

Broker's New Arm Homes In on Downtown L.A.

REAL ESTATE: Residential seen as promising sector by Major Properties.



Courtesy Photo

12669 Encinitas Ave. in Sylmar.

By [Daniel Miller](#)

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A new residential brokerage has targeted the downtown L.A. market. Major Properties, a downtown commercial and industrial brokerage, launched its Major Properties Residential division Sept. 20.

The business will be helmed by two former Keller Williams Realty Inc. residential brokers, Laura Silver and Elicia Gonshor. The agents have worked downtown specializing in lofts and condo sales.

“Basically, Major Properties has a great reputation, and we just thought that by coming over here (it) can conquer not only industrial and commercial but residential,” said Silver. “We saw that as a great opportunity.”

Co-owner Brad Luster said that it wasn't in Major Properties' strategic long-term plans to start a residential arm. However, he met Silver and Gonshor through a mutual acquaintance and the idea took shape. Luster learned that the two have had success not only selling residential units but also leasing apartments and condominiums.

“I said, ‘Wow, I have a lot of clients that own a lot of that product. I think there is something we could do here,’” he recalled. “With the next cycle around the corner, this is a ground-floor opportunity.”

Luster said that the residential business will serve the needs of Major Properties' existing clients, and that will likely entail handling transactions outside of downtown on behalf of clients. But the

business will be centered in the area, where Luster and Silver said no other residential brokerage is based.

Of course, the housing market is still on shaky ground, slowing downtown's emergence as a vibrant residential community. But Gonshor said investors, spurred on by low interest rates, have re-entered the market, buying condos and leasing them as apartments.

Valley Lease

GC Net Lease REIT Inc., an entity of private El Segundo real estate investment company Griffin Capital, has purchased property in Sylmar for \$7.8 million.

The building at 12669 Encinitas Ave. was sold by a joint venture of Phelan Development Co. and Panattoni Development Co., and serves as a campus of ITT Educational Services Inc.

The Sept. 23 transaction is right in Griffin's sweet spot. GC Net is an unlisted real estate investment trust, a special investment entity that is different from REITs traded on stock exchanges. Unlisted REITs have a share price that is set by their sponsors and does not fluctuate. They also offer dividends typically higher than their public counterparts. GC Net's dividend is 6.75 percent and its share price \$10. (The downside is that the unlisted REITs are not particularly liquid. Only 5 percent of GC Net shareholders can redeem their investment in any given year.)

Consequently, GC Net is focused on acquiring office and industrial properties that give it a steady income stream, especially buildings with single tenants on long-term leases. The 3.5-acre Encinitas property is solely occupied by ITT and is a "mission critical" facility for the vocational education company, according to Griffin President Kevin Shields, who also serves as GC Net's chairman and president.

"It was originally built for them in 1996. It's their only campus in the city of Los Angeles, and it sits at the intersection of the 405 and 5 (freeways)," said Shields, who added he was pleased with the sale price. "Given the character of the property and the strategic importance of the property to the tenant, we think it's a fair price and ultimately pretty accretive to the REIT."

The GC Net portfolio is valued at roughly \$105 million with the acquisition. Shields expects it to grow to about \$5 billion over several years.

Barbara Emmons of CB Richard Ellis Group Inc., who represented the seller, said that Phelan and Panattoni decided to sell the 35,785-square-foot office building on 3.5 acres after ITT renewed its lease.

"They've owned it for quite some time," Emmons said.

The seller also was represented by Darla Longo of CB Richard Ellis. The buyer represented itself in-house.

Panattoni declined to comment.

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