

tion bond referendum on a statewide ballot to finance an overhaul of the water system serving the most populated U.S. state.

The bill, passed in the Assembly Wednesday amended from a Senate version seeking \$9.9 billion.

Gov. Arnold Schwarzenegger hailed the passage of the measure, which once he signs it will place a referendum before voters in November 2010.

"Water is the lifeblood of everything we do in California," Schwarzenegger said in a statement. "This comprehensive water package is an historic achievement."

Californians have debated for decades how to modernize and expand their water system, which depends on aqueducts, reservoirs and pipelines, some dating from the early 20th century.

The issue has gained momentum after three years of drought and court-ordered

what they want, everyone who gets something has to give something, too," said Assembly Speaker Karen Bass, a Democrat from Los Angeles.

"It is the only way to balance the many different individual interests for the overall greater good of having a safe and stable water supply for the entire state."

California, which sells more municipal bonds than any other state, has borrowed more than \$10 billion in the last five weeks.

The state's general pledge to meet its obligations to bondholders is rated BBB by **Fitch Ratings**, Baa1 by **Moody's Investors Service** (NYSE: MCO) and A by **Standard & Poor's**, the second-, third- and fifth-lowest investment grades, respectively.

The water bond measure is part of a broader package of bills that lawmakers are still

See **Bond** on 2B



COMMERCIAL SALES

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

THE TOP COMMERCIAL SALES OF THE DAY

1. The vacant commercial at Coast Highway N., Encinitas, **92024**, was sold by Larry D. Richards and Pamela D. Richards, co-trustees, to Gloria J. Mair, trustee on 10/30/2009. **Tax Value \$520,000.**

2. The avocado orchard at 720 Cape Breton, Vista, **92084**, was sold by Lottie Lally, trustee, to David P. Brooks and Tamara L.

Keirse, trustees on 10/30/2009. **Tax Value \$470,000.**

3. The store bldg. misc. at 1032 Broadway, El Cajon, **92021**, was sold by Peter C. McColl and Sharen A. McColl, et al, trustees, to James C. Steiger and J. Doran Cornelison, et al, trustees on 10/28/2009. **Tax Value \$120,000.**

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 1090 Solymar Dr, La Jolla, **92037**, was sold by James Y. Lee and Leigh A. Vorhies, trustees, to Thomas J. Bombardier and John K. Fowler on 10/30/2009. **Tax Value \$5,125,000.**

2. The house at 425 Hidden Pines Ln, Del Mar, **92014**, was sold by Sidney G. Schuman and Harriet E. Schuman, trustees, to James C. Rice and Janet Tate Rice on 10/30/2009. **Tax Value \$2,700,000.**

3. The house at 17896 Old Winery Way, Poway, **92064**, was sold by NEI Global Relocation Co. to

Xiao Xian Zhang on 10/29/2009. **Tax Value \$2,150,000.**

4. The house at 17232 Holly Leaf Ct, San Diego, **92127**, was sold by U.S. Bank National Association, trustee, to Chenyang Feng and Yingli Xu on 10/30/2009. **Tax Value \$1,285,000.**

5. The house at 5901 Sagebrush Rd, La Jolla, **92037**, was sold by George Geanoulis and Sandra Geanoulis to John R. Smythies and Vanna M. Smythies, trustees on 10/29/2009. **Tax Value \$1,200,000.**

See **Home Sales** on 4B

Cavignac leases in BofA Tower

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: **JWCIB, Inc. (Cavignac & Associates)** has leased 14,401 square feet of office space at Bank of America Tower, 450 B St., Suite 1800, San Diego **92101**, from **Once San Diego Associates**. The property was leased for 54 months at \$1.87 million

The lessee represented itself. The lessor was represented by Tim Cowden, of **Colliers International**.

Retail: **Blue Apparel & Gifts** has leased 690 square feet of retail space at 1237 Prospect St., Suite M, La Jolla, **92037**, from **1237 Prospect Street, LP, c/o Capital Growth Properties**. The property was leased for five years at \$328,749.

