

O.C. business expansions fall 46%

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While this data seems a bit old, a survey of major business expansions in the region by Los Angeles County Economic Development Corp. does provide a heads up of where the the local economy – and commercial real estate market – has been.

LAEDC tracks major business expansions – or new arrivals – by tracking companies taking on 20,000 square feet or more, with a lease or purchase value of at least \$1 million.

- Orange County major expansions from dropped 46% from 75 in 2009 to 40 in 2010.
- Orange County commercial space absorbed by major expansions totalled 4.7 million square feet in 2010 vs. 6.2 million square feet the prior year -- a 24% drop.
- Hot sectors for Orange County expansion? Food (6 major leases); logistics/warehousing (5); then apparel/textiles, finance/insurance, technology/professional services (3 each.)
- Orange County average office vacancy rate was 20.0% in last quarter of 2010 vs. 19.9% a year earlier. LAEDC: "More encouraging, the final quarter of 2010 was the second consecutive quarter in which the office vacancy rate fell after rising in each the previous fifteen quarters."
- Orange County industrial vacancy rate was 6.3% a year-end 2010 vs. 6.7% a year earlier.
- Regionally, 142 major business lease expansions in 2010 vs. 194 in 2009 -- a 27% decline. LAEDC: "Given how difficult the economic environment for commercial real estate continues to be, last year's drop was not wholly unexpected."
- Total square footage of L.A. area expansion, however, was up 17% in 2010 to 25.2 million square feet.

Some O.C. commercial real estate deals of note:

- CT Realty Investors from Aliso Viejo bought Dowling Orchard Business Park -- including two new warehouses totaling 572,143 square feet and 30 acres entitled for another

611,000-square-foot building -- in Beaumont. (price wasn't revealed but CT said it was "well below replacement cost, in keeping with our opportunistic investment strategy.")

- **Flex Energy Inc. – a clean energy tech company -- is moving to the 32,000 square foot, 9400 Toledo Way in Irvine Spectrum for its corporate offices, research/development and testing, said The Saywitz Co. that handled the 5.5-year, \$1.7 million lease.**
- Newport Beach investors KBS scored two new leases: 7,144 square feet at Olympic Block in downtown Seattle to WhatCounts, an email marketing service provider, boosting occupancy at the two-building complex to 95 percent. KBS Realty Advisors acquired the 70,526-square-foot property in 2005. And 9,419 square feet with Optimal Blue for at 98,750 square-foot Parkwood Place office building 20 miles north of Dallas.