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REAL ESTATE

CONSTRUCTION

Starts jump

Housing starts rose in June as construction of single-family dwellings jumped by the most since 2004, signaling the market is stabilizing.

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San Diego Source: www.sddt.com/realestate

The Daily Transcript

Monday, July 20, 2009 / Section B



Real Estate Briefs

By Richard Spaulding

Multi-family site on El Cajon in La Mesa sold

The 1.4-acre parcel at 7808 El Cajon Blvd. in La Mesa 91941, has been sold for \$925,000.



The property buyer (assessor's parcels 470-100-147, and 470-111-24, 25, 30) was **Jacph Properties of La Mesa, LLC**. The seller was **Comerica Bank**.

David Santistevan and Ciara Layne of **Colliers International** brokered the transaction.

The property is a multi-family site zoned for up to 56 units.

The location was a former

See RE Briefs on 3B

CBRE seeks extended bank debt maturity

Recovery begins in 2010?

Vacancy rates rising in S.D. County's major industrial markets

By THOR KAMBAN BIBERMAN
The Daily Transcript

SAN DIEGO — San Diego County's primary industrial markets are very soft with rising vacancies and declining property sales that are expected to continue for the remainder of 2009.

The county experienced 2.23 million square feet of negative industrial absorption through the first half of the year with more than 976,000 square feet of negative absorption in the second quarter alone, according to a **Grubb & Ellis|BRE Commercial** report.

Manufacturing accounted for 43 percent of the second quarter deficit, followed by distribution (27 percent), inter-modal transport (18 percent), and research and development (12 percent).

Manufacturing accounted for 53 percent of the returned space though the first half of the year or 1.2 million square feet.

The countywide industrial direct vacancy rate (excluding sublease space) of 9.4 percent as of June 30 represented a

what happened in his market is the demise of a lot of small contractors and metal manufacturing firms in particular. Others such as **Bardon Cabinetry**, which opted out of a 52,000-square-foot space in El Cajon for a 32,000-square-foot space nearby, have shrunk their operations.

"The trend in the East County is companies are downsizing, or going out of business. The good news is there is very little building going on," Ruppert said.

Other submarkets that gave back more than 100,000 square feet in the second quarter included Poway with 217,348, Escondido with 127,055, Sorrento Mesa with 120,812 and Vista with 106,902 square feet returned.

Otay Mesa had no industrial building sales nor industrial land purchases in the second quarter, and the submarket has 3.2 million square feet of empty space.

While the **Grubb & Ellis|BRE** report found there was a positive net absorption of 98,375 square feet on Otay



Vista industrial condominium on La Mirada sold

VISTA — The 9,336-square-foot, two-story industrial building at 2373 La Mirada Drive in the Burke Sycamore Business Center in Vista 92084, has been sold for \$1.4 million.

The buyer was **2373 La Mirada Drive LLC**, c/o **REDAC**. The property seller (assessors parcel 217-251-50-14) was **Burke Sycamore Partners, LP**, a Santa Ana-based California limited partnership.

The seller was represented by the **Coldwell Banker Commercial** team of Ron King, David Onosko, Adam Molnar and Bob Willingham. The buyer was represented by Tom Blackmore,

By KRISTEN HAUNSS
Bloomberg News

LOS ANGELES — **CB Richard Ellis Group Inc.**, the largest commercial real estate broker, is asking lenders to push the maturity of its bank debt to between 2013 and 2015 to give the market time to recover as sales and leasing plummet.

Credit Suisse Group AG (NYSE: CS), on a call to the Los Angeles-based company's lenders Thursday, offered to increase interest payments if investors extend the due dates of their debt holdings, according to three people familiar with the proposal who declined to be identified because the discussions are private.

See **CBRE** on 3B

0.8 percent increase from the first quarter and a 1.4 percent increase from the second quarter of last year.

Sublease space is becoming an increasingly important factor in the industrial equation.

If sublease space is added to direct, the overall combined industrial vacancy rate would have reached 11.2 percent in June.

Although the East County submarket ended the second quarter with a direct industrial vacancy of just 9.3 percent in the second quarter, it gave back 386,945 square feet in the second quarter and 636,053 square feet of space through the first half of the year.

