

The Blonder Group Represents Dreyfus Fund in MCA Universal Nashville HQ

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Universal Music Group has consolidated its physical Music Row operations after merging with PolyGram Records more than a year ago. MCA's parent, Montreal-based Seagram Co., bought PolyGram, which owns Mercury Records, for \$10.4 million in December 1998. The labels were merged under the Universal Music Group umbrella. The fallout of the merger in Nashville resulted in the closing of Decca Records, and about 16 people lost their jobs in the shakeout at Decca, Mercury and MCA, according to Ken Robold, chief financial officer for Mercury Nashville and MCA Nashville. Seagram's goal is to streamline the labels and save \$300 million a year internationally as a result of the merger, says Robold. "Every label was targeted with `X' amount of money to save," he says. "By doing this, they're basically maximizing the efficiency of both labels and making them more profitable. MCA and Mercury will occupy 35,363 square feet of space at 54 and 60 Music Square East at 16th Ave. Previously, MCA occupied 17,250 at 60 Music Square East and Mercury was in 13,000 square feet at 66 Music Square West (17th Ave). The new lease was brokered by Ira Blonder, of The Blonder Group, who also holds MCA's previous lease. Both leases have nine years and three months left. Steve Armistead of Armistead Barkley Inc. was the local representative for Jones Lang LaSalle, a worldwide investment and corporate real estate services firm retained as real estate advisors on an international basis by Universal Music Group. "The negotiation of the lease has taken quite some time," says Robold. The financial terms of the lease, which was signed in December, were not disclosed by Universal Music Group officials. Laret Casella of Casella Interiors is the designer and space planner for the building and Nashville-based Southeast Contractors is doing the build-out, which Robold estimates will cost more than \$500,000. "We're planning to move in the beginning of April." The consolidation is restricted mainly to services such as finance, recording administration, production, marketing administration and office administration, says Robold. These services are combined into a department called "shared services" that works for both MCA and Mercury. "We maintained the artistic and creative integrity of both labels, but combined back-room operations." Not much has changed, says Robold, except "now we're all going to be under one roof and working for both labels." The majority of the consolidation within the industry, until now, has been seen within major labels, says Ed Benson, executive director of the Country Music Association (CMA). "The merging of two major players like Universal and PolyGram hasn't happened in a long time," says Benson. One thing that's unique about MCA and Mercury, and a possible reason why the two labels have managed to remain autonomous, may be their different focuses, says Benson. Mercury Records, label home to artists such as Shania Twain, Kim Richey and William Topley, is focused more on the cross-over or alternative country artist, while MCA remains more traditionally country, with an artist roster that includes Trisha Yearwood, George Strait and Vince Gill. The Universal Music Group and PolyGram consolidation is part of an industry-wide trend that has many in the music business concerned. "As we saw at the town meeting, when people hear the word consolidation, they automatically think, `who's going to lose their job,'" says Benson. "That isn't always the case."