

SAN FRANCISCO Business Times

Vol. 22, No. 27

FEBRUARY 1-7, 2008

The one-time headquarters of music and movie impresario Saul Zaentz is getting a makeover to create a digital arts hub in Berkeley

Digital media in fantasyland

BY RYAN TATE

San Francisco Business Times Contributor

The 39-year-old Zaentz Media Center in Berkeley has become a fixture in pop culture history, incubating movies like “One Flew Over the Cuckoo’s Nest” and “Amadeus” and records from David Bowie, the Grateful Dead, Carlos Santana, among many others.

Now the center is set to become a hub for the digital future of film and music, not to mention video games and web sites, under ambitious plans by landlord Wareham Development.

“We’re extremely confident we can make this work,” said Chris Barlow, a senior executive at Wareham overseeing the Zaentz Center. “It’s retained that feel of the media center — it’s not just another building.”

Wareham made its name building offices for cutting-edge Bay Area industries, especially biotech firms like Chiron and digital media firms like Pixar and Industrial Light and Magic. The Zaentz Media Center and plans for neighboring buildings mark Wareham’s most ambitious foray into digital media.

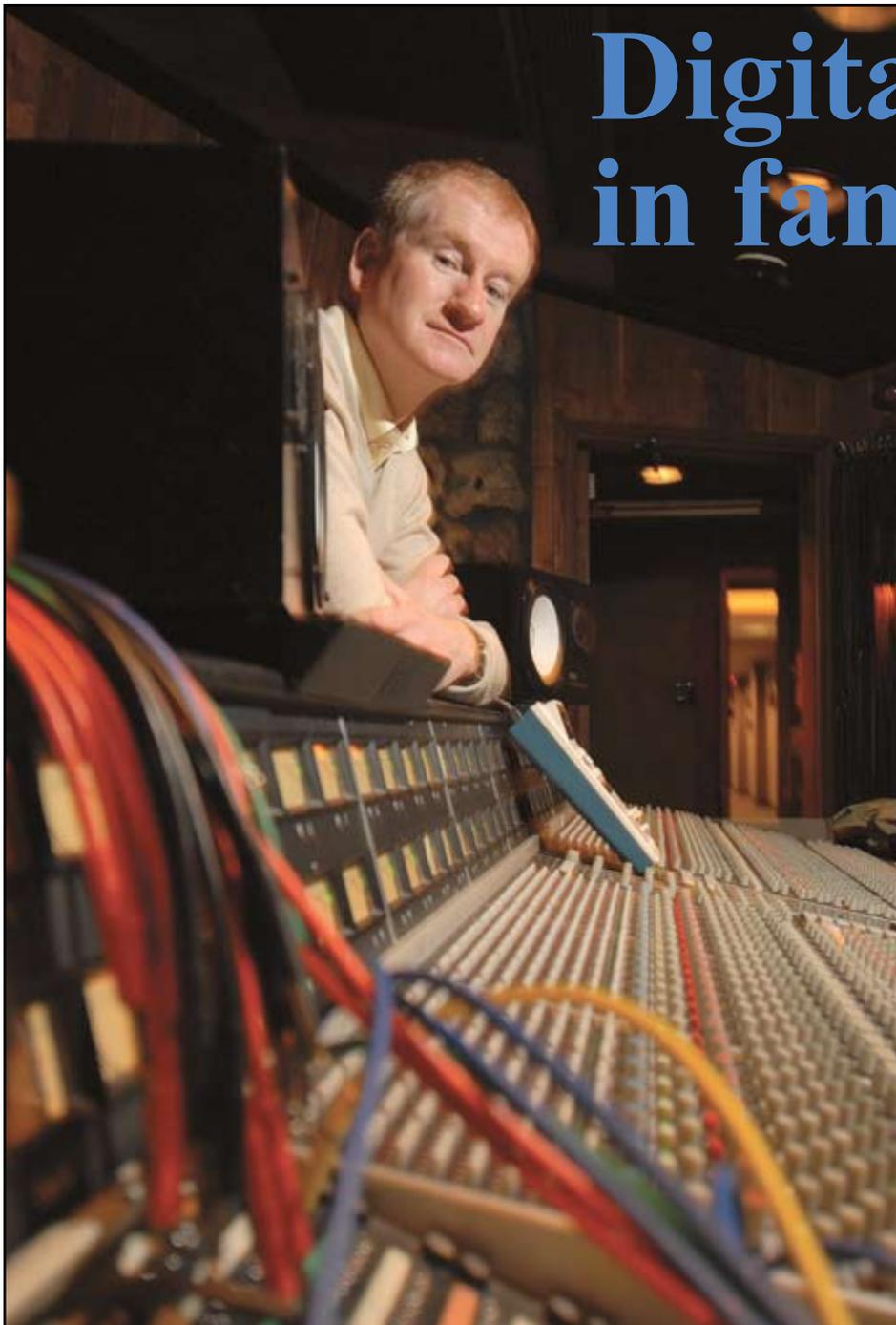
They also represent a big bet on a neighborhood that has emerged as a hub for digital media.

