

Case Study: Hudson Pacific Properties

4th & Traction



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Key Information

Client

Hudson Pacific Properties

Location

Los Angeles, CA

The Challenge

Hudson Pacific Properties (HPP) acquired a historic industrial building on the northern end of the Arts District that had been serving as a toy manufacturing and warehouse facility. The building was built originally by the Coca-Cola Company as a bottling plant in the early 1900s. This building had no windows and a very column dense floor plate. There was also a 30,000 SF basement with no natural light and no on-site parking. Overall, the Arts District was viewed as a gentrified neighborhood, but not understood by many office tenants.

The Solution

The leasing team worked with the ownership on design elements to increase the desirability of the building and connectivity to the neighborhood. This included creating windows on the exterior façade, building a rooftop structure that housed an amenity deck and garden and creating multiple entry access points off 4th Street and Traction. The ground floor would also contain a pocket park between the building and the new 4 story parking structure.

In addition to the physical renovations, the leasing team enacted several detailed marketing campaigns to attract tenants, as well as familiarize them with this emerging submarket. This included the use of VR technology to help tenants visualize each floor, with an emphasis on productive ways to utilize the basement space. Next, “immersion kits” were created (4th & Traction branded boxes with unique items from the local retail businesses surrounding the project) and sent directly to prospective tenants.

Lastly, a dual tract leasing approach was created that focused on a multi-tenant lease up strategy and a single building user lease up strategy.

Results

Within less than one year, the ownership leased the entire building to an emerging technology company, Honey Science (130,000 SF). This transaction recorded the highest office rents ever in the Arts District, as well as Downtown LA. Because of the leasing team’s dual tract leasing approach, at the time of signing Honey Science, there were three other tenants in leases at the building. With the VR demo material, one of the tenants was in leases for the basement and ground floor space. All prospective tenants were made aware of the multi-party interest in the building, thus dramatically escalating the lease up period for this project.