

# John Laing Signs Pact For Scholle Center HQ

By MARK MUELLER

Homebuilder John Laing Homes has struck a deal to move its headquarters from Newport Beach to Scholle Center along Jamboree Road in Irvine.

The company plans to lease 65,000 square feet of office space at a third mid-rise building set to be built at Scholle Center.

The building is less than a mile from John Laing's current headquarters on Dove Street in Newport Beach. Scholle Center is the new home of mortgage investor Impac Mortgage Holdings Inc. as well as the local offices of Google Inc.

John Laing signed a lease at Scholle Center for seven years, said Bob Thagard of Costa Mesa-based Orion Property Partners, who represented John Laing in the deal.

The company is set to take up about 3.5 floors of a five-story, 125,000-square-foot building. John Laing's set to move by mid-2008. The company plans to consolidate three local divi-



**Webb:** "If we hadn't been acquired, we'd be in circle-the-wagons mode right now"

➔ *John Laing page 61*

ORANGE COUNTY BUSINESS JOURNAL

Get local breaking news: [www.ocbj.com](http://www.ocbj.com)

Page 61

April 2, 2007

## John Laing

➔ *from page 1*  
sions—corporate, luxury homes and South Coast/Orange County—into the new headquarters.

Two of the divisions are at Dove Street. The third is at Park Place in Irvine.

Some of the architectural flourishes John Laing puts into its higher-end homes are likely to be seen at its headquarters.

Visitors will be dropped off at the company's main lobby on the fourth floor, with stairs leading to different divisions on floors above and below the lobby. San Francisco-based architecture firm Gensler is handling the design.

The building's size should allow for growth during the next few years, Thagard said. The company has about 220 workers locally, and 900 overall.

New coastal and Sunbelt markets, selective acquisitions and the expansion of existing divisions are in the works for the homebuilder, which is approaching its one-year anniversary as part of Dubai's Emaar Properties.

The \$1 billion deal last May has proved critical for John Laing.

"If we hadn't been acquired, we'd be in circle-the-wagons mode right now. Instead, we're looking to expand our position," Chief Executive Larry Webb said.

The timing of the deal—right before the housing slowdown began in earnest—proved to be perfect for John Laing, which had trailed only Walnut-based J.F. Shea Co.'s Shea Homes as the largest private homebuilder in the country.

The deal provided John Laing the money it needed to compete against larger, publicly traded builders and allowed Webb and the rest of the company's executive team to keep their positions while profiting handsomely.

The company's growth plans are unusual for the homebuilding industry right now. Slow sales have forced most builders to retrench, shed excess land they own, offer steep incentives to buyers and even abandon some proposed developments altogether.

"A down market is the best time to lay the groundwork for expansion," Webb said. The housing downturn hasn't soured Emaar's executives on the buy, according to Webb.

"They always saw (the deal) as a big-picture, long-term transaction," he said. "They've given us the go-ahead to grow and expand. That said, we're going to be selective. We're going to be smart."

The homebuilder has 11 divisions—including nine in California and two in Colorado.

John Laing's first new market is in Phoenix, where it just hired Monterey Homes executive David Walls as its new division president. The plan is to target

move-up buyers, selling higher-priced homes than the norm for the area, beginning next year.

A similar plan is in the works for parts of Texas, Webb said.

In Seattle, a market like OC where land to build on is limited, John Laing is looking to buy an existing homebuilder, he said.

The company's growth plan is similar to what Miami's Lennar Corp. did in Southern California in the mid-1990s, grabbing and holding on to land holdings during a tough time in the housing market.

"I think that was a pretty good formula," Webb said.

John Laing, like all builders, is seeing fewer sales and an increase in order cancellations.

"It's not easy for any of us right now," Webb said. "It is still a hard (environment, but I'm) not anticipating this to be a long downturn. 2008 will be significantly better than 2007. When exactly things (turn around), no one really knows."

Homebuilders across the country, already reeling from slow sales and softening prices, now are trying to come to grips with the effect of the subprime mortgage meltdown.

Last week brought the latest reminder of the industry's woes. Lennar Chief Executive Stuart Miller, whose company's operations largely are run out of Aliso Viejo, noted that the "typically stronger spring selling season has not yet materialized."

"These soft market conditions have been exacerbated by the well-publicized problems in the subprime lending market," Miller told investors.

John Laing is keeping close tabs on the impact of subprime loans in some of the outlying areas it builds, such as the Inland Empire and Central Valley, Webb said. Most of the company's luxury and move-up homes aren't likely to be bought by subprime borrowers.

But its move-up homebuyers could have trouble selling their existing homes if the subprime market disappears.

"To date, we have not seen (a problem)," he said. "We are watching it. You can say I'm crossing my fingers, and hiding under the desk."

Builders that have their own internal mortgage companies might feel more pain from the sector, Webb said. John Laing doesn't own its own loan business. It works with Calabasas-based Countrywide Financial Corp.

Demand for the company's homes here has picked up in the past quarter, especially for higher-end properties.

Million-dollar homes it's building at SunCal Cos.' Pacifica San Juan development in San Juan Capistrano are selling the day they are put on the market, according to Webb. Multimillion-dollar homes at Crystal Cove's SeaCrest project continue to see strong sales, he said. ■