



Artist's rendering of proposed joint development at Wilshire/Western shows a futuristic subway portal fronting a multilevel retail, housing and parking structure. Property would include a bus transit center.

Development 'Fever' Spreading to Metro Rail Stations

By GARY WOSK

(July 3, 2001) The MTA Board of Directors has agreed to enter into six months of exclusive negotiations with a developer who wants to build a \$36 million mixed-use complex at the Wilshire/Western Metro Red Line station.

If the MTA Board approves a joint development agreement with Wilshire Entertainment Center LLC, the multi-story complex would feature 50,800 square feet for retail stores, 182 rental units, 564 parking spaces and a bus transit center.

Wilshire Entertainment Center LLC is one of an increasing number of developers who have proposed joint developments at Metro Rail stations, a reflection of a strong economy, a shortage of commercial real estate and realization that Metro Rail locations can be quite profitable.

"Developers realize that they have an immediate customer base when they go into a Metro Rail station," says MTA Planner Phil Ganezer. "Thousands of Metro passengers come and go through the stations each day. It's a bonanza at the cash register waiting to happen."

Developers and tenants aren't the only ones who stand to gain.

Millions for the MTA

"Ground lease agreements with developers can result in the raising of millions of dollars in funds that can be used by MTA Operations," Ganezer said. "For instance, at our Hollywood/Highland station the MTA receives approximately \$500,000 annually from TrizecHahn for a ground lease."

Exclusive negotiations are also underway with developer MacLeod Partnership to jointly develop the Westlake/MacArthur Park subway station.

If a final deal can be consummated, the station would feature 52,000 square feet devoted to retail and restaurants, a 50,000 square-foot market, 6,500 square feet for retail kiosks, a possible a charter middle school for 350 students, plus park-and-ride spaces and an area where passengers can be picked up or dropped off.

Joint developments have already taken place at other Metro Rail stations. Set to open this fall above the Hollywood/Highland station is TrizecHahn's "Hollywood & Highland", a \$615 million entertainment/retail complex which will encompass 640,000 square feet and will be the future home of the Academy Awards.

At the Hollywood/Western station, McCormack Baron Salazar already has built 60 affordable housing units at a cost of \$11 million. A tentative ground lease agreement has been reached to build 60 more affordable housing units, a daycare center and 10,000 square feet of retail space for \$12.5 million. Construction could begin in several months.

Proposals due to MTA

The MTA currently is reviewing a number of proposals for a joint development at the North Hollywood station. Proposals are due for Wilshire/Vermont on August 15 and for Hollywood/Vine on August 27.

A senior MTA planner agrees that interest on the part of joint development in Metro Rail is on the upswing.

"During the recession the real estate market, of course, was not very strong," said Deputy Executive Office Carol Inge. "As the economy improved we eventually began to get inquiries from developers, so we decided to become more pro-active and do our own market assessment. We are gratified to be receiving a lot of responses. Joint development at rail stations throughout the United States is very popular, so this doesn't come as a big surprise."

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