“We’re very optimistic about this area,” Barlow said.

Wareham announced its purchase of the Zaentz center almost exactly a year ago, on Feb. 7, 2007, at a price described as somewhere above \$20 million. The company also disclosed plans to modernize the center for the digital era.

Not everyone was happy.

A group of tenants got the Berkeley City Council and mayor to press for a more gentle



SPENCER BROWN

Wareham’s Chris Barlow likes the feel of the Zaentz center. “We’re extremely confident we can make this work.”

ZAENTZ: Wareham wants to generate a media zone

transition from the center's previous setup, which was informal and featured less expensive leases, to a more market-driven approach. Nearly 20 percent left over the following year.

Wareham said the other 80 percent stayed because the company met repeatedly with each tenant, often drawing up custom leases with more flexibility than is typical in commercial leases.

The company is midway through its renovation and technological upgrade of the complex, which includes the original two-story building dating to 1969 and an attached seven-story tower built in 1980. It was built by Saul Zaentz, the music and film producer who got his start producing the first album from Creedence Clearwater Revival. He used proceeds to bring other artists and catalogs to Fantasy Records and eventually to build the first phase of the media center on land bought from a trucking company at 2600 10th St.

Wareham is seeking permission for a complex across the street, tentatively slated to include live/work lofts for musicians, filmmakers and possibly other artists.

For its new buildings, Wareham may welcome a more diverse array of firms, but it will prefer tenants who are connected to the digital media ecosystem — companies that make key technology or provide critical services.

The new buildings are likely to attract media clients no matter how Wareham filters tenants, at least judging by the Zaentz center's neighbors. They include Berkeley-based visual effects producer Tippett Studios, legal book publisher Nolo and, in nearby Emeryville, an Electronic Arts satellite, the headquarters for Pixar, MobiTV and digital media college Ex'pression.

Wareham has already made substantial upgrades to the original Zaentz center. It tore down a two-story wall surrounding the parking lot and entrance plaza, replacing it with a short iron gate. On the plaza, it replaced a barren asphalt hardtop with plants and a number of arts-themed statues. The company overhauled the lobby and common areas with new furniture and, on the walls, a large collection of photos, movie posters and album covers related to the building's tenants. It installed a new kitchen. Two 50-person screening rooms got upgrades to projection and sound equipment, and Wareham hopes to begin renting them out to corporate clients for presentations at rates starting around \$175 per hour.

The company is also outfitting the whole building with a sprinkler fire-suppression system.

For all the promise of digital media, Wareham faces some immediate challenges at the four recording studios it operates at the Zaentz center. One can now record, mix and even distribute a music album from the comfort of home, and Wareham said this phenomenon has hurt business. The owner of Fantasy Records, which Zaentz sold in 2004, closed its offices in the center in September and moved to Los Angeles.

