

# Hutton's path to survival

Developer opts for conservative approach in an overbuilt market.

By Jane Glenn Haas  
The Register

Christopher Felix believes the 1980s shall inherit the earth in the 1990s. Add, as president of Santa Ana-based Hutton Development Co., he's positioning his company just that way.

"We are a blue-collar company. We build an average-looking product. We're not in it for the glamour," he said.

"But when all the big companies have come and gone, we'll still be here. We are going to survive."

For more than a decade, Felix has carefully shaped



Office space is filling quickly in Santa Ana's Hutton Centre.

Hutton into a development company with a rich portfolio of new office towers, spruced-up older buildings and land ripe for development. With office vacancies stretching above 20 percent in Orange County, with continuing talk of an economic slowdown, he sees his task now as steering the company to a soft landing.

The Hutton survival scenario for the 1990s includes more projects with its principal Japanese partner and groups of other Japanese investors; more building rehabilitations, like the recent Hutton conversion of Santa Ana's Buffum's store into offices for county government agencies; building at least one hotel and one office tower this year in Hutton Centre; and continuing building in Santa

Ana and near the Anaheim Stadium.

"It is getting harder and harder to operate as a small real estate developer but you can't stand still. You must do deals," Felix said.

But the former bank loan officer admits he gets uneasy thinking about the future.

"When you really see what's going on, you realize that almost every company has been on the edge several times in its history. That scares the hell out of me, as a former loan officer."

"Still, you have to know when to be conservative and when to be liberal. Right now, I'm conservative," Felix said.

With 75 percent of the newest 16-story Hutton Centre office building now leased, Felix will consider breaking ground on a new tower.

His conservative approach wins plaudits from brokers.

"His buildings are good quality and he doesn't flood the market. Felix has a good marketing team. They are very aggressive," said George Economos, senior marketing consultant for Grubb & Ellis in Newport Beach.

The team is also realistic, Economos said. "Originally, they expected to get the same rates (as Hutton Centre) as buildings closer to the airport. Well, it didn't work that way because a Santa Ana address still lowers those rates. But once they went to lower rates, they've been very successful in filling their buildings."

Effective rents for Hutton Centre buildings are \$1.30 to \$1.50 per square foot, about 10 cents to 15 cents under the airport area, said Felix.

"The company does better at Hutton Stadium Center, near the Anaheim Stadium, where there are fewer competing buildings, he said. In that area, Hutton is posting effective rents of \$1.50 to \$1.55 a square foot.

"The trick is to have balance," Felix said.

To put his company's portfolio into balance, he has directed 25 percent of its business into rehabilitations of existing buildings. "They rent out easily. They are our bread and butter."

Orange County supervisors  
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Christopher Felix, president of Hutton Development: "When all the big companies have come and gone, we'll still be here."

## Hutton Development properties

Properties owned by Hutton, the year purchased, square footage, estimated value in millions, and type of usage.

Property	Year	Size	Value	Type
Bullfinch building Santa Ana	1987	100,000	\$4.8	Rehabilitated for low-cost office
Edinger building Santa Ana	1985	26,000	0.8	Low-cost office space
2070 building Santa Ana	1988	110,000	20.6	Office
Hutton Centre Santa Ana	1979	620,000	124.6	8 office buildings, 30,0 230-room hotel
Hutton Park Centre Santa Ana	1988	1,000,000	160.0	Office, medical, hotel, restaurant
Hutton Stadium Centre, Anaheim	1980	160,000	80.0	3 buildings
<b>Total all projects</b>		<b>3,000,000</b>	<b>675.0</b>	

Source: Felix, 1988 MRB, 1989 information courtesy of Hutton Development Co.

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