

# Shaheen Sadeghi heads retail portion of The Press, \$200M development in Costa Mesa

Orange County Business Journal

4 Feb 2019

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## Press rendering: from printing press to 51,000-SF mix of retail, eateries

Shaheen Sadeghi has been tapped to head the retail portion of The Press development site in Costa Mesa, a long-awaited creative-office project now starting to make headway in terms of construction work.

The founder of Costa Mesa's LAB Holding LLC, the retail development group known for Anaheim's Packing House food hall, as well as The Lab and Camp 'anti-malls' in its hometown, has plans to open a roughly 51,000-square-foot "Market Hall" project at the 24-acre former L.A. Times printing facility off Sunflower Avenue, near Harbor Boulevard and the San Diego (405) Freeway.

Sadeghi's project—currently under review by the city of Costa Mesa—is envisioned to have more than 50 restaurants and retailers.

It is the largest project in Orange County to date for LAB Holding, which Sadeghi founded in 1993. The company's nearly 5-year-old Anaheim Packing House, OC's first big food hall, is about 40,000 square feet.

“It’s going to be the next generation” of local food halls, and will look completely different than the Packing House, Sadeghi said last week.

LAB Holding has an option to purchase the retail portion of The Press and intends to do so, Sadeghi said.

The remainder of the project will continue to be owned by Foster City-based SteelWave LLC, which last year bought The Press site for \$65 million in a venture with Dallas-based Invesco Real Estate.

Talk of turning the industrial site at 1375 Sunflower Ave.—across the street from Costa Mesa’s Ikea store—have been ongoing for about four years, but now appears to be on the fast track.

SteelWave executives said last week that it pulled its office building permit and has kicked off construction at The Press.

The office portion of the 430,000-squarefoot campus should be ready for delivery to office tenants by the first quarter of 2020, according to the developers.

The food hall is slated for completion by three to four months after that, assuming all goes well with the city in terms of approvals, Sadeghi said.

#### New and Improved

This is the first time Sadeghi has paired up with a developer for one of his unique retail hubs, two of which—The Lab and Camp— are about two miles from The Press.

Sadeghi will operate the food hall, which SteelWave Managing Director Seth Hiromura expects to be a big draw for the office project.

“Nobody is more creative than those guys. [Sadeghi] has a 20-year history of figuring out what people want,” Hiromura said.

Sadeghi is in the process of bringing on food tenants, including microbreweries, dessert shops, a speakeasy and new locations for “top regional restaurants” in OC and L.A., Hiromura said.

Sadeghi said he plans to incorporate a mix of entertainment, education and social aspects to the project, alongside food and beverage vendors, and that the retail project would prominently feature an outdoor component.

Like his other concepts, you won’t see national chain eateries at The Press.

The Market Hall will engage outdoor space with farmers markets, entertainment and fitness classes planned.

The Press is one of two new notable area office projects planning to incorporate a food hall. Lincoln Property Co.’s Flight development in Tustin has a similar project that’s less than two months from opening.

Market Hall is also about a mile from Newport Beach-based Burnham Ward Properties’ South Coast Collection and OC Mix shopping center, home to another one of the city’s hipper collections of eateries and retail spots.

#### 4-Year Wait

SteelWave and Invesco bought the onetime home of the L.A. Times’ Orange County edition from Chicago-based Tribune Media Co. and L.A.-based Kearny Real Estate Co.

Last year’s sale includes \$9.4 million for an adjacent four acres on Harbor Boulevard that holds a baseball field, but could be used for future phases of development.

In 2015, Tribune and Kearny first announced plans for the creative-office project, naming it The Press in a nod to its prior use.

The details for the space have changed in the past few years, but current plans put SteelWave and Invesco's estimated investment at \$200 million.

The developers said they've received \$133 million from New York-based Square Mile Capital Management to fund construction.

The envisioned project includes 380,000 square feet of creative-office space and 52,000 square feet of retail.

"The idea is to create a Google- like campus with interesting buildings and unique amenities," according to Hiromura.

The project has entitlements to build out an additional 200,000 square feet beyond the 430,000 square feet now starting to see work, but there are no plans to act on that.

"If we did that then we would have to build a parking structure," Hiromura said, adding that the extra space "is nice to have to be able to accommodate a growing tenant."

The Press hopes to draw in forward-thinking companies, like in the technology and media sectors, as well as more customary industries, such as insurance.

Like most other large office landlords of late, it's also targeting co-working firms, one of whom could take 50,000 square feet of space or so.

Newmark Knight Frank's Senior Managing Directors Jay Nugent and George Thomson are handling pre-leasing. No tenants have been announced.

The project's "historical creative atmosphere with unparalleled retail amenities" will be a draw for tenants, according to Nugent.

Culver City-based Ehrlich Yanai Rhee Chaney Architects is designing The Press, incorporating "unique industrial details salvaged and restored from the original structure, as well as modern architectural features that highlight the site's rich history," like the canopies, concrete walls and steel frames.

The two owners of the Sunlower Avenue site also have plenty of familiarity with the area, and each other.

Invesco bought The Hive—the neighboring 180,000-square-foot facility that houses the headquarters and practice facility of the Los Angeles Chargers— from SteelWave last year for \$84 million.

At \$465 per square foot, the three-building creative-office project on Susan Street is the priciest office sale in Costa Mesa in over two years, according to records from real estate market tracker CoStar Group Inc.

SteelWave sold it to Invesco after investing about \$5 million in the property, and bringing occupancy to 96% two and a half years after buying it completely vacant, Hiromura said.

"It made the most sense for Invesco because it knew exactly what was going on next door," Hiromura said.

"Even before we knew the two sites would have the same owner, we wanted the whole project to be seamless and walkable."