

Mechanic Bank reups for 51,000 SF



\$92M office sales at the Summit



An Orange County Business Journal Special Report

COMMERCIAL REAL ESTATE UPDATE

Collectors Universe grows base at Pacific Center



Anaheim home to multiple \$100M+ rental sales in Q1



Innovation Office Park opens doors



California Pizza Kitchen moving to Costa Mesa



24 FIRMS MAKE OFFICES 'FUTURE-PROOF'

26 AWAITING OFFICE LEASING COMEBACK

27 TOP Q1 CRE PROPERTY SALES

28 TOP Q1 OFFICE LEASES

29 TOP Q1 INDUSTRIAL LEASES

1 ELSEWHERE
WESTERN REALCO BACK TO BUYING

Prepping for the Real Return

Employers Look To Create 'FOMO Factor'

By KATIE MURAR

Since acquiring its new headquarters facility in Irvine last September, property management firm **RiverRock Real Estate Group Inc.** has been investing time and money to create an office that's future proof.

The company's plan hinges on making an office that makes employees want to return after more than a year of largely working from home.

To do so, the company is looking at physical upgrades that have become commonplace in the past year—indoor/outdoor connectivity, new air filtration systems, touchless technology—and something less tangible.

"It's the FOMO factor," said **Rick D'Amato**, principal and workplace design director at Irvine-based **LPA**, referring to the acronym for "fear of missing out."

"It was one thing when everyone was stuck at home, but as employees start to return to the office, others are likely to miss that in-person connection," added D'Amato, whose architecture firm led the design of RiverRock's new space.

D'Amato notes that its design business has picked up noticeably in recent months as "clients look to refresh their space and add new programs to give employees a reason to want to come back."

Fitwel HQ

RiverRock paid \$7.5 million, or about \$368 per square foot, for the office at 2392 Morse Ave. in September.

The 20,392-square-foot building fronting the San Diego (405) Freeway—the former home of



John Combs
Founder, Principal
RiverRock Real
Estate Group

master developer **SunCal Cos.**—is more than twice the company's previous footprint at 100 Bayview in Newport Beach.

It has since invested "more than we should" in upgrades, notes RiverRock founder **John Combs**, with the company making targeted improvements in order to achieve **Fitwel** designation, a new industry standard originally created by the **U.S. Centers for Disease Control**

(CDC) and **U.S. General Services Administration**.

"We're building a space that's not only safe, but gets our employees excited about returning," said Combs, who started RiverRock in 2003 after leading the property services division of New York-based Insignia ESG.

The company ranks No. 7 among OC's largest commercial property managers; RiverRock manages nearly 40 million square feet in and out of the area.

Fitwel requirements range from the standard—building access and density—to the more outlandish: "one of the requirements is to have an herb garden, so we've been meeting with an urban garden specialist who will also be available to meet with our staff that's interested in learning more about gardening," said Combs, who didn't indicate whether he'll be taking part in the gardening lessons.

RiverRock is targeting a June 14 move-in date, a day ahead of Gov. **Gavin Newsom's** projected state reopening.

Phased Return

After more than a year of a largely remote workforce and a few false starts, RiverRock is among many Orange County employers that's prepping their staff, and their properties, for the real return to the office.

For now, that return has been flexible, with employers allowing for a slowed, phased employee return.

"We're currently in the A-B plan," in which half of the firm's 50 employees is in the office on any given day, though returning to the office has been "entirely up to each employee," Combs said.

Though this flexibility will likely transition into something more concrete as California more fully reopens, it has prompted companies

to rethink their space needs in the short term.

"The new amenity is allowing employees to be flexible with where they get their work done," D'Amato said.

For RiverRock, that means potentially leasing out part of its new hub to smaller companies as it manages a smaller in-person base.

Sublease Surge

Subletting has grown in popularity since the onset of the pandemic, as office tenants hit the pause button on making lease decisions.

Total office sublease availability is up about 30% year-over-year. In addition to sublets, 470,000 square feet of available office space in OC is expiring by the end of 2022, "potentially adding large blocks of space" to the market, according to brokerage **JLL**.