Wareham negotiated to keep using the Fantasy Studios name, but, with demand reduced, is in the process of eliminating one of the three recording studios.

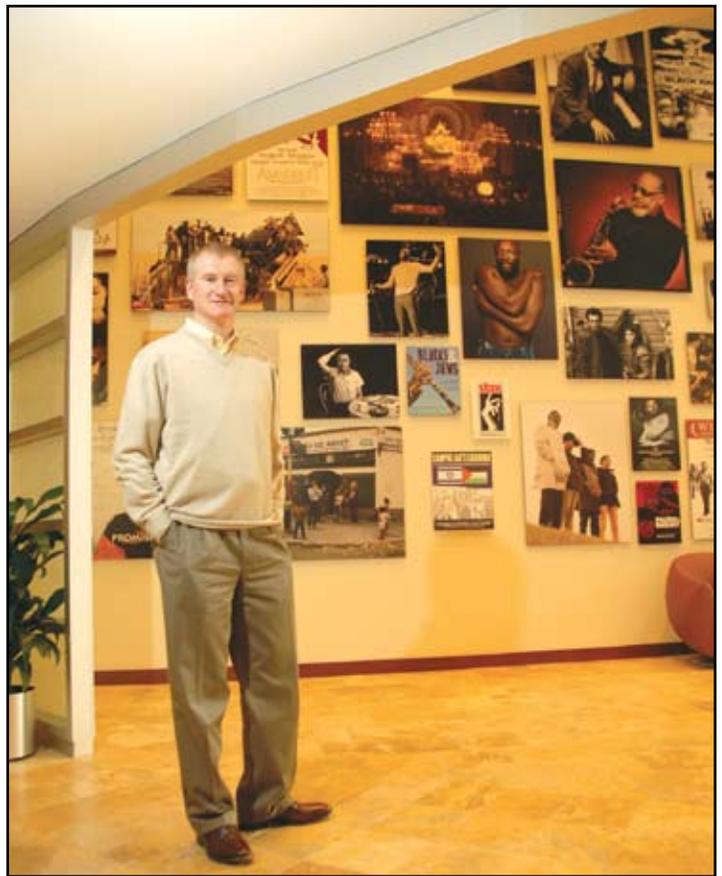
"The recording industry has changed," Barlow said.

That still leaves a strong and long-running business. One of the recording facilities, called Studio A, is the most requested recording studio in the Bay Area, according to Jeffrey Wood, a longtime independent music producer who has been the producer-in-residence at Fantasy Studios for more than a decade.

Recent users include Wilco, the White Stripes, U2 and Wyclef Jean. Though digitally equipped, the studios continue to garner substantial business from clients who value their ability to handle many different types of analog tapes and, optionally, transfer them to a digital format. Analog tape remains popular for original recordings as well, including among hip-hop artists, Wood said.

Wareham hopes to grow studio business with new types of activity, including allowing groups to stage live performances in front of up to 80 audience members, and distribute limited-edition recordings of the show.

The company also rents the facility for live performances broadcast on the radio and plans to allow such performances to be streamed over the Internet, opening the door to a new set of clients.



SPENCER BROWN

The music business has changed since Creedence Clearwater Revival and others recorded in Berkeley, says Barlow.

The studio still attracts steady business from musicians who are unable to achieve sufficiently high-quality sound at home. Fantasy Studios' engineering staff, top-end microphones and other equipment help achieve excellent sound quality, Wood said. The studio is also experienced at improving material produced at home and blending it with material recorded in-house.

"Even with home recording, people reach a certain point where (they say), 'It sounds like a demo,'" Wood said. "The high-end continues to be active and vibrant."

Wareham also plans to gut and remake the office space immediately above the studios, which is part of a two-story "studio wing" of the building that constitutes the original 1969 structure.

When the work is complete, Barlow said he believes the center will be on its way to a future that lives up to its storied past.

Said Barlow, "This is part of American history."

sanfrancisco@bizjournals.com ■