

Online

The destination for local business news.
San Diego's Source
sddt.com.

REAL ESTATE

CONSTRUCTION

Vacancies up

Office vacancies in U.S. downtowns increased to 12.5 percent in the first quarter, the highest in three years.

Page 3B

San Diego Source: www.sddt.com/realestate

The Daily Transcript

Friday, April 17, 2009 / Section B



Real Estate Briefs

By Richard Spaulding

Apartment in University Heights on Texas sold

The 18-unit apartment complex in University Heights at 3936-3946 Texas St., San Diego 92104, has been sold for \$2.06 million.

The buyer was **3936 Texas LLC**, a California limited partnership, P.O. Box 10828, San Diego 92191. The manager of 3936 Texas is Ying Wang.

The acquisition was financed with a loan of \$1.29 million from **First Republic Bank**, a division of **Merrill Lynch Bank & Trust Co.**

The seller of the property (assessor's parcel 445-691-30) was Old Globe Theatre.

The two-story, approximately 6,016-square-foot apartment occupies a one-third acre lot.

SourceCode: 20090416tra

Housing starts fell in March, permits at record low

By BOB WILLIS
Bloomberg News

WASHINGTON — U.S. homebuilders broke ground on fewer homes in March and per-

General Growth Prop. files for bankruptcy

By THOR KAMBAN
BIBERMAN
The Daily Transcript

CHICAGO AND CHULA VISTA — **General Growth Properties** (NYSE: GGP), the second-largest shopping mall owner in the United States, with more than 200 properties, including the 880,000-square-foot Chula Vista Center and the 800,000-square-foot Otay Ranch Town Center in San Diego County, filed for Chapter 11 bankruptcy protection Thursday.

With \$27 billion in debt, it is being called the largest real estate bankruptcy in U.S. history.

When the company filed for the protection citing its inability to restructure the debt, it divided its assets held in limited liability companies into two groups of LLCs.

One group was placed into bankruptcy protection, the other wasn't. The Chula Vista Center was included in the bankruptcy group.

The Otay Ranch Town Center will remain outside the bankruptcies, at least for now. That center, which may be put up for sale, was completed in the fall of 2006.

The Chula Vista Center has been hurt by the slowdown, plus the loss of a Mervyn's at the end of last year.

Other businesses with disconnected phone numbers include

Uno's **Chicago Bar & Grill** restaurant and **Suncoast Motion Picture Co.**, a pre-recorded video store.

Although the Chula Vista Shopping Center has had its problems of late, Steve Avoyer, president of **Flocke & Avoyer Commercial Real Estate**, said the Otay Ranch property is a much bigger problem because of the huge debt service.

"It may not be reorganizable," Avoyer said. "General Growth has two or three new underperforming centers and it only takes a few of these to bring a company down."

Avoyer said while the center is beautiful, the crash in the housing market stopped it dead in its tracks.

What's more, with little traffic, Avoyer said the landlord must to significantly discount rents to keep tenants in place.

Avoyer has a much more positive outlook on the Chula Vista Center.

"That's on the corner of Main and Main," he quipped. "And it has one of the few non **K-Mart Sears** that you'll see. There's a lot of value there."

Chicago-based GGP (NYSE: GGP), which also owns Boston's famed Faneuil Hall and South Street Seaport in Manhattan, intends to keep its malls operating bankruptcies or not.

See **General Growth** on 2B



Corner of Ash and State sold for \$6.25M

The approximately 20,000-square-foot corner parcel at 405 W. Ash Street and 1330-1352 State St. in downtown San Diego 92101, has been sold for \$6.25 million.

The buyer was **Chhatrala Ash and State, LLC**, a California limited liability company with **Chhatrala Investments LLC** as its manager. Hemant Chhatrala and Shailesh Patel are members of Chhatrala Investments. The site has mixed-use zoning and is currently a parking lot. The acquisition was for future redevelopment.

The seller of the property (assessor's parcels 533-402-07, 08 and 09) was **D & A Semi-annual Mortgage Fund III, L.P.**, a California limited partnership with **Asset Managers Inc.** as general partner. Holly Lunde is an officer of Asset Managers. The seller took back a trust deed for \$4.6 million.

Victor Krebs and Rob Morgan, of **Colliers International** represented the seller. Tim Winslow and Jason Kimmel, of **Grubb & Ellis Commercial/BRE Commercial** represented the buyer. The corner property was sold in June 2006 for \$7.6 million. The loan financing the June 2006 sale went into default in September 2007. The property was sold at trustee's sale in August 2008. Krebs and Morgan also brokered the sale to a hotel company earlier this year of a nearby 58,314-square-foot block at 2045 Pacific Highway for \$7 million. The block is occupied by a car wash.