Companies that initially planned on listing their space for subletting in the past year may pull the listing as employers decide to return to the office, notes **George Thomson**, a senior managing director at **Newmark**.

Meanwhile, the current pool of available sublease space could be snapped up as tenants look for more flexible lease terms.

"Some of those deals will turn into longer-term leases," Thomson said. ■

RiverRock Real Estate Group Inc.

- **HEADQUARTERS:** Irvine
- **FOUNDED:** 2003
- **FOUNDER:** John Combs
- **BUSINESS:** commercial property manager
- **OC EMPLOYEES:** 50
- **NOTABLE:** moving into new HQ next month

Before we build a workplace, we build a relationship.

At KPRS, we do more than construct places to work—we create modern workplaces where people thrive. Whether it's making flexible structures for future growth or including features that promote work-life balance to attract and retain talent, we listen to our clients' needs and realize their visions. Build with us and build on a foundation of trust.

Let's build together.



RECONNECT YOUR WORKFORCE

AT THE FIRST OPEN-AIR OFFICE VILLAGE



DESIGNED FOR HEALTH & WELLNESS

- Central pedestrian pathline in a village-like setting
- Olive groves & pine trees across 24 acres of open space
- Oversized roll-up doors for seamless indoor/outdoor connections
- Direct access to private patios & gardens
- Operable windows bring in fresh air
- Distinctive, open-air amenities



**INNOVATION
OFFICE PARK**

 IRVINE COMPANY

NOW LEASING — INNOVATIONOFFICEPARK.COM — 949.720.2550



Office Brokers: Leasing Comeback on the Way

Anduril, CoStar Deals Stand Out in Slow Year

By KATIE MURAR

It's been business as usual for many industries in terms of work volumes over the past 14 or so months.

Office leasing isn't one of those industries. "Leasing activity has been largely stalled in the past year save for a few mega-deals," said **Royce Sharf**, an executive vice president at **Savills USA**, the area's largest tenant representation brokerage.

One such mega deal was **Anduril Industries'** lease at **The Press** development at the former **LA Times** printing facility in Costa Mesa.

The lease is for 640,000 square feet, including 450,000 square feet that's currently under construction, as well as a newly planned 190,000-square-foot research and development building. It's among the largest office leases in OC's history (see page 28).

Anduril, a tech-focused defense and border protection company founded by **Palmer Luckey**, is slated to move into the project by summer 2022.

"It's a game changer for Orange County," said **George Thomson**, a senior managing director at **Newmark**.

Thomson, who along with colleague **Jay Nugent** brokered the lease on behalf of the landlord, a joint venture between Foster City-based **SteelWave LLC** and Dallas-based **Invesco Real Estate**.

"It's going to be a cool employment hub featuring both hardware and software operations, and will create a wake effect that will attract additional companies to the area," Thomson added.



Innovation Office Park: newest Irvine Co. project promotes indoor/outdoor space uses

Leasing Momentum

Newmark has several office deals in the works that speaks to future market momentum.

"It feels like we are on the precipice of seeing a surge in new leases over the next four quarters," Thomson said.

This was echoed by Sharf, who predicts a "robust second half of this year."

"There's some pent-up demand in the market right now," Sharf said.

OC's Class A office market, totaling some 50 million square feet, counted a vacancy rate around 13.4% at the end of the first quarter, compared to 11.3% a year ago, according to data from Newport Beach's **Voit Real Estate**.

Vacancy rates in the area around John Wayne Airport are higher—15.5%—due to the larger cluster of high-rises in the area, which have fallen out of favor the past year.

Irvine Co. Successes

Not all area landlords have sounded the alarm bells.

Irvine Co., with an office portfolio totaling 53 million square feet, the majority of it in OC, said it has managed to maintain strong leasing volume in the past year.

The area's largest landlord said earlier this month it leased nearly 7 million square feet across its office portfolio between April 2020 and March 2021; 2 million of that total was inked in February and March 2021 alone. The company hasn't disclosed April figures yet.

