

# Evolution of a Neighborhood

## South Group Completes Three-Building, \$305 Million Investment in Downtown

BY RICHARD GUZMÁN  
CITY EDITOR

Although you're surrounded by high-rises, it's easy to stand on the sixth-floor pool terrace at Evo and imagine a tight, and maybe slightly voyeuristic neighborhood.

From here, a man and a woman can be seen sunbathing on the pool deck that unites two adjacent buildings. One of them waves up at a reporter looking down at them.

The curiously named Evo, the third and final installment of a project from Portland-based developer the South Group, has its grand opening on Sunday, Oct. 5. It marks the transformation of a block that was empty five years ago to one that has more than 700 residences today. It also marks the culmination of a \$305 million investment.

The 635,000-square-foot Evo follows the completion of South Group's Elleven and Luma buildings, which opened in 2006 and last year, respectively. The 23-story, \$160 million project is both the most upscale and the largest of the buildings, adding 311 condominiums.

Priced from the mid-\$400,000s to more than \$3 million for units that range from 730-3,500 square feet, Evo lays down yet another brick in the rapidly rising neighborhood of South Park, one that is seeing more residents, as well as the creation of phase two of the L.A. Live project.

Yet for all the hoopla, there are also difficulties. Evo is coming online at a time when the housing market is ailing and nationwide credit woes make it difficult for many prospective homebuyers to get a mortgage. South Group officials acknowledge that pre-sale figures for Evo are nowhere near what they were for Luma and Elleven.

"The reality is the market threw us a curveball, just like it threw everybody a curveball," said Tom Cody, a principal of the South Group. "One of the aspects of that is that no one is buying pre-sale right now. So unless somebody can walk through a project and it's completed, the buyers out there are not committing. We needed to get the building done, and it's now done to the point where we can walk people through it and show how

for move-ins this month.

"We went from selling 100%, which was based on a drawing with Elleven, to beginning to deal with the fallout in the financial market with Luma, to really having to confront it head-on with Evo," said Cody. "We're going to have to sell the majority of the building when it's complete."

### Some Change Course

While the numbers are down, some experts said that compared to the market, Evo is faring well.

"Thirty percent is not a bad number in today's conditions," said Nancy Sidhu, vice president and senior economist for the Los Angeles Economic Development Corp.

Sidhu noted that Evo's target market of high-wealth individuals could work in its favor, as that crowd may have an easier time getting a mortgage, or may not need one at all.

Several Downtown Los Angeles projects have faced so much uncertainty that, although designed to condominium specifications, they have switched to rentals before opening, hoping to get some cash flow and perhaps change to for-sale status in the future. Those developments include Amidi Real Estate Group's \$50 million, adaptive reuse high-rise TenTen Wilshire in City West, and the 118-unit Artisan on Second, from Trammell Crow Residential, in the Arts District.

Cody said that in addition to staying a condominium complex, Evo is different because it features ground-up construction, as opposed to an adaptive reuse of an older building. He noted that South Group's properties stand alone as the only new ground-up high-rise projects for sale in Downtown in more than two decades.

"We expected that there was going to be a lot of competition and the floodgates would open up and there would be a lot of people doing this kind of thing, and that hasn't proven to be the case," he said.

Evo, he said, "is for now the only new construction option Downtown."

### Upscale Option

South Group has long sought to establish itself as an environmentally conscious developer. Luma and Elleven were California's



photo by Gary Leonard

South Group's Evo, a \$160 million condominium project, opens this month. The building is 30% sold, a steep drop from the developer's previous projects on the same block.

Johnson, a principal with GBD Architects, which worked on Evo along with TVA Architects. "It's more commonly seen in commercial office buildings. It creates a really defined modern product. We countered that with balconies and decks so it keeps a residential aesthetic."

The units, in 49 different floor plans, are modern, with hardwood floors, wall-to-wall windows, balconies and exposed cement columns.

Along with the sixth-floor pool deck, Evo has a rooftop deck, lounge and gym. It also has 6,800 square feet of retail space, although no deals have been inked yet, Cody said.

A mid-block park sits between Elleven, Luma and Evo. The landscaped area has been eyed for a possible farmers market as well.

"The idea there is to create a mid-block crossing that has some really beautiful landscaping through it. Putting these buildings together is really creating this neighborhood," Johnson said.

### A Village Rises

When South Group began construction of its first building, South Park was a much different place. The Ralphs supermarket had yet to open, and projects such as the Met Lofts had not come online. The second phase of Anschutz Entertainment Group's \$2.5 billion L.A. Live, which opens in December, had not broken ground.

Now, the South Group's 700 units add another cluster to the rising South Park community.

"They have created a village from the ground up," said Ninth District Councilwoman Jan Perry. "I like what they've done, particularly with the ground level, the street level, how they've greened the sidewalk and amenities both inside and outside the building."

The concentration of units will have a great impact not only on South Park, but throughout Downtown, Sidhu said.

"The new residential buildings, and par-

ticularly in South Park with those three new buildings, means there are more residents who are going to be around in the evening who are going to take advantage of the retail outlets," she said. "For the Downtown economy, it's a wonderful thing."

Mike Pfeiffer, executive director of the South Park Stakeholders Group and manager of the South Park Business Improvement District, said projects like Luma, Elleven and Evo both give residential momentum to the neighborhood, and could help expand the community's commercial area. He noted that the South Park BID recently commissioned USC to conduct an analysis that looks at Pico Boulevard as the new retail center of the area.

"That wouldn't be going on if we didn't have an increasing number of residential units coming online in the South Park area," Pfeiffer said.

For the South Group, putting a neighborhood where there were once only parking lots has been difficult, but rewarding.

"Getting people to believe we could execute the vision, that was a challenge," Cody said. "We spent countless days and months standing on the corner trying to convince people these parking lots could turn into something extraordinary, and that we could shape this into a place where people actually wanted to live."

"What we and what AEG are doing are the key things going on in the neighborhood. We both have a long-term view on this neighborhood, and we're building for the future."

Contact Richard Guzmán at richard@downtownnews.com.

LOS ANGELES  
**DOWNTOWN  
NEWS**



photo by Gary Leonard

The 311 condos in Evo come in 49 floor plans. Most have hardwood floors, wall-to-wall windows and balconies.

wonderful the homes are, and we're very optimistic that our sales will pick up."

Elleven, a 13-story, 176-unit project that cost \$65 million, sold out before its opening in 2006. Luma, a 19-floor, \$80 million development that created 236 units, had sold 90% of its residences when it debuted in 2007.

Evo, said Cody, is 30% sold as it prepares

first condominium buildings to earn LEED Gold ratings, awarded by the U.S. Green Building Council. Evo is also expected to earn a LEED Gold rating, Cody said.

In terms of design, Evo is the most sophisticated of South Group's three buildings.

"The whole outside skin is a single entity made of glass and metal," said Kevin