

22-story Hotel Planned For Downtown L.A.

By Roger Vincent, Los Angeles Times April 19, 2011

The proposed hotel would be near L.A. Live and run by Marriott under the brands Residence Inn by Marriott and Courtyard by Marriott. The \$120-million project is slated to begin in March 2012.



Artist's rendering of proposed hotel (April 19, 2011)

An Oregon developer plans to build a 22-story hotel near the L.A. Live entertainment center to serve a growing number of visitors to downtown Los Angeles.

Marriott International Inc. would operate the proposed 377-room hotel on Olympic Boulevard under two of the company's brands: Residence Inn by Marriott and Courtyard by Marriott. Construction on the nearly \$120-million project is set to begin next March and be completed by 2014.

It would be built and owned by a consortium led by Williams/Dame & Associates, the Portland, Ore., developer that built the condominium towers Evo, Luma and Elleven near Staples Center in the South Park district of downtown.

Maryland-based Marriott already operates a JW Marriott and a Ritz-Carlton in a skyscraper across Olympic on the campus of L.A. Live as well as a Marriott Hotel about seven blocks north on Figueroa Street.

It is not unusual to have multiple Marriott products so close together, company executives said.

"We have a portfolio of brands that cater to different demands and price points," said Tony Capuano, executive vice president of development for Marriott. "This gives us the opportunity to serve a variety of guests who come for a variety of reasons."

The hotel plan is not contingent on the construction of Farmers Field, a proposed professional football stadium and convention facility that L.A. Live owner AEG is seeking approval for to build nearby, Capuano said.

"We feel very good about the bet we have made with our brands," he said, in large part because there are already about 300 events a year at Staples Center and L.A. Live venues including the Nokia Theater.

"We think Farmers Field would continue to grow the appeal and profile" of downtown, he said.

Downtown already is experiencing a burst in hotel visits. With the opening of the JW Marriott and Ritz-Carlton last year, the supply of rooms went up 16% and demand grew 24% in 2010, said Bruce Baltin, a hospitality industry consultant at PKF Consulting USA.

"This is obviously very healthy in a down economy," he said. Downtown hotel occupancy has averaged almost 70% this year, compared with 61% in 2009 and nearly 65% last year.

Baltin attributed the uptick in downtown hotel occupancy to an increase in the number of people who come downtown and stay overnight after attending events. Downtown also is capturing business travelers who might have opted for hotels in Pasadena or the Westside in the past.

"Downtown has kind of reached a critical mass as a destination, and the more you add to it the more it will grow, to a reasonable extent," Baltin said. Marriott's no-frills Courtyard and extended-stay Residence Inn, with its larger units and kitchens, would add types of rooms that don't exist downtown, he said.

Williams/Dame & Associates would develop the hotel at the northwest corner of Olympic and Francisco Street with American Life Inc., a Seattle investment firm. Financing would be through the federal EB-5 program, which provides green cards to immigrant investors who put up a minimum investment of \$500,000 for development in targeted areas.

The immigrants would be considered limited partners and thus co-owners of the project. If the project produces enough jobs to meet standards for the program, as expected, they would qualify for green cards granting residency. Marriott said the hotels would create about 100 jobs.

Building a high-rise hotel is less difficult than building a condominium tower because the units are more uniform, said Homer Williams, chairman of Williams/Dame. Williams has developed thousands of condos in Oregon and Los Angeles.

L.A. Live's effect on South Park has been more significant than he expected, and he predicts development in the area will continue to grow.

"We are going to ride some shirttails, hopefully," Williams said. His team acquired the hotel site, which is now a parking lot, from AEG.

The planned project is "another crucial milestone in Los Angeles' thriving downtown renaissance," Mayor Antonio Villaraigosa said in a statement. "This project will create countless local construction and permanent jobs and will expand Los Angeles' infrastructure to support large-scale conventions that generate significant revenue for the city."

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