"Many customers say the workplace is more important than ever to foster collaboration, innovation and productivity," said **Steve Case**, executive vice president of Irvine Co.'s office division. "A healthy and vibrant workplace community helps innovative companies create a winning culture and contributes significantly to growth, success and employee satisfaction."

The landlord's largest deal was for a full building at the company's **Spectrum Terrace** office complex where real estate data firm

CoStar Group Inc. inked a 115,000-square-foot lease.

Expect new deals to be made over the next year at **Spectrum Terrace's** third phase, as well as at the company's just-built **Innovation Office Park**, a collection of low-rise buildings in Irvine near the intersection of the Santa Ana (5) Freeway and Sand Canyon Avenue.

Private Workspace

Irvine Co. said it has received strong initial interest at **Innovation Office Park**, specifically for its relatively new office product, called **Flex Workspace+**, which offers turnkey workspaces with shorter-than-normal lease terms.

Initial demands for these flexible offerings were so strong, the company added an additional 10,000-square-foot floor at the new office park to be used for the **Flex Workspace+** program, the developer said.

Sharf has noticed demand from tenants for smaller, private workspaces in the wake of COVID-19.

Architecture firm **LPA** was behind the design of **Savills'** nearly 20,000-square-foot office in Newport Beach.

That was done pre-pandemic; however, the design has been fortuitous post-pandemic, with the perimeter of the office filled with private offices.

"Everyone has their own space, as well as several gathering areas that creates a collaborative atmosphere you can't get from home," Sharf said.

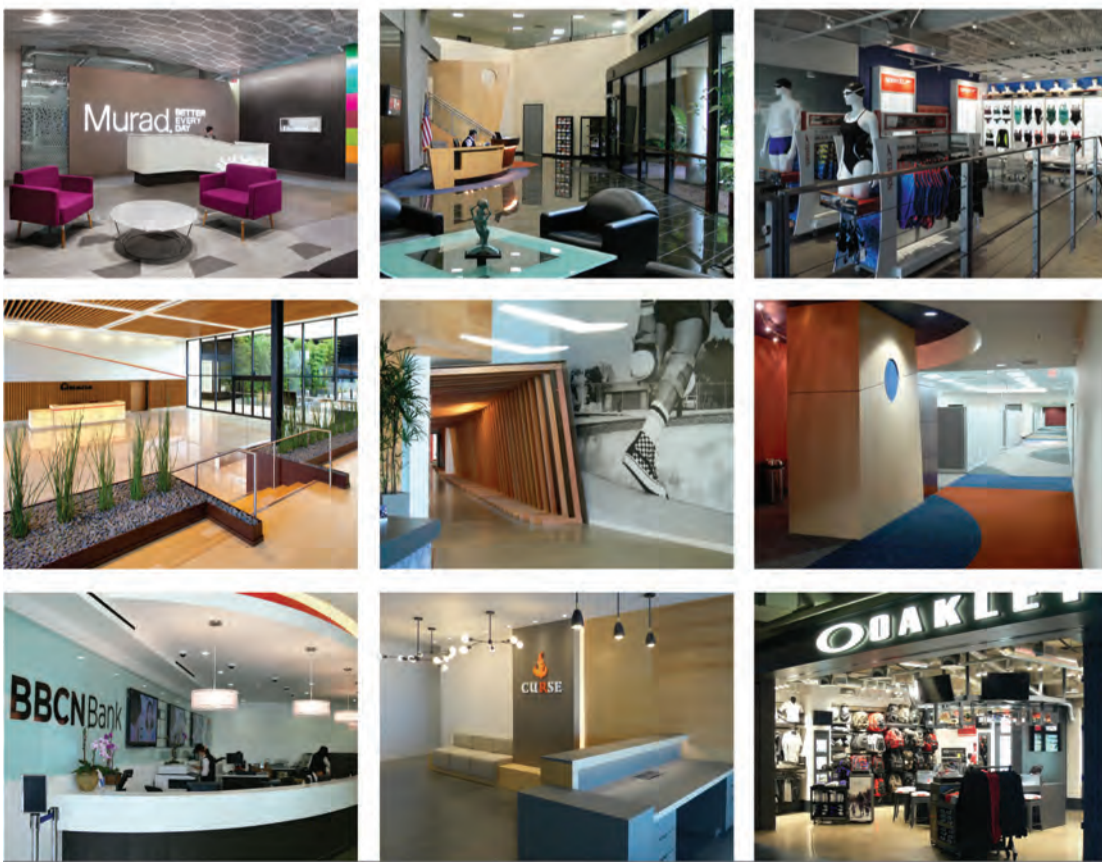
Both **Newmark** and **Savills** have been phasing their return back to the office, with a more formal reentry slated to begin next month.

