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*From the Los Angeles Times*

## REAL ESTATE

### **Hotel, mall sales shake Little Tokyo**

With the New Otani and Japanese Village Plaza going to new owners, the neighborhood worries about keeping its ethnic character.

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Two landmarks of Los Angeles' Japanese American community were sold this month as downtown's economic boom swept through Little Tokyo, raising concerns about what the effect will be on the closely knit ethnic neighborhood.

In the last two weeks, the high-rise New Otani Hotel & Garden and the popular outdoor Japanese Village Plaza were acquired in separate transactions. Elsewhere in the neighborhood, millions of dollars' worth of real estate development is taking place.

"There's some question of what's going to happen when a new owner comes in and takes over a property with a long history" such as the mall, said Chris Komai, a spokesman with the Japanese American National Museum in Little Tokyo.

He said Japanese community members often worried about whether Little Tokyo would keep its ethnic character as the nearby Civic Center area expanded and new businesses arrived. He noted the presence of Starbucks coffeehouses and a Quizno's sandwich shop in Little Tokyo.

"Our concern is that Little Tokyo would become just like any other place in America," Komai said. "That would be something that we would all feel really badly about."

The news comes as the neighborhood observes Nisei Week, a celebration of Japanese American culture that ends Sunday.

The 21-story New Otani at 1st and Los Angeles streets is the dominant structure in Little Tokyo and the focus of many local cultural activities. Last weekend it hosted a national amateur sumo wrestling tournament and other Nisei Week events.

Among the upscale hotel's 434 rooms are suites catering to Japanese tourists furnished with tatami platform beds and traditional Japanese plumbing fixtures in the bathrooms. It also has an elaborate rooftop Japanese garden.

"This property is a very central piece of the Japanese community," said Ted Wakao, president of the Japanese Chamber of Commerce of Southern California. "So we are very concerned about the new owners."

The buyer of the New Otani is 3D Investments, a private, Beverly Hills-based real estate partnership that owns several commercial properties, including the two most prominent hotels in San Francisco's Japantown.

3D Investments bought the New Otani and its connected retail mall Weller Court from a consortium of Japanese investors, East West Development Corp. Representatives for the parties did not respond to requests for comment, but hotel consultant Alan Reay valued the hotel alone at as much as \$60 million.

"It's a nice property," said Reay, president of Atlas Hospitality Group. "I'd call it a four-diamond hotel."

The hotel was completed in 1977 and was perhaps at its zenith during the 1980s when the Japanese economy was prosperous and many tourists viewed Los Angeles as a choice destination. Shops in the hotel and Weller Court stocked jewelry and clothing from top-brand retailers such as Cartier and Burberry.

Japanese tourism has ebbed and flowed in Los Angeles, affected by the Japanese economy and events in the U.S. such as earthquakes, riots and the Sept. 11 terrorist attacks. Other countries have also stepped up efforts to court tourists from Japan.

"Japanese travelers are really big spenders and everyone wants them," said Carol Martinez of LA Inc., the city's convention and visitors bureau. The number of visitors to Los Angeles from Japan peaked in 1997, she said.

Since then many of the shops in Weller Court have closed, and today it appears dated and a little rough around the edges. But changes may be in the works. New owners typically invest in real estate improvements, and the New Otani is likely to be no exception.

In San Francisco, 3D Investments' hotel manager, Joie de Vivre Hospitality, is revitalizing two older properties. Hotel Tomo, which reopened in June, reflects popular Japanese youth culture, and Hotel Kabuki, scheduled to open in November, will evoke traditional Japanese

themes.

Joie de Vivre representatives declined to speculate on a role managing the New Otani.

The new owners of Japanese Village Plaza are planning improvements as well. The mall was acquired for \$40.7 million this month by American Commercial Equities, according to real estate brokerage GVA Charles Dunn.

Malibu-based American Equities will spend "several million dollars" to refresh the two-story outdoor pedestrian mall of Japanese-themed shops and restaurants between 1st and 2nd streets, President Marvin Lotz said. He hopes to start work this year.

"We'll be paying special attention to maintaining its character," Lotz said. "We know it is an important asset to the community, and it is an important asset to us."

New housing and other improvements across downtown have helped the hotel market in recent years, said industry observer Bruce Baltin of PKF Consulting. Average hotel occupancy was 74% in 2006, the highest in decades, and this year occupancy has been slightly higher. Average room rates are also up 6.3% from a year ago.

More people who come downtown for business or cultural attractions are staying there overnight. "There is less leakage out of downtown" to other local hotel districts, Baltin said.

Little Tokyo is already getting a share of new investment.

Across the street from the New Otani is the 3-year-old Caltrans District 7 headquarters on one corner and a new branch library on another. The former St. Vibiana's Cathedral next to the library has been refurbished as a performance center, and work has begun on a connected condominium development.

Also across 2nd Street from the New Otani, most of a city block that is now a large parking lot will be redeveloped by three companies into four retail and residential projects. Preliminary work is underway on one of them.

"It's not really Little Tokyo anymore," said Mira Park, director of retail operations for pastry and ice cream company Mikawaya, which has a store in Japanese Village Plaza. "It's a melting pot, and I think that's a good thing. Nothing can be the same forever."

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