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FOUR DOLLARS

A City With Few Pillars Looks to Its Bricks

By Joel Kotkin

Los Angeles

ROBERT MAGUIRE gazes out from the 45th floor of his downtown building at a corporate center that is no more.

Mr. Maguire's development company, **Maguire Partners**, owns more prime real estate in downtown Los Angeles and other parts of the region than almost any other private landlord. And he has watched as one major corporation after another—including flagship tenants for his properties—has been acquired or moved its headquarters out of town.

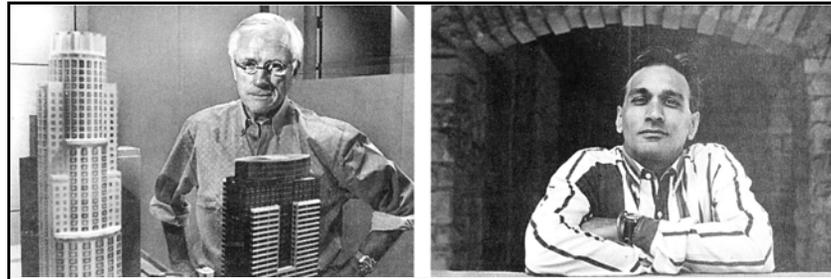
The latest high-profile loss is the **Times Mirror** Corporation, publisher of The Los Angeles Times. When, after more than a century of control by the powerful Chandler family, the company is acquired by the **Tribune** Company of Chicago, it will join a list of former linchpins like the Security Pacific and First Interstate banks, Great Western Financial, Atlantic-Richfield, Lockheed and Carter Hawley Hale, the retail chain.

"I think all the big companies here have taken a pill that makes them go away," said Mr. Maguire, who is 65. "The city can survive without them, but not as it was."

Like other entrepreneurs in Los Angeles, though, Mr. Maguire is less interested in talking about the past than about the great opportunities he sees in the region's sprawling, now largely pillarless economy. After a sharp drop-off in the early 1990's, Los Angeles has rebounded smartly: unemployment has fallen by nearly half, to 5.5 percent, thanks to growth in technology, media, trade and even industrial companies.

This revived economy barely resembles the big-company city of 20 or 30 years ago, which was built around titanic military contractors, movie studios and land development interests that arose after World War II to create one of the world's largest urban agglomerations.

Among the nation's biggest cities, Los Angeles has one of the highest percentages of private sector employment in companies with fewer



Robert Maguire, left, has interests in prime downtown Los Angeles real estate. Rohit Shukla helps new companies get started in the region.

than 100 workers, according to Cognetics, a research firm. The city is now home to fewer Fortune 500 companies than San Francisco, never mind New York or Chicago.

"Los Angeles has become an anomaly," said Lloyd Greif, a native Angeleno whose specialty investment bank, Greif & Co., caters to smaller local companies. "It has always had an entrepreneurial undercurrent to it, a Wild West kind of atmosphere."

ONE sign of the new grass-roots vitality of the city: Although the giant commercial banks have been leaving, venture capital has been pouring in. Southern California now attracts more new venture capital investment than any region of the country except the Boston area and Silicon Valley.

With aerospace still in decline, software and information industry employment has surged, particularly in a plethora of smaller e-commerce and digital entertainment companies in Los Angeles County.

Many of the city's other industries are also increasingly characterized not by a few large companies, but by sprawling networks of smaller ones. Such companies account for most employment in the city's apparel industry, now the nation's largest, and its resurgent furniture industry.

The decentralized pattern parallels geographical and ethnic changes in the city's business structure. Once a prospective "capital of the Pacific Rim" that aspired to rival Manhattan, downtown Los Angeles no longer has even the thinnest of claims to being the business center of its own region. The Westside district has eclipsed it, not only in total office space but also in rental and occupancy rates.

Even the San Fernando Valley, partly inside and partly outside the city limits, has a stronger claim to primacy than downtown: it is home to three Fortune 500 companies, including **Walt Disney**, now arguably the region's most important company. According to a recent survey by Manpower, the staffing agency, companies in the valley expect to add workers this year at twice the rate of their center-city counterparts.

For decades, the business leadership in the central business district was almost entirely white and largely from the Midwest. Today, the city's emerging leaders are mainly immigrants—mostly from Asia, the Middle East and Latin America—who dominate the apparel business and play important roles in international trade and entertainment.

Los Angeles immigrants are almost twice as likely to start their own businesses as their counterparts in New York, Chicago and simi-

lar large cities, according to a recent study by the Center for Immigration Studies in Washington.

EVEN the technology sector is coming to be dominated by immigrants. Rohit Shukla, Bombay-born president of the Los Angeles Regional Technology Alliance, estimates that as many as half of the region's high-technology companies are now run by immigrants, particularly in heavily Asian areas like the San Gabriel Valley.

Mr. Shukla believes that, on balance, the city is better off without mandarins like the Chandlers, who for decades shaped the city, its politics and cultural life. "The Chandlers were dissociated from reality for a long time," Mr. Shukla said. "They didn't notice that in the 1990's a whole new bunch of people had come to replace them, people with little baggage of the past who have been reviving our economy."

But others see a downside in the evaporation of the old-school business establishment. Steven Koltai, president of **Event.411**, an Internet company in Marina del Rey with 100 employees, points to dwindling corporate support for the arts and charities, which must increasingly depend on the whims of the region's large supply of wealthy individuals from Hollywood or other industries.

"The lack of large institutions like banks makes it hard to develop a center of gravity for the city," said Mr. Koltai, who was an executive vice president at Warner Brothers before starting Event.411 in 1996.

But he said the relative absence of an entrenched elite, and the wide dispersal of potential business locations, allowed smaller companies to grow unfettered by hierarchies or overcrowding.

"There is clearly a lack of central control and authority here," he said. "But the freewheeling, open kind of 'let's go for it' spirit remains this city's major advantage."