



Anaheim Industrial Center

Orange County's largest speculative industrial development in over a decade

375,000 sf

34 buildings



Co-Developed by



DEVELOPMENT COMPANY, LLC
invest. develop. manage.

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'urbanization'

Who's Building OC

Anaheim Industrial Center Brings Spec Industrial Development Back to OC

bkm Development and deRegt Development Team to Meet Demand for Small Industrial Buildings

Two sites that once housed the Anaheim Sugar Company in the early 1900s and are now home to wire and chemical manufacturers will be turned into a master-planned 20-acre industrial site with 34 buildings and more than 376,000 square feet of industrial space for sale. The redevelopment comes as the result of the combined efforts of Costa Mesa-based bkm Development and deRegt Development of Monterey. The project will be the largest speculative industrial development in Orange County in more than a decade.

The partnership was inspired by an out-of-town investor/developer looking to team up with a local developer that had both market knowledge and a pipeline of deals to invest in and develop.

"deRegt Development is looking to have a strong presence in the Southern California industrial landscape," said Brian Malliet, managing partner of bkm Development in Costa Mesa.

"They are kicking off that effort with the largest infill redevelopment project in more than a decade," Malliet noted.

He said this project is a perfect example of what can be done by urbanizing one of the oldest well-located manufacturing facilities in the county.

Hot commodity in North OC

Buildings for sale with less than 40,000 square feet of space have been a hot commodity in North Orange County this year, driven in part by large manufacturers downsizing local operations as they ship jobs overseas. Meanwhile, small business owners with SBA loans look to buy rather than lease. Add in a central location and a vacancy rate of about 5% for industrial space in North Orange County, and it makes for an attractive option for small- to medium-sized businesses.

At the end of the second quarter of 2004, only 611,282 square feet of industrial space had been added to the Orange County market this year. For the same period, there were only 17 industrial buildings with 690,425 square feet under construction in OC, with manufacturing and warehouse representing 73% of that space. And only 12% of it was in North Orange County — an area attractive because of its central location between Los Angeles, Orange County and the Inland Empire.

"You have to take advantage of the market when it's there," Malliet said.

That's a philosophy shared by Anaheim Industrial Center development partner Thomas S. deRegt. "Current market conditions with pent-up demand for this type of building have pushed prices to a level that makes this project economically feasible," he said.

Buildings at the Industrial Center include ample parking, ground and dock-high loading, warehouse clearance and some buildings with two-story offices. These are features that today's businesses seek.

The Anaheim project is expected to be especially attractive to prospective buyers because of its infill location in the heart of Orange County. The site is between the Riverside (91), Costa Mesa (55) Orange (57) and Santa Ana (5) freeways with easy access to transportation hubs and skilled labor.

"This site is one of the largest sites ever assembled for redevelopment in the entire city of Anaheim," Malliet said.

He remarked that it's almost impossible today to find land the size of this site for a master-planned business park that accommodates users of any size.

"There's a definite need for buildings for

sale in Central and North Orange County," Malliet continued.

"Business owners are having to move out to Corona and the Inland Empire in order to own a facility. This project will bring a much-needed supply of buildings for sale and build-to-suit opportunities for those Orange County businesses that don't want to deal with traffic issues to and from other areas," he said.

The total amount of industrial space in OC now sits at 211 million square feet — its highest point since 1996. Much of that already is occupied. More than 1 million square feet has been leased to distributors and product assembly companies this

from 5,000 square feet to 250,000 square feet from local companies looking to stay in Anaheim and be able to access the 91, 5, 55 and 57 freeways," he said.

Businesses in Anaheim benefit from the Anaheim Public Utilities, which provide businesses water and electric rates that are about 23% lower than in other cities. That helps the city's rating as a low-cost place to do business, according to the Kosmont Cost of Doing Business Survey. The Anaheim Redevelopment Agency is proactively promoting

projects that will help expand the city's economic base, like the recently approved project for the land that stretches between Angel Stadium and the Arrowhead Pond.

involved with all aspects of real estate development, land development of master-planned communities, multi-family housing and mixed-use properties.

