

estate developer that owns Rockefeller Center, is seeking a buyer for five California office buildings at a time when values have fallen 30 percent in the past two years.

Three of the buildings are in Beverly Hills and one each are in San Francisco and Orange County, according to a statement Wednesday from the **Tishman Speyer Office Fund**, a Sydney, Australia-based property trust with an interest in 18 U.S. buildings.

The fund is seeking to bolster its balance sheet as Tishman Speyer in the United States is facing headwinds.

Standard & Poor's Ratings Services this week downgraded the debt on a Washington area properties held by a Tishman

See **Tishman** on 3B

have retail vacancy rates that exceed 12 percent.

The Reno-Sparks area posted a retail vacancy rate of 14.7 percent, according to a report by **NAI Alliance**, and the vacancies are likely to get worse.

"Most chains will continue the trend of shuttering under-performing locations that began in 2008," Colliers wrote. "Indeed, retailers closed more stores than they opened last year, and will do likewise in 2009."

One of the dangers here, Colliers said, is the fallout could infect otherwise healthy retailers who might not see nearly as much traffic in their centers.

Another unknown is what will happen with the departure of several **Chrysler** and

Law firm on Palomar Oaks

Leasing Notes

By Richard Spaulding

Leasing Notes are updated twice weekly and are now available in a fully searchable database format at www.sddt.com/databases/leasing-notes.

Office: **Procopio, Cory, Hargreaves & Savitch LLP** has renewed and expanded its office space in Cornerstone Corporate Centre at 1917 Palomar Oaks Way, Suite 300, Carlsbad 92008, from **The Realty Associates Fund, VII, LP**.

The 96-month lease on 11,605 square feet was for 96 months at \$2.7 million and will be used for a law firm.

The lessee was represented by Pat Rohan and Darren Morgan, of **Cushman & Wakefield**. The lessor was represented by Doug Arthur, of **SENTRE Partners**.

Retail: **Jersey Mike's Subs** has leased 1,755 square feet of retail space at 8590 Rio San Diego Drive, San Diego 92108, from **R.V.S. Retail, LP, c/o Sudberry Properties Inc.** The property was leased for 10 years at \$787,644.

The lessee was represented by Daniel Fitzgerald, Michael Burton and Robb Frye, of **Grubb and Ellis|BRE Commercial**. The lessor was represented by John Still, of **Flocke and Avoyer**.

Office: **GuidedChoice.com Inc.** has leased 1,917 square feet of office space at 8910 University Center Lane, Suite 750, San Diego 92122, from B>Glenborough Aventine, LLC. The property, leased for 63 months at \$345,662, will be used for a financial services company.

The lessee was represented by Scot Ginsburg, of Jones Lang LaSalle (NYSE: JLL). The lessor was represented by Steve Wolf and Brunson Howard, of **Cushman & Wakefield**.

Industrial: **Flight Crew Systems Inc.** has leased 3,132 square feet of industrial space at 6138-6142 Innovation Way, Suite K6, Carlsbad 92009, from **Ryan Companies, US Inc.** The property was leased for five years at \$281,656.

The lessee was represented by Dennis Visser, SIOR, Aric Starck and Steven Field, of **Grubb and Ellis|BRE Commercial**. The lessor was represented by Bob Willingham, of **Coldwell Banker Commercial**.

Industrial: **Ligne Roset Furniture** has leased 5,952 square feet of industrial space at 6211 Yarrow Drive, Suite E, Carlsbad 92011, from **A & S Realty II LP**. The property was leased for four years at \$225,668.

The lessee was represented by John Orlando, of **Grubb and Ellis|BRE Commercial**. The lessor was represented by Orlando.

Retail: **North County Health Services** has leased 1,955 square feet of retail space at North County Place, 2216-2224 El Camino Real, Suites 121 and 122, Oceanside 92054, from **Nierman Perlman Properties Inc.** The property was leased for 48 months at \$183,456.

The lessee was represented by Travis Bureson of **Bureson Pacific Real Estate Group**. The lessor was represented by Marc Dudzik, Evan Hanyek and Ron Voigt of **Lee and Associates**.

Retail: **Nam Long Restaurants** has leased 1,400 square feet of retail space at 9826 Magnolia Ave., Santee 92071, from **Redwood Santana LLC**. The property was leased for five years at \$178,386.

