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CONTACTING MUSIC

JUST THE FAX

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Real estate on Music Row has always been thought to be "good as gold." However, the jungle of For Sale Or Lease signs decorating yards on both sides of 16th and 17th Avenues these days could give anyone cause to wonder. "It does feel like we are at some kind of a turning point," says realtor **Dane Bryant**, who has specialized in Row properties for over 15 years and recently passed the unique milestone of having sold the same building for a fourth time. "For a while we went through a period where signs stayed up forever, but supply is finally diminishing and there are several additional pending sales about to happen."

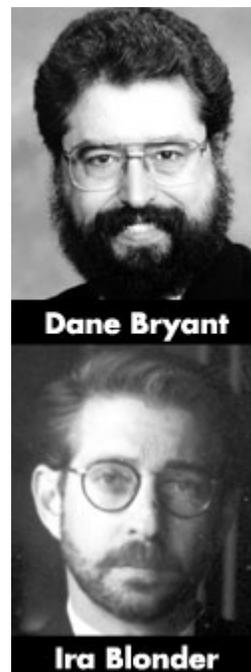
"The Music Row market is a distinct animal," says **Ira Blonder** of the Blonder Group which helped broker the sale of Ocean Way Studios to Belmont University several years ago. "It's location, location, location that drives companies to want an address in this area. It has a definite cache for entertainment-related entities." Blonder agrees that the area is on the upswing. "Prices seem to have steadied. Looking at actual sale comparisons I'm encouraged. There are lots of lookers out there now, but what's missing is financial stability in the entertainment business which ultimately will be needed to drive development."

The effect of music industry downsizing has greatly added to office space supply. For example, Warner Chappell moved out of its 16th Ave. stand-alone headquarters last year to share space across the street with Warner Bros. Records. Mercury Records vacated its building on 17th Ave. and recording studios such as Music Mill, Quadrafonic and others are for sale. "Most of the Row space is comprised of bungalows of 3,000 sq. ft. or less," says Blonder. "These are great for niche labels, publishers, music attorneys and other small companies that have some kind of entertainment connection, but there are few choices for larger companies that need 4-5,000 sq. ft. on a single floor." Blonder also points to the fact that there are parking and building restrictions that make combining adjacent properties into new construction, expensive and complicated. "CMT was considering a move to the Row," he adds, "but couldn't find space to meet its requirements. Ultimately they moved downtown."

Music Row property owners struggling with the sluggish rental/sales market were dealt an especially harsh blow two years ago when the city revalued Row property and many found their annual property tax bill increasing from 50-90%.

Bryant has been keeping track of average-per-square-foot prices based upon actual sales in what he calls his "farm" area since '95 when the going rate was \$93. "Prices rose steadily," he cites, "through '98 when they reached \$124." Predictably rates receded during '99 and '00 to around \$112, reflecting a similar change in the fortunes of country music. Although the '02 numbers are not fully tabulated, Bryant believes sales prices have rallied somewhat, to the \$117 level. "Many sellers have not accepted the fact that we are not yet in a growth period. The average listing now is priced at \$166 sq. ft. which is a great deal higher than the average sales price. When prices get in line with where the market is, those houses sell."

Despite uncertainty in the entertainment industry and its effect on a real estate market struggling to rebalance itself, rising prices seem to show that savvy investors are beginning to recognize this as an opportune time to own a piece of the Row.



Dane Bryant

Ira Blonder