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# REAL ESTATE

CONSTRUCTION

## Delta tunnels

State water officials said it could cost \$10.6 billion to send water to SoCal through tunnels under the Sacramento-San Joaquin Delta.

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San Diego Source: sddt.com/realestate

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### Real Estate Briefs

By Richard Spaulding

#### Apartment in Talmadge sold

Seven residential units in Talmadge at 4420 49th St., San Diego 92115, have been sold for \$552,500, cash.



The buyers were Craig F. Killman and Michele Killman, co-trustees of a trust, 4165 Portilla Place, San Diego 92130.

The seller of the property (assessor's parcel 471-201-12) was **CRP Properties Inc.**

The approximately 5,092-square-foot, nine-bedroom, eight-bath apartment was constructed in 1978.

The property was listed by Peter Scepanovic, and Corey Mitchell, of **Colliers International.**

SourceCode: 20091204tra

#### Correction

## Santee sale land only



## Community retail centers in San Diego County weathering the recession

By THOR KAMBAN BIBERMAN  
*The Daily Transcript*

**SAN DIEGO** — With a tough economy, turnover is the order of the day at many of the San Diego area's shopping centers — and the ability to re-lease depends on location as well as economy.

Village Walk at EastLake in eastern Chula Vista was developed by San Diego-based **Sudberry Properties.**

The 162,000-square-foot center's anchors include **Henry's Farmer's Market, Trader Joe's** and **Pier 1 Imports.**

Steward Keith, a **Flocke & Avoyer** senior vice president, who handles the leasing at Village Walk, said the **Pei Wei China Bistro** moved out of a 3,200-square-foot space about 15 months ago. It was

vacant for about six months before **HSBC Bank** signed a lease.

The lender expects to take the space within the next few weeks.

A 4,850-square-foot **Trophy's Grille** moved out of the center near the end of last year, but a Vietnamese restaurant, **Pho Hiep**, signed a lease about four months ago and is reconfiguring much of the space.

**Coffee Bean & Tea Leaf** was another entity that bailed out of Village Walk. That has been replaced by a **Caffe Tazza**, which Keith explained is a coffeehouse in the daytime that morphs into a wine and dessert hangout at night.

Keith added that a juice bar was also replaced by a **Sushi Man** restaurant within the past five months.

At least one of these new tenants — **Massage Envy** — is actually expanding its space from about 3,000 to 3,500 square feet at Village Walk.

Colton Sudberry, Sudberry Properties president, said it is typical that 10 percent of tenants fail to make it in the first year.



## Village Walk one community center weathering recession

**EASTLAKE** — The 162,000-square-foot Village Walk at EastLake in eastern Chula Vista has been able to avoid the loss of major tenants during the current economic downturn. Anchors such as **Henry's Farmer's Market, Trader Joe's** and **Pier 1 Imports** have remained stable, keeping the property about 97 percent occupied. See story above.

# Community

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He didn't have an exact figure but said more than that failed at Village Walk as a result of the recession.

"We replaced them and we're doing a lot better," Sudberry said.

Keith's estimates with the Massage Envy expansion, Village Walk is about 97 percent leased.

The developer has had to give some concessions both in terms of free rent and tenant improvements.

The amounts vary according to the circumstances.

The 184,196-square-foot University Square Shopping Center at 5801-5985 University Ave., purchased for \$41.3 million by **Lakha Properties** of Bellevue, Wash., in 2005, completed a roughly 12,000-square-foot addition earlier this year that included a **Panda Express**, **Subway**, **CiCi's Pizza**, **T-Mobile**, **Postal Annex** and a just-closed **Pancho's** restaurant.

Also just opening is a **Marshall's**, which went into a former Pacific Theaters six-plex.

**Food 4 Less** is the anchor tenant.

Others include **International House of Pancakes**, **Carl's Jr.**, **99-Cent** and **HomeTown Buffet**.

Reg Kobzi, a **CB Richard Ellis** (NYSE: CBG) senior vice president, said the center has undergone a complete transformation. "This is an off-price value center."

Kobzi said the center has about 9,000 square feet of vacant space.

Three of these spaces are within a food court. Most of the remainder is a freestanding former **Hollywood Video** store, empty for two years.

Kobzi said two pads remain undeveloped.

When asked about concessions, Kobzi said since these retailers are already in the low-price part of the spectrum for the most part, major concessions don't come into play.

"This is a value center and you know what tenants are going to be able to pay," Kobzi said.

The 165,772-square-foot Plaza Penasquitos Shopping Center at the junction of Rancho Penasquitos

Boulevard and Carmel Mountain Road, is anchored by a **Stater Brothers**, an **Armstrong Nursery** and a **24-Hour Fitness**.

Hiro Nakano of Japan, who pioneered Nakano Rice Vinegar, has owned the property for many years.

