

L.A. Care signs one of the year's biggest leases — and it's on downtown's fringes

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MAY 16, 2019 | 3:00 PM



L.A. Care Health Plan, the largest publicly operated healthcare plan in the country, will consolidate offices in new headquarters at 1200 W. 7th St. in Los Angeles. (Rising Realty Partners)

In one of the largest office leases of the year in Los Angeles, insurance provider L.A. Care has agreed to take over a recently renovated building on the edge of downtown for its headquarters.

The agreement to rent 370,000 square feet at 1200 W. 7th St. marks a consolidation for the publicly operated health coverage provider that serves low-income communities in Los Angeles County.

L.A. Care already leases space in the building west of the Harbor Freeway, but the majority of its nearly 2,000 employees are in offices a few blocks away.

“By consolidating all of our employees under one roof, we will see significant cost savings and improve collaboration,” Chief Executive John Baackes said.

The new configuration in more efficient floor plans will reduce the health plan’s total rented space by 63,000 square feet, he said, resulting in cost savings of millions of dollars a year. The value of the lease, which starts in 2024, was not disclosed, but the landlord was asking for about \$2.75 a square foot monthly, according to real estate data provider CoStar.

The building formerly known as Garland Center was completed in 1983 and has a dual role as nine-story office building above ground over a three-level underground data center, its landlord Rising Realty Partners said.

The tightly secured underground center was originally installed by First Interstate Bank as an earthquake-safe haven for its computer operations but now hosts servers for businesses that store and process electronic data for a wide range of companies.

L.A. Care, the country’s largest publicly operated health plan, will occupy all nine upper floors in 2024.

Tenants vacating the building to make way for L.A. Care include city staff working for the Los Angeles Police Department, the Economic & Workforce Development Department and the Housing and Community Investment Department.

City employees will move to a new office building set to be built for city workers on the former site of Parker Center police headquarters on Los Angeles Street, according to Rising Realty.

Rising Realty bought the former Garland Center in 2016, Chief Executive Christopher Rising said, with investors HIG Capital and Silverpeak.

The L.A. Care lease suggests that downtown's office market is growing beyond its conventional western boundary demarcated by the Harbor Freeway, Rising said.

Other large local leases notched this year include Google's agreement to rent 584,000 square feet in the former Westside Pavilion shopping mall in West Los Angeles and HBO's agreement to take 240,000 square feet in Ivy Station, a mixed-use complex under construction in Culver City.
