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Downtown's L.A. Mart. Photo by Courtesy Photo

Downtown's struggling L.A. Mart design center traded hands for just \$55 million last month to a group that thinks it can turn the 13-story building around.

A local investment group formed a limited liability corporation, PHR LA Mart, to buy the property, which spans two city blocks at 1933 S. Broadway. The seller was Vornado Realty Trust, a New York real estate investment trust.

Vornado, which acquired the building in 2000 for \$54 million, has been divesting itself of noncore assets around the country, especially its less lucrative retail properties, such as L.A. Mart.

The 784,000-square-foot design center has offices and showrooms, and sits on more than nine acres near South Grand Avenue and Washington Boulevard. But it's just south of the downtown core and is only about 60 percent occupied. One of its chief tenants has no connection to the design industry: the Los Angeles County Department of Children's Services rents about 150,000 square feet.

However, the investment group was able to purchase the property for only about \$1 more a square foot than when it last sold 12 years ago. Given the price, it plans renovations to increase occupancy, sources told the Business Journal.

Bob Safai, Matt Case and Brad Schlaak of Madison Partners represented the seller.