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Up Front



Sleepy? Want to buy a \$65,000 mattress? Now you're awake, huh? **PAGE 3**

News & Analysis



California Pizza Kitchen is cooking up new menus and interior design. **PAGE 5**

Real Estate



Half-empty downtown skyscraper under new ownership. **PAGE 33**

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Moving In: Peter Fleming at City Market South property in downtown L.A.'s Fashion District.

Buttoning Up

Developer styles Fashion District as new hot spot

By **BETHANY FIRNHABER** Staff Reporter

No longer empty and scary, downtown Los Angeles has become a hopping place after hours. Office workers escape to after-work drinks on Broadway, residents walk their dogs in the Arts District, tourists and sports fans flock to L.A. Live in South Park.

The sense of downtown as an after-hours ghost town now lingers only in one large area — the Fashion District.

That might soon change. Downtown L.A. developer **Lena Group Inc.**

will begin work this month on City Market South, the first phase of a huge effort to transform a 10-acre former produce market in the Fashion District into an estimated \$1 billion creative office, retail, housing and hotel project. There is even the prospect of an educational campus on the site.

The property, bounded by San Pedro, Ninth, San Julian and 12th streets, is owned by **City Market of Los Angeles**, a real estate investment trust made up of about 300 shareholders whose ancestors once peddled produce there. City

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SPECIAL REPORT

Twenty in Their 20s

Dating app **Tinder** has really caught fire, growing at what co-founders **JUSTIN MATEEN**, left, and **SEAN RAD** call “an overwhelming rate.” Along with other Angelenos in their 20s who have started their own businesses, Mateen and Rad reveal the challenges and rewards of being young entrepreneurs.

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Buying In: Sean Thorpe, left, and Geoffrey Stewart at West L.A.'s Aristotle Capital.

L.A. Managers Stock Up Funds

INVESTMENT: New offerings look to share in hot market.

By **MATT PRESSBERG** Staff Reporter

L.A. money managers have been generating new mutual fund offerings at a faster pace than their colleagues across the country, taking advantage of a hot stock market to open up opportunities for investors in global markets or as a hedge against interest rate fluctuations.

These funds have come both in response to demand from investors seeking new opportunities as well as the firms' investment advisers seeking a way to introduce their strategies to a wider audience.

“There was an entire market we didn't have

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THE LIST

The 75 largest money management firms in L.A. County. **PAGE 14**

Muscle Builder Flexes in Court

FOOD: Axiom accuses insider of undercutting protein sales.

By **ALFRED LEE** Staff Reporter

For nearly a decade, L.A.'s **Axiom Foods Inc.** has doubled its revenue every year on the strength of an obscure product: rice protein.

Little-known Axiom has cashed in on the popularity of protein supplements, which have muscled their way out of the province of aspiring body-builders and onto the shelves of health food stores. As a wider range of consumers incorporates protein bars and powders into their diets, they're also snatching up alternatives to traditional protein sources. The result has been big bucks: Last year, Axiom, the dominant player in rice protein, says it hit \$45 million in sales. Products made from its protein powders are sold nationwide.

But that success, Axiom claims, has bred com-

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'Part of the impetus of City Market South is to put the market on the map so these larger master developers recognize that there's a viable site here to develop.'

KEVIN NAPOLI, Lena Group Inc.

'Revitalizing that area would be tremendous to help create that walkable, pedestrian-friendly environment that all of us are trying to do in downtown.'

KENT SMITH, L.A. Fashion District BID

Real Estate: Project Has Designs on Fashion District

Continued from page 1

Market, working with downtown architecture firm **HansonLA** and law firm **Loeb & Loeb**, submitted an environmental impact report to the city earlier this year for a 20-year master plan for the property.

While City Market awaits approvals, Lena will forge ahead with plans for phase one, the by-right redevelopment of eight warehouse buildings that sit on three acres at the southern end of the property.

The warehouses, grouped around a courtyard, will be converted into 75,000 square feet of retail, restaurant and creative office space. Many of the buildings have bow-truss ceilings, concrete floors and other popular architectural details.

Peter Fleming, chief executive of City Market, said that he wants to have final approvals for the entire 10-acre site and a master developer in place before the end of the year. He's soliciting proposals for a company to step in as the master developer for the site, overseeing construction of several anticipated individual component pieces.

"City Market South will set the table for this larger, catalytic project," he said. "Once it's done, there's going to be people here after 6 o'clock; there's going to be life and activity."

City Market will retain ownership of the site, with Lena being paid fees rather than taking an equity stake in the project. Terms for a master developer will be determined after its selection.

Kevin Napoli, who co-founded Lena with **Mark Levy**, said the goal is to make City Market South a destination for commerce and community in the city, even before other more ambitious development plans for the property commence. City Market plans to spend more than \$10 million on the first phase of the project. Napoli said financing for the City Market South portion of the project has been lined up.

