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## NEWS

### Medallion's Double Gamble

#### **Historic Core Project Looks for Two Types Of Tenants to Fill 85,000 Square Feet of Retail Space**

by Richard Guzmán

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DOWNTOWN LOS ANGELES - With a small private street flanked by empty storefronts, idle escalators and a noticeable lull in Downtown noise, Saeed Farkhondepour's mixed-use [Medallion](#) project looks almost like a ghost town.

That's to be expected right now, as the development at Fourth and Main streets with 96 [apartments](#) and 200 retail spaces is in the final weeks of construction. The bigger question is how the project, in particular its 85,000 square feet of retail space, will look and sound six months or a year from now.

Despite the weak economy, Farkhondepour believes that once he's built it, they will come, and the project perched between the Historic Core, the Civic Center and the Toy District will be a thriving retail hub.

To make that happen, he'll have to pull off a delicate dance unlike any other retail effort in Downtown. Rather than cater to a single type of tenant, he'll have to play mix and match, luring the Toy District merchants he has long dealt with to one side of the project, while wooing trendy shops and restaurants to another part of the three-building complex.

Retail and other Downtown experts believe it will be a tough sell in today's market, though they also say filling the Medallion with commercial tenants isn't impossible. It may just be a waiting game, as shortly before the project's August debut, only a few leases have been signed.

"The retail will bring people here," said Farkhondepour. "Even on the weekends, it'll be filled with pedestrians and shoppers. It'll be a beautiful place to be in Downtown."

Area proponents hope he is right. One thing going in his favor, said Carol Schatz, president and CEO of the Central City Association, is location. The project is directly north of Tom Gilmore's Old Bank District, which over the course of a decade has turned from a downtrodden area into the hub of Downtown's residential scene.

"That area has turned into a very cool, hip neighborhood," said Schatz. "That may help it overcome some of the economic doldrums that we're all experiencing."

### Spanish Steps

Most commercial units in the Medallion range from 250-350 square feet. A few are 4,800-5,200 square feet and there is also a 27,000-square-foot space.

Rents in the smaller spaces, which are located mostly in the building that faces Los Angeles Street, will go for about \$5-\$10 per square foot. Those spaces will be marketed to the kind of general merchandise businesses found in the Toy District.

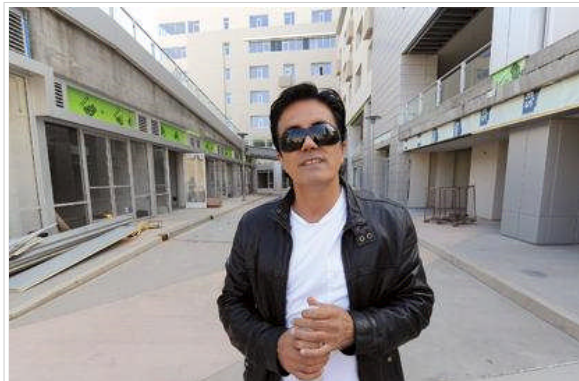
Rent along the spaces in the building facing Main and Fourth streets will likely cost \$2-\$2.50 per square foot. That side of the project will focus on restaurants and shops serving the Historic Core crowd.

The majority of the commercial units are not visible from the street, and instead are located in the project's mall and piazza level. From Main Street, a replica of Rome's famous Spanish Steps leads shoppers down to the piazza level, where the smallest of the three buildings is located.

The one-story structure contains about 21 ground-floor stores and has a rooftop garden and two kiosks that will likely become coffee shops with outdoor seating, said Derrick Moore, vice president of brokerage services at real estate firm CB Richard Ellis. Moore is leasing some of the stores in the project.

The development also has a small private street for pedestrian traffic and deliveries. It is flanked by numerous stores and

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Saeed Farkhondepour's Medallion project is set to open in August. The project contains about 200 retail spaces. *Photo by Gary Leonard.*

leads to a building facing Los Angeles Street. That structure contains the majority of the shops, most of which are in a two-story mall.

Farkhondepour owns about 800 retail spaces in the Toy District, and thinks these types of tenants are ready to move slightly west. So far, he said, about six leases have been signed for the spaces in the building that fronts Los Angeles Street.

To recruit more tenants, he has launched an ad campaign on local radio stations.

### **Anchor and Destination**

Myron Sokolsky, vice president of retail for Grubb and Ellis, said that with the slow economy, not many new merchants are looking for space. But he said that projects like the Medallion could benefit from an anchor tenant, such as a grocery store, that can draw daily customers.

"They're probably better off having a grocery facility, a reason for people to go to there and have a reason to hang around," he said.

While Moore and Farkhondepour downplay the need for an anchor tenant, they said they are in talks with an independent grocer for the 27,000-square-foot space. They declined to offer further details.

Michael Pesci, a senior investment associate for Re/Max Commercial and Investment Realty based in Downtown, agreed with Sokolsky's assessment. He said that even in a slow economy, a project like Medallion can find commercial tenants if it becomes a destination.

"You have to make it a place people will want to come to, bring in people from outside the area," he said.

Farkhondepour hopes to do just that with a series of community events, including concerts, to be held in the piazza. Other recruitment efforts are simpler: He is banking that the Medallion's 600 parking spaces will appeal to visitors. Farkhondepour said he will offer incentives such as two free hours of parking for Medallion customers, though he acknowledged that details have yet to be worked out.

"The foot traffic will bring the merchants, and the merchants will in turn bring in more people," he said. "Yes it's going to be tough, but this is something that is going to change the neighborhood."

### **Targeting Trendsetters**

On the Historic Core side, Moore said he has had a lot of interest from restaurants and other trendy merchants, but in a slow economy they are waiting to see a finished product before committing to the space. Still, he said he expects a few leases to be signed soon.

"I have a well-known high-end coffee concept that's just finishing up the final lease terms on, so we're likely to sign that one," he said. "I'm meeting with a restaurant group that wants the entire Fourth Street side, about 5,200 feet, and we're in discussions with an executive chef that's reached a certain amount of celebrity to bring one of his concepts also into that building. I really wish I could name names."

Moore said the preference is to go with trendsetters, the concepts that have already proved to be draws in the Historic Core.

Schatz agrees that the Medallion needs to attract commercial tenants on the Historic Core side that will fit in with the neighborhood.

"The area is not oversaturated yet with retail," she said. "I think the key is to make sure that whatever retail we get, especially in terms of bars and restaurants, is complementary and not competing with Pete's and what's already there."

"We don't need another California cuisine or pizza, or Vietnamese restaurant. We need other things. We would all like to see a Fresh & Easy or a [Trader Joes](#)."

Moore said that in a healthier economy the Medallion could be filled commercially within about six months. Even with the recession, he thinks the project will be filled with stores in a year.

Time will tell.

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