Ken Ruppert, a G&E|BRE industrial sales broker, said



COMMERCIAL SALES

Additional commercial sales data is available online at www.sdt.com/databases/commercialsales

THE TOP COMMERCIAL SALES OF THE DAY

1. The store building at 6805 Nancy Ridge, San Diego, **92121**, was sold by David L. Begent and Molly A. Jaeger Begent, trustees, to CMJ Development, LLC on 07/10/2009. **Tax Value \$1,826,000.**
2. The 9 units, multi-residential at 7803 Centella St, Carlsbad, **92009**, was sold by Judith A. Bernstein, trustee, to Glenn L. Goldman, trustee on 07/10/2009. **Tax Value \$1,650,000.**
3. The commercial misc., vacant industrial at 4493 Ruffin Rd; 0000 Balboa Ave, San Diego, **92123**, was

sold by International City Bank to LJ Balboa, LP on 07/06/2009. **Tax Value \$1,450,000.**

4. The parking/garage at Garnet Ave, San Diego, **92109**, was sold by Citibank, N.A. to Walter W. Ogden, trustee on 06/30/2009. **Tax Value \$1,400,000.**

5. The 4 unit, multi-residential at 3694 Villa Ter; 2577-2587 Landis St, San Diego, **92104**, was sold by Luis E. Espinosa and Margit E. Whitlock, trustee, to Thomas J. LaFlam and Diane La Flam on 07/14/2009. **Tax Value \$730,000.**

See **Commercial Sales** on 4B

HOME SALES

Additional home sales data is available online at www.sdt.com/databases/homesales

THE TOP FIVE HOME SALES OF THE DAY

1. The house at 2485 Calle del Oro, La Jolla, **92037**, was sold by Edward L. Anderson, trustee, to William M. Wansa, MD and Karen L. Wansa, trustees on 06/22/2009. **Tax Value \$4,300,000.**
2. The house at 7934 Prospect Pl, La Jolla, **92037**, was sold by David M. Schroedl and Frances C. Schroedl, trustees, to William R. Brody and Wendyce H. Brody on 07/10/2009. **Tax Value \$3,550,000.**
3. The house at 347 Vista De La Playa, La Jolla, **92037**, was sold by Thomas C. Bache, Jr. and Ann U.

Kerr, trustees, to Patrick R. Viterbo and Mary L. Viterbo, trustees on 07/10/2009. **Tax Value \$3,470,000.**

4. The house at 1422 Carleton Sq, San Diego, **92106**, was sold by Douglas A. Augustine and Kimiko Jo Augustine, trustees, to Eric M. DeGraff and Marina Corona DeGraff, trustees on 06/30/2009. **Tax Value \$2,400,000.**

5. The house at 18051 Circa Oriente, Rancho Santa Fe, **92067**, was sold by Warren Barton and Candy Barton to Mark Robinson on 06/26/2009. **Tax Value \$1,875,000.**

See **Home Sales** on 4B

~DEAL OF THE WEEK~ COMMERCIAL/LEASE

MaxLinear Inc. leases in Carlsbad

CARLSBAD — *MaxLinear Inc.* has leased 20,966 square feet of research and development/office space at 2051 Palomar Airport Road in Carlsbad.

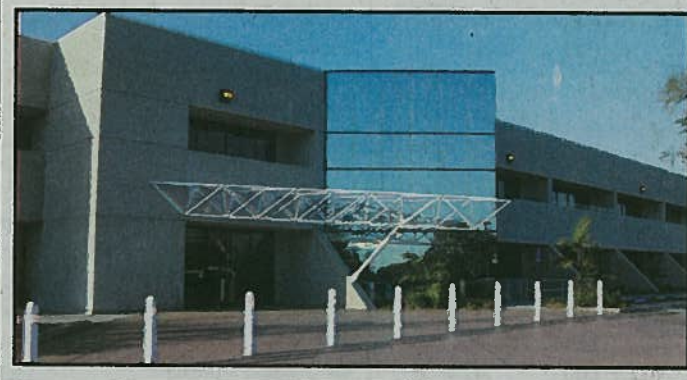
The company also subleased 8,133 square feet from *CVI Laser* for a total of 29,099 square feet. The five-year lease is valued at approximately \$1.7 million. The lessor was *JCCE-Palomar LLC*.

