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Birtcher's investment in downtown Santa Ana marks return to company's roots

Company acquires three buildings in Civic Center for \$58 million

By KAREN ANDERSON
CITYLINE Contributing Writer

They say you can't go home again, but that's definitely not the case for Birtcher Anderson Realty, LLC.

The company's recent investment in downtown Santa Ana marks a commitment to the city's urban revitalization as well as a return to real estate roots that began almost 100 years ago.

An investment entity of Laguna Niguel-based Birtcher Real Estate Group, the company recently purchased three mid-rise office buildings in Downtown Santa Ana for \$58 million from Caribou Industries, the Santa Ana-based development and property management firm owned by Michael Harrah.

The 378,000-sq.-ft. port-

folio includes 10-story, seven-story and four-story office buildings located in the Civic Center. The acquisition marks a milestone for the company, which had its start in Santa Ana in 1912.

"Our acquisition and infusion of capital into the Santa Ana Civic Center is significant as we join the rebirth of one of Orange County's most prominent economic markets," said Arthur Birtcher, chairman of Birtcher Anderson Realty, LLC.

"As an investor, we are thrilled to see the revitalization that has been happening in Santa Ana over the past few years. We plan to have a long-term involvement in, and commitment to Santa Ana, as it re-establishes itself as Orange County's urban core, one that is rich in history, creativity and character."

The portfolio includes the 10-story Park Tower located

at 200 W. Santa Ana Blvd. across the street from the Old Orange County Courthouse. The 145,000-sq.-ft. building is currently 95 percent leased to several laws firms, the County of Orange, the SBA and other government agencies.

Transit Tower, located at 405 W. Fifth St., is a seven-story 113,000-sq.-ft. office building that is now 97-percent leased to the County of Orange. The third acquisition, known as "801 Civic Center Drive," is a 124,489-sq.-ft., four-story office building that is 100-percent leased to the Internal Revenue Service and Regional Center Orange County, a group that provides services and resources to county residents with special needs.

According to Bob Anderson, CEO of Birtcher Anderson Realty, the company also plans to work with the Santa Ana Redevelopment



The Transit Tower on W. Fifth St. is primarily leased to the County of Orange.

Agency in the immediate future on entitlements to develop a building similar to 801 Civic Center that would be located directly across the street from Superior Court. The new office building would be developed where the 801 Civic Center parking lot now exists. Parking areas

would be relocated behind the two buildings.

"The buildings we have acquired have strong state, federal, county and other government-related tenants as well as complimentary industries, making this a high-profile acquisition for

us," said Anderson.

According to City officials, more than 22,000 people come into the Civic Center each day. The area, which consists of more than one million square feet of mid-rise Class-A office space comprised of 10 buildings

has a vacancy rate of just three percent.

Industry experts note that Birtcher's presence in Santa Ana is not accidental. "Many companies are seeing the opportunities in Santa Ana and investing in its future because, like the Birtcher company, investors see a strong potential for a signifi-

cant return on that investment," said Michael Metzler, president of the Santa Ana Chamber of Commerce.

The company's ties to Santa Ana date back to 1912 when Arthur Birtcher's grandfather, Justus Birtcher, moved to Santa Ana from Philadelphia. He established himself as a custom home-builder in the city, becoming one of the largest builders in Orange County at that time.

As the company grew, it became one of the region's major industrial developers from the 1950s through the 1970s.

In 1960, Birtcher spearheaded a master-planned, 45-acre industrial community on Grand and McFadden, followed in 1984 by the Xerox Towers development.

More recently, the company redeveloped and has sold off parcels of the Brookhollow

Office Park for \$41 million.

The Birtcher Family of Companies is one of the leading real estate firms in the Western United State, constructing and developing more than 200 commercial and industrial properties totaling more than 50 million square feet. The company has also acquired in excess of \$2 billion of real estate through public and private partnerships.



Park Tower is located at 200 W. Santa Ana Blvd. across from the Old Orange County Courthouse.



The 801 Civic Center Drive building houses the Internal Revenue Service.

A conversation with Arthur B. Birtcher, co-chairman of Birtcher Real Estate Group and Birtcher Anderson Realty, LLC

Favorite recent movie:
"The Passion"

CD in car stereo:
Anything Country Western

Favorite weekend getaway:
Riding horseback in Casper's Park

By KAREN ANDERSON
CityLine Editor

As co-chairman of the Birtcher Real Estate Group, Arthur B. Birtcher oversees investor relationships and portfolios for the Orange County-based, family-run corporation that has acquired, developed and managed more than \$4 billion worth of real estate, and has constructed more than 60 million square feet of commercial and industrial properties.

