

LOS ANGELES DOWNTOWN NEWS .COM

For Everything Downtown L.A.!

RESTAURANTS > NEWS

The Restaurant Explosion, Part II

[Print Page](#)

The Heat in the Kitchens Increases, as Downtown Gets 20 New Dining Spots in Six Months

by **Richard Guzmán**

Published: Friday, July 8, 2011 4:32 PM PDT

DOWNTOWN LOS ANGELES - The last time there was this much restaurant action in Downtown Los Angeles was in late 2008. That was the opening of L.A. Live, and in addition to the dozen eating and drinking outlets at the Anschutz Entertainment Group attraction, there were other new spots. During that time, Downtown saw the arrival of establishments including Fleming's Steakhouse, Drago Centro, Urth Caffé and Casa.

The restaurant activity has never stopped since then, with entrepreneurs consistently trying to capture the leisure dollars of Downtown workers and residents. However, in the past six months, things have picked up speed.

In the first half of 2011, Downtown has seen the arrival of 20 new food-serving establishments. They comprise mostly mid-priced eateries, a couple of coffee shops and bars that also serve snacks or small plates, a market with a sandwich counter, and some pizza joints. They give Downtown an international palate of Asian, American, "East L.A." Mexican, Peruvian and even Kosher fare.

In short, it's a blizzard of food choices in a compressed time period. It raises questions as to why now, and how will these competitors survive in a cutthroat field?

For Philip Sanan, the choice was simple. The South Africa native looked at the more than 400,000 people who work in Downtown each weekday and need lunch, and the area's 45,000 residents

"I wanted the heaviest concentration of work people, specifically over lunch time, so Downtown seems to be the best fit," said Sanan, who opened Eco-Asian on Seventh Street in March.

Eco-Asian, like many of the new arrivals, has modest price points. That's a big difference from late 2008, when many of the establishments aimed for L.A. Live or Staples Center visitors and had entrees costing in the upper teens or higher.

Sanan's restaurant offers communal tables and a fast-casual menu with food from Japan, Thailand, China and Vietnam. He opened with little marketing and has a steady base of customers. He said he serves about 100 people a day, and hopes eventually to feed as many as 500.

Michael Cardenas is even more bullish on the local scene. In 2009 the former chef opened the instantly popular Lazy Ox Canteen in Little Tokyo. In January, he debuted Aburiya Toranoko, with a menu of Japanese pub food created by Hisa Kawabe, formerly of Nobu.

Cardenas thinks Downtown has several strong selling points. The happy hour crowds, which he said are bigger in the community than most places in the city, are especially helpful. More important, he said, are low lease rates.

"Looking at Downtown, I think what's most attractive are the rental rates," he said. "In Santa Monica you're looking a \$4-9 a square foot. In Beverly Hills maybe \$7, while in Downtown it can be \$2 a square foot. In the industrial area you can even find \$1.50 a square foot."



Michael Cardenas in Japanese pub food joint Aburiya Toranoko. He plans to open two more Downtown restaurants this year. *Photo by Gary Leonard.*

The area makes so much sense to Cardenas that he's not stopping: He said he plans to open two more places this year: a curry restaurant on First Street in Little Tokyo and a Spanish spot at a yet-to-be determined location.

A Program and Buzz

The rents and the crowds have coincided with something experienced food players are also quick to champion: the speeding up of the city's permitting program. In June 2010, following a test period, the city, working with the Central City Association, launched Restaurant and Hospitality Express, which aims to cut in half the 12 to 18 months (or longer) it has traditionally taken to open a food or nightspot in Los Angeles. The tactics include giving each restaurant a case manager.

Since the program's launch, more than 100 restaurants have been fast tracked through the process, including Downtown spots such as Homeboy Diner and Two Bits Market.

