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The New Plate Tectonics

Mid-priced restaurant chains are opening locations in downtown Los Angeles, in a shift considered crucial to attracting residents

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Bob Spivak ate a lot of meals in downtown Los Angeles before deciding he could make money selling them there.

What convinced him: He didn't dine alone.

"All the restaurants were anywhere from a half to 90% full," said Spivak, chief executive of Grill Concepts Inc., the owner of Grill on the Alley and Daily Grill eateries in downtown locations including San Francisco, Chicago and Washington. "It just seemed like downtown finally had come alive as a destination restaurant spot."

That emboldened the Brentwood-based company to commit to opening a Daily Grill in the new Pegasus apartments at 6th and Flower streets in May, when it will join a growing number of chain operators setting up shop downtown.

The Daily Grill will be a few blocks from a new IHOP and from the site of a future Roy's Hawaiian Fusion. Meanwhile, the Seattle-based operators of El Gaucho steakhouses are nosing around for a location. And more chains are expected to be enticed as plans proceed for a \$1-billion addition to Staples Center that is envisioned as a 4-million-square-foot entertainment, shopping and residential center.

"We're in discussions with up to a dozen well-known restaurants," said Michael Roth, a spokesman for the developer, AEG, the entertainment and development unit of Anschutz Corp.

Mid-priced restaurants such as the Daily Grill and IHOP are viewed as crucial to the rebirth of downtown Los Angeles as a residential neighborhood.

"The more people you have moving into a downtown area, the more attractive it becomes for dining and

entertainment uses -- and that makes it attractive for more residential development," said Michael Beyard, senior resident fellow at the Urban Land Institute in Washington.

Already, the urban pioneers who have taken up residence or are on their way (by one count, about 10,000 residential units are under development) are changing the dining scene in the central business district.

For years, it was dominated by expensive boutique eateries and inexpensive fast-food outlets, with precious little in the middle. Carol E. **Schatz**, president of the Downtown Center Business Improvement District, said that had to change for urban living to really work.

"One of the successful ingredients to activating the street and providing amenities to our new residents is mid-range restaurants," she said. "We have actively solicited certain chains to come downtown, and obviously developers ... are doing the same."

Downtown isn't always an easy sell. For one thing, parking isn't exactly ample. (IHOP gives diners an hour's free parking at an enclosed lot across the street, and the Daily Grill plans to offer valet parking in the evenings.)

Although established places such as the Water Grill and Ciudad draw good crowds, as Spivak discovered, a lot of streets in the central business district still roll up before 6 p.m.

Randall Hiatt, president of Fessel International, a Costa Mesa-based restaurant consulting firm, predicted that downtown restaurant openings would proceed at a relatively slow pace, moving in the wake of the growth of the residential population and the addition to Staples Center.

Howard Gordon, a spokesman for Cheesecake Factory Inc. of Calabasas, agreed.

"We really need to be in an area that's well-established and that has the density and the foot traffic," Gordon said. "We're settlers, not pioneers."

Glendale-based IHOP Corp. thought hard before opening a restaurant at 8th and Flower last year in the renovated Historic Gas Co. Lofts, part of the South Village project, which will include a Ralphs grocery store.

"There was a lot of trepidation and concern because it was a downtown location," said Rick Celio, vice president of franchise development. "But IHOP was motivated by the renaissance of downtown, the residential development and the proposed grocery store. All of these were positive factors."

With annual occupancy costs in excess of \$100,000, the downtown Los Angeles restaurant is "slightly more expensive than a typical suburban location," Celio said. But, he said, so far it has been worth it.

Westchester-based California Pizza Kitchen Inc., which has restaurants near Disney Hall and Staples Center, has discovered that patience is key. The CPK near Disney Hall opened in 1989, long before the complex's unveiling, and thrives on a bustling lunch and takeout business, with smaller dinner and weekend crowds. The eatery by Staples Center was launched a decade later and has evolved into a, "rip-roaring location," said Rick Rosenfield, the company's co-chief executive.

"Every year it's operating more and more like a regular restaurant environment," Rosenfield said of downtown.

Chef Roy Yamaguchi, founder of Newport Beach-based Roy's Hawaiian Fusion, and his partners picked an office building at 8th and Figueroa streets, adjacent to a Corner Bakery.

"We hope to get some of the local people who are moving into the refurbished buildings," said Tim Matousek, one of the partners.

The El Gaucho steakhouse chain, owned by Mackay Restaurant Management Group Inc., serves up all of its signature flaming swords of shish kebabs in urban settings.

"We're big believers in urban revitalization," said Chad Mackay, vice president of operations. "Our type of restaurant does not live in a mall."

Caption:

GRAPHIC: MAP: Daily Grill (downtown Los Angeles)

CREDIT: Los Angeles Times

PHOTO: CONCEPTUALIZING: "It just seemed like downtown finally had come alive as a destination restaurant spot," says Bob Spivak, chief executive of Grill Concepts Inc. The company is opening a Daily Grill at 6th and Flower streets in May.

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