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Historic Winery, Mansion Serves as Basis for Ontario Mixed-Use Project **Refurbished estate serves as the anchor and inspiration for multiphase project**

By MITCH DEACON

CREJ Contributing Writer

Formerly one of the largest wineries in California, the Guasti estate in Ontario is awaiting an ambitious redevelopment project later this year.

There are no plans to bulldoze the historic property. Instead, most of the buildings will be preserved and incorporated into a mixed-use commercial development featuring between 500,000 square feet and 1 million square feet of vertical product, including entertainment, restaurants, retail, office, multifamily residential, hotel and office space.

The land for the project was purchased in June 2006 by **OliverMcMillan** and **Principal Real Estate Investors** for \$35 million. OliverMcMillan expects to break ground on the first phase of the development in the third quarter of this year.

Market watchers familiar with the project point to a number of unique, and potentially profitable, characteristics of the property, which is within sight of L.A.-Ontario International Airport.

"Where can you find a 50-acre site in Southern California in the middle of a rapidly growing area like the Inland Empire with close proximity to a major international airport?" asked Walt Arrington, a senior vice president of **CB Richard Ellis** and one of the brokers on the project.

"From an investor's standpoint, the airport is the main attraction because it is expected to grow from 8 million annual passengers this year to 20 million in 2020," Arrington said. "Not only is the location an advantage, but when you consider the historic component, it really sets it apart from other real estate projects in the region."

Founded in 1904 and one of the oldest wineries in California, Guasti was once a self-sufficient community with a church, company store, bakery, fire station, school and post office. The surrounding countryside was covered by vineyards, which were cultivated through dry-farming techniques. After the harvest, the grapes were transported to Guasti to be processed into wine, and before long, other wineries entered the local market.

City officials regard the former winery as a unique material artifact in the mosaic of local history.

"The Guasti family estate has always been recognized as a special place with a sense of the old world of Southern California," said Mary Jane Olhasso, economic development director of Ontario. "There is a sense of identity based on the agricultural heritage of the area, providing a historic perspective to Ontario's urbanization. OliverMcMillan will retain the historic element to give the project the character it deserves."

The developer plans to combine contemporary architecture that complements the existing structures, mixing the old styles with newer designs.

"Our approach is to maintain the existing structures without changing their façade and characteristics, while incorporating new additions with today's 21st century look," said David Bouquillon, development director of OliverMcMillan. "Instead of a themed project designed on the basis of the winery, we want to weave the historic characteristics of the old winery into a new district. The project will look like it has been built over time, highlighting those aspects that make it unique while bringing in new structures to stand beside them architecturally."

Lifestyle Center?

Phase I of the Guasti project will include upscale retail and office components, as well as a boutique hotel that will incorporate the Guasti mansion as one of the focal points of the project. The mixed-use components will be designed to give the project a downtown, urban feel.

Initial plans call for 125,000 square feet of Class A office space, which OliverMcMillan intends to market to professional firms seeking to establish a distinctive image. The retail will eventually feature more than 200,000 square feet of stores, although the first phase will likely be smaller while still offering enough critical mass to make the project a destination for shoppers.

Residential development will not occur until later phases of the project and will likely feature high-end brownstone-style townhomes or condominiums.

On the surface, it might appear to be just another large lifestyle center, similar to other recent mixed-use commercial developments in the Inland Empire. But that's not how the developers see it.

"The project is going to offer a much more intimate, urban experience than a lifestyle center," said Bouquillon. "The project is upscale at all levels, offering a unique retail tenant mix. We are creating a sense of place around the old bones of the winery. That's what separates us from other lifestyle projects."

Bouquillon notes that, unlike other large lifestyle centers featuring more than half a million square feet of retail space anchored by major national tenants such as Target or Macy's, Guasti will not be based primarily on retail and will not include any major retail anchor stores. The largest tenant of the project will likely be a restaurant or a spa.

This doesn't necessary disqualify it as a lifestyle center, other retail analysts said.

"There are plenty of lifestyle centers that do not have a big-box component or anchor," said George Whalin, president and chief executive officer of **Retail Management Consultants**.

"Generally speaking, a lifestyle center is a shopping center that has multiple attractions beyond just retail stores, where people spend more time shopping, dining and enjoying entertainment, and many lifestyle centers include a housing component," said Whalin. "But it is difficult to pigeonhole exactly what a lifestyle center is because every market is different, and each developer has to respond to the specific characteristics of the individual market."

While Ontario still offers opportunities for more retail development, Whalin believes that the market is approaching a point of saturation.

"The amount of retail space in the Ontario area has exploded over the past 10 years," Whalin said. "As a retail marketplace, there is probably still room for more growth, but not a lot. Anyone who is planning new retail in the Inland Empire should pay close attention to what is going on because the market can get over-retailed real quick."

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