The lessee represented itself. The lessor was represented by

See **Leasing Notes** on 2B

Industry Briefs

49ers home deal

(AP) — The San Francisco 49ers are a step closer to moving to Santa Clara after the team and city officials reached a deal on how to finance the building of a new stadium.

In a closed session Tuesday, the two sides agreed on a financing package for a proposed 68,500-seat stadium. City officials say details of the proposal will be released on May 29, before the June 2 City Council meeting.

Santa Clara residents will still get to decide on the agreement in a citywide vote expected in March. An environmental-impact report must also be completed.

The 49ers announced more than two years ago they wanted to move to Santa Clara, saying they would like a new stadium built by 2014.

Redevelopment dissolved

(AP) — Clark County commissioners have dissolved the county's redevelopment program and reallocated millions of dollars to other uses.

Officials say the Tuesday action freed \$37 million for schools, University Medical Center, the fire department and other county services.

The state will receive \$2.5 million from the fund, plus \$11 million a year in tax revenue from properties in former redevelopment areas.

The Clark County School District would get \$12 million for operating costs and \$2.28 million to help pay debt.

Some of the money will go to a state sustainability center, libraries, Family Court, emergency communications and medical care for the poor.

Iraq contractors

(AP) — Military contractor **KBR Inc.** of Houston was paid \$83.4 million in bonuses for electrical work in Iraq — much of it after the military's contract management agency recognized the contractor was doing shoddy electrical work, Sen. Byron Dorgan, D-N.D., said Wednesday.

Dorgan chairs the Democrats' Policy Committee, which examined at a hearing the electrocution deaths while showering of at least three U.S. troops in Iraq.

At least three troops have been electrocuted while showering in Iraq. KBR, which has the responsibility of maintaining electrical work in tens of thousands of U.S. facilities in Iraq, has denied any responsibility in the deaths.

Jim Childs, an electrical inspector hired by the Army to help inspect U.S.-run facilities in Iraq testified that 90 percent of the wiring done by KBR in newly constructed buildings was done improperly.

He said that means that an estimated 70,000 buildings where troops live and work in Iraq were not up to code.

Childs worked in Iraq for the military's Task Force SAFE, which was created last year to inspect and oversee repairs in about 90,000 U.S.-maintained facilities in Iraq.

"When I began inspecting the electrical work performed by KBR, my co-workers and I found improper electrical work in every building we inspected," Childs said.

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COMMERCIAL SALES

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

THE TOP COMMERCIAL SALES OF THE DAY

1. The store building at 8306 Century Park Ct, San Diego, 92123, was sold by BIT Holdings Sixty-Four, Inc. to Kearny Mesa Office Partners, LLC on 05/07/2009. Tax Value \$40,340,000.

2. The 4 unit, multi-residential at 4874-78 Del Monte Ave, San Diego, 92107, was sold by Primo Properties, L.P. to Marissa Branca and Melanie Branca on 05/07/2009. Tax Value \$1,135,000.

3. The 10 unit, multi-residential at 4055 Utah St, San Diego, 92104, was sold by Robert E. Cota and Rachel M. Edwards, co-trustees, to Mark Forster and Susan Forster, trustees on 05/07/2009. Tax Value \$1,085,000.

4. The rural at 3200 La Posta Rd, Campo, 91906, was sold by Jay W. Shrock to Joey's, LLC on 05/07/2009. Tax Value \$320,000.

HOME SALES

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

THE TOP FIVE HOME SALES OF THE DAY

1. The house at 340 Serpentine, Del Mar, 92014, was sold by Koichiro T. Walker and Tana R. Walker, co-trustees, to Geoff Ogilvy and Juli Ogilvy on 05/04/2009. Tax Value \$4,150,000.

2. The house at 14827 El Sentido, Rancho Santa Fe, 92067, was sold by Joseph Phillips and Stacey Phillips to Steven G. Rowles and Judith T. Rowles, trustees on 05/04/2009. Tax Value \$2,625,000.

3. The house at 434 San Lucas Dr, Solana Beach, 92075, was sold by Dana P. Smith and Jaye S. Smith

to Jason M. Stein and Jennifer T. Stein on 05/07/2009. Tax Value \$1,625,000.

4. The house at 5405 Caminito Bayo, La Jolla, 92037, was sold by Tech-Belt, Inc. to Benjamin J. Lin and Denise C. Lin, trustees on 05/08/2009. Tax Value \$1,055,000.

