ruhl

Thank you, Spencer, for having us. Always great.

Spencer Levy

For more on our guests, the Chargers real estate story and our show, please visit our website. [CBRE.com/TheWeeklyTake](https://www.cbre.com/TheWeeklyTake). If you enjoyed our conversation, please share it and of course, subscribe rate and review us wherever you listen. We're lining up lots of great topics in the coming weeks, including episodes on life sciences, on branding and workplace culture, and our long-awaited show on Dallas – the city, not the Cowboys football team or the classic TV series, mind you. But get your game face on and come back for more. Thanks for listening to our very first football show, whether you root for the Chargers or that other L.A. football team, the Rams – and let's not forget the Bengals! – here's to a great game. Enjoy the Super Bowl. I'm Spencer Levy. Be smart. Be safe. Be well. And take the over.