

Builders Go Big, Nab Large Land Sites Across OC

Largest Deals of Past Year To Hold 2,500+ Homes

By MARK MUELLER

If there's a housing downturn on the immediate horizon in Orange County, someone forgot to tell the homebuilding industry and its land buyers.

OC has seen a surge in blockbuster land deals since the start of 2015 as homebuilders have opened their checkbooks at a rate not seen in about a decade to snap up the area's remaining large chunks of developable land.

Builders have committed well over \$1 billion for the half-dozen largest local land deals completed in that time period for sites where they plan to build more than 2,500 homes, according to Business Journal data.

That figure factors in only land sold to individual builders or joint ventures headed by a few companies, not phases of larger developments sold to large groups of builders, such as Beacon Park in Irvine or Esencia neighborhoods in Rancho Mission Viejo.

"Large-scale development opportunities remain relatively scarce, but you wouldn't know it by the recent land acquisition activity," said **Sal Provenza**, a partner with Irvine-based Land Brokerage **WD Land**.

Notable recent deals include:

■ **Toll Brothers Inc.** of Horsham, Pa., and Miami-based **Lennar Corp.**'s buy of Her-



Rendering: new Crystal Cove development with \$4 million-plus homes comes to market in April as the first multihome development in hills above Crystal Cove State Park since recession

itage Hills Irvine, an 840-home upcoming phase of development at Great Park Neighborhoods. The joint venture already has committed \$130 million toward the project and estimates the development's assets at about \$478 million;

■ The purchase by **Landsea Group**, a China-based homebuilding company that just opened its U.S. headquarters in Irvine, of Portola Center South, a Lake Forest development site slated for more than 550 homes. **CoStar Group Inc.** estimates the builder paid \$178 million for the 95-acre site, which will be its flagship U.S. development;

■ A venture that included **Taylor Morrison Inc.** paying an estimated \$150 million for Pacifica San Juan, a 194-acre development with 318 home lots just off the San Diego (I-5) Freeway and atop a bluff overlooking much of San Juan Capistrano and Dana Point. Construction was delayed by

several years under prior ownership.

It's the second one-time **SunCal Cos.** development in OC that Scottsdale, Az.-based Taylor Morrison invested in, after the 308-home Marblehead Coastal site in San Clemente, which it bought in 2014 for about \$215 million;

■ Atlanta-based **PulteGroup Inc.**'s buy of a 41-acre parcel in the La Floresta development in Brea that will hold a 55-plus community. The land, which will have 267 homes, sold for about \$66 million.

The deals "all demonstrate that both publicly traded and private builders remain confident in the strength of the Orange County housing market," **WD Land's** Provenza said.

"We are seeing homebuilders with strong balance sheets and the desire to deploy significant cash acquire large-scale infill development opportunities."

'Amazing Properties'

Orange County has always been a key market for national builders, so the recent activity isn't so much a shift in the companies' strategy as a confluence of supply and a good economic outlook, said one local building executive.

"First, there were some pretty amazing properties that came on the market," said **Larry Webb**, chief executive of Aliso Viejo-based **The New Home Co.**

"Second, most builders believe we still have (a) ways to go" before the next housing downturn, Webb said.

"We might be about halfway through (the current cycle)."

New Home Co. made one of the area's largest land deals last year, paying Newport Beach-based **Irvine Company** about \$250 million for more than 200 home sites in Irvine and Newport Beach.

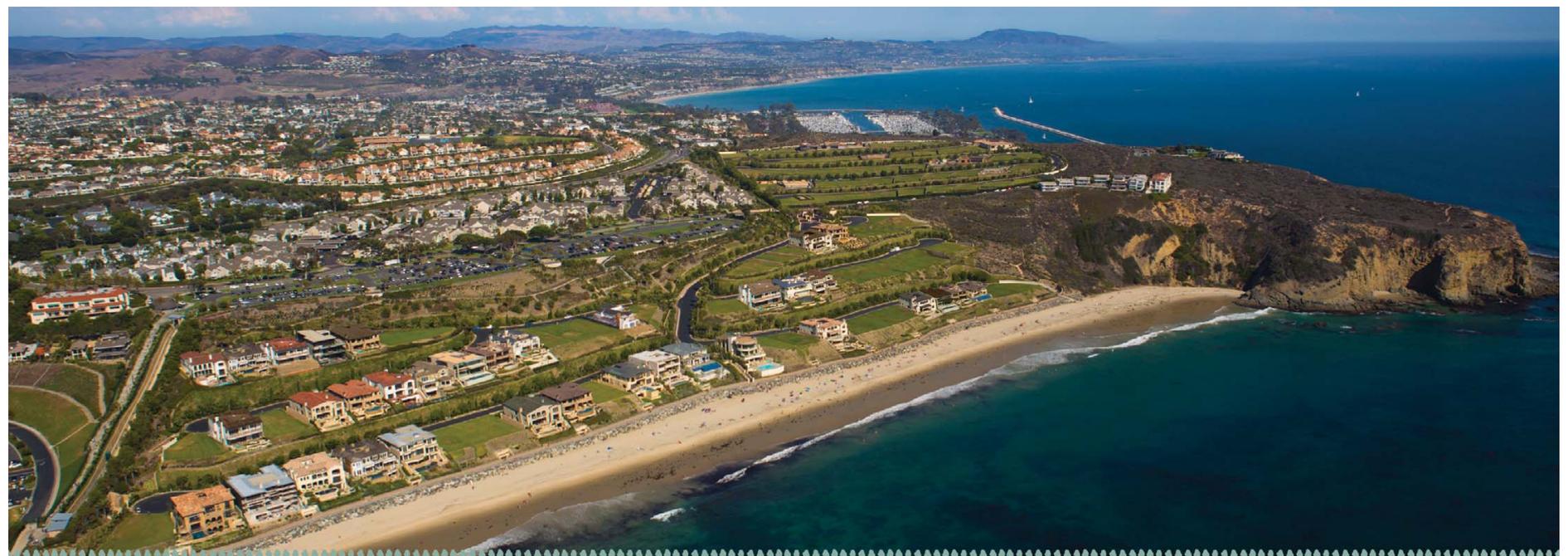
The first new project from the deal came to market last weekend as New Home Co. opened Cressa, a 95-home project that's part of Irvine Co.'s latest phase of development at the Portola Hills neighborhood in Irvine.

Homes at Cressa run from 2,440 to 3,021 square feet and are priced starting around \$950,000, "a little more affordable for us than some other (local projects)," Webb said.

More expensive homes from last year's land deal will come to market this April as New Home Co. kicks off sales at a pair of projects in Irvine Co.'s Crystal Cove development in Newport Coast. It will be the first multihome development in the hills above Crystal Cove State Park since the recession.

Those two New Home Co. projects will have homes as large as 6,000 square feet and command prices above \$4 million.

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