"The return to office dynamic is taking hold in Orange County," Thomson said. ■



Royce Sharf
EVP
Savills USA

Caliber Constructs Change



Caliber Construction doesn't construct buildings. We construct the business spaces that *facilitate change*. For companies we have served in the last 25 years... change has meant growth. Change has meant new markets, expanding reach. Change has meant the accomplishment of audacious goals.



CaliberConstructionInc.com | 714-255-2700

CRE PROPERTY SALES

LARGEST Q1 CRE PROPERTY SALES

Data provided by:  CoStar Group™



1
Jefferson Platinum Triangle, Anaheim **\$160M**
Product Type: apartments
Units: 400
Buyer: California Statewide Communities Development Authority/Waterford Property Co.
Buyer Rep: Eastdil Secured LLC
Seller: JPI
Seller Rep: NorthMarq Capital



2
The Parallel, Anaheim **\$156M**
Product Type: apartments
Units: 386
Buyer: California Statewide Communities Development Authority/Waterford Property Co.
Buyer Rep: Eastdil Secured
Seller: UDR
Seller Rep: Eastdil Secured



3
The Mix at CTR City, Anaheim **\$115M**
Product Type: apartments
Units: 276
Buyer: California Municipal Finance Authority/Manatt Real Estate Advisors
Buyer Rep: Institutional Property Advisors
Seller: Greystar
Seller Rep: Institutional Property Advisors



4
The Summit, Aliso Viejo **\$92M**
(15 and 25 Enterprise)
Product Type: offices
Square Feet: 300,000
Buyer: Harbor Associates/Seligman
Seller: Invesco Ltd.
Seller Rep: Eastdil Secured



5
The Knolls, Orange **\$66.5M**
Product Type: apartments
Units: 260
Buyer: BLDG Partners/Foundation for Affordable Housing
Buyer Rep: Colliers
Seller: Brookfield Properties
Seller Rep: Colliers



Voit
 REAL ESTATE SERVICES

**THINK OF THE POSSIBILITIES
 THINK VOIT**

Along with the opportunity for all our brokers to become owners, at Voit, we also offer some of the best commission splits in the industry. When coupled with our abundant resources and the stability of one of the most enduring names in real estate, there's no limit to what can be achieved.

If you're ready to take charge of your career and give yourself a raise, let's talk about your future.

714.978.7880
www.voitco.com

give yourself a raise

OFFICE LEASES

LARGEST Q1 OFFICE LEASES

Data provided by:



The Press, Costa Mesa

Square Feet: 640,000
Tenant: Anduril Industries
Tenant Rep: Hughes Marino Inc.

Landlord: SteelWave/Invesco
Landlord Rep: Newmark



Spectrum Terrace, Irvine

Square Feet: 114,780
Tenant: CoStar Group

Tenant Rep: Savills
Landlord: Irvine Co.



UCI Research Park, Irvine

Square Feet: 63,440
Tenant: Linksys Holdings Inc.
Landlord: Irvine Co.



Pacific Center, Santa Ana

Square Feet: 58,814
Tenant: Collectors Universe Inc.
Tenant Rep: Lee & Associates Commercial Real Estate Services
Landlord: Drawbridge Realty Management LLC
Landlord Rep: CBRE



100 Bayview, Newport Beach

Square Feet: 53,478
Tenant: Industrious
Landlord: Granite Properties
Landlord Rep: CBRE

CREW ORANGE COUNTY PRESENTS

SPiRE AWARDS



CREW Orange County is proud to present its Annual SPiRE Awards to honor Orange County's best in Commercial Real Estate!

