

The Redevelopment Wizard

Why Mark Tarczynski's Name Seems to Be on Every Downtown Deal

By Mark Thompson

Back in the early 1990s when Staples Center was nothing but a gleam in Downtown boosters' eyes, Mark Tarczynski recalls sitting through countless public hearings in which proponents of the sports and entertainment complex outdid themselves explaining why it was such a great idea. A vice president at the commercial real estate brokerage of CB Richard Ellis with numerous property listings near the site, he certainly wanted to believe it was true.

But one claim in particular struck him as "quite a reach."

No doubt tens of thousands of people who had never been Downtown would be drawn to the sports complex, and some of the sparkling new arena's aura might rub off on other Downtown properties. But as for the widely-touted notion that sports fans would spread through surrounding neighborhoods on their way to and from games, lightening their wallets and jump-starting economic development, Tarczynski thought to himself, "Yeah, right!"

It took a phone call from Avi Shemesh and Shaul Kuba on Christmas Day of 2000, 14 months after the arena opened, to make a believer out of Tarczynski. The founding partners of Hollywood-based CIM Group, which had helped revitalize forlorn downtowns including Old Pasadena and Santa Monica's Third Street Promenade, they had come to Staples Center the day before with time to spare before a Lakers game. They took a spin through the largely empty neighborhoods surrounding the arena, and noticed the for-sale sign at the complex of buildings at Ninth and Flower streets. It was a property formerly occupied by the Southern California Gas Co., and Tarczynski, who represented the owner Shuwa Investment Corp., had put the buildings on the market just a few weeks earlier.

To make a long story short, the CIM partners met with Tarczynski on the day after Christmas, and the sale of three architecturally noteworthy buildings on 7.2 acres closed at the end of 2001. The renovated residential buildings, which will be part of an exciting mixed-used complex, will open early in the new year. Within two years, the project will be completed, bringing a total of 1,300 residential units and 100,000 square feet of retail space to a long-vacant section of Downtown. For many Downtown residents, including Tarczynski himself, the best feature of all will be a 50,000-square-foot Ralphs supermarket.

The market was his "biggest and last retail deal," says Tarczynski, whose name has been ubiquitous on "For Sale" and "For Lease" signs Downtown for the past 15 years. Lately, he has specialized in brokering redevelopment deals in which neglected old buildings are put to new uses. That is the latest shift in a career that has passed through several phases since Tarczynski graduated from the University of Indiana in 1981 with a double major in theater and telecommunications.



Mark Tarczynski brokered one of Downtown's hottest deals - a supermarket. Photo by Gary Leonard.

Immediately after college, he went into business with a stage designer in his hometown, Chicago, building sets for dinner theaters. "At that time there were eight or nine of them in Chicago and at one point we had a 100% market share. All of the theaters were using our sets, which was interesting."

But not particularly remunerative. "After awhile, I realized I was not going to make much money doing this for a lifetime. I looked around and got into the advertising business," a career shift that took him to New York, where he stayed for the next 10 years.

Burned out on New York and advertising, he landed in Los Angeles looking for an opportunity to get into commercial real estate. Within a year, he landed a job with CB Richard Ellis, and the firm put him to work leasing space to retailers on the ground floors of the office towers that were sprouting up throughout Downtown in the 1980s.

A self-described "city rat," Tarczynski had gravitated to Downtown upon his arrival in Los Angeles, renting an apartment in the Metropolitan at Ninth and Flower streets (he now lives on Bunker Hill). Few others lived Downtown in those days, but Tarczynski saw the area's potential. "Because I was in retail at the time, I considered it a blank canvas," says the 48-year-old. "I would look around for things that I wanted to see in Downtown Los Angeles and convince retailers to come into the area."

At one point, he says he had 85% of the market for retail leasing in office towers. During the late 1990s he spent two years helping Wells Fargo liquidate 45 branches after its merger with First Interstate. His biggest deal to date, which closed in 2002, was the \$45 million sale by Evergreen International of the 10-acre vacant lot at First and Alameda, which is now being considered as the site for a replacement for the Parker Center police headquarters.

More recently Tarczynski brokered the sale to Urban Pacific Partners of the former Brooks Brothers building on Seventh Street between Hope and Grand, which he describes as "one of the best looking historical buildings Downtown." He also handled the sale of the oddball, triangular office tower at 1100 Wilshire Blvd. just west of the Harbor Freeway. Built in 1986, it has never been occupied. The new owner, Bob D'Elia, will undertake a top-to-bottom overhaul of the building, squaring it off and turning it into 450 condominiums.

Tarczynski has done several deals over the years for Shuwa, which has been retreating from its ill-timed investments in Downtown real estate for much of the past decade. Over dinner with several Shuwa executives in early fall 2000 he learned about their interest in unloading the Gas Company buildings. Having lived within blocks of the site for a dozen years, he immediately recognized its potential and put together a marketing proposal that Shuwa accepted. Tarczynski listed it for sale that December, just in time for the trip by the CIM partners to the Lakers game.

A couple of other fortuitous events helped the deal fall into place. The property development firm was just about to launch a \$180 million CIM California Urban Real Estate Fund, which aimed to invest in urban infill projects in California cities. It was immediately apparent to Shemesh and Kuba that the historic complex could be transformed into just the sort of project that has revitalized other city centers where they have worked.

The Community Redevelopment Agency (CRA) provided one other crucial piece of the puzzle. Tarczynski knew that the agency had not quite exhausted a fund earmarked for investment in downtrodden urban neighborhoods. He also was aware that the CRA shared his own long-standing dream of bringing a supermarket Downtown.

Exasperated by the long slog to Third Street and La Brea where he does his food shopping, Tarczynski says, "I had been trying for 10 years to get Ralphs to come Downtown. Year after year, I gave them data and more data." But supermarket companies couldn't believe that a store in desolate Downtown Los Angeles would be viable. Supermarkets operate on razor-thin profit margins and need high volumes to survive. In marginal neighborhoods, they also often need a public-sector boost.

As it happened, the residential units in the Gas Company complex that was materializing on CIM's drawing boards would be just enough to put the number of residential units in the area over the 10,000 threshold that Ralphs executives said they would need to consider opening a store Downtown. And the CRA's offer to invest \$7 million to purchase the land under the supermarket was enough to seal the deal.

Tarczynski can't wait for the day when he'll have a new supermarket within minutes of his home. He's convinced that the market will be as big of a boon to the ongoing Downtown renaissance as Staples Center has been, perhaps even more so, as far as residential development is concerned.

Restaurants in the neighborhood are "doing gangbusters," he says. The Disney Concert Hall has joined the Staples Center as venues for world-class entertainment. Residential developments are now taking off.

"For many people, a supermarket is the last barrier that is keeping them from living Downtown," Tarczynski says.

page 6, 12/22/03

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