This property also lost a **Hollywood Video** within the past few months, but **Bruce Schiff**, a **Grubb & Ellis|BRE Commercial** principal, is confident this space could be filled by an automotive user considering the site.

The **Armstrong Nursery** had taken over what had been a bank location after the building was demolished.

More recently, a **Happy Tiger Chinese takeout** restaurant left the center about a year ago.

It was replaced by another takeout restaurant that also departed.

A **Cleaners Club** is in the process of taking the space.

"There's a lot of turnover in retail now," conceded Schiff. "The leasing has been very weak."

Schiff said tenants are being very aggressive — wanting the first three to six months rent free on a five-year transaction.

"Sometimes the landlord will give less free rent and more TIs (tenant improvement allowances) It just depends," Schiff said. "It also seems that the market rent changes every day."

Tenants have turned over very little at Carlsbad-based **Terramar Retail Centers'** 157,183 square-foot **Lemon Grove Plaza** at Broadway and Massachusetts Boulevard in Lemon Grove (photo).



It is anchored by what **Terramar** has claimed is one of the highest grossing **Albertson's** in San Diego County.

A **Factory 2U** store and **Blockbuster** (NYSE: BBI)

outlet are also at this location.

**Steve Lewis**, **Terramar** senior leasing representative, said **Lemon Grove Plaza** only has two small spaces available putting the center's occupancy in the high 90 percent ranges.

**Lemon Grove Plaza** has been relatively stable during the current cycle," Lewis added. "We believe this is due primarily to the "daily needs" type of merchandise offered by the plaza's tenants that continues to be well received by the community.

It also helps that the center is established with rents that tend to be more in line with the current market than in some newer centers with higher land and construction costs."

Centers have had problems with vacancies as economies have become difficult over the years, but sometimes, keeping an individual space filled is a problem whether the times are bad or good.

Such has been the case over the past decade for a 20,100-square-foot space owned by **Rite-Aid Corp.** (NYSE: RAD) in **Poway Promenade** at 12369 **Poway Road** in **Poway** a **Duckett-Wilson Development Co.**, of **Los Angeles**, property.

As explained by **Don Zech** of **CDC Commercial**, **Rite-Aid** had occupied the space early in the decade then came **Millers Outpost** which failed at the location.

The space had been vacant for the past several years save for a **Halloween store** that has been appearing once a year.

For a time, it appeared



**Rite-Aid** might return, but that never happened.

In October, the **99 Cents Only store** signed a \$3.5 million, 114-month lease for the space.

Source Code: 20091204tdk

# Fed opens credit rating field to more agencies

By MARCY GORDON  
The Associated Press

WASHINGTON — The Federal Reserve has expanded the field of credit rating agencies that determine the eligibility of securities pledged for loans in a government program aimed at sparking more consumer and business lending.

The Fed on Friday announced it had adopted a rule allowing rating agencies that have registered with the Securities and Exchange Commission and that have experience with the securities being rated to participate in the **Term Asset-Backed Securities Loan Facility (TALF)**.

The move is intended to promote competition among credit rating agencies, which have been blamed for contributing

to the worst financial crisis since the Great Depression.

The change is expected to bring an expansion of rating agencies participating in the TALF beyond the dominant three: **Standard & Poor's**, **Moody's Investors Service** (NYSE: MCO) and **Fitch Ratings**.

Together they account for around 95 percent of the securities ratings market.

Regulators and industry critics maintain that the rating agencies failed to accurately assess risk on the complex mortgage-backed securities at the heart of the crisis.

Those investments soured, wracking up huge losses at banks and other financial institutions.

The fallout damaged the U.S. financial system and the

economy.

The agencies are financial gatekeepers.

Their grades of creditworthiness can be key factors determining at what conditions will be purchased by banks, mutual funds, pension funds or local governments.

Under the TALF, began in March, in secure loans from the Fed.

They use the money securities backed by, other things, auto and loans, credit cards, and guaranteed by the **Business Administration**

Securities backed by commercial real estate loans are included, but the new rating agencies apply to them.

Source Code: 20091204tdk

# IRS sells tribe's land to settle debt

By CHET BROKAW  
The Associated Press

PIERRE, S.D. — The Internal Revenue Service on Thursday auctioned off a large swath of land owned by an impoverished Indian tribe to help pay off more than \$3 million in back taxes, penalties and interest — a sale the tribe says is illegal under federal laws protecting Indian land.

The 7,100 acres, or 11 square miles, of **Crow Creek Sioux** tribal land in central **South Dakota** ranch sold for almost \$2.6 million, less than the \$4.6 million it was appraised at, said IRS spokeswoman **Carrie Resch**.

She did not say who bought the land.

