

LOS ANGELES BUSINESS JOURNAL

Artful Developer

September 25, 2023



Collector: Paul Daneshrad in his office overlooking Beverly Hills. (Photo by Ringo Chiu)

When he was a fresh graduate of California State University – Northridge, in 1990, **Paul Daneshrad** founded **StarPoint Properties LLC** out of his sister’s garage in Brentwood with money borrowed from his brother-in-law.

Today, his office sits in the penthouse of the second tallest building in Beverly Hill’s Golden Triangle – the former Wells Fargo bank building, which Daneshrad purchased in 2018 for \$193 million and rebranded as Clock Tower by StarPoint – and his once-tiny company has grown to become one of the largest players in the real estate investment game, with a portfolio of \$2 billion in transactions to date.

The firm has a special interest in what Daneshrad refers to as value-add assets, or purchasing undervalued properties and, through redevelopment and reimagination, adding value by improving amenities and adding luxe touches.

StarPoint likes to invest in opportunity zones – economically distressed communities where new investments, under certain conditions, may be eligible for tax exemption.

And while StarPoint's current portfolio is only about 40% Los Angeles and 60% elsewhere – and Daneshrad noted the company's goal is to expand out of Los Angeles even more with hopes of bringing that percentage down to only 10% or 15% due to L.A.'s regulations such as Measure ULA – its home base is an illustration of how adding value to a property has the possibility of reaping great benefits.

Despite purchasing the Clock Tower only a few years before the Covid pandemic changed the world, following renovations amid a climate in which the office market has been experiencing an unprecedented surge of vacancies, the 220,000-square-foot Beverly Hills property is now 98% leased; the remaining 4,000 square feet leaves enough room for just one or two more tenants.

For Daneshrad, the answer to achieving such strong occupancy rates lies in the details.

In the lobby, guests are greeted by the scent of clean air. Small infusers emit a custom scent from the ventilation system – a marketing tactic used to create an inviting atmosphere and stronger bond with consumers.

On the walls hang works of some of the great artists of the 20th and 21st centuries – including Mark Rothko, Robert Indiana, Banksy, Andy Warhol, Damien Hirst – a rotating curation of pieces, including some from Daneshrad's personal collection, some of which could be worth tens of millions of dollars.

At the center of the gallery is "Time for Peace," the building's latest creative installation, hanging from the lobby's 20-foot ceiling. It features a revolving clock and peace sign, intended to be a voice for social change and tolerance, visioned and commissioned by Daneshrad himself.

Ultimately, this unique investment strategy serves to resonate with those who occupy the building and is a testament to how office environments can remain successful in the current economy.



Paul Daneshrad at his Clocktower by StarPoint in Beverly Hills. (Photo by Ringo Chiu)

The Clock Tower in Beverly Hills is a recent acquisition of yours. Can you tell me about what inspired you to purchase and then redevelop the building?

I was staring at it for 12 years. We had an office across the street and my actual office was facing east, looking at the building. I would sit there and stare at it for years and years. I saw there were underutilized parts of the building that I felt like we could really add value to. When it came up for sale, it was just one of those things that we pursued very aggressively.

How did you implement your vision for the Clock Tower property to attract tenants during a difficult market climate?

Our vision for the building really was that it's sitting in the Beverly Hills triangle and the triangle really doesn't have any true class A buildings. It has a lot of older buildings that are being maintained, but there's nothing where you can really look at it and say "wow." We wanted to create a building with the level of services, design and programming that really differentiated it. There's art scattered all over the

place. We're introducing artwork into the building, not just as a design element, but also to make it more dynamic, since the art will rotate. It's made a difference. Every day, we probably get anywhere from five to 15 comments from people walking into the building. They appreciate the art. It's museum-quality art. We've also got a major restaurant opening up. And it's dog-friendly. I think one of the reasons for the work from home initiative is that people haven't created a great place to work. The more magnetic, the higher quality, the more refreshing, the more energy (a building) has, the more positive (work environment it is).

Do your tenants pay a premium due to the high-end art?

Not necessarily. But we are achieving some of the highest rents in the city and have some of the highest occupancies in the country.

So, I think a combination of everything that we're doing – the art, the points of differentiation, the services, the remodel, the phase-two services and elements we're bringing (such as currently in the process of developing an outdoor courtyard for tenants) – all that leads to higher rents for sure.

Does having multimillion-dollar art in your building help you stay competitive amid a struggling office market?

Exactly that. It's what makes us unique, what differentiates us from our competitors. It makes the building have an energy and a feel to it that people want to be there. The art is an element that our customers and their customers really appreciate and comment on.

For example, if you're a lawyer and one of your clients is coming to visit you, and they walk through the lobby and they see a beautiful lobby with art and the art has a message and a feel to it, then it makes them feel good. And when they walk in and tell their lawyer, "I love your building. I love the art down there. It's so inspiring. It's great coming here," that lawyer is going to say, "this building's helping me with my business," and they're probably not going to leave. It helps with occupancy. It helps with tenant demand and with retention and rental rates.

There's this old adage, "When the going gets tough, the tough get going." When it gets super competitive, you have to compete. It's a very competitive office market.



Paul Daneshrad, owner of Starpoint Properties, at his art-filled Clocktower by StarPoint. (Photo by Ringo Chiu)

The art in the building is a large investment. Do you think you've reaped the benefits of that investment?

Yes, I think there's a return on investment. It's hard to quantify, but I think there is.

Have you received any feedback on the gallery?

It's interesting, when I was creating "Time for Peace" and had the vision for it, some people believed that it didn't belong in an office environment. I was having discussions with a few people, including some of our investors, and asked, "Why does it not belong in an office environment?" "Because offices are for business," (they said). I'm like, "offices can't promote peace?" So, it's been a little controversial, which I wouldn't have thought.

Who are your favorite artists?

I think number one right now, and it changes, but I'm really interested in what Banksy is doing. The combination of his message and then street art, which I like. But I also like that he's unknown. He's taking the ego out of art.

The original article can be found [here](#).