



# Administrative Report

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H.13., File # 25-1192

Meeting Date: 9/2/2025

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**To: MAYOR AND CITY COUNCIL**

**From: GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT  
DIRECTOR**

## **TITLE**

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2509-067, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, LEASING CERTAIN PROPERTY TO GUNGHO ONLINE ENTERTAINMENT AMERICA, INC.

APPROVE AN AMENDMENT TO THE LEASE WITH GUNGHO ONLINE ENTERTAINMENT AMERICA, INC. FOR ADMINISTRATIVE OFFICE SPACE AT 127 W. TORRANCE BLVD., SUITE 100 AND 105 W. TORRANCE BLVD., SUITE 106, FOR THE TERM SEPTEMBER 2, 2025 TO SEPTEMBER 1, 2026

## **EXECUTIVE SUMMARY**

In March 2012, the City purchased the Pier Plaza leasehold and began the process of direct leasing to various tenants. Pier Plaza is comprised of several buildings totaling approximately 75,000 square feet of office and retail uses. The City of Redondo Beach and GungHo Online Entertainment America, Inc. (GungHo or Tenant) originally entered into a lease on September 7, 2021 for the space located at 127 W. Torrance Blvd., Suite 100 for office purposes. The premises totals approximately 1,180 square feet.

The proposed amendment would increase the square footage of the leased premises to 2,185 square feet with an expansion into 105 W. Torrance Blvd., Suite #106, for a 1-year lease term, and include a new tenant improvement allowance. Monthly rent for the amended lease, which would accrue to the City's Harbor Uplands Fund, would be \$5,375 with an annual 3% increase on the anniversary date.

## **BACKGROUND**

The Pier Plaza leasehold is comprised of buildings 103 to 131 West Torrance Boulevard (on the top level of the Pier Parking Structure) and totals approximately 75,000 square feet of space. The property is comprised almost entirely of office uses, with the lone exceptions being a restaurant and child care center.

GungHo is a subsidiary of the Japanese gaming company GungHo Online Entertainment, Inc. which is a video game developer and publisher. The City of Redondo Beach and GungHo originally entered into a lease on September 7, 2021 for the space located at 127 W. Torrance Blvd., Suite 100, which is approximately 1,180 square feet.

The proposed amendment allows the tenant to expand into the 1,005 square-foot premises located at 105 W. Torrance Blvd., Suite 106, increasing the total square footage of the premises to 2,185 square feet. The proposed lease amendment carries a 1-year term and includes a \$500 tenant improvement allowance for repairs needed in the expanded area. Monthly rental revenue of \$5,375, or approximately \$2.46 per square foot, would accrue to the City's Harbor uplands Fund, with an annual 3% increase on the anniversary date. The newly negotiated monthly rent of \$2.46 per square foot represents a 9.3% increase from the previous lease agreement with Gung Ho.

#### **COORDINATION**

The Resolution and lease documents were reviewed and approved as to form by the City Attorney's Office.

#### **FISCAL IMPACT**

Lease revenue from the property would accrue to the City's Harbor Uplands Fund. The proposed amendment would result in a minimum monthly rent of \$5,375, during the first year, with an annual increase of 3% to the base rent each year thereafter. From the one-year term of the lease, revenue to the Harbor Uplands Fund would be \$64,500.

#### **APPROVED BY:**

*Mike Witzansky, City Manager*

#### **ATTACHMENTS**

- Reso - No. CC-2509-067 Leasing Certain Property to GungHo Online Entertainment America, Inc.
- Agmt - Proposed Amendment to the Lease Between the City of Redondo Beach and GungHo Online Entertainment America, Inc.