

Amazon Grows OC Presence with Buena Park Deal

Distribution Site Top Q3 Industrial Lease

Amazon hasn't selected Orange County for its massive HQ2 project, as far as we've heard. But you might not know that, based on the e-commerce giant's recently growing presence and leasing activity in the region.



Busy Street: Sales for Saddleback Financial Center (on right), The Laguna

The third quarter's largest industrial lease by square footage was an Amazon deal in Buena Park, according to a new quarterly market report by Voit Real Estate Services.

The Seattle-based company will soon occupy all of 6400 Valley View St., a 238,000-square-foot building a few blocks north of the Artesia (91) Freeway, according to the report.

The property is owned by San Francisco-based Prologis Inc. and was previously occupied by UPS, according to data from market tracker CoStar Group Inc.

Amazon plans to move into the Buena Park facility in January, according to CoStar's data. Brokerage data says it's for a major distribution facility for OC operations.

It's the second large industrial deal involving Amazon in OC in as many years.

Last year, the company took over about half of a nearly 360,000-square foot building near John Wayne Airport in Irvine to help support the online retailer's growing local base of same-day delivery service.

CBRE Group Inc. obliquely referred to the Buena Park lease in its own quarterly report, noting a "prominent e-commerce firm" was setting up shop in North OC.

"With the arrival of this large e-commerce entity, the Orange County region is no longer reliant on their distribution center in the Central Los Angeles region," the report said.

Before Amazon's arrival, third-party logistics and parcel delivery users increased leasing activity in OC "due to a lack of (Amazon's presence) in the market," the report said.

"This was a unique shift in the typical paradigm of large e-commerce entities entering the market and supporting industries following in (Amazon's) wake."

It's not easy for Amazon, or any big industrial user, for that matter, to find space in the area these days. OC's industrial market, at about 234 million square feet, has a vacancy rate of just 2.34%, down from 2.38% a quarter ago, according to Voit's third-quarter figures.

Expect vacancy to stay low "as the limited and shrinking inventory of quality buildings is quickly absorbed by a motivated pool of tenants," the report said.

Monthly rents for industrial buildings here average about 85 cents per square foot, up a penny from a quarter ago and 5 cents from a year ago, according to Voit.

Amazon's local activity has also been notable on the retail front.

Earlier this month, I broke the news that Amazon would open a retail location at Irvine Co.'s University Center shopping spot across the street from the University of California-Irvine.

The store will be roughly 5,000 square feet and is its first brick-and-mortar store in OC.

On larger real estate fronts, bids for Amazon's second headquarters campus were due on Oct. 19, and Irvine, Central OC and Huntington Beach have thrown their hats in the ring, along with more than 200 other locations across North America, for the 8-million-square-foot campus.

Amazon's expected to make a decision on HQ2 sometime next year.

Double Deals

Two mid-sized medical-office buildings in Laguna Hills near the Five Laguna retail site and Saddleback Hospital sold within a few weeks of each other.

The deals are likely valued at more than \$30 million combined.

Los Angeles-based Laurus Corp. paid about \$15.9 million for Saddleback Financial Center, a 73,000-square-foot building at 24012 Calle de la Plata. It was sold by White Plains, N.Y.-based True North Management Group, CoStar records show.

One building to the left, San Ramon-based Meridian Property Co. bought The Laguna, a 57,057-square-foot medical-office building at 24022 Calle de la Plata, for an undisclosed price. It was sold by an affiliate of Irvine's Greenlaw Partners, which had been an investor in the property for nearly a decade.

Correction

Savills Studley's Matt Wiley doesn't have a relative working at the tenant brokerage's Newport Beach office; I got his first name wrong in the Oct. 16 front-page story on Southland Industries' new location in Garden Grove.

Matt represented Southland Industries in the nearly 208,000-square-foot lease at 12131 Western Ave.

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