Lannie Allee and Roger Carlson, of *CB Richard Ellis* (NYSE: CBG), represented the lessor. Craig Knox of *Irving Hughes* represented the lessee. The lease brings the 195,942-square-foot building to 94 percent occupancy.

Other building tenants include former owner *Melles Griots*, *Issac's Distinctive Catering Services* and *Incinerator Studios*.

The one-story, concrete tilt-up R&D building was built in 1982 on a 13-acre site, and a two-story office addition was added in 1989.

Source Code: 20090717da



Morrow to chair ULI



On the Move

By Thor Kamban
Biberman

SAN DIEGO — **Chris Morrow**, a senior vice president and director of planning with **Project Design Consultants**, has been named the new chair of the Urban Land Institute (ULI) San Diego/Tijuana District Council.

Morrow, who will serve as chair for a one-year term renewable for up to three years, is a 23-year veteran of the real estate industry.

He has been involved with ULI since 2004 and is now a

member of the American Institute of Certified Planners, and served as past president of the San Diego/Imperial County Section of the American Planning Association.

Linda Lee, a broker associate with **Prudential California Realty**, has been named the new president of the San Diego chapter of the Women's Council of Realtors (WCR).

Lee who is a CPA, has been in the real estate industry for more than seven years, and volunteers at the San Diego Association of Realtors and the California Association of

See **On the Move** on 3B

Industry Briefs

Shea sells 12

SAN DIEGO — Shea Homes reports the two homes sold a week ago at the new-home neighborhood Messina at La Costa Ridge brings year-to-date sales to 12.

Five production homes remain available at the Carlsbad community, now selling in its final phase, according to Vanessa Linn, vice president of sales and marketing for the San Diego builder.

Priced from the low \$1 millions, Messina's one- and two-story floor plans range from approximately 4,374 to 4,873 square feet, with four to five bedrooms, 4.5 to 5.5 baths and three- and four-car garages.

The average lot size is more than 14,000 square feet.

Shea is selling at new-home neighborhoods throughout San Diego County, including La Costa, Escondido, Scripps Ranch, Del Sur and Chula Vista. Choices range from condominiums and townhomes to single-family detached homes and luxury residences.



Shulman obit

(AP) — Colleagues say famed architectural photographer Julius Shulman has died at his Los Angeles home. He was 98.

Gallery owner and representative Craig Krull says Shulman died Wednesday night and had been in declining health.

Shulman had more than 260,000 images in his archive when it was purchased by the Getty Center in 1995.

Shulman's photos at one time sold for less than \$50 each, but in later years, his photos were considered art and they brought between \$2,000 and \$20,000.

He later collaborated with Juergen Nogai and worked late into his 90s.

His most famous work was called Case Study House No. 22, a black and white photo of a glass and steel frame home built by architect Pierre Koenig in the Hollywood Hills.

Missouri power

(AP) — Some Missouri residents who power their homes with wind turbines or solar panels won't need extra insurance.

The Missouri Public Service Commission on Thursday said it has changed course on requiring homeowners to buy liability insurance if they generate their own power and want to feed excess electricity back into the power grid.

In October, the commission said utility customers generating 10 kilowatts or less of energy had to have at least \$100,000 of liability insurance. Homeowners generating more than 10 kilowatts had to carry more than \$1 million.

The new rules reduce the liability coverage for residents generating more than 10 kilowatts to at least \$100,000 and eliminate the requirement for residents generating less than that.

Those residents are still liable for damages if they are negligent.

Italian housing

(Bloomberg) — Italy's property market will slow further this year, curbing the nation's recovery from its fourth recession

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Vacancy

Continued from Page 1B

Mesa through the first half of the year, the submarket put back a nearly identical amount (98,134 square feet) in the second quarter.

