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HUNTINGTON BEACH POISED FOR CHANGE, BUT JURY
STILL OUT ON TYPE OF CHANGE AND ON TIMING

Huntington Beach, strategically located between the booming South Bay area of Los Angeles County and the mushrooming airport area of Orange County, is on the edge of change -- but it is difficult to determine what the change will be and how soon it will take place.

Developed as a walled residential community during the 1960s and 70s, when it was the fastest-growing city in the nation, Huntington Beach was skipped over by commercial and resort development and is just beginning to show signs of change in both regards.

Tourists, Oil and Housing

Incorporated in 1909 with just 3.5 acres, the City's 8½ miles of beaches have been popular with tourists since the turn of the Century, and the summer visitor stream remained unbroken even after oil was discovered in 1920.

When western Orange County went through its post-war population explosion, farmers in the Huntington Beach area rushed to annex their land to the oil-rich, low-tax city to prepare for development of their farms. Between 1957 and 1980, the city area grew to 28 square miles and population expanded from 11,000 in 1960 to 170,000 in 1980. Population today is 185,000.

Planners turned neighborhoods inward and required walls around them, giving the city the appearance of a series of secured enclaves, and also gave birth to powerful homeowners' associations. Homes are large and detached, the type of family housing which sold for \$12,000 to \$16,000 in the Orange County of 1960.

Today, Huntington Beach residents enjoy a peaceful, low-crime-rate city with parks, a strong school system and good public services, although the 20,000 barrels of oil still pumped every day only gives the City \$1 million in tax revenues toward a \$120 million budget.

But 30 neighborhood and district-level shopping centers, plus the regional Huntington Center and 10 million beach visitors a year, help feed the City's treasury.

Small Employment Base

McDonnell Douglas' Astronautics began an industrial movement in Huntington Beach when it opened there in 1963, attracting other industry with it, but in total, only 40,000 jobs are located in the City, one-quarter of them in manufacturing and one quarter in retailing.

To spur development, the City has authorized five redevelopment areas and a sixth is being considered. But major redevelopment, especially in the downtown area, has been planned for so long, even old time anti-redevelopment hardliners are saying "let's get on with it, already."

Main-Pier Area and the Waterfront

Most controversy has been generated by attempts to redevelop the aging downtown area around Main St. and the Huntington Pier into the model Mediterranean village which so far exists only as a scale model in the City Hall lobby -- 600,000 sq. ft. of mixed-use development.

But a myriad of small parcel ownerships and reluctance to change downtown's character have stalled progress.

The only action in the Main-Pier area so far is the recently approved Pierside Village, a \$27 million recreational shopping center to be developed by Bryant L. Morris on five acres next to the pier.

Big news was made recently with announcement by the Robert Mayer Corp. of a \$345 million, 50-acre, six-phase development with four hotels, shops and condominiums on the inland side of Pacific Coast Highway. First
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For Reference

HUNTINGTON BEACH (Continued from Page 1)

phase would be a 467-room hotel scheduled to break ground by the end of this year. But onlookers are uncertain about the potential at this time.

Still, others point to the fact that the City is the first in Orange County to gain approval from the Coastal Commission for its coastal plan: visitor-serving commercial, and medium-density residential. And for the far future, the one-block-deep but miles-long strip of land along the coast-line, currently undeveloped except for oil wells, is seen as having fantastic resort and residential potential as wells disappear.

Will Bolsa Chica Be a "Go" Some Day?

Potential for Signal Landmark, which owns 1,600 acres of wetlands at the coast, to actually develop a portion of its land into a community of 5,700 homes and a marina complete with a hotel, restaurants and shops, appears to be good, with 915 of the acres developed as a wildlife preserve. The company is now trying to get State permission to develop an assessment district to cover the huge costs, but what once seemed impossible to achieve because of environmental pressure now appears to be feasible. Still needed to make the project work is an outlet to the Pacific.

The development would be another crown jewel for Huntington Beach, in line with development of the prestigious Huntington Harbour in the 1960s and 70s on what was marshland and is now million dollar homes on Venice-like canals.

New residential development includes some sparkling planned communities such as the 112-acre Seacliff on the Greens and the 40-acre Pacific Ranch.

Big Time Commercial

Until recently, major commercial development has not found Huntington Beach despite its strategic location and San Diego Freeway orientation on its north side. Brokers have felt that the office market here is exceedingly thin.

But two developments have paved the way for what could be a commercial breakthrough. Mola Development Co. created Charter Centre on Beach Blvd. and Warner Ave. This is a 14-story, 204,000 sq. ft. office building, a new type of product for Huntington Beach, and leasing is doing well (85 percent according to Frank Mola). Strong design by McLarand_2-

Vasquez includes four restaurants and an athletic club.