The lessee was represented by Michael Slattery, of **Grubb and Ellis/BRE Commercial**. Todd Law, of Capital Growth Properties Inc represented the lessor.

Office: **Access Scientific Inc.** has leased 2,688 square feet of office space at Plaza Del Mar, 12526 High Bluff Drive, Suites 360 and 370, San Diego **92130**, from **KDH US Real Holdings LLC**. The property was leased for 39 months at \$245,000.

The lessee was represented by David Marino, of **Irving Hughes**. The lessor was represented by Christopher P. High and Jeff Oesterblad, of **Cushman & Wakefield**.

Industrial: **Wiley Heating and Air** has leased 4,700 square feet of industrial space at 999-B Rancheros Drive, San Marcos **92069**, from **Faust LLC**.

The property, leased for five years at \$200,409, will be used for HVAC.

The lessee was represented by Mary Kay Bier, of **Lee and Associates**. The lessor was represented by Joe McDermott, of **Coldwell Banker**.

Retail: **CA Cycleworks** has leased 3,700 square feet of retail space at 663 33rd St., San Diego **92101**, from **B-K Gateway Centre, LLC**.

The property, leased for seven years at \$195,360, will be used for bicycles sales and service.

The lessee was represented by Jon Hamby, of **Voit Commercial**. The lessor was represented by Mark Lewkowitz, of **Lee and Associates**.

Industrial: **San Diego Office Interiors** has leased 11,000 square feet of industrial space at 7825 Trade St., Suite 110, San Diego **92121**, from **Hardwood Specialty Products US LP**. The property, leased for 22 months at \$141,900, will be used for as warehouse storage.

The lessee was represented by Bryan Geisbauer, of **Studley Inc.** The lessor was represented by Conor Boyle, of **Cushman & Wakefield**.

Office: **Carrillo Huettel, LLP** has leased 2,053 square feet of office space at 3033 Fifth Ave., Suite 201, San Diego **92103**, from **C&S Investments**.

The property, leased for 39 months at \$137,325, will be used for a law firm.

The lessee was represented by Justin Harvey and Scott

See **Leasing Notes** on 3B

Industry Briefs

Terramar under way

Pardee Homes has begun construction at Terramar, a new neighborhood of two-story homes in north San Diego County off state Route 56 at Camino Del Sur.

The grand opening is planned to take place in January with pricing expected to be from the high 700,000s.

As currently envisioned, Terramar will consist of 108 homes.

Three floor plans will be offered from approximately 2,585 to 3,277 square feet, with four to six bedrooms and three baths.

All three plans will come with a family room or great room fireplace with a built-in, pre-cast mantle. Room options will include dens, guest suites, lofts and bonus rooms.

Terramar will also feature Pardee's LivingSmart package of energy saving features and options. Buyers can add such features as photovoltaic systems for in-home solar power, whole house water filtration, and tankless water heaters.

Green dealership

Toyota of El Cajon has opened what it says will be the first "green" auto dealership in San Diego County at Arnele and Marshall in El Cajon.

The architect was **Studio IV**, the contractor was **Starrett Construction Inc.** and the construction manager was **Auto Pilot**.

The facility will be submitted for Leadership in Energy and Environmental Design (LEED) certification, which will make it the first auto dealership in San Diego and the first building in El Cajon to obtain certification, according to Gary Kaminsky, president of the dealership.

Some examples of the efforts taken by Toyota of El Cajon to achieve LEED certification included recycling demolition debris, using FSC-certified forest wood, using building materials that originate from within a 500-mile radius, and ensuring that at least 20 percent of the materials used on the project contain recycled content.

FHA delays

(Bloomberg) — The Federal Housing Administration (FHA), which insures more than 20 percent of all U.S. home loans, said it delayed releasing a report on the health of its insurance fund Wednesday after raising questions about the data's accuracy.

The FHA previously said the report would show its reserves would fall below congressional requirements during the fiscal year ended Sept. 30 amid home-price declines.

