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LOS ANGELES | HOTELS

Ritz-Carlton, JW Marriott part of downtown L.A. Live project

By Roger Vincent, Los Angeles Times
June 01, 2007

It's been the dream of downtown boosters for decades. And today, that vision will finally begin to take shape as crews begin to erect a high-rise, high-end hotel complex adjoining the Los Angeles Convention Center.

JW Marriott and upscale Ritz-Carlton will operate separate hotels in the building on Olympic Boulevard. Combined, there will be 1,001 guest rooms when the hotels open in 2010. The Marriott will also operate one of the largest ballrooms in Los Angeles, with a seating capacity of 3,000. The top 26 floors will house 224 luxury condos attended to by the Ritz-Carlton staff.

At a ceremony today, AEG plans to announce that Wachovia Corp. and investment firm MacFarlane Partners have signed on to help finance the 54-story, \$900-million hotel and condominium complex — the cornerstone of the \$2.5-billion L.A. Live entertainment center.

The 4-million-square-foot development also will have movie theaters, restaurants, nightclubs, a bowling alley, offices and the Grammy Museum, all expected to be completed by 2010. Other developers have completed or are in the process of building almost 1,700 apartments and condos on blocks nearby.

"This is the most important thing we have ever done as a company," said AEG President Tim Leiweke, whose company owns Staples Center and the Los Angeles Kings NHL hockey team, among other teams and arenas. "It will change the economy of not just downtown but of Los Angeles."

Civic leaders see the hotel project as crucial to attracting the kinds of big-league, national conventions that now go to places such as Anaheim, San Diego and San Francisco.

The deal approved by the City Council calls for AEG to receive a rebate of at least \$246 million in the hotel bed taxes it is expected to generate during the first 25 years of operation. In addition, the project is being given a \$5-million grant from the city redevelopment agency and a rebate of \$4 million in building permit fees.

Those concessions from the city were essential to getting the hotel started, Leiweke said.

Also helping fund construction of the hotel are the expected sales of the condominiums, which are priced at \$1.5 million to \$6 million. Buyers have already made deposits on nearly half of the units, Leiweke said.

Construction is well underway on other portions of L.A. Live, including the 7,100-seat Nokia Theatre and a separate studio building for sports broadcaster ESPN. The theater is set to open in October and is expected to host such events as the Emmy Awards, Country Music Awards and Miss USA pageant.

roger.vincent@latimes.com

Downtown project to get really 'Live'

Construction will start on a complex housing two major hotels and luxury condominiums near Staples Center.

By Roger Vincent, Times Staff Writer
June 1, 2007

It's been the dream of downtown boosters for decades. And today, that vision will finally begin to take shape as crews begin to erect a high-rise, high-end hotel complex adjoining the Los Angeles Convention Center.

The project faced a major obstacle last year when developer AEG lost its financial partners.

At a ceremony today, AEG plans to announce that Wachovia Corp. and investment firm MacFarlane Partners have signed on to help finance the 54-story, \$900-million hotel and condominium complex — the cornerstone of the \$2.5-billion L.A. Live entertainment center.

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Past attempts to put hotel rooms next to the Convention Center have been plagued by doubts about their viability. But the participation of Wachovia and MacFarlane gives the project new credibility, said David Wise, a hotel consultant who is not involved in the project.

"We're talking about really big guns here," Wise said. "It's good to see such an institutional capital structure."

Wachovia is making a major push into California's consumer banking market, while San Francisco-based MacFarlane invests money for the California Public Employees' Retirement System and other big clients.

Institutional investors avoided downtown for years after the office market crashed in the early 1990s but began tiptoeing back amid a housing construction renaissance that started after 2000 and has added thousands of residents.

Many years have passed, however, since downtown has seen a new hotel built from the ground up.

"Downtown has been the redheaded stepchild with braces compared to the Westside," Wise said.

"This is really a quantum leap forward in terms of credibility about downtown's revitalization," he added.

Owners of downtown's Bonaventure Hotel tried to stop AEG's hotel plans in court, arguing that AEG will have an unfair competitive advantage because it will receive financial assistance from the city. The suit was later dropped.

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San Francisco-based MacFarlane, which invests in urban real estate developments, will provide as much as \$400 million in financing, said Chief Executive Victor MacFarlane. The company also may invest in the \$2-billion Grand Avenue retail, residential and office project set to begin construction north of Staples on Bunker Hill later this year.

"We'll probably invest in the two largest bookends downtown," he said.

The terms of Wachovia's investment were not revealed, but it will be a "founding partner" in the L.A. Live project and receive exposure on large electronic signs there and in other locations around Staples Center — which will help raise its profile here, said Dan Fleischman, Wachovia's director of sponsorships.

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Supporters hope L.A. Live will attract millions of visitors who have seen it on television or who are attending a convention.

"The visitor impact will be huge," said economist Jack Kyser of the Los Angeles Economic Development Corp. "And the hotel will put us back in the game of attracting major business shows.

"I've been waiting at least 20 years for this."

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