

Lending Velocity Spurs Fashion-District Refis

By [Carrie Rossenfeld](#) | Los Angeles



777 E. 10th St. is a four-story office/showroom building in a high-pedestrian area.

LOS ANGELES—A stable area throughout the recession, the **Fashion District** downtown is now seeing a spate of refinancing transactions, thanks mostly to the fact that lenders are loosening up the purse strings. Mortgage-banking firm **Quantum Capital**, for one, recently arranged financing for two properties in this section of town, and managing director **Jonathan Hakakha** tells GlobeSt.com that it means transaction activity is once again starting up for the area.

One of the recent Fashion District refinancing deals Quantum has arranged, on which GlobeSt.com **recently reported**, is for a mixed-use office/showroom building at **777 E. 10th St.**; the amount was \$22.345 million. Another was a \$6.325-million loan at 4% fixed for five years on behalf of a private investor for a similar building located at **1145 Towne Ave.**

“Really, nothing’s changed in the area—it’s just the fact that banks are lending again,” Hakakha says.

The Fashion District used to be located where the Santee Alley is, close to Santee and Olympic, and it was extremely strong there in the ’80s and ’90s. Then, San Pedro Wholesale Market was constructed, leading wholesalers to move their locations east of that market, which became the new epicenter of the Fashion District in the mid-2000s.

“There’s been no real decline in this area as far as occupancy and lease rates,” says Hakakha. The market didn’t take a hit from a tenant or landlord standpoint, even when the economy wasn’t going well in 2008-2010. All of these buildings have been strong throughout the market, but lenders weren’t lending. Banks wanted to stay conservative, and as they’ve opened up, property owners are looking to refinance at better rates.”

While sales transactions haven’t been plentiful in the Fashion District due to the landlords being mostly long-term holders, there are trades being seen in DTLA as the area grows, and properties downtown are selling for high prices per square foot, says Hakakha. “The important thing is this area can be broken down into different blocks. One block this way or that way really changes where you’re located.”