Now Jerwel/Bredero has developed One Pacific Plaza near Beach Blvd. and the San Diego Freeway. Design by Leason Pomeroy Associates includes 400,000 sq. ft. in a 12-story and two six-story office buildings plus a four-story medical building. Two restaurants and a 224-room Holiday Inn round out the project.

Frost Trinen Partners has fully leased the lower-rise buildings and reports strong interest in the 12-story, with tenants coming from the Long Beach/South Bay area.

In all, the City has had \$160 million of commercial and industrial development during the past three years and looks for \$500 million during the next five years.

Needed: More Land

Aside from redevelopment areas which gave rise to Charter Centre and One Pacific Plaza, land is either encumbered by oil or is held by the Huntington Beach Company, an 85-year-old company now fully owned by Chevron. The Company has developed its land slowly, resulting in some fine residential communities, a few low-rise office buildings, and the award-winning Seacliff Shopping Center. The center is beautifully designed, but so poorly shopped that Huntington Beach Company staffers have gotten into the habit of walking out of their way to avoid Seacliff Center and thereby escape the ire of fuming merchants.

All in all, Huntington Beach just might be on the edge of exciting change -- but how soon that change comes remains to be seen.

Movers and shakers include County Supervisor Harriet Weider, Mercury Savings Chairman Leonard Shane and Huntington Beach Company president Roger Work.

ORANGE COUNTY IN NATIONAL RETAIL SPOTLIGHT AS COUNTY PUSHES MANHATTAN FOR FOURTH PLACE

Orange County is one of the nation's hottest retail centers -- and it is becoming hotter every year.

Giant retailers, watching Nordstrom's highly successful entry into the market, are looking for their chance -- with Macy's and Bloomingdale's especially interested, among others.

Why Orange County? After all, the County already has 53 major department stores, with two more scheduled to open this fall at Main Place/Santa Ana.

The answer is \$14.4 billion in retail sales--

making Orange the fifth largest county in retail sales in the nation, just behind New York (Manhattan) which has \$14.8, and Orange County sales are growing faster.

Southern California's Richest Market

During the most recently measurable five-year period, while Orange County's population grew only 10 percent, retail sales grew 51 percent. Moreover the moderate to upper-priced end of the market is the fastest growing retail segment.

This has caused "Women's Wear Daily" to comment that Orange County has blossomed into Southern California's richest market, outperforming retail giant Los Angeles County in sales gain during 1986.

Additionally, Orange County spends 16 percent more per household than does Los Angeles County.

Not that department and specialty stores alone account for these figures. Orange County residents spend heavily for automobiles and for eating and drinking, as well.

South Coast Plaza 30% of Mall Sales

Even so, the County's 14 major regional malls, with 53 department stores and 1,390 shops in 12.5 million sq. ft., do extremely well, accounting for \$1.75 billion (30 percent of that is South Coast Plaza alone).

Nordstrom's, of course, has not only made a place for itself in the highly competitive Orange County market, it is making huge waves. With only two stores (a third will open in Main Place), Nordstrom chalked up \$153 million last year, compared with \$115 million for Robinson's five stores (with a sixth to open in Main Place) and \$153 million for May Company's six stores.

Robinson's is looking for a sixth store, and rumors are that it is looking hard at Brea Mall which serves the comfortable Brea, Placentia, Yorba Linda, La Habra area.

Robinson's hopes its huge new store in South Coast Plaza's Crystal Court will hit \$40 million in sales this year, nearly the same as the Fashion Island store, long second only to the Beverly Hills store. And by 1990, the South Coast store should top Fashion Island (there is a feeling that the chain is neglecting the Fashion Island unit in favor of the newer store).

But some observers feel that projections for South Coast Plaza's new Crystal Court were

too ambitious, and that sales there have not measured up to expectations.

Nordstrom Underestimates

But then, even Nordstrom sometimes makes a mistake. Nordstrom moved out of its original store in South Coast Plaza and into an adjoining store nearly twice the size. But now Nordstrom realizes that the huge new store is too small -- and would like to reincorporate some of its old space. But with usual swiftness, South Coast Plaza is turning the original store space into another collection of high end shops, and the space may not be available.

Meanwhile, Melvin Simon, the nation's largest manager of shopping centers, has taken over management of Anaheim Plaza, the oldest real regional in Orange County. Look for Simon to make major changes in the 30-year-old mall which was drowning under former management. Simon has national clout, and might have major expansion in mind (currently Robinson's, Broadway, Mervyn's and 72 shops).

