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Lease Reupped at Big South County Distribution Center

Birtcher Buys Santa Fe Springs Warehouse; Sperry Promotes Regional Manager in Irvine

One of South County's larger chunks of industrial space is staying off the market.

CPU2 LLC, a logistics and telephone services company, just renewed the lease on its 231,133-square-foot warehouse and distribution facility in Foothill Ranch.

The five-year renewal is valued at more than \$10 million.

CPU2 takes up the majority of the 309,685-square-foot building, at 25892 Towne Centre Drive. The building's owned by San Diego-based Kilroy Realty Corp.

The warehouse, which runs along the Foothill (241) Toll Road, is one of the few industrial buildings bigger than 300,000 square feet in South County. It likely would have been a hot commodity if CPU2 had opted to leave.

That's one reason the lease renewal process wasn't a quick one, according to officials with the Irvine office of Studley Inc. Kilroy looked to take advantage of a tight industrial market—especially for large blocks of space—while the tenant considered moving.

"At first, CPU2's landlord was reluctant to renew," according to Jeff Cannon, corporate managing director for Studley.

It took close to a year of negotiations before terms were reached, he said.

Along with Cannon, Studley's Tim Schramm and Paul Jones represented CPU2. Kilroy's Janelle Strand and Jim Axtell represented their company.

CPU2 provides fulfillment, call center and packaging services. The Foothill Ranch building is one of three large facilities it has. The other two are in North Carolina and Louisiana.

Birtcher Still Buying

Brandon Birtcher, president of Irvine-based Birtcher Development & Investments, hasn't been shy about making big industrial deals as of late.

The latest transaction: Birtcher and partner Cornerstone Real Estate Advisers LLC of Hartford, Conn., bought a 608,000-square-foot industrial building in Santa Fe Springs. The building went for \$68 million, or about \$112 per square foot.

It's near the San Gabriel River (605) and Santa Ana (I-5) freeways. Northwestern Mutual Life Insurance Co. sold the building.

Northwestern had bought it in 2004 for a reported \$45 million.

The building is on a 23-acre parcel and has been leased by Liz Claiborne Inc. as the company's West Coast distribution hub since 2000. The building is part of the Mid-Cities market that straddles the Orange and Los Angeles county line and has a less than 2% vacancy rate.

Clyde Stauff, from Colliers International

Inc.'s Irvine office, represented both parties in the transaction.

Birtcher has been looking mostly at the industrial market for local sales and developments since selling the South Coast Home Furnishings Centre in Costa Mesa last year.

The company's been looking at buildings near the ports of Los Angeles and Long Beach.

Notable deals of late include a \$207 million, 30-year lease the company signed with supermarket operator Kroger Co. for a distribution center in Paramount, announced late last year.

Birtcher said at a meeting late last month that he thinks a lot of the concern coming from the commercial real estate sector is overblown. Foreign investors in particular are mistakenly assuming the same issues coming from the housing market will follow the commercial market, he said.

One big difference between the commercial and housing sectors: Birtcher said he's seen next to no foreclosed commercial properties put back on the market here.

Sperry Changes

Irvine-based commercial brokerage Sperry Van Ness promoted Damon Wyler to managing director and regional manager for its local office.

Wyler has been with Sperry Van Ness for four years and was named one of the company's top brokers in 2004. He's a member of the International Council of Shopping Centers and the Urban Land Institute.

He'll be responsible for managing the Irvine office, as well as recruiting and training.

Standard Shed 1,000 Jobs

Job cuts have been across the board for Irvine-based homebuilder Standard Pacific Corp.

In the company's latest 10-K filed with the Securities and Exchange Commission last week, the builder reported an employee count of 1,880 at the end of 2007. That's down about 1,000 jobs from the peak of the housing market in mid-2005, and a drop of about 29% in the past two years.

The 10-K provides a little more color to those job losses. So far, the company's sales and marketing workers have been the least affected over the past two years, with cuts in its ranks of about 11%. Meanwhile construction-related jobs have been cut about 39% over that time, and mortgage-related positions have fallen some 32%.

Standard Pacific's now counts some 550 executive, administrative and clerical personnel, which is down about 27% in the past two years.



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