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# The Daily Transcript

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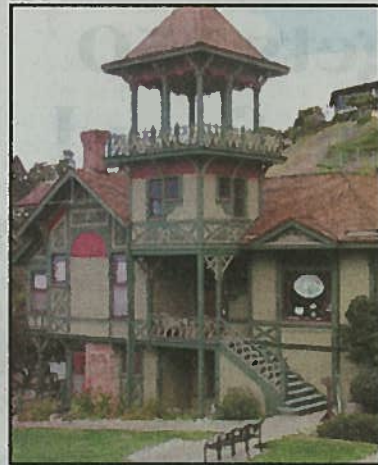
Explore the nuts and bolts of local construction, from commercial and residential project updates to infrastructure and public works. *Inside today's paper.*

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## Inside



### REAL ESTATE

► The county Board of Supervisors recently awarded a contract to a new operator with \$13 million plans of renovating the Heritage Park Complex and adding another four new structures.

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► The one-story, approximately 1,842-square-foot retail property at 449 S. Coast Highway in Encinitas has been sold for \$1 million.

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### TECHNOLOGY

► Lenovo put nearly a year of research into two design changes that debuted on an updated ThinkPad laptop last week.

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### OPINION & COMMENT

► **Commentary:** You might be forgiven for thinking this was a rotten moment in history for the

## Commercial market hovers in middle, outlook uncertain

By REBECCA GO  
*The Daily Transcript*

SAN DIEGO — There's no question the commercial real estate industry is faltering locally just as it is globally — and will continue to do so — but experts are mixed on whether San Diego will come out on top or lag behind.

Granted, it's difficult to generalize in such a complex industry. The gravity of the situation differs among product types and even among local sub-markets.

But the diverse pieces of commercial real estate are knit together by their common problems: a credit crunch that has wiped out available financing and a weak economy that has driven down property values and rents while driving out tenants.

"I don't see the balance of this changing into 2010," said Mark Read, senior managing director of CB Richard Ellis' San Diego office. "I think it's going to be into 2011 before we see any market rebound."

In comparison to other Southern

California markets, San Diego appears to generally fall close to the middle. Local brokerages provided various data showing how different product types fared in the first quarter.

According to Grubb & Ellis|BRE Commercial, the local vacancy rate for all product types is more than 10 percent — above the U.S. average and rates in Orange County and Los Angeles, but below the Inland Empire's rate, which creeps closer to 12 percent.

In the industrial market, which has been hit by a slowdown in manufacturing, countywide direct vacancy was at 8.8 percent, compared to Los Angeles' 2.7 percent, Orange County's 5.7 percent and Riverside/San Bernardino's 11.8 percent, Grubb & Ellis|BRE Commercial reports.

Office vacancy is much higher. In the first quarter, San Diego saw vacancy jump to 18.7 percent from 17.8 percent, according to CB Richard Ellis. The rate compares to 13.8 percent in

See **Commercial market** on 10A

## On the job



## On Technology

# Two powerful new laptops offer mobility

By PHIL BAKER

*Daily Transcript Technology Correspondent*

I've been trying out two new notebooks, each designed to pack powerful performance into a package that's thinner and lighter than many mainstream notebooks. They're not direct competitors with one another; one is

configurations start at \$1,600).

The appearance is similar to other ThinkPads with its matte black finish. The six-cell battery is built into the main housing without extending beyond the hinge. A larger battery and a dock are available as accessories.

One of the ThinkPad's greatest strengths has been its keyboards, and this model exhibits further refinement. The delete and escape keys have been enlarged and are vertically shaped, making them easier

See **On Technology** on 3A

## Madoff in a League of His Own

Bernard Madoff's 150-year prison sentence dwarfs those handed down to some of the most notorious white-collar criminals, including Charles Ponzi, for whom the Ponzi scheme was named.