The vacancy rate in Otay Mesa reached 17.9 percent in the second quarter with nearly 2.5 million square feet of direct vacant space.

That was up from 17.2 percent that of the first quarter, and 17.6 percent of the second quarter 2008.

In addition, the amount of available sublease space on Otay reached 519,120 square feet as of June 30 — repre-

senting a 1.9 percent increase from that of the previous quarter and bringing the total amount of available industrial space to 3.2 million square feet. That translates to a combined overall vacancy rate of 19.8 percent.

These increases can be attributed to various events on Otay Mesa, including **Bestech Trading USA** vacating 40,000 square feet of warehouse space along Heinrich Hertz Drive, **Hitachi Transport** giving back nearly 116,000 square feet along Siempre Viva Road and several other smaller blocks of space coming back to landlords.

Hitachi Transport, which handles international freight forwarding among its other services, gave a pretty good idea as to the state of its industry in a release last April.

"The business climate has remained extremely severe in the logistics industry, as both domestic transport volume and international transport volume collapsed in response to the sudden global economic downturn sparked by the U.S. financial crisis..." Hitachi stated.

The firm added the U.S. financial crisis also arrived when its inter-corporate competition intensified.

Leasing activity continued its slow pace on Otay Mesa with only eight transactions completed totaling 38,109 square feet in the second quarter.

The largest was **Lightstream Communications Inc.** for 21,306 square feet in the Ocean View Corporate Center.

The remaining transactions occurring within smaller industrial suites were between 1,660 and 2,600 square feet.

Not only was there limited leasing and a lack of sales activity, the year-to-year asking prices on Otay Mesa's buildings have dropped by approximately 20 percent from the market highs this

Rising unemployment accelerates foreclosure crisis

By ALAN ZIBEL and TAMMY WEBBER
The Associated Press

WASHINGTON — Relentlessly rising unemployment is triggering more home foreclosures, threatening the Obama administration's efforts to end the housing crisis and diminishing hopes the economy will rebound with vigor.

In past recessions, the housing industry helped get the economy back on track.

Homebuilders ramped up production, expecting buyers to take advantage of lower prices and jump into the market. But not this time.

These days, homeowners who got fixed-rate prime mortgages because they had good credit can't make their payments because they're out of work.

That means even more foreclosures and further declines in home values.

The initial surge in foreclosures in 2007 and 2008 was tied to subprime mortgages issued during the housing boom to people with shaky credit.

That crisis has ebbed, but it has been replaced by more traditional foreclosures tied to the recession.

Unemployment stood at 9.5 percent in June and is expected to rise past 10 percent and well

into next year.

The last time the U.S. economy was mired in a recession with such high unemployment was 1981 and 1982.

But the home foreclosure rate then was less than one-fourth what it is today. Housing wasn't a drag on the economy, and when the recession ended, the boom was explosive.

No one is expecting a repeat. The real estate market is still saturated with unsold homes and homes that sell below market value because they are in or close to foreclosure.

"It just doesn't have the makings of a recovery like we saw in the early 1980s," said **Wells Fargo Securities** senior economist Mark Vitner, who predicts mortgage delinquencies and foreclosures won't return to normal levels for three more years.

Almost 4 percent of homeowners with a mortgage are in foreclosure, and 8 percent on top of that are at least a month behind on payments — the highest levels since the Great Depression.

Because home values have declined so dramatically, many people can't refinance.

They owe far more to the bank than their properties are worth.

To combat the foreclosure crisis and help stabilize home prices, President Barack Obama launched an effort in March to help 9 million people avoid foreclosure by helping them refinance or modifying their loans to lower their payments.

But that's of no help to people who can't even afford the lower payments because they're making much less money or have lost their jobs altogether.

As of early July, about 160,000 borrowers were enrolled in three-month trials of loan modifications under the plan, according to preliminary figures from the Treasury Department.

Meanwhile, more than 1.5

million homeowners have lost their homes in the first six months of this year, foreclosure listing service **RealtyTrac Inc.** said Thursday.

Last week, Treasury Secretary Timothy Geithner and Housing Secretary Shaun Donovan outlined their frustrations in a letter to 27 mortgage companies, saying the industry needs to "devote substantially more resources to this program for it to fully succeed."