NOMINATIONS NOW OPEN
FOR THE 10TH ANNUAL SPiRE AWARDS
 RECOGNIZING SUPERIOR PERFORMANCE IN REAL ESTATE

This is the perfect opportunity to showcase your outstanding performance in the Orange County real estate market, and to recognize clients, business associates, and project/deal teams.

The SPiRE Awards is open to all men, women and project teams who have made a significant impact in 2020-2021.

Award categories include:

- Women in CRE
- CRE Emerging Leader
- MVP Service Partner
- New Construction/Development
- Building Renovations
- Tenant Improvements
- Leasing
- Sales
- Philanthropy

Submit your nomination at:
www.crewospireawards.com

ORANGE COUNTY BUSINESS JOURNAL

2021 UPCOMING REAL ESTATE ISSUES

June 7 **COMMERCIAL DEVELOPMENT SPECIAL REPORT**

Lists: Commercial Developers & Construction Companies

July 12 **WOMEN IN COMMERCIAL REAL ESTATE INTERIOR DESIGN + CONSTRUCTION SPECIAL REPORT**

List: Tenant Improvement Contractors

August 16 **COMMERCIAL REAL ESTATE UPDATE**

List: Shared Space Providers

August 30 **ARCHITECTURE + ENGINEERING SPECIAL REPORT**

Lists: Architecture Firms & Engineering Firms

September 20 **WHO'S BUILDING OC**

October 4 **CREW SPiRE AWARDS**

November 8 **COMMERCIAL REAL ESTATE UPDATE**

For more information, contact Sheldon Ascher at **949.664.5073** or ascher@ocbj.com.

INDUSTRIAL LEASES

LARGEST Q1 INDUSTRIAL LEASES

Data provided by:
 CoStar Group™



25892-25902 Towne Centre Drive, Foothill Ranch

Square Feet: 130,706 (sublease)
Tenant: ProTab Laboratories
Sublessor Rep: Newmark

Landlord: LBA
Subtenant Rep: Lee & Associates
Commercial Real Estate Services

3731 Warner Ave., Santa Ana

Square Feet: 129,600
Tenant: Ready Spaces

Landlord: SDL Warner
Landlord Rep: Kidder Matthews



17595 Mount Herrmann St., Fountain Valley

Square Feet: 120,500 (sublease)
Tenant: Interconnect Solutions Co.
Sublessor Rep: CBRE Group
Landlord: Sakioka Co.
Subtenant Rep: Lee & Associates



6363 Regio Ave., Buena Park

Square Feet: 116,662
Tenant: Premier Transportation & Warehousing
Tenant Rep: CBRE
Landlord: 6363 Regio LLC
Landlord Rep: Colliers



2810 S. Yale St., Santa Ana

Square Feet: 156,110
Tenant: Bear Down Brands
Tenant Rep: Southwest Commercial
Landlord: Alere Properties LLC
Subtenant Rep: CBRE



Coastline Development is a contractor with a reputation for quality, competitiveness, financial strength and ethical business practices. We have serviced our clients for over 30 years, focusing on expanding efforts in the tenant improvement and new construction market. We take pride in our accumulative record of successful project completion, on time scheduling and within budget. Contact Us At:

Coastline Development, Inc.

714.265.0250 F: 714.265.1701 • www.coastlinedevelopment.com



30 Years in Business

CA Lic#485187 AZ Lic#3254367 UT Lic#11343661-55017 NV Lic#0084959

ARE YOU FRUSTRATED WITH INVESTING AND DOING BUSINESS IN CALIFORNIA?

If you're like many people living in California, the low cap rates on today's available investments, and the high cost of doing business may be bringing you down....



If you want a higher return on your investment funds this is the state to grow your future.

STEVE AVANZINO
775.848.5901
commercialnevadaproperties.com



775.848.5901 | 4600 Mill Street | Reno, Nevada 89502