The tribe filed a lawsuit Monday in U.S. District court in **Pierre** seeking to block the sale.

Judge **Roberto A. Lange** declined their request but promised to schedule a trial to hear the tribe's arguments.

The land in question was part of the tribe's original reservation established in an 1868 treaty, and was held by the federal government in a trust for the tribe. But it was eventually allotted to individual tribal members, who then sold it to non-Indians, putting it outside the tribe's legal jurisdiction.

The tribe bought the ranch back in 1998 but the **Bureau of Indian Affairs** did not put the land back into trust, which

would have protected it from seizure, **Tribal Secretary Tommy Thompson** said.

**Tribal Chairman Brandon Sazue** said he hopes the tax dispute can still be resolved in a way that allows the tribe to keep the land.

"It's very disgraceful, very shameful. It's devastating to us," Sazue said after the auction. "Our land is never for sale."

Lawyers said the tribe can purchase the land back during a 180-day redemption period, and the land will not change possession during that time.

A trial is tentatively set for **March 29-30**, which is within the redemption period.

According to the lawsuit, the IRS was auctioning the land to recover more than \$3.1 million in federal employment taxes owed by the tribe.

The tribe didn't pay the taxes because it was told, erroneously, by an official connected to the **BIA** that federally recognized tribes do not have to pay the taxes, according to the lawsuit.

The auction was unnecessary because the tribe is seeking a loan to pay off its tax bill, the lawsuit said.

The tribe contends the IRS cannot legally seize and sell the land because it is owned by **Crow Creek Tribal Farms Inc.**, a corporation set up by the tribe that is not legally responsible

for settling the tribe's tax

Members of the tribe used the land and lived on it a long time, according to suit.

"Members died and were buried on the land. Indian lands were considered important to the **Crow Sioux Tribe** that the tribe went into debt to acquire the part of its land consolidation effort to enlarge the **Creek Indian Reservation** contends.

The tribe also argues that seizure is illegal because land cannot be taken without congressional approval and the IRS has not followed a law requiring an environmental assessment of the sale's impact.

The tribe's lawyer, **Gonzalez** of **Rapid City**, said the IRS action was unusual is the only instance that of where the IRS has levied tribally owned land on an Indian reservation."

**Resch**, the IRS spokeswoman, said she could comment on the tribe's arguments because she does not comment on pending litigation.

**Thompson** said the tribe should have negotiated with the IRS, and that the tribe could have been paid from money held for the tribe by the federal government.

Source Code: 20091204tdk

# SAN DIEGO MORTGAGE RATES

## 30 Year Fixed Rate Mortgages

Lender	To \$417,000			To \$697,500		
	Rate	Points	APR	Rate	Points	APR
Bank of America	4.50	1.50	4.75	4.75	1.50	4.99
Bank of Internet, USA	4.75	0.46	4.90	5.125	.66	5.28
California Bank & Trust	4.50	1.875	4.79	4.75	1.75	5.02
Chase	4.875	1.00	5.08	—	—	—
Fouts Financial	4.25	2.00	4.55	4.375	2.00	4.68
La Jolla Bank	—	—	—	6.50	1.00	6.70
Union Bank (15 Year)	5.375	1.00	5.68	—	—	—
US Bank	4.50	1.875	4.79	5.25	1.75	5.53
Wells Fargo Bank	4.375	2.00	4.68	4.625	2.00	4.93

## Adjustable Rate Loans

Fixed for 5 Years

Fixed for 7 Years

## Commercial Property Loan Rates

Lender	Type	Rate	Points	Fixed	Margin/ Years	Commer
Embarcadero Bank	Apt	5.5	1	VIR	10	250k-2.5m
	Com	6	1	VIR	10	250k-2.5m
Fouts Financial	Apt/Com	7.0+	0.0+	FIX	5 to 10	1.5mil+
General Bank	Apt/Com	8.75+	1.50+	PR	1.50+	500k-20m
	Com	8.75+	1.25+	FIX	5	.5mil-5mil
Home Bank	Apt/Com	6.75+	0.0+	PR	1 to 10	5mil max
La Jolla Bank	Apt	4.75	1	COFI	2.75	to 10mil
	Com	6.5	1.25	Prime	0.5	to 20mil
Pacific Crest	Com	4.5	1	PR/LIB	30/10	to 5mil
Pacific Southwest	Apt/Com	5.875+	1	FIX	/10/30	500k+
	Apt/Com	5.55+	1	FIX	/10/30	1.5mil+
Pacific Trust	Apt	6.25	1	COFI	3.25%	500k-10m
	Com	6.875	1	COFI	3.75%	500k-10m
Seacoast Com. Bank	Apt/Com	6	1	Prime	7	250-3.5m
South Coast Com BK	Apt/Com	4.99+	0	AD/LET	30/90	to 7mil