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## Shea Gets Hotels for Tustin

### ***REAL ESTATE: Shea's mixed-use project to get 480 rooms in 2010***

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A trio of hotels, including Orange County's first Kimpton boutique hotel, are set to be built at Tustin's Legacy Park, the 820-acre redevelopment of part of the city's former Marine base.

Along with the 180-room Kimpton, Legacy Park has landed a 160-room Hilton Garden Inn and a 140-room Homewood Suites by Hilton Hospitality Inc.

Irvine-based R.D. Olson Development is set to build and own the three hotels.



Rendering of Kimpton hotel: 180 rooms planned

A fourth hotel at Legacy Park is being considered and could be announced in the next six months or so, according to Robert Olson, chief executive of the hotel developer.

Olson is working with private and institutional investors to buy the land for the hotels from Aliso Viejo-based Shea Properties, the commercial development arm of Walnut's J.F. Shea Co.

Shea Properties is overseeing the Legacy Park project along with sister company Shea Homes, in collaboration with the city of Tustin.

Landing the hotels "is the biggest news we've had since we broke ground" at Legacy Park, said Colm Macken, chief executive of Shea Properties.

### **Construction in 2009**

The three hotels are expected to break ground in a little more than a year and should be completed by the end of 2010, according to Olson.

The combined 480 rooms going up in Tustin will be the first hotels built in the area around John Wayne Airport since early this decade. Orange County as a whole saw no hotels open in 2007, according to Atlas Hospitality Group.

In 2006, 491 rooms opened.

PKF Consulting predicts a 73% local hotel occupancy rate and \$133 average daily room rate in 2008.

"There's a big need for rooms in this area. We'll be providing three unique properties to the market," Olson said.

The hotels will run along Legacy Park's "Main Street," one of the hubs of the massive mixed-use project. Shea Properties plans to open about 150,000 square feet of shops and restaurants, and about

200,000 square feet of office space around the pedestrian-friendly Main Street at the same time the hotels are completed.

Legacy Park calls for 2,105 homes and 6.7 million square feet of commercial space when it's completed in the next decade or so. It also will have about 170 acres of parks and open space.

"The hotels bring in fresh bodies, and fresh credit cards (for the project's stores and restaurants)," Macken said. "It's a fundamental step in getting these (mixed uses) working together."

It took about 15 months to get the hotels plans finalized, according to Macken.

Landing Kimpton—one of the pioneers in boutique hotels—should add some pizzazz to Legacy Park, and could help Shea bring in some additional higher-end shops, bars and restaurants.

The eight-story hotel is set to have a rooftop bar, along with an upscale restaurant on the ground floor.

"It won't look like a hotel restaurant," Olson said.

San Francisco-based Kimpton Hotel & Restaurant Group LLC will manage the Tustin hotel under its Hotel Palomar brand. It's the company's second Palomar in Southern California; it also has one on Wilshire Boulevard in West Los Angeles.

The hotel, which will overlook Main Street, is looking to have a similar, trendy feel to the Kimpton hotel in San Diego's Gaslamp District, which is run under the company's Solamar brand.

It's the second boutique hotel announced for OC this year. In January, Newport Beach-based developer Makar Properties LLC said it was bringing a W hotel—the first in the county for Starwood Hotels & Resorts Worldwide Inc.'s boutique chain—to its Pacific City project in Huntington Beach.

The other two Hilton-managed hotels announced at Legacy Park will be targeting other types of travelers than Kimpton.

The six-story Hilton Garden Inn is aimed at business travelers, similar to a Courtyard Marriot. It'll be the third Garden Inn in OC, along with hotels in Garden Grove and Foothill Ranch.

The four-story Homewood Suites by Hilton is a more family-friendly brand, where guests typically stay more than one night. It's set to be the second Homewood Suites in the county, along with a Garden Grove hotel.

Macken, mindful of the slowing economy, said the hotels and other commercial properties that will be built near Main Street are set to open when the market—both housing and commercial real estate—has begun improving.

"We're obviously worried about the market today, but bullish on Orange County in the long-term. And we're not going to be delivering there for almost three years," he said.

## **Homes by 2010**

The first batch of homes at Legacy Park, overseen by Shea Homes, should be ready for development

in 2010. They'd take another year to be built.

"Right now we're focusing on commercial uses," Macken said.

Grading is under way for another part of Legacy Park, on the corner of Warner and Red Hill avenues. The first phase of construction at that 200,000-square-foot office park project, Shea Technology Campus, is set to start midyear.

"We're not going to be ahead of the market" with the first batch of office space, Macken said. "We'll be starting building on (a speculative basis), but we'll be very measured."