5. The house at 5006 Hastings Rd, San Diego, 92116, was sold by Carl A. Cohn and Kathleen C. Cohn, trustees, to Samuel J. Clark on 05/11/2009. Tax Value \$985,000.

See **Home sales** on 8B



Mortgage applications boosted by low rates

By COURTNEY SCHLISSERMAN
Bloomberg News

WASHINGTON — Mortgage applications in the U.S. gained last week, helped by lower rates that enticed homeowners to seek refinancing.

The Mortgage Bankers Association's (MBA) index of applications to purchase a home or refinance a loan rose 2.3 percent to 915.9 in the week ended May 15, from 895.6 the week before. The group's refinancing gauge increased 4.5 percent.

The average rate on a 30-year fixed mortgage fell for the second straight week and was near the record low reached at the end of March.

Lower borrowing costs, supported by an increase in Federal Reserve purchases of longer-term securities, and reduced prices are boosting interest in refinancing and purchases of homes and may help settle the slumping housing market.

"The broader housing market certainly looks to be stabilizing," Zach Pandl, an economist at **Nomura Securities International Inc.** in New York, said before the report. "Mortgage applications responded very well to the Fed's purchases of Treasuries and mortgage-backed securities."

The mortgage bankers' refinancing gauge increased to 4,794.4, from 4,588.6 the previous week. The purchase index fell 4.4 percent to 254 last week, from 265.7 the week before.

The share of applicants seeking to refinance loans rose to 73.6 percent of total applications last week from 71.9 percent.

Borrowing costs

The average rate on a 30-year fixed-rate loan fell to 4.69 percent from 4.76 percent the prior week.

The rate was 4.61 percent in late March, the lowest level since the MBA began records in 1990.

At the current 30-year rate, monthly borrowing costs for each \$100,000 of a loan would

low 458,000 annual rate in April, the Commerce Department said Tuesday, as a plunge in condominiums and apartment buildings overwhelmed the second straight gain in starts on single-family dwellings. Building permits, a sign of future construction, also dropped to an all-time low.

Builders struggling

"The housing market remains turbulent," **Centex Corp.** Chief Executive Officer Timothy Eller said May 6 on a conference call with analysts. "There won't be a lot of builders remaining."

Centex (NYSE: CTX) and **Pulte Homes Inc.** (NYSE: PHM), the U.S. homebuilders that plan to combine this year, both fell 8 percent in New York trading that day after reporting quarterly losses that exceeded analysts' estimates and taking \$762 million in writedowns.

Still, confidence among U.S. homebuilders in May increased to the highest level since September, capping the first back-to-back gain since February 2008, the National Association of Home Builders/Wells Fargo index showed May 18.

A reading below 50 means most respondents view conditions as poor.

Housing data in recent weeks have shown signs of stabilization.

Foreclosure-driven sales of existing homes, which in January reached the lowest since records began in 1990, have held within a narrow range centered on a 4.6 million annual rate for five months. Sales of new houses, while more than 70 percent below their 2005 peaks, have bounced from a January record low.

'Subdued' growth

The U.S. economy should return to "healthy growth" by the middle of next year following a "subdued" early period of expansion, Minneapolis Federal Reserve Bank President Gary Stern said Tuesday in a speech.

Nevertheless, while credit market conditions "generally have improved over the past

Administration eyes new regulatory panel

By MARTIN CRUTSINGER
The Associated Press

WASHINGTON — The Obama administration, trying to crack down on abuses exposed by the financial crisis, is considering creation of a regulatory commission to protect consumers of financial products such as credit cards and mortgages, according to administration and industry officials.

These officials said the administration has been exploring such an approach in meetings over the past few days with executives of the financial services industry.

The proposal could set off a turf war among federal agencies such as the Securities and Exchange Commission and the various bank regulatory agencies.

There was also a discussion of the proposal at a dinner Tuesday at the Treasury Department attended by Treasury Secretary Timothy Geithner and Lawrence Summers, director of the president's National Economic Council.

An administration official who confirmed that the dinner had taken place said no final decisions had been reached.

The proposal the administration was considering would centralize the enforcement of laws that protect consumers of financial products, such as credit cards, mortgages and mutual funds.

That effort currently is spread across a number of federal and state agencies, including the Federal Reserve, the SEC and the Federal Trade Commission.

