

ORANGE COUNTY BUSINESS JOURNAL



Spectrum Terrace: first six buildings at new office park spoken for, landlord says

Irvine Co. Flexes, Find Office Takers in New Normal

10M SF of '21 Leases For State's Largest Landlord

By MARK MUELLER

Irvine Co. believes that there's a clear future for the local office market, and officials at the real estate firm say it's a future that emphasizes higher-end properties and a flight to quality by tenants.

Orange County's largest office landlord has the figures to back up those claims.

The Newport Beach real estate firm says that it leased nearly 10 million square feet of office space to about 1,000 companies in 2021, across its entire portfolio.

That total "matches or exceeds the company's performance during the pre-pandemic economic boom years of 2017-2019," it said in a statement.

Irvine Co. is the largest owner of offices in California, with much of its holdings in Orange County.

Its portfolio of more than 560 buildings—



Jonathan Brinsden
President
Irvine Co. Office

also located in Los Angeles, San Diego, Silicon Valley, Chicago and New York City—tops 50 million square feet of space.

Last year's leasing performance "is a window into the post-pandemic future of work," said Jonathan Brinsden, president of Irvine Co.'s office division.

"The activity clearly shows the importance of being together to drive company culture, productivity, innovation and, ultimately, the bottom line," he said.

Top Dealmaker

Many examples of the company's Orange County leasing success can be seen in this week's page 34 listing of 2021's largest office leases, part of the Business Journal's **Top Real Estate Deals** special report.

Irvine Co. buildings were home to six of the top seven local office leases of the year, and those six deals totaled over 600,000 square feet of space, according to Business Journal research and CoStar Group Inc. data.

Notable full-building leases in OC included deals for established firms like Verizon, Amazon, and CoStar, while emerging tech companies like flying taxi maker Supernal also snapped up significant chunks of space.

While those leases were for the landlord's mid-rise properties in the Spectrum area, the company also had notable tenants move into its high-rises, a product type that's seen its challenges in OC and other markets since the onset of the pandemic.

Aerospace firm Terran Orbital's nearly 90,000-square-foot deal at the company's 400 Spectrum Center tower was tops among high-rise leases for the year in OC, according to real estate data.

Speculative Push

The CoStar and Amazon full-building leases were for Irvine Co.'s new Spectrum Terrace campus along the San Diego (405) Freeway. The first two phases of that project—totaling six buildings—are fully leased, though not all tenants have moved



3rd phase of Spectrum Terrace underway, among largest speculative office developments in region

in, Case said.

The third and last phase of the nine-building, 1.1-million-square-foot project is now under construction; Spectrum Terrace and the nearby Innovation Office Park are two of the largest speculative office projects underway in the state right now.

For more details on the company's local development push, see the Feb. 28 print edition of the Business Journal.

Flexibility Key

The landlord notes that it's clearly not business as usual, given shifting trends in workplace use.

"The office will become more important than ever for some companies—but not all," Steve Case, executive vice president for Irvine Co.'s office division, told the Business Journal.

Among a collection of 300 recent lease renewals for the company, 120 tenants opted to downsize, while 50% more, 180, expanded, Case said.

With an expectation of other tenants both

upsizing and retrenching, the company's been pushing its Flex Workspace+ program, which was introduced in 2019.

The program "offers move-in ready workspace and flexible lease options, starting at six months with suites as small as 2,000 square feet, with the opportunity to scale to a full floor, building or more," it says.

More than 100 companies sought a flex option in 2021, leasing more than 1 million square feet, the company said.

"Our flexible solutions allow us to align with a company's unique needs and provide the ability to evolve quickly as those needs change," Brinsden said.

Life Science Watch

Going forward, Case said he's expecting to see further growth in a number of industries, like med-tech, gaming, next-gen aerospace, and electric vehicles.

Also keep an eye on Orange County's life sciences industry, Case said. It's a sector expected to soon see large local growth push, he said. ■

Irvine Company Office

- **PRESIDENT:** Jonathan Brinsden
- **EVP:** Steve Case
- **HEADQUARTERS:** Newport Beach
- **BUSINESS:** office division of Irvine Co.
- **PORTFOLIO:** over 560 buildings, more than 50M square feet
- **LOCATIONS:** OC, LA, San Diego, Silicon Valley, Chicago, NYC
- **NOTABLE:** reports 10M SF of company-wide leasing last year

OFFICE LEASES

LARGEST OFFICE LEASES OF 2021

Data provided by:
CoStar Group[®]**1**

The Press
Costa Mesa, Sunflower Drive

Square Feet: 640,000 (existing buildings, future new development)
Tenant: Anduril Industries
Landlord: Steelwave/Invesco

**2**

15505 Sand Canyon Ave.
Irvine Spectrum

Square Feet: 120,000
Tenant: Verizon
Landlord: Irvine Co.

**3**

17300 Laguna Canyon Road
Irvine, Spectrum Terrace

Square Feet: 116,000
Tenant: Amazon
Landlord: Irvine Co.

**4**

17600 Laguna Canyon Road
Irvine, Spectrum Terrace

Square Feet: 115,000
Tenant: CoStar Group
Landlord: Irvine Co.

**5**

15555 Laguna Canyon Road
Irvine, Discovery Park

Square Feet: 105,600
Tenant: Supernal
Landlord: Irvine Co.

INDUSTRIAL LEASES

LARGEST INDUSTRIAL LEASES OF 2021

Data provided by:
CoStar Group[®]**1**

Huntington Gateway Business Park
Huntington Beach (new development)

Square Feet: 434,000
Tenant: Cambro Manufacturing
Landlord: Sares Regis

**2**

6311 Knott Ave.
Buena Park

Square Feet: 399,500
Tenant: Houdini Inc.
Landlord: Clarion Partners

**3**

500 W. Warner Ave.
Santa Ana

Square Feet: 246,000
Tenant: Cloud Mountain
Landlord: LBA

**4**

5560 Katella Ave.
Cypress

Square Feet: 215,000
Tenant: Romeo Power
Landlord: Warland Investments

**5**

15800 Alton Parkway
Irvine

Square Feet: 210,000
Tenant: Alcon Research
Landlord: Irvine Co.