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Downtown Los Angeles hasn't seen this much construction since the 1920s

A Chinese firm is erecting the four-tower Metropolis, left, by the 110 Freeway and north of Staples Center. It will have 350 hotel rooms and more than 1,500 condos. (Marcus Yam / Los Angeles Times)



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On the corner of Wilshire Boulevard and Figueroa Street in downtown Los Angeles, workers are putting the finishing touches on the Wilshire Grand, the West Coast's tallest building. Owned by Korean Air, it rises 1,100 feet and will have a hotel, offices and observation deck when finished.

Two blocks away, China's Greenland Group is busy erecting the four-tower Metropolis community, a \$1-billion development with 350 hotel rooms and more than 1,500 condos.

Within walking distance are two other massive projects that will add a combined five towers, 1,152 luxury residential units, 184 hotel rooms and 214,000 square feet of retail space.

Downtown Los Angeles is undergoing its largest construction boom in modern times — an explosion juiced by foreign investment that’s adding thousands of residences, construction jobs and a multitude of shops and restaurants.

Since 2010, according to real estate data firm CoStar, 42 developments of at least 50,000 square feet have been built — a figure that includes large adaptive reuse projects such as converting an aging warehouse into new offices. An additional 37 large projects are under construction.

“What is happening now is amazing.” — Carol Schatz, president of the Downtown Center Business Improvement District.



1. Wilshire Grand 900 Wilshire Blvd.

Developer: Hanjin & Intercontinental Groups

Units: 900 hotel rooms

Completion date: Mid-2017

2. Metropolis 899 Francisco St.

Developer: Greenland Group

Units: 1,910 condos/hotel rooms

Expected completion date: Mid-2019

3. Oceanwide Plaza 11th and Figueroa streets

Developer: Oceanwide Real Estate Group

Units: 688 condos/hotel rooms

Expected completion date: Early 2019

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Sources: Transwestern, CoStar Group

The rapid pace means that by decade’s end, today’s boom should easily surpass the 1980s — a time when developers built office skyscrapers on Bunker Hill as part of an urban renewal effort that flattened the neighborhood’s Victorian mansions in the decades prior.

In all, 64 large developments were completed in that decade, remaking L.A.'s skyline in the process, before the boom collapsed in an early 1990s recession worsened by defense cutbacks after the Cold War.

The projects included the U.S. Bank Tower, which opened in 1989 as First Interstate World Center. It was the tallest building west of the Mississippi until being recently eclipsed by the spire of the Wilshire Grand Center, which is expected to open this year.

"What is happening now is amazing," said Carol Schatz, president of the Downtown Center Business Improvement District.

To find a time of greater construction one would have to go back to the Roaring '20s, when many of downtown's most famous historic buildings were erected, including majestic movie palaces, the Biltmore Hotel and City Hall.

In all, 155 projects of at least 50,000 square feet were constructed from 1920 to 1929, according to CoStar.

That the ongoing construction wave is comparable to a time when downtown was the undisputed heart of a mushrooming metropolis is a striking example of the area's transformation in the past two decades — from a sleepy, even dangerous, city center, into one filled with lofts, restaurants and art galleries.

The amount of building is staggering, and unlike the two-decade expansion seen in the 1970s and 1980s — which largely consisted of corporate office towers on Bunker Hill — the current construction is varied and more widespread.

There is a retail complex rising in the Arts District; twin 24-story apartment towers being built on Spring Street in the historic core; and a large mixed-use project next to Pershing Square.

But the epicenter, arguably, is the South Park neighborhood. And like the 1980s — when Japanese investment flooded downtown — foreign dollars are playing a major role.

From 2014 until this summer, Chinese developers were involved in at least seven of 18 land deals downtown valued in excess of \$19 million, according to real estate firm Transwestern.



They built towering new cities in China. Now they're trying it in downtown L.A.

In addition to Metropolis from Shanghai's Greenland Group, another marquee South Park project from a Chinese builder is the \$1-billion Oceanwide Plaza, being built across from Staples Center by Beijing-based Oceanwide Holdings.

Slated to be completed in 2019, the development will include 504 condos and 184 hotel rooms in three towers. There will also be 166,000 square feet of shops and restaurants and a massive LED screen wrapping the west side of the project overlooking Figueroa Street.

“The draw power of this location is tremendous. We're in the heart of the entertainment and sports district,” said Thomas Feng, chief executive of Oceanwide's American subsidiary, who is counting on the millions of people who attend games and concerts at Staples Center and events at the Convention Center.

Oceanwide will have competition. Just across the street, Jamison Services Inc. and Hankey Investment Co., two Los Angeles companies, are joining up to build Circa — two 35-story towers with 648 luxury apartments and 48,000 square feet of retail.

And just last month, Chinese developer City Century filed an application with the city to build three residential towers across from L.A. Live.

The ongoing projects are putting thousands to work in a construction industry decimated when the housing bubble popped last decade.

Ron Miller, executive secretary of the Los Angeles/Orange Counties Building and Construction Trades Council, estimated that at just Metropolis and the Wilshire Grand there are roughly 2,800 union construction workers on the job.

“These are good middle-class jobs — averaging \$60,000, \$65,000 a year,” he said.

Today’s boom can be traced to 1999, downtown experts said. That’s when Staples Center opened and the city’s adaptive reuse ordinance took effect, making it easy for developers to redevelop old, vacant office buildings downtown into residences.

People moved into neighborhoods considered rundown, and bars and restaurants sprung up to serve those residents. No longer was investment largely limited to office towers on Bunker Hill, which left downtown a ghost town after 5 p.m.

Last decade, 59 large projects were finished, and developers drew up plans for even grander buildings.

Though the Great Recession sidelined those and threatened to stall downtown's revitalization, new residents kept moving in, partly attracted by cheap rentals that developers had intended to sell as condos.

And when the economy began to recover, downtown, like other city centers across the nation, stood ready to benefit from an accelerating trend toward urban living among young professionals.

“Investors and developers said, ‘Hey, this is a big city and there is not a lot of new product here and it seems there is a little niche and a real opportunity to fill that,’ ” said Chris Casey, managing director of capital markets for JLL.



As new apartments flood downtown L.A., landlords offer sweet deals

That's the opportunity Carmel Partners saw.

In 2012, the San Francisco company purchased a development site at 8th Street and Grand Avenue, believing that downtown was at a “tipping point” and “making that turn to officially becoming a 24/7 destination,” said Carmel managing partner Dan Garibaldi.

In late 2015, the firm opened Eighth & Grand, a 700-unit apartment building with a Whole Foods on the bottom floor where a studio starts at \$2,300.

Others want to get in on the action too. In all, more than 7,000 rental units are under construction, according to real estate firm Transwestern.

However, the upcoming flood of apartments — in addition to other developments — is increasingly raising questions about how long the current boom can last.

Landlords of new apartment buildings are now offering incentives to sign a lease.

That includes Carmel Partners, which is offering up to eight weeks free rent to lure new tenants at Eighth & Grand.

As a result, lenders and investors are growing more cautious on projects they will fund — a pullback underway in other marquee markets across the nation, including New York City and San Francisco.

“I think everyone is more selective,” said Casey of JLL, noting that investors are waiting to see how well the new projects lease up.

Garibaldi of Carmel Partners described the upcoming flood of projects as a temporary drag on rental growth that will shake itself out.

He noted that the company isn't pulling back from downtown. It's nearing completion on a 33-story apartment tower and is looking for more development sites nearby.

“We are firm believers in downtown — now, more than ever,” Garibaldi said.