Carol Schatz, president and CEO of the Central City Association and the Downtown Center Business Improvement District, said that the restaurants are building a collective crowd. Seventh Street, with Mas Malo, Sugarfish and Schnitzly opening recently, is one of the corridors where the whole is creating a buzz louder than its parts.

"This has become a restaurant destination," said Schatz. Referring to the April 2009 debut of a trendsetter, she added, "The success of a number of restaurants headed up by Bottega Louie attracts other restaurateurs."

Schatz noted that the restaurant trend doesn't seem to be tapped out yet. She said the DCBID is completing a demographics survey of the area (*Los Angeles Downtown News* is a partner in the study) and many of the respondents said they want more moderately priced restaurants in Downtown.

While Downtowners may be surprised by the sudden wealth of choices, Darren Tristano, executive vice president of Technomic, which tracks the restaurant industry across the country, said there seems to be a national rise in mid-sized restaurants (under 200 seats) by independent owners with low to mid price points. This comes even as the overall restaurant market is slowing, he said.

"A lot of the restaurants that are closing seem to be the larger restaurants, while the new restaurants opening up are smaller and offer international cuisine, more ethnic cuisine and prices that people in this economy can afford," he said.

The Buzz

The DCBID is no longer actively recruiting restaurateurs to the area, and is focusing instead on retail, said Schatz. Derrick Moore, vice president of brokerage services at CB Richard Ellis, said that's not a bad sign: He said about 90% of his clients these days are people looking for restaurant space in Downtown. Moore said that about 10 clients per week ask to look at available food and drink spaces in the area.

"Rents are a big factor that certainly play into the equation, but it's not just rent. It really is just a very dynamic demographic," Moore said. "Downtown really is a 24-hour destination, and it has a market for all these tastes and different price structures."

Moore said another factor attracting restaurants to Downtown are the well-known chefs who have succeeded in the area. They include Wolfgang Puck, Celestino Drago, Ricardo Zarate and Josef Centeno, who in addition to helming Lazy Ox will open a new restaurant called Baco in the Historic Core this summer. Zarate, of Mo-Chica at Mercado la Paloma, will debut a second version of the acclaimed Peruvian spot on Seventh Street this year.

Despite the enthusiasm, there is concern over whether there are enough diners to go around. Local players like Michael Leko, who with business partner Will Shamlian opened Urbano Pizza Bar on Sixth Street in June and Coffeebar in February, noted that food entrepreneurs have to work hard and provide something no one else is offering.

"The key is to have a variety, different choices, and there will be competition between the similar places," said Leko, who with Shamlian also opened after-work corporate hangout the Library Bar and a bar called Spring Street.

Urbano hopes to stand out with artisan pies prepared in a wood-burning oven by Brad Winnaman, formerly of La Brea Bakery and Campanile.

Leko said that even with attractive rents, it is still difficult to get financing. The ones who last will be the restaurateurs who pace themselves and can survive after the opening-day hype wears out and fickle eaters discover newer spots.

"If you build a quality product, people will seek you out, and it's important to understand the community you're in," he said.

The first year is the most crucial for new restaurants, Tristano said, and most restaurant owners know within six months if they're going to succeed or fail. Those who survive usually build a solid base of customers during the initial rush and stick to common sense business practices.

"Those who survive have to do the basics well: good service, good execution and consistency," he said.

Newcomers like Sanan are busy trying to do just that. The owner of Eco-Asian can be seen in his kitchen almost every day, either preparing homemade sauces or walking the communal tables, asking his guests if they are satisfied with their meals. The process never stops.

Contact Richard Guzmán at richard@downtownnews.com.

page 1, 7/11/2011

©Los Angeles Downtown News. *Reprinting items retrieved from the archives are for personal use only. They may not be reproduced or retransmitted without permission of the Los Angeles Downtown News. If you would like to re-distribute anything from the Los Angeles Downtown News Archives, please call our permissions department at (213) 481-1448.*

Copyright © 2011 - LA Downtown News

[\[x\] Close Window](#)