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Market Observer: Pavilion Park

Orange County has always been a hotbed for new home construction, riding the peaks and troughs of each cycle like one would a roller coaster at any of the local theme parks. While this last drop felt more like a free fall, there is no doubt that the local OC market is alive and kicking. Pavilion Park, the first of the highly anticipated Great Park Neighborhoods, is a strong indication of this. I spent the weekend at the Grand Opening which took place September 28th and 29th – needless to say, people are excited. Here are my key takeaways:

Great Park is trying hard to differentiate itself from other Irvine neighborhoods. In nearly all of the marketing materials there was a reference to “different”. Phrases such as “Welcome to different” and “Life will be different here” were prevalent. It’s more than a marketing slogan according to Emile Haddad, CEO of FivePoints Communities, the managing developer for the Great Park Neighborhoods. They’re making it a point to differentiate themselves from the more typical Irvine MPCs. Those MPCs, developed by The Irvine Company, set the bar for the idyllic suburban community, and FivePoints has pushed the envelope to create a strong brand for a community that will eventually feature 726 homes. Pavilion Park has a great street scene accomplished by mixing up products in a model row, as well as a strong entry point that opens to the community’s amenity package. The architectural elevations are also different from the typical Mediterranean style stucco homes seen throughout the Irvine Ranch.

Sustainability is more than a tagline. There is a focus on health and outdoor activity. A green house sits behind the recreation center with the hope of reviving the farming and gardening culture of the region while educating residents about sustainable agriculture and healthy living. The greenhouse is shown below.

The amenities will bring out the child in all of us. Besides the large central park, the amenities include a playground, swimming pools, sport courts, spa, and terrace - all of which help this development break away from the typical mold seen across Orange County for years now. The playground was especially unique. There is a bridge with a rock climbing wall and fireman’s pole, as well as a see-saw scaled for adults and children that encourages parents to participate and perhaps reminisce about their own childhood. It is these amenities that make this new master planned community *great*.

Likely the biggest takeaway can be summed up in a number: 28,000. This is the number of people Lennar Corporation is reporting attended the grand opening weekend at Pavilion Park. In itself, this is an impressive turnout but is even more impressive considering that homes start in the \$700,000 range. Granted, traffic doesn’t necessarily translate to sales, but we’re hearing that many of the builders have sold out of their first phase, and preparing for their second phase release earlier than expected to try and maintain the momentum created from the opening weekend.

This is an exciting time for Orange County real estate. Pavilion Park is just the tip of the iceberg as there will be a number of new neighborhoods opening in the next 12-18 months including Orchard Hills, Baker Ranch, Portola Center North & South, and Towne Center, not to mention the recently opened community

of Sendero. Will there be the same level of excitement for these communities? Is there enough demand to sustain healthy absorptions as more product enters the market? We think so.

-Analysis contributed by Wissam Chouceir, Senior Consultant

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