### White-collar criminal | Original sentence in years

Ivan F. Boesky stock-market arbitrager	3.5
Leona Helmsley Helmsley Enterprises	4
Charles Ponzi financier	5
Conrad M. Black Hollinger International	6.5
Samual D. Waksal ImClone Systems	7
Michael M. Milken Drexel Burnham Lambert	10
John J. Rigas Adelphia Communications	12
Samuel Israel III Bayou Group	20
Jeffrey K. Skilling Enron	24
Bernard J. Ebbers WorldCom	25
L. Dennis Kozlowski Tyco International	8 1/3-25
Bernard L. Madoff Bernard L. Madoff Investments	150

Bloomberg

See story Page 2A

## Local Scene

*Continued from Page 1A*

The award was presented to Felsing last week during AIB's annual meeting in San Diego.

Felsing was honored for heading Sempra Energy's commitment to providing clean, reliable energy on an international level.

These efforts include the construction of several pipelines in Baja California, Mexico, allowing the Mexican customers the ability to use safer and cleaner natural gas in their homes and businesses rather than diesel fuel, oil and propane.

Sempra Energy also has developed a groundbreaking liquefied natural gas receipt terminal in Mexico; operates or partly owns several utilities in California, Mexico, Peru, Chile and Argentina; and partnered with the Royal Bank of Scotland on a global commodities business that has offices in the United Kingdom, Canada, Singapore, Switzerland, China, Japan, Sweden, Spain and Korea. **Source Code: 20090629tqb**

### Stutz Artiano adds to muni law practice

**Stutz Artiano Shinoff & Holtz** has added Robert M. Mahlowitz and Barry J. Schultz as associates to the firm's municipal law practice, which is led by partner Leslie Devaney.

Mahlowitz has more than 17 years of legal experience working with municipal clients and as a complex business litigator. He has worked as an assistant city attorney in an advisory and litigation capacity in many cities across Southern California.

Mahlowitz' practice area includes land use, CEQA, environmental law and general business litigation. In addition, he has defended unfair and deceptive trade practices, defamation and libel matters as well as prosecuted copyright and Internet rights claims for clients.

He is focused on continuing to grow his practice of providing advice to California homeowner associations.

Barry Schultz brings 25 years of combined legal, planning and community development experience to his law practice. His practice focuses on real estate/land use, redevelopment, affordable housing and sustainable development.

Schultz has more than 15 years of experience representing clients in obtaining land use entitlements and negotiating

agreements with redevelopment agencies.

Additionally, he has provided strategic counseling to clients on regulatory matters involving inclusionary housing, density bonuses and other housing-related ordinances and regulations. **Source Code: 20090629czc**

### Prometheus launches saliva-based test

**Prometheus Laboratories Inc.**, a San Diego specialty pharmaceutical and diagnostic company, has launched MyCeliacID, a do-it-yourself, saliva-based genetic test dedicated to celiac disease.

MyCeliacID identifies distinct genetic sequences associated with celiac disease, a largely undiagnosed genetic disorder that affects approximately 3 million people in the United States.

MyCeliacID is the saliva-based version of a blood test used by doctors. The test can be ordered online at MyCeliacID.com.

Celiac disease appears in individuals genetically predisposed to the disease and who consume gluten, a protein found in grains such as wheat, barley and rye.

Celiac disease damages the small intestine, interfering with the absorption of nutrients from food.

Symptoms may vary significantly from person to person and include, but are not limited to, diarrhea, anemia, abdominal pain, skin rash and weight loss.

MyCeliacID is the only test that provides individuals with their risk of developing the disease relative to the general population, Prometheus said in a release, adding that MyCeliacID can virtually rule out celiac disease in a person's lifetime. **Source Code: 20090629cza**

### Kent BioEnergy forms S. Carolina division

**Kent BioEnergy Corp.**, a San Diego producer of renewable energy and other industrial solutions based on microalgae, has formed a South Carolina division.

