

***Taciturn Builder***

# Hutton Letting Developments Do the Talking

By CARLA LAZZARRESCHI

When they burst upon the local scene last year with the takeover of the imposing, yet virtually empty, Santa Ana office park known as Warmington Plaza, the Hutton Associates became the object of the biggest guessing game in town.

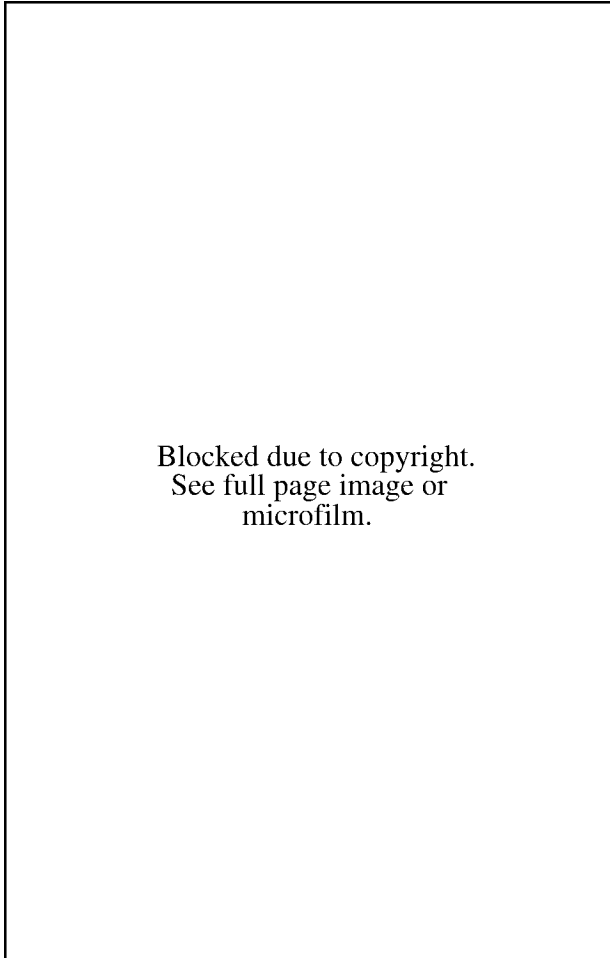
Were they part of E.F. Hutton Group? Was sole stockholder Betty Hutton Williams the movie queen? Were they from a foreign country?

Today the answers to those questions are known; no, no and not really. But otherwise, much of the uncertainty persists a year after the massive project at MacArthur Boulevard and the Newport Freeway was renamed Hutton Centre and transformed from a near ghost town to a thriving business center.

What is known is this: Hutton Associates is a Santa Ana real estate development and management company created in 1977. It operates on the capital raised from the liquidation of the petroleum engineering, construction and brokering business that Harold and Betty Hutton ran, principally in Southeast Asia, from 1938 until Harold's death in 1975. The company, which buys, develops and manages office and industrial projects almost exclusively in Orange and Riverside counties, has a portfolio of 750,000 square feet of completed properties.

Getting company officials to talk

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Betty Hutton Williams, 71, chairwoman of Hutton Associates.

# HUTTON: Taciturn Builder Is Letting Her Developments Do the Talking

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beyond the range of those facts is virtually impossible. Annual income, net worth and other questions associated with dollar signs are greeted with friendly but firm reminders that the company is privately held and not required to divulge financial details. Of a once published aside that the company's assets total \$250 million, Williams, now the wife of retired investment banker Chester Williams, said only: "That's a little high."

"We're low key and we like to keep it that way," said the 71-year-old chairwoman, who refuses to allow her age and vast wealth to keep her from going to the office five days a week. "We're not very flamboyant because we find fewer problems that way."

Added Chris Felix, Hutton's executive vice president for finance, "We like to stay close-mouthed. The more we tell, the less people have to find out about us."

In the beginning, it was fairly easy for Hutton Associates to remain behind the scenes. For its first few years, the company operated as a silent equity partner in its dealings, lending its money, but not its name, to several commercial and residential projects throughout Southern California.

## Beginning of Warmington Plaza

That was how it started out with Warmington Plaza, the biggest and showiest of Hutton's projects.

The office park began as the largest of six projects that Hutton Associates agreed to bankroll for Robert P. Warmington, the Costa Mesa home builder who was looking to diversify into commercial development.

