

### **Featured New Development:**

#### **[4-Tower Metropolis Complex Wraps Up Construction in Downtown LA](#)**

- 19-story hotel and 3 luxury condo towers with 1,502 units.
- Plans for this 6.3-acre site date back to the 1980's.
- Finally, Greenland, a Chinese Developer, acquired the land in 2013.
- Condo sales were so slow for Greenland that they had to convert the last 685-unit tower to rental apartments. The demand simply did not exist for this many luxury condos in DTLA, and it is more than likely that Greenland will ultimately lose money on this project.

**[Find it on the Map](#)**



### **Featured Leasing Update:**

#### **[Overall leasing activity was down 15% in Q4 2019 compared to Q4 2018](#)**

- 3.8mm SF vs. 4.5mm SF last year.
- Driven by no leasing activity from co-working firms, as WeWork has taken a nosedive.
- LA hit a 3-Year high in Q2 2019 of 5.3mm SF driven by aggressive leasing from FAANG: Facebook, Apple, Amazon, Netflix, Google.
- Despite the lower overall number, Netflix continued to take space, adding 85k, and is now up to 1.6mm in LA.

### **Featured RE Trade:**

Rom Investments purchased a 101-unit apartment building in East Hollywood / Thai Town for \$26.2mm, \$259k per unit, \$346 PSF. The property was built in 1928 and has small 660 SF units.

**[Find it on the Map](#)**

### **Local Politics:**

**[Despite suffering a major housing shortage, LA plans to provide \\$2.4bn in tax-exempt bond money for a train to Vegas.](#)** Several housing developments requesting government funding will be delayed. The train will run from Apple Valley, a poor, suburban area ~100 miles Northeast of LA, to Las Vegas.

### **Celebrity RE Update:**

**[Billionaire Neil Kadisha, CEO of Omninet,](#)** has sued his Beverly Hills neighbor for \$2mm for building a pool, hot tub and deck too close to his vacant lot on **[Crest View Drive](#)**, which where he was planning to build a luxury home. Kadisha is a member of the prominent Nazarian family, through his wife Dora Nazarian. Kadisha started in telecommunications and has since become a prominent developer, particularly in Las Vegas.

### **Weekly Long-Read Suggestion:**

[371,000 new apartments are expected to hit the U.S. market in 2020, a 50% increase over 2019.](#)

**80% of this new supply is luxury.** This trend is particularly evident in LA. An example is a new 329-unit building in North Hollywood asking \$2,300 for 600 SF 1 Bedroom units. This pricing is very steep for a neighborhood that is outside the core desirable neighborhoods of LA. The problem is compounded in LA because there are major regulatory hurdles to clear to get a project approved. Once clearing these costs, luxury is the only product type that can be profitable for LA developers.

**Quote of the Week:** "Success in investing doesn't correlate with IQ... what you need is the temperament to control the urges that get other people into trouble in investing." – Warren Buffett

**LA Restaurant Feature of the Week:**

[Night + Market](#), Incredible Thai Food with Beer Towers.

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