

Orange County Business Journal

Charging Ahead

Team's HQ Bolsters Creative-Office Trend at Hive in Costa Mesa

CHRIS CASACCHIA Monday, February 20, 2017

The Los Angeles Chargers' new 100,000-square-foot headquarters in Costa Mesa could add some panache to an area just north of the San Diego (I-405) Freeway that's attracted some sizeable tenants in recent years.

Orange County's newest professional sports franchise last week began gutting the interior of its new digs at 3333 S. Susan St., which is part of The Hive, a 190,000-square-foot creative-office campus recently bought and redeveloped by Foster City-based SteelWave.

Other recent tenants include Coding Dojo (see Technology column, page 46).

The Chargers facility, scheduled to open in July, will include office space, but most of the renovations will be dedicated to football operations, including large locker rooms, showers, equipment and training rooms, a kitchen and cafeteria.

A practice field will be constructed on an adjacent 3.2-acre parcel in the shadows of the Ikea store just off the freeway.

The Chargers will employ about 200 locally, about the same number as at its former 77,000-square-foot headquarters, which was custom-built nearly 20 years ago a few miles north of Qualcomm Stadium, where the team had played home games since 1967.

The Chargers were under the clock to make a decision by Jan. 15 to exercise an option to join the Los Angeles Rams at their \$2.6 billion stadium, which is under construction in Inglewood and scheduled to open in 2019.

A proposal to build a new stadium and convention center in San Diego funded partially through a new hotel tax was soundly defeated at the polls in November.

Costa Mesa emerged as the frontrunner after an exhaustive search that stretched from South OC to northern L.A. County, according to owner and Chairman Dean Spanos.

"We landed on Costa Mesa as a great venue," Spanos said during a meeting last week at the Business Journal. "When you look at quality of life and a bunch of other attributes, it made the most sense."

The headquarters is not permanent, although it appears the Chargers will call OC home for the next several years, at a minimum.

"We did a decent-size lease with this facility, so we know we'll be here five to 10 years at least, and maybe beyond that," said John Spanos, the son of the team's owner and head of business operations. "The long-term plan would be to build a permanent, really nice facility some time in the near future."

A permanent location is one of several questions that will linger as the Chargers prepare for the first season playing home games at StubHub Center in Carson, about 28 miles north of its headquarters.

The team was scheduled to meet with StubHub representatives last week to discuss potential corporate sponsorship options, given that stadium sponsors have exclusive rights at the venue, which will have an NFL attendance cap of about 30,000—less than half the number at typical stadiums in the league.

The club still has to finalize a training camp location, but the region is home to numerous colleges, including Chapman University in Orange and California State University-Fullerton, as well as others outside OC that could serve as hosts. University of California-Irvine, for example, hosted the Los Angeles Rams training camp last summer, a deal with two more years to run.

“We’ve got a couple of options,” including Costa Mesa, said John Spanos.

Season ticket holders and OC and Los Angeles businesses can expect a blitz of sales calls and visits in the coming weeks from the Chargers as they look to attract new revenue streams.

“Orange County has been a huge part of our success,” Spanos said last week to a group of business executives during a welcome luncheon at the Center Club. “A huge portion of our season ticket base comes from Orange County, it’s like 20% to 25%.”

Those percentages increase when it comes to club and suite seats.

StubHub has nearly 60 corporate suites, compared to 113 at Qualcomm Stadium.

Redevelopment efforts near the Chargers headquarters have been debated for years, but some new projects in the general plan include a nearly 24-acre site comprising the long unused L.A. Times printing plant and an adjacent baseball field that the newspaper’s owners, Chicago-based Tribune Media Co., bought last year.

Los Angeles-based real estate investor Kearny Real Estate Co. has been working with Tribune Media to plan a redevelopment of the site. A mixed-use project featuring condos or apartments had been considered the most likely project, but after city feedback, an office project exceeding 600,000 square feet looks likely to be included in the general plan update, according to real estate sources.

South Coast Collection, a 301,000-square-foot furniture, fashion and food center that also goes by the name SOCO, is one of the area’s big success stories in recent years after being transformed by Newport Beach-based Burnham-Ward Properties from a faltering home furnishings center into an eclectic mix of fashion-focused shops and a food hall.

It posted the biggest growth in taxable sales—35% to \$82.7 million—among the largest local shopping centers for the 12 months ended June 30.

Vans Corp. is looking to build a sizeable expansion to its planned new headquarters in the area as part of its move from Cypress.

The Chargers’ new home was the former headquarters of networking equipment maker Emulex Corp. before its \$660 million sale to Singapore-based Avago Technologies Ltd.

Avago was renamed Broadcom Ltd. last year after it acquired Irvine-based chipmaker Broadcom Corp. for \$37 billion.