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News

Check Out Wren, the First Part of a \$1.2 Billion Investment

By Nicholas Slayton Jun 13, 2017



Wren adds 362 new apartments to South Park. It is the first phase of a \$1.2 billion project from developer Mack photo by Gary Leonard

DTLA - Five years ago, jaws in Downtown Los Angeles dropped when news broke that six acres of South Park land had been sold for \$80 million. Amazingly, that \$80 million now seems like a drop in the bucket. That's because developer Mack Urban just opened the first property in what will ultimately be a six-building, \$1.2 billion vision to transform the area around Grand Avenue and Olive Street.

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photo by Gary Leonard



Move-ins began last month for the 362-apartment Wren. The project, actually a pair of seven-story buildings bisected by an alley with entrances to underground parking, will be followed over several years by four high-rises. Altogether Mack Urban aims to create 2,000 residential units, along with a park.

“It’s multi-phase for us,” Mack Urban CEO Paul Keller said at an opening event for Wren last month. It included morning cocktails and mimosas, snacks and even models lounging in the project’s pool, despite the overcast day.

“We wanted to start here and work our way up Olive and connect it to other investments, so that we provide a safe, secure and pleasant experience,” Keller added.



photo by Gary Leonard

Wren, at 1230 S. Olive St., was developed by Mack Urban in partnership with AECOM Capital and Capri Capital. The project is designed by Togawa Smith Martin, with the two buildings that run along Pico Boulevard between Olive and Hill streets linked by a walkway on the second floor. The structures have a number of articulated boxes jutting out from the sides.



photo by Gary Leonard

Many of the architectural details and amenities in Wren will be replicated and expanded on in the four future buildings, Keller said.

The smallest of the 362 apartments are 487-square-foot studios that begin at \$1,850 per month. On the upper end are three-bedroom residences that go from 1,268 square feet and \$4,166.



photo by Gary Leonard

Units have wood-patterned vinyl floors, gas stoves and a washer and dryer. Some residences have balconies.

The building, which has 382 parking spaces, was approximately 18% leased at its opening. Keller estimates that it will take about a year for the project to be fully occupied.



photo by Gary Leonard

Most of the amenities are on a second-floor deck. There is a pool, a fitness center with a dance room, a community lounge and kitchen, plus barbecue grills and fire pits. The alley between the buildings can be closed for special events.