"This place once had a life and a pulse, and we're bringing that back," he said. "Part of the impetus of City Market South is to put the market on the map so these larger master developers recognize that there's a viable site here to develop; this first bit is crucial to setting up future phases."

Napoli and Levy, who began working with City Market about a year ago, expect City Market South to be ready for office occupancy in about a year, and restaurants and other retail could open about six months later.

Produce past

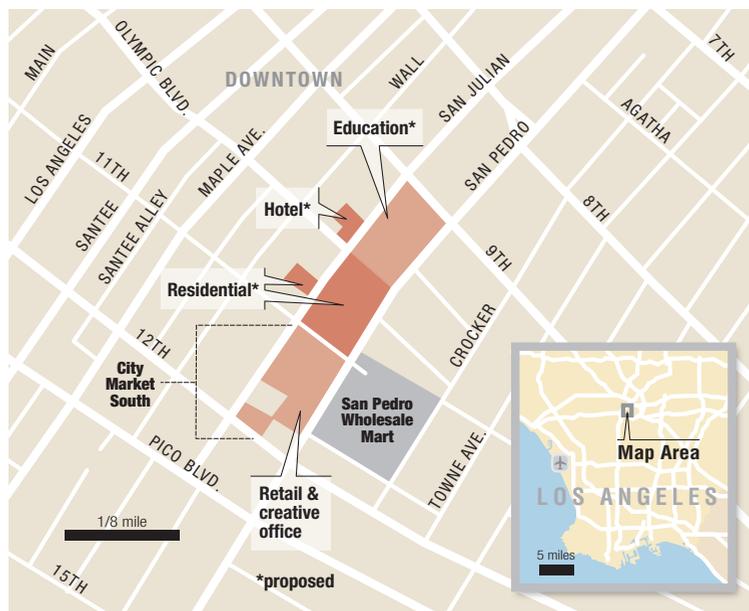
City Market's first days as a produce mart began in 1909, when Edward J. Fleming, an attorney, and Au Gee Jong, a leader in the local Chinese community, partnered to buy the land and repurpose it for farmers who came into the city by horse and wagon to sell fruits and vegetables. Growers were required to rent stalls by the day, and to be eligible to rent, they had to own at least 10 shares of stock in the market company.

The market thrived for decades, even as it competed with a second wholesale produce market downtown at Eighth Street and Central Avenue. But as grocery stores evolved and refrigeration and other safety standards were implemented, the largely open-air wholesale market slowly became irrelevant. The market celebrated its 100th anniversary in April 2009, then shuttered for good two months later. Since then, some of the smaller buildings on the property have been leased short term to garment tenants.

Peter Fleming, a great nephew of Edward Fleming, took over City Market in 1991 when



Suited Up: Mark Levy, left, Peter Fleming and Kevin Napoli at City Market South in downtown L.A.'s Fashion District.



he was 42. He began working with shareholders on a grander vision for the property shortly after it closed. The idea they all agreed on was to find a way to preserve the history of the property but also create long-term value for shareholders.

"How much more money are you going to send me a year? That's the question shareholders asked me, because this is a legacy investment for their families," he said. "We don't ever plan on selling the property."

Because development plans are expected to play out over the next two decades, he said he did his best to ensure the pending master

plan had lots of wiggle room. For example, the plan will allow developers to build for a variety of commercial uses – retail, restaurant, residential, hotel, office and education – though not all will necessarily be represented in the end. And because buildings on the southern end of the property will be low profile, future buildings to the north could be as tall as 28 stories, if demand persists.

"There's a lot of flexibility, because we know we're going to go through several cycles, so we're trying to address future needs early," he said.

Kent Smith, executive director of the **L.A. Fashion District Business Improvement District**, said the development of the rundown City Market site, which sits between Santee Alley and the San Pedro Wholesale Mart, will be a welcome addition to the neighborhood.

"We have this underutilized site that's between two vibrant fashion areas, and it's really not a great walk between the two," he said. "Revitalizing that area would be tremendous to help create that walkable, pedestrian-friendly environment that all of us are trying to do in downtown."

However plans play out for the property, City Market shareholders seem poised to profit.

Downtown L.A. development has exploded in recent years, and there are more than 85 office, residential, retail and hospitality projects planned or under construction in the market. That activity has led to an increased desire for land. In the last year property owners within a mile radius of City Market unloaded at least 19 developable lots for an average price of about \$16.7 million an acre, according to real estate data company **CoStar Group Inc.**

At that price, the City Market site would be worth at least \$167 million. But as vacant parcels disappear and development in South Park, the Arts District and along Broadway and Ninth continues, land prices can be expected to rise even further.

Arty Maharajh, vice president of research in the downtown L.A. office of **Cassidy Turley Inc.**, said the plans for City Market will fill a void in downtown development activity.

"Up until its announcement, there was redevelopment happening along Broadway and in the Arts District, but not in between that great expanse," he said. "This could be a nice outcrop of redevelopment to help connect more of the downtown landscape."