Commissioner David Stevens said the government agency asked the independent actuary, **Integrated Financial Engineering Inc.**, to run additional tests beyond what was going to be in its report to better understand the findings.

"Based on these results, we raised questions about the accuracy of IFE's modeling and IFE therefore advised us that we should not treat the report as final," Stevens said.

"IFE is now running additional tests to ensure that the final report is accurate. We will only release a report that

See **Industry Briefs** on 2B

Leasing Notes

Continued from Page 1B

Danshaw, of Coldwell Banker Commercial. The lessor was represented by Daniel McCarthy and James Laing, of Cushman & Wakefield.

Office: **Community Solutions** has leased 1,000 square feet of office space at 42145 Lyndie Lane, Temecula 92591, from **Linkletter RC Partners**. The property was leased for three years at \$120,882.

The lessee and lessor were represented by Mary Kay Bier, of Lee and Associates.

Office: **Samuelson, Gonzalez, Valenzuela & Brown LLP** has leased 1,732 square feet of office space at 960 Grand Ave., Suite 1-B, San Diego 92109, from **Sea Spider Properties LLC**. The property was leased for 29 months at \$87,344.

The lessee was represented by Todd Bulich, of **Todd Bulich Real Estate**. The lessor was represented by Jack Kruger and Bob Kuzman, of Grubb & Ellis|BRE Commercial.

Office: **Animal Acupuncture and Rehabilitation** has leased 1,828 square feet of office space at 10441 Roselle St., San Diego, 92121, from **RIF II-La Jolla Sorrento Business Park, LLC**. The property was leased for three years at \$72,569.

The lessee was represented by Derek Hukse and Mack Langston, of Lee and Associates. The lessor was represented by Sam Higgins, of CB Richard Ellis.

Industrial: **Pacific Railway Enterprises Inc.** has leased 2,103 square feet of industrial space at 2121 Palomar Airport Road, Suite 130, Carlsbad 92011, from **The Realty Associates Fund, VIII, LP**. The property was leased for 24 months at \$49,968.

The lessee was represented by Jim Karlovsky, of Coldwell Banker Commercial. The lessor was represented by Matty Sundberg, Justin Halenza and Josh Bearnstein, of Grubb & Ellis|BRE Commercial.

Retail: **Dream Wedding** has leased 1,192 square feet of retail space at 1043 Broadway, Suite 101, Chula Vista 91911, from Frank Lew. The property was leased for three years at \$45,772.

The lessee represented itself. The lessor was represented by Craig Duhs and Alex Knutsen, of **Duhs Commercial Inc.**

Retail: **Cricket Communications** has leased 215 square feet of retail space at 574 E. Mission Road, Suite G1, San Marcos 92069, from **Capital Growth Properties**. The property was leased for 10 months at \$29,541.

The lessee and lessor were represented by Bruce Schiff, Phil Lyons and Andrew Peterson, 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.

Source Code: 20091104tw

Home prices

Commercial property drop may hit 50%

By DAN LEVY
Bloomberg News

SAN FRANCISCO — Global commercial real estate values may drop 50 percent from the historic highs reached in 2007, said Jeremy Newsum, former chief executive officer of the United Kingdom's **Grosvenor Group Ltd.** and chairman of the non-profit Urban Land Institute.

"There is more pain to come," Newsum, 53, said at ULI's annual conference in San Francisco. "The economic situation of the world is very fragile."

Vacancies for all types of real estate have risen 35 percent, **Goldman Sachs Group Inc.** (NYSE: GS) said in a Sept. 30 report that forecast a peak-to-trough price decline of as much as 42 percent.

Debt that fueled the record rise led to "artificial" values and a destructive short-term perspective that "may well have damaged the global nature of real estate," Newsum said.

The performance of property loans sold as commercial mortgage-backed securities is also worsening.

The rate of defaults and late payments on CMBS increased more than fivefold in the third quarter, according to **Reis Inc.** (Nasdaq: REISO, a New York-based real estate research firm.

