

LOS ANGELES BUSINESS JOURNAL

THE COMMUNITY OF BUSINESS

Friday, April 07, 2017

[Home](#) [Lists](#) [Custom Content](#) [Finance](#) [Health Care](#) [Manufacturing](#) [Real Estate](#) [Services](#) [Technology](#) [Government](#) [Travel/Leisure](#) [Events](#) [People on the Move](#)

New job? New promotion?

Announce your achievement in the Los Angeles Business Journal's People on the Move section.

**CLICK
HERE**

[Home](#) > [News](#)

Market Known for Rental Properties Moves into Condo Projects

Diving in Downtown

By Helen Zhao

Friday, March 10, 2017

[Like 4](#) [Share](#) [in Share](#) [Tweet](#)



On Deck: Arden Hearing sits poolside at the Ten50 condo tower downtown. Photo by Ringo Chiu.

When developer Arden Hearing was trying to finance his Ten50 condo tower downtown, many investors told him to build apartments instead.

With the effects of the Great Recession still lingering, a time when condos sat unsold and prices were slashed to lure buyers, the smart money was on rentals. But Hearing wasn't convinced.

"We just saw different risks," said Hearing, managing director of San Francisco's Trumark Urban. "If everyone's doing (apartments), then you're going to have 10,000 apartments coming on at the same time. What's that going to do to rents?"

Ten50 is at the forefront of a wave of condos set to hit the market in the next few years. Reports put the number of units under construction downtown between 2,100 and 2,500. An additional 2,270 units have been approved, according to condo sales and marketing firm Polaris Pacific of San Francisco. About 5,200 more condos have been proposed, according to the Downtown Business Improvement District, which pegs the total inventory of completed units at more than 5,600.

Ten50, located at 1050 S. Grand Ave., has sold slightly more than 100 out of 151 units in its 11 months on the market, according to Hearing. Listing prices range from \$600,000 for a one-bedroom condo to more than \$4 million for a penthouse. Residents started arriving in late February, the first to do so at a downtown condo tower since the 2008 opening of Evo South at 1155 S. Grand. While that project eventually sold out, there were challenges.

"They had a very, very hard time selling them," said Neil McDermott, an agent and vice president of Beverly Hills-based Hilton & Hyland. "The reality came when the building was done – the market was down. They had to go through several price reductions before they could sell anything."

The tough economic situation led several developers to convert condo projects that came on line during the recession into apartments.

"If you finish apartments in 2007, you keep renting and you keep cashing checks," Hearing said. "In 2009, the market gets better and you raise rents. You keep raising rents. In the big picture, apartments are a very ultralow-risk real estate investment."

But downtown has evolved since the recession, with tens of thousands of people flocking to the area along with jobs, transportation, amenities, entertainment, and housing.

The steep price increases in the downtown market reflect that growing popularity. The median sales price of a condo there is \$633,000 – up from \$251,000 in 2012 – an increase of 152 percent, according to Redfin. The median sale price for the L.A. metropolitan area as a whole is \$536,000 – an increase of 85 percent since 2012.

When Hearing was trying to gather financing for Ten50 back in 2013, he figured there was an unmet demand from folks in downtown looking to buy and build equity in a home as opposed to renting and paying about the same amount as a monthly mortgage on a condo.

"It looks like we had pretty good timing and our thesis has been accurate so far," he said.

Metropolis, a \$1 billion condo project being developed by Shanghai's Greenland Holding Group, is on a similar time line as Ten50. Metropolis' first tower, with 308 condos, received a temporary certificate of occupancy in December and residents will start to move in soon. Greenland has said 75 percent of the 308 units in the first tower, part of an overall 822-condo project set to be completed in 2018, have been sold.

These two projects are part of a flood of some 1,500 condos spread across four downtown towers that are scheduled to be completed by 2019.

Also joining the parade is the Oceanwide Plaza project from Chinese developer Oceanwide Holdings, which will consist of three towers and 504 condos and is scheduled for completion in early 2019. Another Chinese developer, Shenzhen Hazens Real Estate Group, is in the preplanning phase for an intended 650 condos at 1020 S. Figueroa St.

"It's really the first time in the history of residential living in Southern California where Angelenos are becoming bullish about high-rise residential condo living," said Hana Cha, managing director of new development for Compass, a brokerage with offices in Beverly Hills.

But condos have not caught up completely. About 8,780 apartment units are under construction downtown and an additional 3,750 have been approved, according to Polaris Pacific.

Despite all the condo construction, downtown has a long way to go to keep up with demand, according to brokers.

"Inventory for buying still remains tremendously low," McDermott said. "There are several condo buildings downtown with not one thing for sale and it's been that way for months and months. When something comes up, boom, it's in escrow."



[f](#) [t](#) [in](#) | [Get Email Alerts](#)

LOS ANGELES BUSINESS JOURNAL
Healthcare
Leadership Forum & Awards

NOMINATE NOW!

**Nomination Deadline:
Friday, April 7, 2017**

LOS ANGELES BUSINESS JOURNAL

LOS ANGELES BUSINESS JOURNAL
BEST
Places to Work

REGISTER TO PARTICIPATE

- You May Also Like**
- [Looking Up](#)
 - [New Home Base](#)
 - [Door Still Open?](#)
 - [Chinese Developer Builds Up Presence Downtown](#)
 - [Mixed-Use Complex Makes Hotel Room](#)
 - [Chinese Investment Group Buys South Park Hotel](#)
 - [Metropolis Chief Resigns](#)
 - [Developer Looks to Plant Greenery With Condos](#)

LOS ANGELES BUSINESS JOURNAL

**Podcast by
Jonathan Diamond**

Editor Jonathan Diamond highlights top stories from the upcoming edition of the Los Angeles Business Journal.

Reader Poll

READER POLL: Do you feel L.A. has changed significantly since the riots 25 years ago?

- Yes, there are more economic opportunities and race relations have improved.
- Somewhat, but some communities still struggle.
- No, significant economic and racial divides remain.

cast vote

BROWSE MORE

- [Classified](#)
- [The Lists Archives](#)
- [Polls Archive](#)
- [Buy Back Issues](#)

LEARN MORE

- [About Us](#)
- [Staff](#)
- [Privacy Policy](#)
- [Contact Us](#)
- [FAQs](#)
- [Newsstand Locations](#)

SERVICES

- [Subscription Center](#)
- [Edit Your Subscription Account/Profile](#)
- [Renewals](#)
- [Advertise With Us](#)
- [Sign-Up for E-News Updates](#)
- [LBSU Student](#)

TOOLS

- [Events Calendar](#)
- [Editorial Calendar](#)

OTHER JOURNALS

- [Orange County Business Journal](#)
- [San Diego Business Journal](#)
- [San Fernando Valley Business Journal](#)