

## Future Looking Bright for Local Urban Land Market

**SPACE: Buyers who have been on sidelines get clearer view of market bottom.**

By [Andrea Alegria](#)

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A large empty tract of land in North Hollywood was recently purchased for \$1.15 million, another indication that things are picking up in the local urban land market.

"Buyers have been hesitant to invest in land because they've been waiting for the bottom," said Frank Evanisko, president of Evanisko Realty & Investment Inc., who represented both the buyer and seller in the deal. "Now we're starting to see transactions, which indicate buyers may be clear on where the bottom is."

The 28,000 square foot vacant parcel on Laurel Canyon Boulevard last sold for \$3.3 million in 2005 – arguably the height of the land market in LA.

At least a dozen similar transactions have occurred in the last 12 months, "which signifies a substantial increase from where we were 12 months ago in the urban L.A. market," Evanisko said.

What seems to be guiding the market recovery of the land sector is precisely the growing collective perception of recovery, he added.

And for some big developers the future is looking bright.

While land sites such as the North Hollywood parcel were originally earmarked for high density projects and condos, buyers in today's markets see no value for those types of developments, according to Evanisko.

Instead, as is the case with this North Hollywood property, buyers are conceiving the land as lower density apartment complexes, which can be cheaper to build and offer less risk.

The lower purchase price of land in today's market is encouraging developers.

"Buying land for apartment development is now finally making sense," he added.

### Low Inventory

The low inventory of homes for sale continues in the San Fernando Valley, and the numbers keep shrinking.

The Southland Regional Association of Realtors reports there were only 3,375 active listings throughout the San Fernando Valley in May, down 6.9 percent from a year ago.

That represents a 3.8 month supply, lower than the 3.9 inventory of 2009 and well below the 8.5 month supply of May 2008.

According to Patti Petralia, president of SRAR, a healthy market is one where the inventory lingers in the 5 -6 month range.

With fewer properties listed for sale, competition intensifies.

Petralia said virtually every listing is getting multiple offers, which is driving the purchase price higher than the list price.

Home prices are steadily creeping up from pressure created by the multiple offers, especially from big investors who come in with all cash.

The median price of single-family homes sold in May was \$385,000, up ten percent from May 2009 and 1.6 percent ahead of this April, according to the Association.

The gap between the current median and the record high of \$655,000 set in June of 2007 is slowly narrowing. As of May, the median was 41.2 percent below the record high. A year ago it was down 46.6 percent.

Likewise, the Association reported the condo median price of \$233,000 was up 25.9 percent from the \$185,000 median of May 2009, however, it fell by 6.8 percent from this April's \$250,000 median price, which was the highest since the slide began.

### Big Deal

Cusumano Real Estate Group, the largest owner of multi-family properties in the Eastern San Fernando Valley, has added the apartment community known as The Jefferson at Toluca Lake to its roster of upscale apartment complexes.

Cusumano Real Estate Group purchased the 145-unit apartment community from Developer JPI of Dallas, going from negotiations to closing all within the month of June.

The deal allows the company to extend its brand in that community as The Jefferson is one of the largest and most well known apartment communities in Toluca Lake.

According to listing brokers Dean Zander and Vince Norris of Hendricks & Partners, this sale represents the strong and continued demand for well-located, institutional-quality assets.

Zander and Norris generated more than 25 qualified offers from both private and institutional investors, they said.

The Class "A" property, located at 211 North Valley Street, occupies a "street to street" block between Valley and Clybourn, and offers a variety of studio, one bedroom, two bedroom and townhouse style apartment units that range from \$1,237 to \$2,162 in monthly rent.

The buildings, which are 99 percent leased, were recently renovated by the prior owner and offer amenities such as an outdoor swimming pool with sun deck, fitness center, and a recreational lounge.

The property is close to Toluca Lake Village and its quaint restaurants, night spots and shops, and just minutes from the epicenter of the entertainment industry.

**Transactions**

Team DeGrinnis of Colliers International represented the Van Nuys Industrial Center in three different office leases recently, all on Stagg Street.

Entertainment company NEP Broadcasting recently leased 20,300 square feet of office space on 2600 Stagg Street; Deesign USA, a company that manufactures signs, leased 22,300 square feet on 16250 Stagg St.; and Vimby, another entertainment company, leased 4,900 square feet of office space on 16249 Stagg St.

“We’re seeing a lot of flight to quality right now,” said Patrick DuRoss a member of the four-person commercial real estate team that represented the landlord. “We’re seeing more activity in this desirable location. You really can’t find better buildings, you’re close to the Van Nuys Airport and have great access to the Valley – it’s a prime spot.”

Although there are still not a ton of companies looking for space, the team is seeing increased activity from 2009 as companies getting a clearer picture of where they’re headed are taking advantage of better lease space and lower rents, he added.

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