Developer buys prominent Hollywood parking lot for new project

Champion Real Estate intends to build a mixed-use complex on the paved 1.1-acre site behind landmark restaurant Musso & Frank Grill.

By Roger Vincent, Los Angeles Times

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The parking lot behind Hollywood landmark restaurant Musso & Frank Grill was purchased by a Los Angeles developer who intends to build a mixed-use complex on the site.

Champion Real Estate Co. bought the paved 1.1-acre site behind the Hollywood Boulevard restaurant and between Cherokee and Las Palmas avenues from Common Fund. The price was not disclosed, but Hollywood real estate experts familiar with the property valued it at nearly $10 million.

Last year, Champion paid $20 million for a 2.76-acre property at the northeast corner of Highland and Selma avenues, which it also intends to develop.

"We really love Hollywood," President Robert Champion said. "The city has designated Hollywood to be an urban location, and we think, long term, a mixed-use project there will be a home run."

Champion will continue to operate the parking lot behind the Musso & Frank Grill while launching the planning and approval process for what its president hopes will be a $50-million development. He envisions a retail and residential complex, perhaps with a hotel. The parking spaces there now would be replaced by a garage that would be part of the new development.

Champion hopes to start construction later this year on an $80-million apartment complex and restaurant at Highland and Selma. It would have nearly 250 units, some of which would be housing for students at Musicians Institute, a vocational school that rents a building on the site.

Foreclosed Las Vegas condos back on market

A 45-story Las Vegas condominium tower that went bankrupt in the real estate crash has been repositioned by Southern California investors and units are back on the market at about half their previous prices.

The former Panorama Tower North, now known as the Martin, was third in a trio of luxury high-rises conceived during the last real estate boom and built near the Strip. By the time it was completed in 2009, the local condo market had collapsed.

Santa Monica investor iStar Residential took title of the property through a foreclosure and brought in the Kor Group of Los Angeles to redesign the tower on Dean Martin Drive. Kor, which developed the Viceroy Santa Monica and other hotels and residences, recently completed the $3-million makeover that blends midcentury modern design with 1950s- and '70s-inspired artwork, textiles and furniture.

The owners hope to appeal to buyers from Southern California — 45% of the units sold have been purchased by people from the Los Angeles area for personal use, iStar said. So far, 134 of 374 condos have been sold.

Demand for secondary homes is growing again, said Tripp DuBois of the Kor Group.

"The supply of new-construction luxury high-rise buildings is dwindling, and our price points are substantially below replacement costs," he said.

Prices at the Martin range from the mid-$200,000s to as much as $7 million for a penthouse. That's more than $300 per square foot, compared with the $600 a foot its developers sought before the crash.

Office investment market improving, brokers say

With the economy apparently stabilizing, commercial real estate investors have jumped into several markets in the West, brokers said.

"There is a lot of capital that needs to get out," said broker Kevin Shannon of CBRE Group Inc. "People have fresh allocations for both debt and equity and … want to put it to work."

The hottest markets for buyers in search of Class A office buildings are Seattle and San Francisco, he said, but activity should pick up in Southern California too. A high-rise at 400 S. Hope St. in downtown Los Angeles just hit the market, and Shannon expects there will be competition to buy it. The 26-story tower formerly known as Mellon Bank Center has an assessed value of more than $225 million.

Attractive secondary markets for office buyers who don't want to compete with the biggest investors include Orange County, Denver, Phoenix and Portland, Ore., he said. The long-suffering Inland Empire, where vacancy was above 23% at the end of last year, also holds promise.

"People have been afraid to go there," he said, but it's a small market with limited options for renters, and its fortunes will turn around quickly if the economy continues to improve.