

ORANGE COUNTY BUSINESS JOURNAL

Vol. 45, No. 11

THE COMMUNITY OF BUSINESS™

March 14-20, 2022

Local Builders Spread Wings, Look Outside OC

California Pacific Going Off the Ranch in Whittier

■ By MARK MUELLER

When Rancho Mission Viejo-based **WJK Development Co.** decided to make its largest land purchase in its history, company officials didn't look to Orange County, home to many of its infill homebuilding projects, or other areas in Southern California like Eagle Rock in Los Angeles County, where it has a nearly 50 homes in the works.



Grant Keene
President, CEO
WJK Development

In fact, it went out of California altogether.

The family-owned company, established in 2014, found a multi-parcel, 8.1-acre site in downtown Reno, near the Truckee River in Nevada, to build a project that's expected to run upward of 400 homes or rental units, depending on the company's final development plans.

"It's our first time out of the state," said Chief Executive **Grant Keene**, whose firm ranks No. 19

on this week's list of largest homebuilders in Orange County, based on 2021 sales.

Keene said the firm had been researching areas to expand for some time, and became drawn to Reno's strong fundamentals, job growth, and limited barriers to entry for homebuilders.

Terms of the company's deal in Reno haven't been disclosed. Land for residential development in the city runs anywhere from \$1 million to \$2 million an acre.

The city's seen a huge surge in housing prices of late: the median home price for an existing single-family home in Reno reached \$600,000 in January, the first time it's hit that mark, according to local reports.

WJK's Keene expects it'll take about a year to get their project through planning, and to finalize financing plans. The builder's equity partner in the project is L.A.-based **Thirdside Partners**.

Whittier Bound

WJK is hardly alone among local builders looking outside their normal hunting grounds for new projects, given the lack of developable land and high prices in Orange County.

Take Irvine's **California Pacific Homes** as another notable local builder trying new locales.



Laguna Canyon rendering: 28-unit artist work-live project includes WJK as a building partner



Azelea: California Pacific home in Cypress Village starts at 1,067 SF; much larger project said to be in works in LA County's Whittier



Hanover offerings in Orlando area: Landsea bought Florida builder early this year for \$250M

The low-profile homebuilder, which has long been run by **Cary Bren**, son of **Irvine Co.** Chairman **Donald Bren**, and which counts close ties to the area's largest landowner, has traditionally built its homes on the Irvine Ranch.

It's proved to be a lucrative business of

late. CalPac ranks No. 4 on this week's homebuilders list, with 286 sales in 2021, up 40% from 2020 levels.

The company is currently building homes at a pair of Portola Springs projects and has another project at Cypress Village. Both are Irvine Co. developments.

ORANGE COUNTY BUSINESS JOURNAL

Vol. 45, No. 11

THE COMMUNITY OF BUSINESS™

March 14-20, 2022

New to CalPac's development pipeline, according to the company's website: Rosewood in Whittier, a "limited collection of new single-family homes" in the Los Angeles County.

It's the company's first-ever reported homebuilding project off the Irvine Ranch. A specific location or size of the project hasn't been disclosed.

The project is expected to debut this fall, according to CalPac's website.

Homes at the Whittier project are expected to range in size from about 2,900 square feet to 3,600 square feet.

That's much larger than many of CalPac's homes on the Irvine Ranch, which typically have been among the smaller-sized units offered by Irvine Co. on its land.

Homes currently offered in Irvine by CalPac range from about 1,100 square feet to 2,700 square feet.

Company officials could not be reached for comment on their plans in Whittier.

Florida Focus

Larger builders are also spreading their wings into new markets.

Newport Beach's **Landsea Homes Corp.** (Nasdaq: LSEA) early this year bought

Hanover Family Builders, an Orlando, Fla.-based homebuilder, in a deal worth almost \$250 million.

Landsea said it is paying \$179.3 million in cash, plus the assumption of \$69.3 million in debt for Hanover, which primarily builds in Central Florida.

The transaction "vaults Landsea Homes into one of the leading positions in the Orlando area, a very attractive homebuilding market, and reaffirms our strategy of quickly becoming one of the top homebuilders in the markets we serve," Chief Executive **John Ho** said at the time the deal was struck.

Landsea went public at the start of 2021, and now sports a market valuation of nearly \$300 million. It's currently the most valuable publicly traded homebuilder based in Orange County.

The builder entered the Florida housing market last year, with the \$55 million acquisition of Vintage Estate Homes.

Along with Florida, its primary markets are now Arizona, Northern and Southern California, and Texas.

Artist Lofts

WJK hasn't turned its back on OC, notes

Keene, as the company is working on one of its more high-profile projects to date in the area, along Laguna Canyon Road in Laguna Beach.

A long-awaited, 28-unit artist work-live project is now under construction, after a review period that stretched multiple years.

Locally based **Dornin Investment Group** is heading up the development along with local artist **Louis Longi**. The for-rent site will allow artists the ability to show off their work at an on-site gallery, among other amenities.

Keene notes that he worked with Dornin at the time the Laguna Canyon project was initially conceived and was brought back as a building partner after it finally got approvals. ■

WJK Development Co.



- **FOUNDED:** 2014
- **CEO:** Grant Keene
- **HEADQUARTERS:** Rancho Mission Viejo
- **BUSINESS:** real estate developer, builder
- **NOTABLE:** new 8.1-acre site in Reno, Nev. set to be company's largest-ever project