Additionally, rumors have it that Simon might find higher and better uses for the surface parking areas of the 51-acre site, a la Main Place/Santa Ana. There, Santa Ana Fashion Square, the County's second oldest drowsy shopping center, is being transformed into an exciting mixed-use complex.

SLOW GROWTH INITIATIVE COUNTY'S TOP ISSUE; WILL IT MAKE THE BALLOT? WILL IT PASS?

Much has been written in Orange County's newspapers during the past weeks regarding the slow-growth initiative, which will be circulated in the County and individual cities this summer to gain sufficient names to be placed on County and city ballots.

Certainly the initiative and any counter campaigns and/or court challenges will be the issue in Orange County during the remainder of 1987 and most of 1988, and all politicians have to take note of the public mood.

What can we look for?

- Just as the public's desires for control of the coast in the early 1970s and control of property tax in the late 1970s were not to be denied (Propositions 20 and 13 were the results), the public's desire for control of growth cannot be denied during the late 1980s.
- The mood of the public is obvious. Rightly or wrongly, the public feels that growth

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GROWTH INITIATIVE (Continued from Page 3)

will automatically add to traffic, and that brakes have to be placed on development.

Even the real estate development community is preparing for the inevitable -- taking opinion polls to make certain they are right-- but accepting the general understanding that sufficient signatures will be obtained and that once on the ballots, the propositions will pass in the County and in most of the cities.

Developers and others who understand that the proposed initiative will cause problems in the County and will likely have no beneficial effect, are joining to determine whether a workable initiative can be substituted for the one drafted by Orange County 2000, whether a counter initiative should be substituted, or whether it is time to prepare for court.

These groups range from the League of California Cities and the Orange County Transportation Commission to the Building Industry Association and the Commercial Industrial Development Association.

The real question is: Will such an initiative reduce traffic? Probably would not make a dent, since Orange County is not an island but rather is at the hub of a booming, five-county area.

ORANGE COUNTY Reports:

Housing Prices Remain Stiff -- Compared

Orange County's high housing prices were a legend in the late 1970s, and although some other areas have outpaced the County due to even more intense job growth, Orange County's resale prices remain among the highest.

The National Association of Realtors tells us that the median re-sale price for a home in Orange County is \$156,100 (a 13 percent increase over the same time last year) compared with a national average of \$83,900 (a 7.4 percent increase).

But, two areas appear to outdo Orange County: Boston with \$170,000 and New York/Northern New Jersey/Long Island with \$169,400.

Don't let the numbers fool you. At great expense, your editor traveled to Morris County in Northern New Jersey to check this out. The facts: Yes, the average house in Morristown is the same price as in Newport Beach. The difference: The minimum lot size in Morris County is two acres. Our host's house was on seven acres, his neighbor's was on 34 acres.

Resco, Johnson Wax Win Prime Irvine Site

Ron Soderling's RESCO Financial in joint venture with Johnson Wax Development has walked off with The Irvine Company's prime 12-acre site at the corner of Culver and Barranca, where The Irvine Company's Homefinding Center has been for a number of years.

Planned for the high traffic site are four, 40,000 sq. ft. garden office buildings and a medical building, plus two restaurants.

Negotiations are underway with a hospital and several health maintenance organizations for the prime medical building. Restaurants will be the popular Mimi's and Islands.

Newport Beach-based RESCO has been active in Orange County for a number of years, but Johnson Wax Development, Racine, Wisc., is a relatively new player, and has moved its Southern California offices to its newly developed (with QB Properties) South Coast Executive Centre in South Coast Metro.

"Register" Circulation -- a Correction

Your editor "never makes an error," but in the case of "Orange County Register" circulation figures in the David Threshie article in last month's issue, we understated the newspaper's current circulation.

The correct figures: 314,000 daily (of which 294,562 is within Orange County) and 360,404 Sunday (with 336,581 within Orange County).

Several Publications Feature Orange County

"California Business" magazine will have an article on Orange County by yours truly in its July issue; "Performing Arts" magazine, distributed to audiences at the Los Angeles and Orange County Performing Arts Centers, will have an article on Orange County by your editor this fall, and "PSA Magazine" will have a third annual report on Orange County by Brower in September.

Even San Francisco is acknowledging Orange County, with a short piece by your editor in an upcoming issue of "San Francisco Focus."

Look also for Brower articles on Orange County neighbor Long Beach, and on developer Trammell Crow in the first issue of "Commercial Properties" magazine, out this summer.

Reprints will be sent subscribers, as available.

Arant A. Brower