

Fringe to Frontline: Deals Add Up Near Tustin Legacy

Developers Eye Sites
Next to Former Air Station

By MARK MUELLER

This month's opening of the 375-home Greenwood project near Jamboree Road and the District at Tustin Legacy shopping center marks another notable chapter in the redevelopment of the nearly 1,500-acre former military site.

The nearly 78-acre Greenwood development, overseen by Irvine-based **Standard Pacific Corp.**, is the first for-sale project to open at the former Marine Corps Air Station in Tustin in nearly nine years.

Standard Pacific is building three product types there, and Canada-based **Brookfield Residential Properties Inc.** is working on another set of homes between Jamboree Road and Tustin Ranch Road.

Standard Pacific paid a reported \$56 million for the land at Greenwood and kicked in about another \$17 million for infrastructure improvements at Tustin Legacy.

The housing community, closely following the opening of two apartment complexes at Tustin Legacy this year, "is integral to the city's vision of a vibrant, urban master-planned community where residents can live, work and play," Tustin Mayor **Chuck Puckett** said.

The new activity at the former base represents something else for commercial developers with properties that are next to Tustin Legacy but not directly involved in the project: opportunity.

There are a number of projects, including offices, apartments, townhomes, industrial buildings and retail, planned for sites bordering the western and southern edges of Tustin Legacy.

The projects—which fall inside the bound-



Recreation center: at Greenwood home project at Tustin Legacy

aries of Irvine, Santa Ana and Tustin—are generally considered to be on the far edges of the Irvine Business Complex, the 2,800-acre, largely commercial area around John Wayne Airport.

The same sites could soon be effectively seen as extensions of Tustin Legacy rather than IBC projects if development on the former base continues.

It makes good sense for opportunistic developers to piggyback on the increased activity taking place at Tustin Legacy, which sat largely

dormant for years following the last recession, said **Bill Halford**, chief executive of Irvine-based **Bixby Land Co.**

"What's beginning now at Tustin Legacy, in time it won't seem like the fringe (of the IBC). It will be its own submarket," said Halford, whose company has a creative-office redevelopment under way on Red Hill Avenue on the western edge of Tustin Legacy.

The company paid a reported \$13.3 million for 15771 Red Hill Ave. late last year. The 79,756-square-foot building in Tustin previ-

ously served as the home of jewelry maker **Cookie Lee Inc.**, which was acquired last year by local investors and operates from Irvine.

Bixby plans to spend \$11.7 million to renovate the space in a project that started this month.

The property sits a few blocks from what looks to be the largest proposed project next to Tustin Legacy: a mixed-use development called **The Heritage**.

The project, which is near the intersection of Red Hill Avenue and East Dyer Road in Santa

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Ana, would be built on 18 acres that are now home to a large industrial building.

The property is being marketed for sale as the potential home to 1,221 apartments, in addition to about 18,000 square feet of retail space.

Residents at The Heritage, which is directly west of the former base, "will have access to a growing variety of amenities at Tustin Legacy," notes a recent marketing package for the development site.

The 366,000-square-foot industrial building and accompanying land were purchased by an affiliate of Newport Beach-based **Koll Co.** about 1 1/2 years ago for a reported \$34 million. It's now listed for sale at an undisclosed price by brokers with the Irvine office of **HFF LP.**

The multibuilding project would include five-story apartments and total nearly 1 million square feet. Earlier estimates called for as many as 1,401 apartment units, according to documents filed this year with the city of Santa Ana.

Zoning Changes

The Heritage development would require a number of zoning-related changes before the project can proceed, according to city filings.

An apartment project of that size would exceed the number of rental units that have opened at Tustin Legacy this year. The two complexes, **Amalfi** and **Anton Legacy**, total 758 apartments and were built by Newport Beach-based **Irvine Company** and **St. Anton Partners** in Sacramento.

The Heritage would also be among the largest proposed in the Irvine Business Complex, where a multitude of rental projects are proceeding. The IBC is home to about 6,850 apartments built in the past decade. An additional 2,055 apartments were under construction in the area earlier this year.

Only a handful of for-sale projects are on the



Rendering: Bixby Land Co. plans creative-office project in former Cookie Lee building on western edge of Tustin Legacy

books in the IBC. Sites proposed for new homes include land on Barranca Parkway that's now home to the headquarters of home-automation technology provider **Insteon.**

Early-stage plans were recently filed with the city for a 180-unit townhouse project at the site, which is across the street from the District at Tustin Legacy shopping center.

In the works on a 4-acre site just off Barranca Parkway: a 50,000-square-foot research and development and manufacturing facility that will be built for **Sivax Inc.**, which is involved in the design and manufacturing of prototypes for automobiles and other products.

Sivax, a Japanese company that opened its North America office in Irvine last year, bought the vacant land for the project around the start of the year.

Westwing Corp., a Newport Beach construction firm that develops commercial projects for a number of Japan-based companies with local offices, is handling the project for Sivax.

El Toro, Too

The development on the fringes of Tustin Legacy could soon be emulated at projects surrounding Orange County Great Park, the county's other big former military base, where a good portion of the commercial land is now considered to be on the edge of the Irvine Spectrum. In time, it could be seen as a more central location, noted Bixby's Halford, whose company also plans a big project in that area.

In OC's improving office market, "if you're looking for big blocks of available space, it can be hard to come by, so you have to look at the edges," Halford said.

Bixby announced in April that it paid about \$44.3 million for a 262,463-square-foot building on Jeronimo Road. The Spectrum-area building, which now serves as **Kawasaki Motors Corp. U.S.A.'s** headquarters, is near the old El Toro Marine base where **Broadcom Corp.** is building its new office campus. Broadcom indicated

no change of plans for the project following the May announcement of its sale to **Avago Technologies Ltd.**

The Jeronimo Road purchase is Bixby's largest in Orange County in more than five years. A major redesign of the building, which would cost an estimated \$20 million extra, is scheduled to take place in about a year, after Kawasaki vacates the building.

"If you want to find (buildings with) vacancy and value, then you have to go on the periphery," Halford said. "Good, large blocks of space are in short supply."

Kawasaki, which distributes motorcycles, personal watercraft and ATVs, is leasing back the Jeronimo Road property for a little more than a year while the redevelopment plans are finalized.

The company, a unit of Japan-based **Kawasaki Heavy Industries Ltd.**, hasn't disclosed plans for its Irvine operations once the short-term lease expires. ■

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