While high-level pressure on the mortgage industry could help, "There's nothing there that's going to help people who don't have jobs," said Jay Brinkmann, chief economist with the Mortgage Bankers Association.

Just ask anyone in Rockford, Ill.

Over the last generation, the blue-collar city of about 157,000 northwest of Chicago has struggled to attract jobs as auto suppliers, aerospace companies and machine shops closed.

Today, unemployment runs at more than 13 percent.

Robin and Thomas Lewis, who live there, once earned a combined \$100,000.

But he lost his job in shipping and receiving at a robotics company, and she had to close her at-home day care business. They are staring at an October deadline for foreclosure.

Their water service was cut off in February because they couldn't afford to pay the bill. Since then, they and their two teenage sons have been showering at the homes of friends and family and filling up gallon jugs of water to drink at home.

Robin Lewis, 41, found a job as a cashier at Wal-Mart and is taking night classes in hopes of becoming an accountant.

Her 43-year-old husband got a job through a temp agency working as a machine operator. "At least now we have some income coming in," Robin Lewis said.

She hopes it's enough to persuade the mortgage companies

to work on their application for a loan modification.

Around the country, the relationship between rising unemployment and foreclosures is growing.

An Associated Press analysis of more than 3,100 U.S. counties found a much stronger link between foreclosure rates and unemployment this year than in 2007.

According to April figures, some of the highest unemployment rates in the country are in California cities like Merced, Modesto and Fresno that have been struck hardest by the foreclosure crisis. In those areas, home prices have been cut in half.

Claudia Escobar, a 44-year-old single mother in Clifton, Va., lives in a cozy three-story brick town house on a tree-lined suburban street about 25 miles west of the nation's capital.

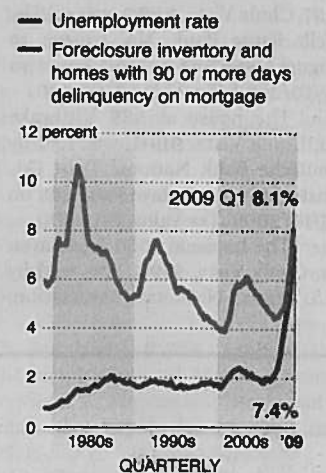
A combination of family health problems and the loss of her \$50,000-a-year job at an accounting firm have made it impossible to make her \$900 mortgage payment.

Associated Press Writer Mike Schneider contributed to this report.

Source Code: 20090717rdf

At a loss

The foreclosure rate is running around four times the pace of the 1981-82 recession.



Housing

Continued from Page 2B

rates seen over the inter-meeting period had the potential to further depress the demand for housing and thus impede an economic recovery."

Borrowing costs have retreated once again since the Fed's meeting.

The rate on a 30-year fixed loan fell to 5.14 percent in the week ended Thursday, the lowest level in almost two months, according to figures from **Freddie Mac** (NYSE: FRE). The rate reached a record low of 4.78 percent in late April.

Mounting loan defaults are a concern. Foreclosures rose 33.2 percent in June from a year earlier, **RealtyTrac Inc.** said Thursday.

Also, a record 1.5 million properties received a default or auction notice or were seized by banks in the first half of the year.

New-home sales likely will be little changed in coming months because of low consumer confidence and the difficulty would-be buyers have getting loans, said Richard Dugas, chief executive officer of **Pulte Homes Inc.** (NYSE: PHM), at an investor conference June 23.

"Buyers are unwilling and unable to take on new mortgages," Dugas said at a conference in Boston. "Despite the

On the Move

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Realtors.

Rachel R. Brown, a LEED-accredited designer, has joined San Diego-based **RJC Architects** as a project associate and architectural intern.

Brown is involved in preparing presentations and assisting with the design of buildings and preparation of construction documents.

In 2006 Brown received the William Tao Award for application of buildings systems in architecture.

...enthusiasm that consumers get relative to the 30-year mortgage rates where they are today, we're still having difficulty convincing people to get into the market."

Some builders are more optimistic.

