

Western Realco Eyes More Industrial in Brea

REAL ESTATE: 3rd speculative project would be 216,000 SF **MARK MUELLER** Monday, April 20, 2015

Newport Beach-based Western Realco has bought nearly 10 acres of land in Brea, where the developer is planning its third big speculative industrial project in the city since 2012.

The company, one of Southern California's most active industrial developers of late, this month closed on the purchase of 3300 E. Birch St., a property currently holding a data center that is a little more than a mile east of the Orange (57) Freeway.

The existing building at the site was constructed in 1980 by Beckman Coulter to support its then Brea-based operations.

The building, next to a big Bank of America operations hub, was last used by data center operator InfoCrossing, but it has been vacant since the end of 2014.

Western Realco plans to raze the 68,807-square-foot speculative building at the site and build a roughly 216,000-square-foot speculative industrial building.

The project is expected to break ground this year after the new owners get the necessary approvals from the city of Brea, said Gary Edwards, principal at Western Realco.

"We're planning to move forward expeditiously," he said. "We've seen good interest for our (other) Brea projects."

Terms of the sale weren't disclosed. The 9.8-acre property and the existing data center at the site last traded hands in 2003 for a reported \$10.3 million.

CoStar Group Inc. records put an estimated value of the latest sale at \$14.2 million.

Western Realco bought the property in a venture with Boston-based AEW Capital Management LP. San Francisco-based Digital Realty Trust Inc. sold the building in a deal brokered by Newmark Grubb Knight Frank's Jeff Read, Scott Read and Greg Osborne.

Three-Building Sale

The Birch Street property is near the La Floresta mixed-use development in Brea and a few blocks from a pair of industrial developments Western Realco has undertaken in the city in the past three years.

In 2013, it sold a new, 84,000-square-foot industrial building it developed at 2850 Orbiter St. that was the largest new speculative industrial development in Orange County in several years.

That building was sold to Coyle Reproductions Inc., a maker of signs, banners, displays and other printing services, in an \$11.2 million deal.

Western Realco and financial partner AEW followed up the Orbiter Street deal by buying a nearly 20-acre site in Brea near the intersection of Imperial Highway and Saturn Street.

Brea-based Suzuki Motor, which has its offices nearby, shed the property in 2013 as part of a bankruptcy-driven reorganization.

Western Realco has spent the past year building three industrial buildings at the site that total about 365,000 square feet.

The buildings have been snapped up by a trio of owner-users in deals totaling nearly \$50 million, according to Edwards.

Terms of the individual sales have not been disclosed. The three deals are all expected to close escrow in the next month, he said.

The largest of the buildings, a 155,000-square-foot building at 3172 Nasa St., is being acquired by an affiliate of TSW Alloy Wheels, a Huntington Beach-based manufacturer of high-end custom wheels for the automotive aftermarket.

TSW is expected to move much of its operations to Brea following the deal's completion, according to brokers familiar with the deal. The company is looking to lease or sell its current 62,640-square-foot headquarters on Astronautics Lane.

Other Buyers

EVGA Corp., a Brea-based computer hardware company that makes products for consumer and high-end users, is buying the next-largest building at the development, a 108,000-square-foot building at 409 Saturn St.

SH Asset Management LLC, a Korean-backed manufacturer of nutritional supplements and other products that operates a Brea facility under the Uni-Caps LLC name, is buying the third building, which is nearly 95,000 square feet and located at 415 Saturn St.

The Birch Street project will add to an already-busy pipeline for Western Realco, which is expected to break ground on nearly 1.8 million square feet of industrial buildings this year, including several larger projects in the Inland Empire.

Edwards said his company is still looking for other Orange County development sites, although no additional deals are believed to be imminent.

“We will continue to seek value-add industrial opportunities, including land for speculative development and existing buildings with turn-around potential, to take advantage of strengthening fundamentals in Southern California,” he said.