Recently, Birtcher Anderson Realty, LLC purchased three buildings in the Santa Ana Civic Center from Caribou Industries for \$58 million. The company's return to Santa Ana marks another milestone in its history, which began in 1912 when Arthur Birtcher's grandfather established himself as a custom homebuilder in Santa Ana. Company headquarters were located in Santa Ana through the '80s, and among the company's many projects include the Xerox Towers, the Orange County Tech Center off Dyer Rd., and the redevelopment and sale of Brookhollow Office Park along the 55 Freeway.

Also known for his humanitarianism, Arthur Birtcher has served in numerous philanthropic capacities, including serving on the boards of the U.S. Papal Foundation, University of San Diego, Mary Mount College, Orange County's Red Cross, United Way and the Catholic Diocese of Orange, CalOptima, St. Joseph's/Mission Regional Hospital, South County Community Clinic and the Boys and Girls Clubs.

Birtcher spoke to CityLine about the company's recent investment in downtown Santa Ana.

Q: Your company, Birtcher Anderson Realty, LLC, recently purchased three new buildings in the Civic Center. What prompted your investment in downtown Santa Ana?

A: We had been following the rapid redevelopment in the downtown, including the residential, retail and commercial environment, and were amazed as to its success. When it was brought to our attention that a core group of properties might be for sale, we were familiar with Santa Ana and its surge of successful economic activity, and immediately became interested in underwriting and purchasing the portfolio of "class A" offices.

The portfolio rests in a sub-market that has a mere three-percent vacancy. As far as I know, this is the strongest office market of this size in Orange County. We, of course, knew that Santa Ana was traditionally the home for all federal, state, county, and city government-related agencies. These were the primary tenants within these buildings,



and thus, felt secure in being able to attract the \$58 million in capital to purchase these assets.

Q: Do you plan, as the new landlord, to retain these tenants?

A: We have already introduced ourselves to the tenants as the new long-term lessor, and while the buildings were very well kept in the past, we will bring the Birtcher standard of property management for long-term investment and ownership.

Tenant retention is important to us. We have interviewed each lessee, and assured them that we are present to their needs on a 24-hour basis. In addition, we have opened an on-site property management office in each of the buildings.

We do have the opportunity to double the size of our 801 Civic Center Drive building, and we're working with the Santa Ana Redevelopment Agency to do that at this time.

Q: Would this be a fourth building to your portfolio?

A: Yes it would be. We would be doubling the size of the 801 building. There is enough land to double its size and construct an additional parking structure.

Q: What is the Birtcher history in Santa Ana?

A: The family moved to Santa Ana in 1912. My father and mother graduated from Santa Ana High in 1927 and our construction and development company was formally founded in Santa Ana in

1939. We moved our corporate offices to Santa Ana on Grand and McFadden in the '50s and stayed through the '80s.

As early as 1955, the company was one of the premiere contractor developers to develop concrete tilt-up construction, on a 10-acre site across from the Holly Sugar facility on Dyer Road. At a later point we acquired and built the 420,000 sq. ft. Orange County Business Center in 1984.

Q: You also developed the Xerox towers and most recently were involved with the Brookhollow Office Park?

A: Yes, our most recent project in Santa Ana was Brookhollow. It was a 400,000 sq.ft. project of commercial, retail and office buildings in a garden setting that was originally built in the '60s. When it was originally developed, it was considered one of the foremost suburban office complexes in Southern California. We re-established it as a leading office/garden project. The bulk of our activity took place in 2002. We purchased, re-habed and worked with the City of Santa Ana to re-subdivide the property. We sold individual buildings to separate investor users. It was very successful. Our last sale on that project just closed about 60 days ago.

Q: What are your long-term plans with the Civic Center buildings?

A: In regards to these properties, we are not here for an interim "hold and sale." These are "Class A" core investments with secure futures.

Q: You see a bright future now for downtown Santa Ana?

A: Yes, I think regardless if One Broadway Plaza is developed, (and if it is, it will be very beneficial to downtown) there are 22,000 people who migrate to the Civic Center on a daily basis and that is where our buildings are located. They come there to work within the government office environment. There has been a re-commitment by government agencies to the Civic Center, with new leases and with the new Ronald Reagan Federal Courthouse. It has established again that Santa Ana is the government civic center for all of Orange County

It's an easy story to tell, because it's the truth. The numbers tell the story. The small vacancy speaks for itself. To attract \$58 million to a small regional market is most difficult unless you are able to prove that there are strong economic reasons for these buildings and tenants to survive over an investment period. They will, and that is why we were able to attract this new capital. This is only the beginning of many new projects that will happen downtown and we are proud to be a new team member.