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The Residential High Life at a \$500 Million Project

By Nicholas Slayton



The project at 1200 S. Figueroa St. has 648 apartments and an 18,000-square-foot digital billboard.
photo by Gary Leonard

DTLA - In a supercharged development scene, it barely counts as news anymore when a Downtown housing project opens. As Los Angeles Downtown News recently reported,

eight market-rate developments are coming online in the South Park area in the space of about six months, bringing a total of more than 3,300 rental units.

Yet amid that torrid pace, the Circa project stands out. That happens with a \$500 million budget and a design that literally alters the Downtown Los Angeles skyline.

Circa, from a development team of Hankey Investment Company and Jamison Services, began move-ins on Oct. 1. It marks the culmination of a project that was first announced six years ago.

The development at 1200 S. Figueroa St. consists of a pair of curving, 35-story towers with a total of 648 luxury-priced units. It has an 18,000-square-foot wraparound digital screen on the podium.

The decision to build an upscale project came from analyzing market trends and growth in the South Park neighborhood, according to Scott Dobbins, president of Hankey Investment Company. He pointed to the development's location — just steps from both the Los Angeles Convention Center and the southern entrance of Staples Center — and said the investment team saw an opportunity to cater to a luxury market that didn't want to plunk down seven figures for permanent ownership.

"Many of the developments nearby are condominiums. There was an untapped opportunity in the South Park neighborhood to erect the first residences that are both luxury and that are rentals," Dobbins said.

The project is 25% leased, according to general manager Chad Vasquez of Greystar, which is managing the building. Full occupancy is expected by the end of 2019.

Circa's twin glass-and-steel towers are linked by a seven-story podium with a two-acre amenities deck on the eighth floor. The deck offers two pools as well as two dog parks — one for large canines, the other for smaller ones. There is also a fitness center next to one pool, as well as barbecues and fire pits.

The eighth floor deck also has lounges at the base of each tower. The east tower's lounge is designed like a library, though in addition to the bookshelves there is a bar.

The west tower sports billiard tables and another bar. There's also a business center with a conference room and private meeting spaces.

Rents at Circa go for \$3.50-\$4.75 per square foot, which puts them on the upper end of the local pricing spectrum. An 800-square-foot one-bedroom apartment on the 20th floor is priced at \$3,800 per month, Vasquez said. A 1,898-square-foot two-bedroom unit on the same level of the west tower is \$7,000. The top three floors in both buildings hold penthouses, the most expensive of which rents for \$25,000. Vasquez said rates in the west tower are slightly higher, due to its views overlooking the Convention Center and Staples Center.

The units themselves are sleek, sporting travertine counters and translucent, off-white kitchen cabinets and doors. There are Nest thermostats, Bosch stoves and washer and dryers. Residences have keyless entry systems, walk-in closets and 9-foot 6-inch ceilings. A majority of apartments have small balconies.

Crowded Field

The mega-project was first broached in 2012, when the construction scene started to pick up momentum after emerging from the recession. The development team acquired a 2.7-acre parcel that had been used as a parking lot.

Circa is one of a handful of large, luxury-focused projects to emerge around the Convention Center and Staples Center. Greenland USA's four-tower Metropolis complex is bringing 1,558 condominiums over three phases and a 350-room Hotel Indigo; the development is budgeted at \$1 billion. Another \$1 billion effort, Oceanwide Plaza, is rising just north of Circa, and will create 504 condos and a 184-room Park Hyatt hotel, as well as 166,000 square feet of retail space.

Both of those projects come from Chinese developers, as does a third effort planned for the site of the Luxe City Center Hotel across from L.A. Live. Developer Shenzhen Hazens plans a \$700 million mixed-use effort that will have 435 condos and a 300-room hotel.

Dobbins declined to specify a target demographic for Circa residents, but noted that some of the initial tenants have relocated from San Francisco and New York City.

Steve Basham, senior market analyst with the firm Costar, said Circa will likely be a local draw, with people relocating from the Westside. He noted that many people already commute to Downtown from Santa Monica and West Los Angeles.

Alex LiMandri, founding principal partner of the residential brokerage firm DTLA Life, agreed, saying that Circa will likely lure people from Hollywood and Santa Monica.

However, Basham pointed out that the potential tenant pool at this price point is limited.

“There are only so many households and families that can afford that much a month for an apartment,” he said. “But Downtown has become more of a viable option for those who can.”

Still more residential buildings that charge in the vicinity of \$4 a square foot are opening. The 888 Grand Hope Park debuted in September, and the Onni Group’s 825 South Hill is expected to open this month. Dobbins said the investment team does not anticipate being negatively affected by those projects, saying Circa, as a luxury project, is not directly competing for the same tenant base.

LiMandri said that Circa’s viability in the market is strong, in part because more people who can afford luxury units are moving out of the Westside and heading Downtown.

Basham said that, according to data from a wave of projects that opened in 2014-2016, Downtown developments take approximately a year to reach full occupancy. He said the 25% leasing level in the early stage is a good start and it indicates an appetite for projects with that price point and level of amenities.

Dobbins is naturally optimistic for Circa, and pointed to the imbalance of jobs versus residents in the Central City — it is estimated that more than 400,000 people work in the neighborhood, while only about 70,000 live here, forcing everyone else to commute.

Dobbins expects that Downtown can continue to absorb more units.

As for the massive video screen wrapped around Circa’s podium, it is being used for ads. Perhaps because it is so close to a major sports center, on a recent day it was showing advertisements for Nike.