The new office adds to the company's southern California operations, which include a 160-acre process development/production facility south of Palm Springs and a research laboratory in San Diego.

Knox Grant has joined the company as managing director in Charleston, S.C. His focus is on the application of Kent BioEnergy's microalgae-based technologies to capture and use CO2 from the flue gas generated by power plants.

"South Carolina has a development strategy to build several new power plants and is heavily dependent on coal," Grant said in a release. "Our approach offers solutions to the anticipated air quality permitting opposition and carbon emissions. Also, the company's long-time relationship with Professor (David) Brune (at Clemson University) will create a unique home-team appeal."

Grant has been in commercial aquaculture for 20 years, in which he applied algae technologies. He has also been involved in all aspects of financing and operating such businesses in Europe, Latin America and the United States. **Source Code: 20090629tqd**

### SAIC receives \$12.4M contract

**Science Applications International Corp.** (NYSE: SAI) was awarded Friday a \$12,431,184 cost-plus-fixed-fee contract for threat detection alongside or approaching a roadway.

Work is to be performed in San Diego, (26.4 percent) and outside the continental United States (73.6 percent) with an estimated completion date of Dec. 9, 2011.

Bids were solicited using FedBizOpps with one bid received. U.S. Army Corp of Engineer, ERDC Contracting Office, Vicksburg, Miss., is the contracting activity. **Source Code: 20090629czd**

*By Daily Transcript staff writers*

## Commercial market

*Continued from Page 1A*

Los Angeles, 16.1 percent in Orange County and 21.8 percent in the Inland Empire.

San Diego retail vacancy remains among the lowest nationwide at 4.8 percent after the first quarter, but has ticked up considerably from 4.1 percent after a weak shopping season, according to **Colliers International**.

Multifamily housing also is relatively strong. Average vacancy is at 5.3 percent, reports both Grubb & Ellis|BRE Commercial and Colliers, which is the highest rate the county has seen in years. Rents have dropped for the first time in a decade, Colliers noted in its report.

"In spite of the above, San Diego continues to be one of the healthiest apartment mar-

kets in the country," Colliers researchers wrote.

Most industry players will point out that various parts of the county are stronger than others. For example, coastal shopping centers will likely weather the downturn better than shopping centers east of Interstate 5, noted Dave McDonald, president of the California Association of Mortgage Brokers San Diego.

Many are watching unemployment for signs of improvement, and see hope in San Diego's better unemployment rate and slower rate of job loss. After all, jobs not only mean tenants but also spending consumers, which would substantially boost retail and subsequently industrial.

However, waiting for unemployment to turn around

means a long road ahead for the industry.

"Commercial real estate is a lagging indicator," said Jolanta Campion, director of research with Grubb & Ellis|BRE Commercial. "When you see the economy bouncing back ... commercial (real estate) will be six months behind, so I don't have good news."

Still, several also consider San Diego's long-term outlook positive, pointing to San Diego's diversified economy and incoming stimulus funds. They also note that the county isn't as overbuilt as other areas.

According to Campion, 305,101 square feet currently is under construction in San Diego, representing 0.2 percent of the county's total industrial inventory.

"We're seeing a lack of activi-

ty, not an oversupply situation," said Doug Ceresia, senior vice president of NAI San Diego and president-elect of CCIM.

CAMB president McDonald, however, is worried for San Diego as he anticipates the resetting of numerous loans in the next few years.

He also notes that the combination of premium prices and nonrecourse loans — in which the lender recovery is limited in the event of default — gives the borrower incentive to just walk away.

"I think it's possibly going to be worse here than the other regions," McDonald said. "When you have people walk away from \$58 million (loan), that's going to significantly impact the system."

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**Source Code: 20090629cze**

## Weather

### On the San Diego Source — from the Transcript editors

Local, regional and national weather coverage at [www.sddt.com/Weather](http://www.sddt.com/Weather).



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