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UCLA Medical Building Draws Healthy Price

ACQUISITION: University of California buys campus property for \$42.3 million.

By **DANIEL MILLER**

LOS ANGELES BUSINESS JOURNAL STAFF

In one of the years biggest commercial real estate deals in Los Angeles, a medical office building on the UCLA campus is trading hands for \$42.3 million.

The University of California has agreed to buy the seven-story 100 Medical Plaza building from Held Properties Inc., an L.A. private real estate investment company, and its partner, Jones & Jones of Ojai. The deal was expected to close by June 1.

The fully leased building, adjacent to the new Ronald Reagan Medical Center, is occupied by UCLA doctors and private practitioners. The \$42.3 million price makes the transaction one of the largest sales of the year as the recession has driven down prices and slowed transactions to a crawl.



Big Pickup: 100 Medical Plaza at UCLA.

The 123,242-square-foot property is trading for \$3.43 per square foot - a relatively high figure for recent sales. But it is also considered a "fair" price because of the property's pedigree and the scarcity of Class A medical office space.

"For medical office space located literally adjacent to the premier hospital in the western United States, fully leased with top-caliber physicians, we think it's a fair market price," said Brad Erickson, executive director of UCLA Campus Service Enterprises, an administrative group that includes a real estate department that handles property leasing, sales and acquisitions.

Recent leases executed at the building are in the "low to mid" \$4-per-square-foot-per-month range, on a full-service gross basis, he said.

Held and construction partner Jones & Jones developed the building and two adjacent medical office properties for the university in the late 1980s and early 1990s. Unlike the two nearby buildings, which have always been owned by the university, Held and Jones & Jones owned 100 Medical Plaza through an unusual agreement with UCLA known as an "air lot" lease.

Robert Held, president of Held, said that his company and Jones & Jones got the right to develop the building by winning a public competition conducted by UCLA.

"It was the only building done like that," he said.

In another noteworthy sale reported by the Business Journal last week on its Web site, a Miracle Mile-area office complex was sold by the investment company of former billionaire Louis Gonda for \$44 million.