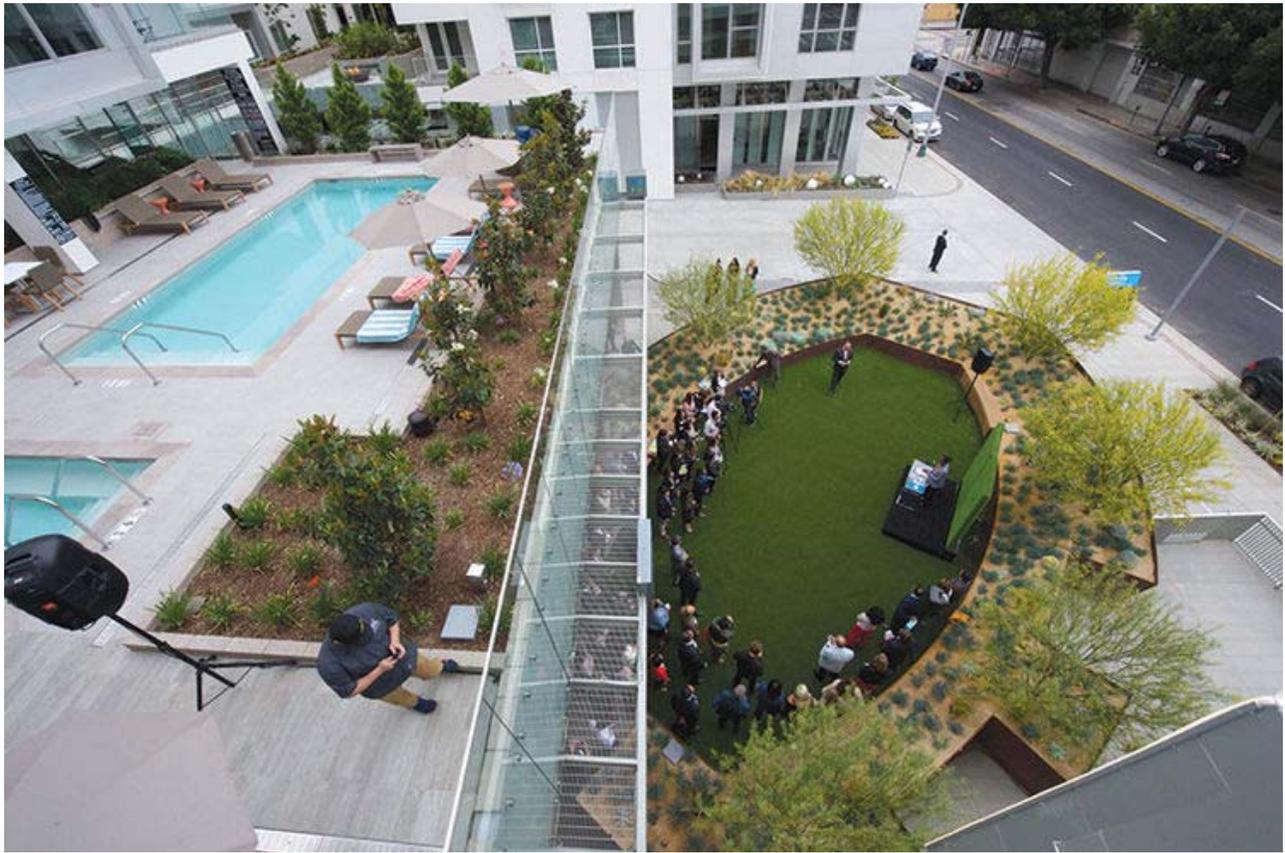


photo by Gary Leonard

The project includes a 4,000-square-foot ground-floor restaurant space, which will be filled by the beer-focused establishment First Draft. The eatery at Olive Street and Pico Boulevard will open in the fall. It will have more than 70 taps serving craft beer, ciders and wine.



photo by Gary Leonard

A Thriving District

Wren is a big play, and its 362 units make it larger than most residential buildings in South Park. However, it is only the first step in Mack Urban's vision.

Next up is a 38-story tower at 1120 S. Grand Ave. that is currently built to the 11th floor. The project, with 536 apartments, is scheduled to open in 2019.

The three other buildings will be also be high-rises (heights have not been announced), and together they will add more than 1,000 residential units. Keller said there is a chance that one could become condominiums, but the current plan is to make them all rentals.

The vision includes a 9,000-square-foot park that will arrive with the second phase. It will be open to the public.

Wren arrives as South Park is undergoing a vast change. Nearby, developer Astani Enterprises' 347-unit G12 and Oakwood Worldwide's 201-residence corporate housing project at Olympic Boulevard and Olive Street opened in the spring. Carmel Partners' 363-unit high-rise Atelier arrived in March at 801 S. Olive St. A pair of low-rises from Forest City at 11th and Hill streets and 12th Street and Broadway are scheduled to debut this summer.

Then there are the really big projects. Oceanwide Plaza, a \$1 billion development, and Circa, which has a pair of 36-story apartment towers, are both under construction near L.A. Live and the Convention Center.

In other words, there will be a lot of housing coming online in a relatively short period, which means heightened competition. Still, Keller said Mack Urban's business model and strategy for South Park remains the same as when the company first acquired the property.

"We are highly confident that this community will do very well, competing against other communities in the district," Keller said. "And there are no changes in our other phases."

Keller said he expects the high-quality elements in the properties to stand out and lure tenants who can afford to pay a premium. While acknowledging the rush of activity, he said it actually points to a demand in the community and the overall strength of the neighborhood, which is walkable for people who work in the Financial District or Historic Core.

More and more developments will be coming to Downtown Los Angeles, according to Richard Green, director and chair of the USC Lusk Center for Real Estate. He expects the developers will do well, barring any sudden loss in foreign investment.

"Do I think you can build 2,000 units in Downtown L.A. and have them be absorbed? Absolutely," Green said. "We are so underbuilt. In the context of that, 1,900 units over the next seven to 10 years, that's nothing."

Councilman José Huizar, whose 14th District includes Downtown Los Angeles, agreed that demand is greater than the supply. Huizar echoed officials with the Department of City Planning who predict that Downtown's residential population will increase by 125,000 by 2040. In addition to more housing, they'll need more public amenities.

"[Mack Urban] just got it right," Huizar said. "When they came they talked about green alleyways and green space, and they talked about improving pedestrian streets. They add so much to the neighborhood."

The remaining buildings that Mack Urban is developing are all being done in partnership with AECOM Capital. Keller said there will be limited partners working with them on individual phases going forward.

Keller said that Mack Urban expects to break ground on the final phase by 2021.

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