

# A cavernous hangar for Google's huge ambitions

November 8 2018, by Wendy Lee, Los Angeles Times

---

Google has moved a step closer to transforming the historic Spruce Goose hangar in the Playa Vista neighborhood of Los Angeles into a state-of-the-art office and production facility, the latest sign of how tech giants are expanding their presence in Hollywood's backyard.

Google employees recently moved into a new office inside the hangar, where aviation pioneer Howard Hughes built his famous wooden airplane in the 1940s.

The hangar and nearby buildings are part of an ambitious project Google launched two years ago to build a complex of more than 450,000 square feet that will house office space and productions for its YouTube entertainment division.

The campus encompasses four floors of office space connected by elevated walkways, food spots, a fitness center and event space. Plans approved by Los Angeles in 2016 also provide for 140,582 square feet of floor space for soundstages, city records show. Those stages are expected to open by next summer.

"At YouTube, we're remaking entertainment for the digital age, and we're thrilled to have such a unique production facility at our fingertips," Susanne Daniels, YouTube's global head of [original content](#), said in a statement. "We can't wait to open the doors to our new soundstages next summer so the creative voices with whom we work can create the authentic, diverse and global originals that speak directly to the YouTube

generation."

The new production space symbolizes YouTube's ambition to expand its subscription business with a range of original productions. YouTube got its start in user-generated videos 13 years ago, but since then, the San Bruno company has evolved to become its own version of a television network, competing for television ad dollars and audiences.

The new Playa Vista complex also significantly expands Google's presence in the region. Mountain View-based Google already occupies 305,000 square feet of office space in Los Angeles, Orange and San Diego counties, according to CoStar Group, which tracks real estate data. In addition to Playa Vista, Google has offices in Venice and Beverly Hills. The tech giant employs about 1,000 people in Los Angeles.

"Expanding Google's presence in Playa Vista connects an historic building with our dynamic future, a site that will serve as a hotbed of scientific excellence and economic success for years to come," Los Angeles Mayor Eric Garcetti said.

As more people shift their [video](#) viewing to smartphones, companies such as Apple, Google, Facebook and Amazon are eager to profit off those customers by giving them exclusive content, either by charging subscriptions or offering shows for free with ads. As a result, tech giants are spending billions of dollars on original content and opening beachheads in the entertainment capital of the world.

Netflix recently leased a 13-floor office tower on Sunset Boulevard. In January, Apple swooped in and signed a lease at a Culver City building initially intended for HBO. Last year, Amazon Studios said it would move into the historic Culver Studios, where "Gone With the Wind" was filmed.

In 2016, the number of jobs in L.A. County's film and digital media industry grew to 265,200, up 23 percent from 2011, according to research firm Beacon Economics.

"It's very clearly leading to more employment shifting to that (sector)," said Kevin Klowden, executive director of the Milken Institute's Center for Regional Economics and California Center.

Google's hangar was once home to the H-4 Hercules, known as the Spruce Goose, the nation's largest wooden airplane developed during World War II, when Southern California's aviation economy was booming.

In 1947, the 200-ton plane designed by Howard Hughes took its only flight, of less than a minute, an achievement some thought was impossible. For years, the site was popular as a studio where such movies as "Titanic" and "Transformers" were filmed.

YouTube's history in Playa Vista dates from 2012, when it opened its first 41,000-square-foot [production facility](#) near the Spruce Goose hangar.

That location was followed by similar sites in cities such as Tokyo and Dubai, where video creators could get access to production equipment.

The Spruce Goose hangar is owned by Japanese corporate investor ASO Group, which bought the property, and three other nearby buildings, for more than \$300 million in 2016.

Google has a 16-year lease, with the rights to purchase the property after its lease expires, the Los Angeles Times reported. In June, the city of Los Angeles granted temporary occupancy for the new office.

YouTube's ambitions are huge. It already has the world's largest video library, with more than 400 hours of video uploaded every minute, from highly produced music videos to low-budget cat videos shot on a smartphone.

But over the years, YouTube has attempted to cement itself more as a television network, hiring entertainment executives like Daniels, a former MTV programming chief, and rolling out an \$11.99 monthly music and video subscription service, YouTube Premium.

YouTube has launched more than 100 original productions and reportedly will invest hundreds of millions of dollars in shows and films this year.

In addition to its flagship video business, YouTube last year also introduced YouTube TV, a live TV service that includes channels like CNN and Telemundo.

The company has invested in full-scale TV productions, including "Cobra Kai," a 10-episode sequel to the 1984 cult classic "Karate Kid," and "Step Up: High Water," a show based on the "Step Up" movie franchise that counts actor Channing Tatum as one of its executive producers.

"They are trying to do a number of things," said Paul Verna, a principal analyst at research firm EMarketer. "They want to be a streaming service. They definitely want to be that replacement for cable."

But YouTube faces stiff competition from social media rivals Facebook and Snap. Facebook is investing as much as \$1 billion in original content this year and Snapchat is hosting short-form content.

Both are following YouTube's original business model of selling ads

against free video content.

YouTube has the advantage of vast reach: Its audience is estimated at nearly 1.6 billion people worldwide, representing 66 percent of the world's digital video viewers, according to EMarketer. This year, YouTube is expected to bring in roughly \$9.5 billion in worldwide ad revenue, up 22 percent from a year ago, according to the research firm.

Still, the video giant has faced some hurdles. Its music and [video subscription service](#) YouTube Premium has changed its name so many times that Verna says he's had "whiplash." Advertisers slammed YouTube last year when ads appeared next to videos supporting hate speech and video creators then complained when ads on their videos were stripped when YouTube algorithms deemed the content inappropriate. YouTube said it would hire thousands of content moderators to help sift through content.

Many businesses and individual video creators in Southern California rely on YouTube for revenue. But some analysts are skeptical about how sustainable that business model is.

"Right now, YouTube has done really well because of the novelty and the fact that this is the most widely accessible platform for anybody who wants to create content and get noticed," Klowden said. "The question is, for many of the people who do YouTube content, does it pay enough to be a full-time job? It's not clear that, for more than a certain group, it does."

YouTube remains bullish on the future. Chief Executive Susan Wojcicki told Wired in a March interview that five years from now YouTube will continue to "grow in the way it has, with even more sets of video, even higher quality of production, (with a) larger diverse set of content from all over the world."

Demand for YouTube content continues to grow for companies like Santa Monica-based Tastemade, which produces food and travel videos for digital media platforms.

The company, which began in 2012 with four employees, had early success on YouTube with shows such as "Raw. Vegan. Not Gross." that quickly gained a global following, said Oren Katzeff, Tastemade's head of programming. Today, the business employs about 150 people.

Last month, Tastemade premiered one of its shows, "Basic Versus Baller: Travel at Any Cost," inside Playa Vista's original YouTube Space. But there weren't enough chairs in the theater for Tastemade's 75 guests. That won't be a problem in the spacious new hangar.

"They know how to create a great, welcoming-looking space," Katzeff said.

©2018 Los Angeles Times

Distributed by Tribune Content Agency, LLC.

Citation: A cavernous hangar for Google's huge ambitions (2018, November 8) retrieved 26 April 2024 from <https://phys.org/news/2018-11-cavernous-hangar-google-huge-ambitions.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.