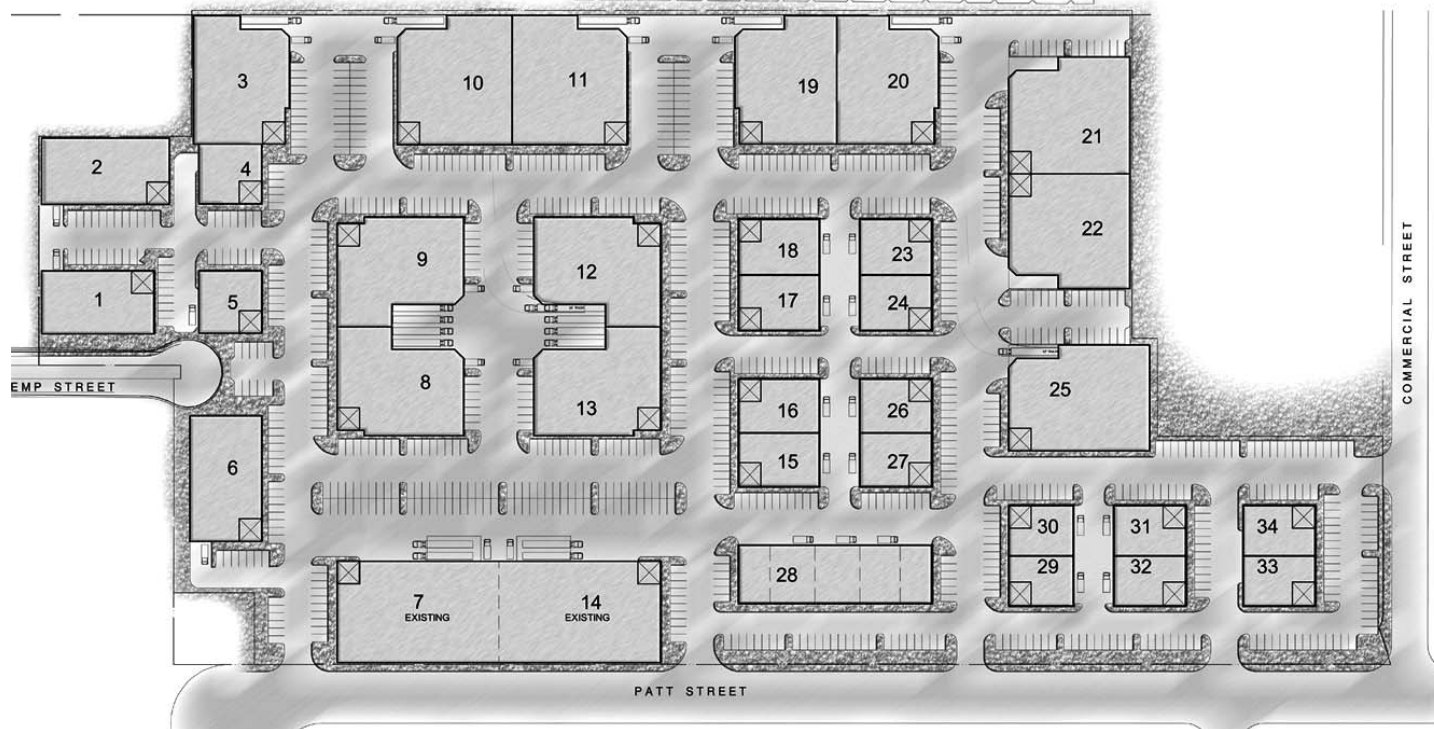
Notable projects include the Pasadera Country Club in Monterey, Almaden Lake Village Apartments in San Jose, Monrachat Apartments Homes in Napa and the Monte Bella community in Salinas.

deRegt diversified into industrial projects in 2001 with the 283,000-square-foot distribution warehouse for importer Galleria Inc. in Anaheim and a 100,000-square-foot manufacturing facility in Chino for Fabtech, a suspension manufacturer.

Currently, deRegt has under development 117,000 square feet on 8 acres off the I-15 Freeway in Corona.

• Lee & Associates Commercial Real Estate will be the listing brokers for the project.

With more than 376 brokerage professionals in 22 offices, Lee & Associates is the



Conceptual site plan,
Anaheim Industrial Park

year rather than to traditional manufacturing.

Anaheim has added 21,000 new jobs in the past decade and holds almost half of all the industrial space in Orange County. As some manufacturing jobs have been exported, cities welcome the opportunity for new manufacturing jobs. The loss of some state funding also has made new jobs and businesses a priority for OC cities.

"This center is well-positioned to create the kinds of skilled job opportunities the city seeks," deRegt said.

ddi
deRegt Development, Inc.

In all, there were about 182,000 manufacturing jobs in OC in 2003.

To date, the development partners have fielded inquiries about the Industrial Center from companies in the food processing, transportation, tile distribution, moving and storage, and printing businesses.

Malliet said the facilities are flexible enough to accommodate a wide variety of businesses and are currently working with build-to-suit opportunities as well.

"We have proposals for facilities ranging

About the project partners

• bkm Development

bkm Development Company LLC was formed in 2002 by Brian Malliet, who left Voit Development Company to start his own firm. In its first year, the company generated more than \$100 million from its first five projects. The investment partnership pursues purchase and development opportunities focused mainly on infill redevelopment projects where the partners can purchase depreciating industrial structures and rehab or build new facilities that increase the value and usage of an area.

The company concentrates on industrial projects with buildings that average 40,000 square feet or less.

Besides Anaheim Industrial Center I and II, the company has projects at Oceanside Gateway Business Park, Arctic Business Park in Santa Fe Springs, the Corona Freeway Business Park, and State College Design Center. Two other new projects in Santa Fe Springs and the airport area are in escrow.

• deRegt Development Inc.

deRegt Development Inc. was formed in 1989 to provide an investment vehicle for its principal and president, Thomas S. deRegt. Through various operating companies—including New Cities Development Group, Bay Rock Residential LLC and Valley Community Homes Inc.—deRegt has been

nation's largest regional, full-service commercial real estate firm.

After experiencing shortcomings while working for other leading commercial real estate firms, founder Bill Lee determined that clients' interests would be best served with a company structure that stressed using the very latest technology and that gave individual brokerage professionals a personal stake in the success of each transaction.

Founded in 1979, Lee & Associates has continued to grow over the last 25 years using Lee's vision as a foundation. By the end of 2003, Lee & Associates had multiple offices in California, Arizona, Nevada, Missouri and Illinois. Last year, the Lee & Associates organization completed more than 5,013 assignments on behalf of clients with a transaction value in excess of \$4 billion.

In the stronghold of Orange County, the firm has location sin Irvine, Newport Beach and Anaheim. Last year, the 105 brokerage professionals in these three offices completed more than 1,516 assignments with a transaction value in excess of \$1 billion.

Jim deRegt, a partner at Lee & Associates, has been with the firm since 1989. He has been involved with five new development projects, including current projects in Anaheim and Corona and will be the listing broker for the Anaheim Industrial Center.

For more information, please contact Jim deRegt, (949) 725-1000.