

# StarPoint Sells Koreatown Buildings for \$9 Million Profit

**TRANSACTION:** Fairfield buys 302-unit community in a \$53 million deal.

**S**TARPOINT Properties LLC has turned a tidy profit on the sale of a two-building apartment property in Koreatown after owning it for just 18 months.

The Los Angeles real estate investment firm has sold the 302-unit community at 136 and 160 S. Virgil Ave. for \$52.8 million to **Fairfield Residential LLC** in a deal that closed May 17. StarPoint purchased the building for \$40.3 million.

In the course of 18 months, StarPoint made \$3 million in renovations to the property, including the addition of an upscale karaoke lounge and a movie theater – amenities that target the increasingly affluent Koreatown community, said Rob Budman of StarPoint.

“When we were looking at Koreatown a few years ago, we saw that no owner was catering to the high-end tenant base in the area and renters with greater and greater income were coming to the area. But the housing product being delivered to them didn’t really meet their demands,” said Budman. “We came into a standard 1970s apartment complex and created a high-end amenity base.”

Budman said his firm always considered the 1.5-acre property a short-term hold. Other renovations include granite counter tops and stainless steel appliances in some units while common area upgrades include an Internet café and a new fitness center.

Kitty Wallace, a senior vice president at commercial real estate brokerage **Sperry Van Ness**, said that Fairfield plans further upgrades.

The 1971 property, called Emerald Terrace, includes 150 one-bedroom units, 107 studio units, and 45 two-bedroom units. While the existing monthly rental rate currently ranges from \$750 to \$2,035, increased rates have been set. While StarPoint owned the property it turned over about half of the units, which allowed the company to raise rents at the property while performing renovations.

## El Segundo Sale

Canadian satellite manufacturing company **Com Dev International Ltd.** has purchased its first domestic property, picking up a 46,000-square-foot office and industrial facility in El Segundo for \$8.6 million.

The deal with Los Angeles-based real estate

development firm **Karguval Properties Ltd.** for the building at 2333 Utah Ave. breaks down to \$187 per square foot. The transaction closed May 29.

Initially, Karguval was not interested in selling the property – it had hired Luke Staubitz, a partner with the Klabin Co., to lease out the building, which sits on over 2 acres of land.

“Com Dev made an unsolicited offer to buy the building and that was an intriguing number and ultimately the seller looked at it,” said Staubitz, who represented Karguval in the sale. “It’s a single-purpose building and it wasn’t a core building for Karguval.”

The facility includes two buildings: a two-story office and warehouse and an adjacent 20,000-square-foot single story office building. In the past, the facility has been used for assembly work and was most recently used by Honeywell. It is currently vacant.

Brent Ball of Commercial Brokers International Inc. said that Com Dev was interested in the El Segundo area because of local infrastructure.

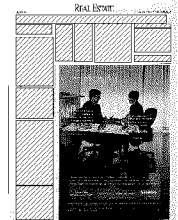
Harvey Beesen of Klabin Co. also represented Karguval.

## Santa Monica Deal

Lexham Holdings, an affiliate of **Lexham Private Investors LLC** has purchased a Santa Monica medical office building for \$14.8 million from **Princeton Medical Holdings LLC**.

The four-story 10th Street Medical Building at 1450 10th St. sits on about one-third of an acre of land. The deal for the 25,829-square-foot building breaks down to \$571 per square foot. It closed in late May.

Though Stamford, Conn.-based Lexham paid a high price for the property, it is acquiring a building with great room for rental growth. According to Bob Safai of Madison Partners, the average rental rate in the building is in the low \$3 per foot per month range, but



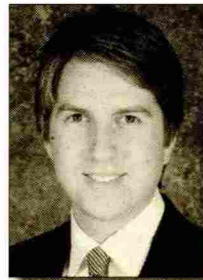
could be raised to the \$4.50 range.

"You have a tremendous upside in the actual rental rate," said Safai, who represented both sides of the deal. The building is 97 percent occupied.

Lexham will upgrade the building's lobby and corridors to bring it to Class A level. Safai said that very low medical office vacancy rates in Los Angeles make properties like the 10th Street Medical Building sound investments.

"Good buildings that are well-located are hard to find," he said.

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**Emerald Terrace: Common area.**