About \$26.64 billion of CMBS loans were 60 days or more past due. The default and delinquency rate rose to 4.52 percent from 0.8 percent a year earlier, Reis said.

"Everyone needs to distinguish between fundamental value driven by rents and GDP and artificial value," Newsum said. "The amount of leverage that got into the system was too high."

Newsum was CEO of Grosvenor, a closely held London-based company owned by the Duke of Westminster's family trust, from 1989 to June 2008.

He helped diversify the 332-

owned assets was 6.2 billion pounds at the end of 2008, said spokesman Lorin Horosz.

The firm manages a further 6.4 billion pounds of real estate for outside parties.

Newsum said U.K. and China property values, which fell faster than those in the U.S. and continental Europe, are also closer to recovery.

The deterioration in values will stop only when commercial rents halt their decline, he said.

"A realistic view is what's needed in these times," Newsum said. "Real estate is a long-term game."

In Europe, investors are more optimistic that the commercial market is near a bottom, **CB Richard Ellis Group Inc.** (NYSE: CBG) said in an Oct. 20 report.

Sales of shops, offices and warehouses rose 34 percent in the third quarter from the previous three months as 17.3 billion euros (\$25.9 billion) of property was purchased.

That was 44 percent less than a year earlier, according to the Los Angeles-based broker.

ULI, based in Washington, is a global real estate organization with almost 34,000 members including chief executives of property firms, developers, bankers, architects, city planners and researchers, among others.

Source Code: 20091104tde

RE Briefs

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Rex A. Huffman Investment Trust, and Glen Volk as sole trustee of the Glen Volk Living Trust (1/3 interest each).

The building was constructed on a one-third-acre lot in 1992. In March 1998, the property was sold for \$575,000 with financing of \$425,000.

Source Code: 20091104tra

The sale of four Pacific Beach units at 1643 Oliver

Industry Briefs

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ter as borrowers benefited from low interest rates and rising house prices, Fitch Ratings said.

Delinquencies of 90 days or more on loans included in securities monitored by Fitch stayed at 19 percent in the three months to Sept. 30, analysts including Aksel Etingu wrote in a report published today.

It's the first time since December 2007 that arrears haven't risen, Fitch said.

The U.K. benchmark interest rate has been at a record low 0.5 percent for eight months to help the economy recover from the longest recession since World War II. The low rates helped U.K. home prices climb 1.2 percent in October, Halifax, a division of **Lloyds Banking Group Plc**, said in a Tuesday report.

Non-conforming mortgages are loans that don't meet standard bank lending criteria including buy-to-let and self-certified loans.

India bank

(Bloomberg) — **State Bank of India**, the nation's largest, said it doesn't have any immediate plans to revise interest rates on home loans, denying reports that it plans to withdraw its offer of 8 percent on some mortgages in the first year of repayment.

REIT buying

(Bloomberg) — **British Land Co.**, the U.K.'s second-largest real estate investment trust, said it may buy properties from banks following the appointment of two directors to drive a 1 billion pound (\$1.7 billion) investment program.

British Land is looking at "one or two" opportunities from banks that include a property worth about 250 million pounds, Chief Executive Officer Chris Grigg said Wednesday.

The London-based company plans to spend the 1 billion pounds within two years. The REIT bolstered its balance sheet by selling half of its biggest asset, the city's Broadgate complex, in September.

Swedish prices

(Bloomberg) — Sweden's rising house prices pose a "serious" risk to the economy, Finance Minister Anders Borg said.

Policy makers need to monitor "very, very carefully" the situation on the housing market, he said Wednesday.

Rising property prices represent "one of the most serious potential risks to the Swedish economy from a medium-term perspective" and they must be "monitored very, very carefully."

Source Code: 20091104tda

Homes

Continued from Page 1B

This year is likely to have the fewest number of housing construction permits pulled on record in San Diego County.

Year over year, there have been about half the number of permits pulled in 2009 than

ed in central San Diego with much of it located in the downtown market.

Within the next few years, 36 percent of the total proposed attached supply in the county is expected to be in central San Diego.