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Game-Changers And Trends In OC CRE

COSTA MESA, CA—New multifamily development and an increasing shift to e-commerce are just two of the changes Ten-X's Eric Paulsen tells GlobeSt.com he sees as he prepares to MC the CREW-OC SPIRE Awards Gala next week.



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COSTA MESA, CA—New **multifamily development** and an increasing shift to **e-commerce** are just two of the changes **Ten-X's SVP Eric Paulsen** sees in the Orange County **commercial real estate** market, he tells GlobeSt.com. As he prepares to serve as master of ceremonies for the annual **CREW-OC SPIRE Awards** gala on March 29, we spoke with Paulsen about the awards program, emerging trends and other game-changers in this market.

GlobeSt.com: *What were some of the biggest game-changers in the Orange County commercial real estate market in the last year/recent years?*

Paulsen: The biggest game-changer over the last year or so in Orange County commercial real estate has been the increase in new **multifamily development**. Vacancies in the sector troughed in 2014 and have faced two consecutive years of large supply increases. This has removed a tailwind for owners, as now NOI growth is only being generated by rising rents, and likely created a headwind, as vacancies are now likely to rise in the coming years.

That said, Orange County is a dynamic, resilient market and remains one of the most desirable locations in the nation, boasting a well-diversified **economy**, strong **job growth** and coastal lifestyle. Overall fundamentals will remain strong, and steady **employment** growth will continue to drive demand for multifamily in this market in the year ahead. Orange County's growing urbanization and **live/work/play** environment continue to attract a high-caliber workforce of

Notable game-changing projects include **UDR's Residences at Pacific City**, a new luxury, 516-unit apartment community in Huntington Beach which will open to the public this year. Adjacent to Pacific City, this new multifamily development will deliver a true live/work/play lifestyle in a **mixed-use** environment that will transform the local community. Other large projects are the **Irvine Cos.' Villas Fashion Island** (524 units) in Newport Beach, CA; **Portola Court Apartments** (438 units) in Northeast Irvine; and **Westview Apartment** homes (583 units) in the **Irvine Spectrum**.

GlobeSt.com: What emerging trends (consumer, lifestyle, workplace, etc.) do you see affecting the Orange County commercial real estate market over the next few years?

Paulsen: The biggest consumer shift that could affect the Orange County market is the continued rise in e-commerce. To date, Orange County's **retail** sector has held up better than most, which speaks to the strength of the local **economy** and the caliber of projects being delivered to this market.

For example, Pacific City remains one of the jewels of Orange County, offering more than 191,000 square feet of oceanfront shopping, dining, and entertainment. In the face of e-commerce, retail owners are adapting their strategies and delivering experiential settings to drive foot traffic, and Pacific City is no exception. These destination retail centers are driving even more traffic to the surrounding areas as well.

One trend to note is that as more and more consumption shifts to e-commerce, retail absorption may moderate, and **industrial** demand will rise. That said, we believe that Orange County's retail market will remain strong and is well-positioned to sustain these shifts. This market as a whole remains a top destination of choice and boasts a number of upscale lifestyle centers with diverse tenant mixes that will continue to perform well in the long term.

GlobeSt.com: What do programs like the CREW-OC SPIRE Awards achieve for the local CRE business community?

Paulsen: The CREW-OC SPIRE Awards are a recognition of accomplishment by your peers, bringing together some of the top CRE industry experts to celebrate their successes in a variety of categories in a fun, congenial environment. We all are so busy these days that it is nice to have programs like the SPIRE Awards acknowledge the positive aspects of our business and remind us that Orange County is a great place to engage in commercial real estate. I appreciate the CREW-OC team for hosting this huge event for the commercial real estate community.

The growing popularity of the SPIRE Awards has not gone unnoticed. Last year, the ceremony drew a record attendance of over 320 individuals, and we anticipate an even bigger turnout this year. As such, this year's awards ceremony will be hosted at the **Samueli Theater** in Costa Mesa, our largest venue yet. This growth is a true testament to the success of our commercial real estate leaders and the caliber of work being done to impact our community.

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