

LA'S OFFICE MARKET IS ALIVE

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Construction on the 73-story Wilshire Grand Hotel, office and retail complex in Downtown Los Angeles' Financial District, coupled with Google's recent purchase of 12 acres for development in Playa Vista prove the region's office market is alive and well. It may even be enjoying a bit of a rebirth in this post-recovery period.

Los Angeles, unlike many other comparable U.S. metropolitans, is composed of several distinct business centers that make it difficult to generalize about the overall market. Separated by only a few miles, there are nonetheless very distinct markets that comprise LA, due, in no small part, to the lack of a fully integrated public transportation system and long-standing traffic that remain a barrier to full connectivity between the various areas.

With that in mind, there are some very evident trends emerging out of Downtown and the Westside, which includes Century City, Westwood, Santa Monica, Playa Vista and adjacent cities.

Downtown is enjoying a resurgence. It now has

a real live-work vibe due, in large part, to the highly successful LA Live mixed-use hotel, retail and entertainment development adjacent to Staples Center. A variety of high-rise condominiums and apartments now make it possible to actually live Downtown. With new restaurants and bars that stay open late and boast a thriving weekend customer base, as well as traditional workday clientele, Downtown LA has been converted into a true 24/7 urban environment.

Rents for retail projects Downtown have risen dramatically as of late, while many retail projects are undergoing major renovations to take advantage of the increased consumer pool in town. Office building owners are finding creative ways to add innovative retail and lifestyle components where tenants can stay on site throughout the day for a more enjoyable, collaborative work experience. This includes food-service venues and health clubs that can create destination work places. Creative office designs, collaborative common areas, Wi-Fi service and other amenities are en vogue and are being provided by many office landlords as a necessity, not an option, to meet the changing needs in the LA workplace. No longer dominated by a corporate headquarters, the Wilshire Grand is a testament to the trend for mixed-use office environments as it will combine about 400,000 square feet of office space with retail and a 900-room Intercontinental Hotel. This is opposed to the traditional office building that would simply house 73 floors of pure corporate office space that

might have been planned 20 years ago.

The Westside of town, also known as "Silicon Beach," is enjoying a similar renaissance. Many of these technology and entertainment firms have set up shop or relocated to this area that is known for the beach and a younger, more eclectic personality than Downtown. There are older properties in the area ripe for redevelopment. This includes the acreage Google purchased adjacent to the historic Hughes Aircraft hangar that once housed the Spruce Goose. These technology and entertainment companies find the Westside very inviting for their employee base, and capable of accommodating the type of creative office designs they require.

Developers are scrambling to accommodate the evolving needs of these companies with a variety of office and mixed-use projects tailored for collaborative, 24/7, live-work environments. Open ceilings, game rooms, large cafeterias and "office-less" offices with open work stations have become the norm on the Westside. They are also being incorporated in Downtown LA in the hopes of attracting and keeping these same types of companies, as well as more traditional office tenant companies (including accounting, insurance and law firms), which are beginning to emulate the collaborative workplace environments pioneered by many tech companies. If this trend continues, the Westside of Los Angeles may well live up to the moniker of Silicon Beach, while Downtown LA may continue to thrive as the new "LA Live."