Under one possible approach, some federal banking agencies might be combined and some powers over consumer products might be consolidated into a new body.

A leading proponent of the commission approach has been Harvard University professor Elizabeth Warren, who currently is serving as the

create a commission like the one proposed by Warren.

Some industry groups already have expressed opposition to the plan.

The Financial Services Roundtable, which represents some of the biggest institutions in the country, has argued that it would be a mistake to separate the regulation of financial products from the regulators who oversee the institutions selling those products.

It was unclear whether the administration will propose creating a new federal agency to house the commission or placing the commission under an existing agency.

The administration is expected to unveil its proposal in the next few weeks as it pushes ahead with a sweeping effort to overhaul the government's financial regulatory system.

The administration already has put forward some broad principles for financial regulatory overhaul, including creation of new powers to allow authorities to take over major financial institutions that represent a threat to the system.

Associated Press writer Jim Kuhnhenn contributed to this report.

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Retail

Continued from Page 1B

firms will try to unload their assets in order to raise capital.

Charles Lebovitz, chairman and CEO of Chattanooga, Tenn.-based **CBL Associates** told the International Council of Shopping Centers in Las Vegas on Monday that the loss of so many big-box stores to bankruptcy has further tightened the screws on real estate investment trusts and other owners.

"At the end of 2007, CBL had only one empty box in its portfolio. At the end of 2008, there were 50 empty,"

Leasing Notes

Continued from Page 1B

Lauren Matricardi and Brad Jones of **CB Richard Ellis.**

Retail: **Phat's Beauty Supply** has leased 940 square feet of retail space at Scripps Mesa Center, 9841-1 Mira Mesa Blvd., San Diego 92131, from **Scripps Mesa Central LLC.** The property was leased for seven years at \$150,275.

The lessee was represented by Kim Tran of **Insight Realty and Lending.** The lessor was represented by Joel Wilson, of **CB Richard Ellis** (NYSE: CBG).

Retail: **Gaffney's Wine Bar Inc.** has leased 896 square feet of retail space at 166B El Camino Real, Encinitas 92024, from **PK III Encinitas Marketplace LP.** The property was leased for 36 months at \$68,727.

The lessee was represented by Evan Hanyak, of **Lee and Associates.** The lessor was represented by Norma Salzhandler, of **Kimco Realty Corporation.**

Office: Arkady Babayev and Todd Leslie have leased 1,122 square feet of office space at 374 H Street, Suite 102, Chula Vista 91910, from **16585 Via Floresta LLC.** The property, leased for 36 months at \$49,650, will be used for a physical therapy clinic.

The lessee was represented by Matt Davis, Kipp Gstettenbauer and Kyle Clark, of Cushman & Wakefield. The lessor was represented by Davis, Gstettenbauer and Clark.

Industrial: **Herff Jones Inc.** has leased 1,611 square feet of industrial space at 912 S. Andreasen Drive, Escondido 92029, from **The Realty Associates Fund, VII, LP.** The property was leased for 24 months at \$37,698.

The lessee was represented by Greg Pieratt, of Lee and Associates. The lessor was represented by Karen Fuller, of Grubb and Ellis|BRE Commercial.

Editor's Note: Leasing Notes for publication must contain the names of the lessee and the lessor; address (including street name and number, city and zip code); square footage; length of lease; lease terms such as NNN; financial consideration; proposed use of space (if not evident from name of lessee); and the names of brokers and their firms representing both the lessee and the lessor.

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"Shopping center owners, investors and tenants alike have fallen victim to a severe reduction in retail spending, leaving store space vacant and same-store sales well below levels seen in recent years.

"Retailers have shown little interest in opening new outlets, and are instead waiting on the sidelines for economic conditions to improve and for a visible uptick on the jobs front," the Colliers report continued.

In the meantime, Colliers said a perfect storm has developed for retailers.

"The shrinking consumer

economic research. "Discounters such as **Wal-Mart** (NYSE: WMT) have been recording same-store sale increases, and drug stores have been one of the most active retail categories in recent years."

Drug stores may have been active, but not all of them have been doing well.

Rite Aid Corp. (NYSE: RAD) posted a loss of \$2.91 billion on revenues of \$26.3 billion for the fiscal year ended Feb. 28, 2009, compared with a \$1.07 billion loss on \$24.3 billion in revenues for the like period a year earlier.