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Auto R&D Plant Bound for Irvine

REAL ESTATE: Self-storage to rise on 10 acres next door

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A 14-acre property in Irvine near the Tustin Legacy development site is expected to be converted into a manufacturing center for a Japan-based automotive research and development company, with a self-storage facility slated for next door.

Anticipation of the developments follows a pair of property sales estimated at more than \$30 million.

Newport Beach-based developer Western Realco recently completed the sale of a building and surplus land it owned at 16700 Red Hill Ave.

The existing building at the site—a nearly 183,000-square-foot office and industrial facility at the intersection of Red Hill and Deere avenues—was purchased by Glendale-based Public Storage Inc., one of the country's largest owners of self-storage facilities.

Terms of the sale were not disclosed. The building, which is on about 10 acres, was offered for sale at \$23.6 million, according to brokerage data.

Western Realco also sold a vacant 4-acre parcel next to the existing building. The site was acquired by an affiliate of Sivax Inc., a Japanese company involved in the design and manufacturing of prototypes for automobiles and other products.

Sivax, which opened its North America office in Irvine last year, will be building a roughly 50,000-square-foot R&D and manufacturing facility at the site this year, according to brokers with the Irvine office of JLL who worked on the deal.

Terms of the land sale were not disclosed. The land was being marketed at a price of \$6.8 million.

The deal represents one of the last remaining developable parcels for industrial projects in Irvine near John Wayne Airport.

Looking for Space

Sivax has offices in Irvine near the Kia Motors America headquarters, but was looking for space to set up manufacturing operations, according to Luke McDaniel, JLL senior vice president, who represented Sivax in the deal with colleagues Matt Christensen and Cameron Driscoll.

“The buyer sought a highly specialized building in an A-plus location,” Christensen said. “Constructing a building for their specialized needs proved to be the best alternative.”

Sivax’ range of services runs from development of new-generation car design concepts to mass-production follow-ups, according to company documents. Its design prototypes for cars range from clay models to actual concept cars and exhibition models.

The company is said to do a lot of business with Japan’s largest car makers, most of which have offices in Orange County. Two of them have their U.S. headquarters here—Mazda North American Operations is in Irvine, and Mitsubishi Motors North America Inc. is in Cypress.

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

Storage Surge

The existing building at 16700 Red Hill Ave. that was sold to Public Storage is also expected to see a good amount of construction work under its new ownership.

The building runs about 183,000 square feet, but the new owners are expected to add a second level of storage space to the building, which would effectively double the usable square footage, according to Gary Allen, senior managing director for the Newport Beach office of Newmark Grubb Knight Frank.

Allen and colleague Robert Griffith represented Western Realco in its sales to Public Storage and Sivax.

The surge of apartment development in the Irvine Business Complex in the past few years appears to have grabbed the attention of self-storage companies, which also are looking to build facilities to serve thousands of new renters in the market, according to Gary Edwards, principal for Western Realco.

3-Story Building

A Costa Mesa-based entity known as Alton Self-Storage LLC last summer announced plans for a three-story, 216,651-square-foot facility about two blocks from Jamboree Road at 2215 Alton Parkway.

The project would go up on the site of a vacant 72,000-square-foot industrial building owned and previously used by Irvine-based carpet manufacturer Royalty Carpet Mills Inc.

A few blocks from that site, the owners of an existing Public Storage facility have filed initial plans with the city for an expansion of their single-story property, which is currently about 100,000 square feet.

It is not known whether the acquisition of the Red Hill office would affect the expansion plans for that property, which is at the intersection of Jamboree Road and Alton Parkway.

The building at 16700 Red Hill was long known as the Orthodyne Electronics building. Orthodyne made wedge bonders used to connect small wires to semiconductors and once had nearly 300 employees there.

Kulicke & Soffa

Kulicke & Soffa Industries Inc., a Singapore-based maker of semiconductor assembly equipment, took over the Irvine building when it bought the assets of Irvine-based Orthodyne in 2008 for about \$125 million and other incentives.

The Red Hill property was sold in 2011 for a reported \$19 million to Western Realco, which spent the past few years getting the excess land at the site entitled for additional development.

“There was always a lot of interest in the excess land,” but the developer opted to hold off selling the 4-acre site until it also figured out the best use for the existing property, said Western Realco’s Edwards.

Kulicke & Soffa announced in 2010 that it was shifting most of the manufacturing done at the Irvine plant to Malaysia and Singapore, leaving about 150 engineering, marketing and sales, and other jobs in OC.

The company now has its local offices nearby in Santa Ana, and the Red Hill building has been vacant for about a year.