The Warmington-Hutton partnership purchased the 46-acre site on the western edge of Santa Ana in 1978, when the nation was at the peak of a building boom that appeared boundless, especially for Orange County. That the site was about two miles removed from the already well-established South Coast Plaza and airport business districts seemed unimportant at the time, since conventional wisdom held that the dilapidated warehouses and strawberry fields separating the proposed office park from the emerging South Coast Metro Center would soon give way to development.

However, by late 1982, when Warmington Plaza opened its doors to potential tenants, the bottom had fallen out of the real estate market. Office vacancy in Orange County was on its way to reaching a peak of nearly 25%. And Warmington Plaza felt the pinch.

## 'A Horrible Crunch'

"Warmington got caught in a horrible crunch," said real estate analyst Kenton Boettcher of the Newport Economics Group. "He was one step away from the central business community . . . (and) the address (at what is now Hutton Centre) is Santa Ana. A lot of firms want a prestige address like Newport Beach, Costa Mesa or Irvine."

"It was a premature development," said Irvine marketing consultant Kenneth Agid. "It came onto market in a recession (and) it's tough to pioneer an area. . . . You want to attach yourself to an existing area and gradually shift the focus to your development. . . . It will take time, but they are in a good area for the long term."

Six months after Warmington Plaza opened, just 25% of the 300,000 square feet in the two buildings was leased. Public perception of the project, especially among real estate brokers and developers, was increasingly negative. And tensions were mounting between the partners.

Hutton Associates began to question whether the project was being properly marketed by Warmington,



DON KEISEN Los Angeles Times

The Hutton Centre office complex in Santa Ana.

who had responsibility over such matters.

The final straw, Hutton executive Felix acknowledges, was a request from Warmington for more money to keep the project going. When the request came, Felix said, Hutton pushed to dissolve the partnership, a process that was completed in February, 1983.

"The former managing partner (Robert Warmington) didn't have as definite a game plan as there might have been, and we had different perceptions of the marketplace," Felix said. "They wanted to be the best and charge the very highest rates. That's hard to do with a new building. . . . The project was premature for his expectations. You can't expect top rents without the amenities like restaurants."

Also contributing to Hutton's decision was a shift in the company's corporate strategy. By early 1983, Felix said, Hutton Associates had evolved from an equity partner-only company into a full-line development operation no longer content to watch from the sidelines.

## Change of Direction

"The direction (of Warmington Plaza) needed to be changed and we were the best to do it," said the fresh-faced 32-year-old executive.

For his part, Warmington says the split was amicable. "There's no animosity," he said. "They don't make people better than Betty."

After assuming sole control of the project, Hutton spent the next four months reworking the marketing and future development plans. Last June it unveiled new plans and a new name for the project: Hutton Centre, a label Felix said was chosen to underscore the company's determination to put its reputation on the line with its money.

Over the past year, vacancy at the two towers has dwindled from 75% to less than 10%. In addition, construction on a third office building began earlier this month, two restaurants are going up and ground breaking for a 175-room hotel is scheduled for July. If all goes according to plans, the entire \$250-million project—seven office buildings, three to five restaurants and the hotel—will be complete by mid-1988.

Hutton executives concede that their efforts have been considerably aided by the economy's turnaround. Last year nearly 3.2 million square feet of additional office space was leased in the county, the largest amount ever in a single year, according to the Newport Economics Group.

However, the company contends that the dramatic transformation of the nearly empty Warmington Plaza into the financially healthy Hutton Centre is largely the result of a new marketing strategy.

Rather than continue to seek fancy tenants willing to pay high rents, Felix said, Hutton lowered rents and began looking for the "meat of the market."

"We don't see ourselves competing in the high-end market with the Koll and Segerstrom companies," he said. "We decided to go for the mid-range rents and the larger users, the companies that have to be conscious of their money. . . . We want the project to be financially competitive, not get lost in a dream world."

## A Full Working Partner

Although Betty Hutton Williams lets Felix do a lot of the talking for the company, she doesn't hide the fact that she is the woman atop the operation. It has been that way since she entered the business world in 1938 as a full working partner with her late husband.

