

## LA Developers: For Conversion Success, Look Beyond Office-To-Residential

April 14, 2023 | Bianca Barragán, Southern California (<https://www.bisnow.com/author/bianca-barragn-350667>) (<mailto:bianca.barragan@bisnow.com>)

Office-to-housing conversions are the talk of many major metro areas where downtowns have emptied in the wake of the pandemic, but the logistics of completing such a project are complex, leading some LA-area developers to look for other conversion opportunities.



“It’s just the reality — there’s a lot to think about,” LaTerra Development (<https://www.bisnow.com/tags/laterra-development>) Managing Director Chris Tourtellotte said of office-to-residential conversions. “But when we’re on our big-box retail to storage or big-box retail to industrial, it’s a little simpler.”

LaTerra Development is working on a handful of projects at locations of Fry’s Electronics, a retailer known for its fun, themed big-box stores. LaTerra has plans to transform those boxes into a variety of alternatives, including a project in Burbank (<https://www.bisnow.com/los-angeles/news/construction-development/burbank-la-terra-frys-electronics-development109526-109526>) that will bring nearly 900 apartments and office space to a Fry’s site, Tourtellotte told attendees at *Bisnow*’s Los Angeles Adaptive Reuse and Repositioning event at the LA CityClub April 11.

Among the advantages, Tourtellotte said, is traffic counts are far higher for retail stores than they are for self-storage or industrial projects, which are conversions that LaTerra is doing in Irving, Texas, and Sacramento, respectively. Anticipated traffic levels are also higher for retail stores than they will be for the residential and office project LaTerra is working on in Burbank. The prospect of a new use that creates fewer car trips and less traffic can be a big help in the approvals and entitlement process, Tourtellotte said.

“Neighbors really complain a lot less,” he said, when developers are refurbishing a building instead of building a new one from the ground up. “That certainly helps,” Tourtellotte said.

Parking, and its existence at a site, figured in significantly to the calculations many panelists make about project selection.

Vivo Investment Group (<https://www.bisnow.com/tags/vivo-investment-group>), which launched in June 2020, has zeroed in on converting what it considers “functionally obsolete” hotels and motels into studio apartment buildings. The rooms are already set up to function as a place to reside — albeit temporarily — and, with Vivo’s addition of kitchens, are able to be rented as housing.

Vivo also converts extended-stay hotels, which can be turned into larger units and command higher rents. Vivo Chief Investment Officer Brett Tanimoto (<https://www.bisnow.com/tags/brett-tanimoto>) said that his company adds amenities such as a pool, but that rents are still at a discount to comparable buildings.

“We’re using the existing infrastructure from an existing hotel,” Tanimoto said, including the ever-important parking.

The Kor Group (<https://www.bisnow.com/tags/the-kor-group>) principal of development Fabian Iobbi said parking isn’t always a given with conversions. Kor recently completed a downtown reuse project, transforming a 1920s-era hotel into its new Proper hotel location. In the 1920s, parking wasn’t typically included in hotel developments.

Discussions of many of the advantages of adaptive reuse came after panelists spoke about its challenges. Panelists noted that while the entitlement process might be shorter, these projects don’t always represent a huge time or cost savings and can sometimes present surprising challenges that result from not always knowing what hides within the walls of these buildings.

Iobbi cautioned that it's critical to know what you're getting into.

"The main thing to really be cognizant of is your starting point," Iobbi said.

Contact Bianca Barragán at [bianca.barragan@bisnow.com](mailto:bianca.barragan@bisnow.com) (<mailto:bianca.barragan@bisnow.com>)

See Also: Maryland Awards \$3M To 'Undercapitalized' Developers For Affordable Housing Projects (</baltimore/news/affordable-housing/maryland-awards-undercapitalized-developers-29mm-118531>)

Related Topics: The Kor Group (<https://www.bisnow.com/tags/the-kor-group>), HLW International (<https://www.bisnow.com/tags/hlw-international>), LaTerra Development (<https://www.bisnow.com/tags/laterra-development>), Vivo Investment Group (<https://www.bisnow.com/tags/vivo-investment-group>)