"Although key economic indicators remain mixed, we are beginning to see signs that some negative housing market trends may be moderating," said Jeffrey Mezger, KB Home (NYSE: KBH) chief executive officer, said June 26.

While net orders for the second-quarter trailed the same period a year earlier, they were 59 percent higher than the first three months of 2009.

Source Code: 20090717tdg

Solar

Continued from Page 2B

The world added 27 gigawatts of wind power capacity in 2008.

"There are not many opportunities to invest in Asian wind companies as in solar makers," Lang said. "Solar industry can reduce costs quite dramatically while wind turbine costs do not decline at the same pace," he said.

Electricity produced from wind and solar projects account for less than 2 percent of the global output.

Source Code: 20090717tdc

Industry Briefs

Continued from Page 1B

since 2001, employer lobby **Confindustria** forecast.

House prices will fall 9 percent on an annual basis after dropping 2.4 percent in 2008, Confindustria said Friday.

The number of properties sold will return to the level of early 2000 after an annual fall of 20 percent, it said.

"This correction will curb the recovery," Confindustria said. "It will depress the building industry, add to the banks' caution in offering mortgages."

Norwegian prices

(Bloomberg) — Norwegian home prices rose for the second quarter in a row as record-low borrowing costs attracted buyers back into the property market.

House prices rose 5.3 percent in the quarter after a 4.1 percent increase in the previous period, Oslo-based Statistics Norway said Friday.

The average price of a detached house rose 5.7 percent and prices of semi-detached homes rose 4.5 percent. Prices of apartments increased 4.9 percent.

Source Code: 20090717ddd

...have followed a comparable decline during the same period.

Looking forward, market activity — evidenced throughout the first two quarters of this year — indicates Otay Mesa's underperformance will continue for the remaining two quarters.

"The market's very soft and we're very close to 20 percent if you include the sublease space," said Darren Mullins, a G&E|BRE industrial specialist.

Mullins said he is hopeful that 2010 will be a year of recovery, followed by a better 2011.

Source Code: 20090717tdh

RE Briefs

Continued from Page 1B

medical center that was closed in 2000, purchased in 2001 and demolished in the first quarter of this 2004.

In May 2004, the parcel was sold for \$3.3 million with financing of \$2.22 million. Colliers International also handled that transaction.

The buyer, **La Mesa Development Group LLC**, planned a mixed-use project.

The property was foreclosed in January 2009 on a November 2006 loan from Comerica Bank.

Source Code: 20090717tra

Simón Terry-Lloyd has joined **Blokhaus Capital Corp.** as director of operations.

In his new position, Terry-Lloyd is charged with streamlining business operations for all related entities and developing integrated strategies that address evolving market conditions.

Terry-Lloyd has 11 years of experience. He was previously an independent consultant.

Daniel Sicile-Kira, a senior project manager at **Gafcon Inc.**, has earned the Certified Construction Manager designation from the Construction Management Association of America.

As senior project manager, Sicile-Kira is responsible for \$450 million in bond construction projects at Mesa College.

With 30 years of design, construction and management experience, his background also includes serving as director of construction management for **URS Corp.** (NYSE: URS) and senior project manager for **Turner Construction Co.**

Source Code: 20090717ts

CBRE

Continued from Page 1B

Commercial real estate companies are losing revenue as the jobless rate rises and vacancies increase while office rents continue to drop.

CB Richard Ellis (NYSE: CBG) has \$1.2 billion in debt due in 2011, according to an April 30 company presentation. The broker posted a \$36.7 million net loss in the first quarter, compared with net income of \$20.5 million a year earlier.

"We are trying to stay well ahead of some expirations that occur in 2011 and even 2013," Jim Groch, CB Richard Ellis chief investment officer and director of corporate finance and strategy, said Friday from his Philadelphia office.

CB Richard Ellis's proposal offers investors various price and fee increases depending upon which of several options they choose, the people said.

Groch declined to comment on the lender discussions.

Source Code: 20090717tde

...were threatened with losing loan. They are meeting with a

ASSOCIATION; Bureau of Labor Statistics and EconStats

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