Williams, born Betty Spennetta in Redlands, was reared in Villa Park, where she now resides. Her father, J.D. Spennetta, owned Inland Transportation Co. in Orange and employed Betty at the plant until her graduation from Orange High School in 1931.

Although she entered UCLA to study economics, illness forced her to drop out after two years and she never returned. She landed a job as an assistant credit manager at a British oil company in Los Angeles, where she met Harold Hutton, a petroleum chemist. Two years after their marriage in 1936, the couple and two partners founded Refining Associates, a company that made special lubricants and fuels, including the fuel later used for the first rockets built by the Jet Propulsion Laboratory.

The couple, Williams recalled, "started with nothing."

But by 1952 they had parlayed the operations of their small refinery in Downey into an international business, shipping surplus oil to China and the Soviet Union and specialty fuels and lubricants throughout the Orient. Along the way, the company evolved into an oil services contractor, building exploration, pumping and refining projects for clients throughout the Orient.

In 1954 Refining Associates was asked by the Indonesian government for help in building Pertamina, the country's national oil company, and from the late 1950s through the 1960s, the Huttons had exclusive distribution rights to Pertamina's oil output.

## Offices Opened Overseas

By the time Harold died in 1975, the company had offices in Indonesia, Hong Kong and Singapore.

Although Williams was a full working partner with her husband, never pausing even to have children, she found the international oil market in the mid-1970s too treacherous for a small player like Refining Associates. She reached a similar conclusion after exploring the possibility of converting the operation into an independent domestic concern, and in 1977 she liquidated the company. According to the terms of Harold's will, proceeds from the sale went into the Betty L. Hutton Trust.

But Betty Hutton wasn't ready to sit back and rest on her trust fund.

She also wasn't willing to retire into the other trappings of luxury she had accumulated over the years, such as the spacious Presidential Cottage at the Eldorado Country Club in Rancho Mirage, where former President Eisenhower wintered while writing his memoirs. Nor did she want to devote her full attentions to the charitable causes she had supported over the years, such as Chapman College, where she has served on the board since 1976 and built the Harold Hutton Sports Center.

"I had too much energy to call it quits. My whole life is focused on my work," she said. "I want to work five days a week for the rest of my life."

Noting that she had already accumulated "some real estate holdings," Williams decided to plunge into the world of property development and bankrolling.

## Land Purchases Begun

Using the proceeds from her trust, she formed Hutton Associates in 1977 and immediately began buying land in Southern California. Over the next several years, the company began to focus exclusively on Orange and Riverside counties, where projects now include Yorba Linda Station Plaza in Yorba Linda, Sand Dollar Financial Plaza in Anaheim, Cypress Commerce Center in Cypress, Packers Square and International Plaza in Tustin and a handful of office buildings and industrial parks in Riverside.

That same energy has marked her personal life. Since remarrying in 1979, Williams and her husband have purchased Logical Business Machines, a computer manufacturer with offices in Sunnyvale, Amsterdam and Dusseldorf, and a controlling interest in Byte Industries, a franchisor of retail computer stores based in Hayward, a suburb of Oakland.

Despite her drive, Williams said her aspirations for her company's role in the competitive office and industrial park business are limited. "We believe in doing first-class projects, but not trying to be the very best," she said.

"The guy who owns the (luxurious) Fairmont hotels may not make as much money as the guy who owns the Holiday Inns," Felix elaborated.

## Limited Growth Foreseen

The company also envisions itself remaining fairly small. It employs a staff of 32, including maintenance workers, and Felix said it will resist growing much beyond that. At any given time, Hutton Associates has between 15 and 20 projects on its books, including properties that it has bought strictly for resale and long-term investments in its leaseable portfolio, he said.

Nearly all Hutton projects will be in Orange, Riverside and San Bernardino counties, Felix predicted. Yet the company is not interested in jumping into the booming development area around the Ontario Airport, one of the fastest-growing in Southern California.

"We don't want to be a pioneer," Felix said. "We want to see what's in place before we get involved. We're so small that we need and want to be in a defined marketplace."

It is all part of the company's philosophy of keeping a low profile and operating "more like a small family group," Williams said.

And if the result is that Hutton Associates is confused with the famous brokerage house or equally famous movie star, so be it.

"I guess you could say that we're not well known," she said with a shrug. "But it doesn't bother me. We just do the best job we can and let the product speak for itself."