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## Buyers in Downtown Los Angeles escape the gridlock

Pedestrian-friendly city centre is luring businesses and workers



Grand Central Market in Downtown Los Angeles © Giovanni Simeone/4Corners

A.K. Thomson AUGUST 23, 2018

Three years ago, Robert Katal moved from his rented beach apartment in Santa Monica on Los Angeles' Westside to Downtown LA after failing to find a place to buy near his former home.

"I couldn't afford anything on the Westside," says the 45-year-old IT systems manager. "Downtown LA offered the best opportunities for a loft at my price point."

For \$460,000, he got a 960 sq ft loft in a new building with pool, gym and front-desk security — all a stone's throw from the city's LA Live entertainment complex and Staples Center arena.

For more than a decade now, people such as Katal have been changing the face and feel of Downtown LA, helping to inject life into an area most Angelenos long considered a no-go zone out of working hours. Now there are signs that Downtown LA has reached a tipping point of residents, businesses, entertainment and culture that marks a new stage in its rejuvenation.

Today, the area bound by the 101 and 10 freeways to the north and south, and the 5 and 110 to the east and west, has about 70,000 residents — four times the population of 1999, according to the Downtown Center Business Improvement District (DCBID), a coalition of close to 2,000 property

Feedback

owners in the downtown area. “It is turning into a city in itself,” says a somewhat optimistic Nick Griffin, DCBID’s senior vice-president for economic development.

Apartment occupancy rates hit 93 per cent in the first quarter of this year as the 2,831 new units that came on to the market in 2017 filled up. Another 2,156 residential units were under construction in the first quarter of 2018.

Demand has kept pushing residential property prices up: the median price per sq ft hit \$448 during the second quarter, 4.7 per cent higher than a year earlier, according to real estate group Compass. During the second quarter of 2014, that figure was \$225. Total sales volume reached \$226m during the second quarter, a 24.4 per cent increase on the same period last year.



One-bedroom apartment in Eastern Columbia building, \$925,000

The transformation from sketchy workplace that emptied after 5pm to an increasingly desirable place to live has seen the restoration of many of the area’s impressive Art Deco buildings, helped by the dry-sounding Adaptive Reuse Ordinance of 1999, which has made it easier to repurpose old offices, many of them brick structures that tower above the pavement.

At street level, family-owned businesses whose shop signs obscured beautiful façades from the 1920s have started to give way to main-street brands, which have invested millions while downtown LA now has some of the best bars and restaurants in the whole city.

Some residents argue that the edgy, offbeat feel that lent character to the area is being ruined. In the Arts District, for example, artists and other long-term residents have been ousted in droves by rising rents and the sale of buildings for redevelopment. Nor is Downtown LA for everyone. There

are frequent complaints about noise as the area undergoes its biggest construction boom since the 1920s. Crime levels as well as the area's homeless population are two other commonly heard detractions.

Yet Diana Braun, real estate broker at the Compass group, argues that many home hunters are attracted to the area because, in addition to the dynamic nightlife and arts scene, Downtown LA continues to offer value for money compared with some other parts of the city. "If you have \$1m there isn't anything on the Westside," she says. "So if you have to start looking at condos, you might as well get a great loft in Downtown LA." That sort of money can buy you a 1,500 sq ft one-bedroom apartment in the highly photographed Eastern Columbia building, on sale for \$925,000 with Bill Cooper of Pacific Union International. For a little under \$4m, you can pick up a two-bedroom penthouse at 1100 South Hope Street. The apartment has breathtaking views of Hollywood Hills to the north and the Pacific Ocean to the west.



LA map

One engine driving residential demand is the desire to be close to work: many companies are moving to Downtown LA, which in turn attracts employees desperate to avoid long commutes along LA's traffic-clogged highways.

The area also has multiple and rapidly improving public transport networks, thanks in large part to LA County residents' 2016 decision to raise the sales tax half a percentage point to help fund public transit investments. So-called Measure M, as the tax-hike is known, is expected to produce about \$860m a year for decades to come.

Jileen Hohle, a graphic designer who moved to the area in 2013 from Hollywood to be closer to her work, admits that Downtown LA has its downside. Five years after moving there, she feels at home. "I grew up in a boring family suburb whereas here I can go to lots of restaurants without even having to cross the street . . . everything is within walking distance."

## Buying guide

- Annual property taxes in California are limited to 1 per cent of a property's assessed value
- Buyers are advised to budget around 1.25 per cent per year to include other local taxes
- Substantial remodelling of a property will trigger a reassessment of its value

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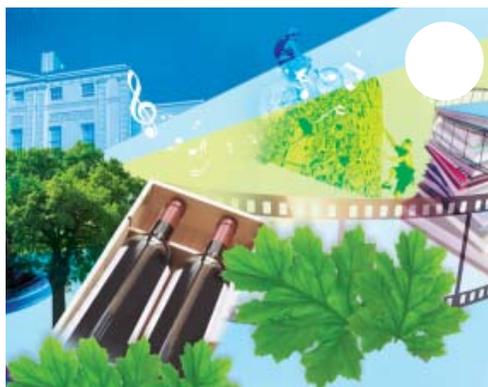
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