

structured in 2007.
SourceCode: 20091118tra

A commercial building of indeterminate size on a 1.62-acre lot at 12310 Ninth St. in Poway, 92064, has been sold for \$475,000.

The buyer was **PK Smart Center Inc.** of San Diego.

The seller (assessor's parcel 317-021-23-00) was **Childtime Childcare, Inc.**

Childtime Childcare had purchased the property out of foreclosure for \$155,900 in July 1986. The property was appraised at \$490,150 at the time of this latest sale

SourceCode: 20091118trb

See **RE Briefs** on 2B

market.

"There's pretty much no demand for these properties right now," said Rich Kalvoda, a principal with the Real Estate Advisory Practice with **PricewaterhouseCoopers**.

The report said investors should be pleased to know that while hotels continued to increase this year, hotel construction will virtually shut down in 2010.

In theory at least, investors should then have a prized asset when the room rates can be brought back to more normal levels.

"Limited service hotels should hold rates better and suffer less occupancy erosion

See **Investors** on 2B

SoCal home prices drop on foreclosures

By **DANIEL TAUB**
Bloomberg News

Southern California house and condominium prices dropped 6.7 percent in October from a year earlier as foreclosures dominated sales, **MDA DataQuick** said.

The median price fell to \$280,000 from \$300,000 a year earlier, the San Diego-based research company said in a statement. The number of new and resale homes sold rose 2.8 percent from a year earlier to 22,132 in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties.

Transactions involving houses or condominiums that had been foreclosed on at some point in the past year accounted for almost 41 percent of all existing-home sales in Southern California last month, **MDA DataQuick** said.

That compared with 40 percent in September and a record of almost 57 percent in February.

The price decline from a year earlier was the smallest for any month since September 2007, when the median fell 4 percent, **MDA DataQuick** said. Southern California's housing market is

being helped by the federal tax credit for homebuyers and low interest rates, said John Walsh, **MDA DataQuick's** president. The rate of a 30-year, fixed-rate mortgage was 4.91 percent last week, according to **Freddie Mac** (NYSE: FRE).

"The government is playing a huge role in stabilizing and, to some extent, reinvigorating the housing market," Walsh said in Wednesday's statement.

MDA DataQuick is a unit of Richmond, British Columbia-

weeks, that would indicate a problem."

The MBA's refinancing gauge fell 1.4 percent to 2955.4 from 2998.2. The share of applicants seeking to refinance loans increased to 72.9, which is the highest level since May, from 71.5 percent the prior week.

Applications dropped even as borrowing costs decreased. The average rate on a 30-year fixed-rate loan fell to 4.83 percent last week from 4.90 percent. The rate reached 4.61 percent at the end of March, the lowest level since the group's records began in 1990.

At the current 30-year rate, monthly borrowing costs for

See **Foreclosures** on 3B

See **Mortgage** 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 13 unit, 16 unit multi-residential at 452 Emerald Ave ; 506 Emerald Ave, El Cajon, **92020**, was sold by 452-506 Emerald, L.P. to John V. Rodgers and Ann M. Rodgers on 11/10/2009. **Tax Value \$1,950,000.**

2. The 6 unit, multi-residential at 4371 Swift Ave ; 4379 Swift Ave, San Diego, **92104**, was sold by 4371-79 Swift, L.P. to AMB Capital, L.P. on 11/10/2009. **Tax Value \$1,150,000.**

3. The office condominium at 6221 Metropolitan St #103, Carlsbad, **92009**, was sold by

Bressi Ranch Medical Plaza, LLC to Metropolitan Surgery Venture, LLC on 11/10/2009. **Tax Value \$946,500.**

4. The 4 unit, multi-residential at 5724 Mildred St, San Diego, **92110**, was sold by Charles F. Farrell, trustee, to Jimmy Gee on 11/10/2009. **Tax Value \$678,500.**

5. The 7 unit, multi-residential at 4420 49th St, San Diego, **92115**, was sold by CRP Properties, Inc. to Craig F. Killman and Michele Killman, co-trustees on 11/10/2009. **Tax Value \$552,500.**

See **Commercial Sales** on 8B

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 6533 Paseo Lindo, La Jolla, **92037**, was sold by Bruce T. Halle and Lida M. Pedersen, trustees, to Lisa Halle Pedersen, trustee on 11/06/2009. **Tax Value \$3,000,000.**

2. The house at 215 Avenida Cortez, La Jolla, **92037**, was sold by McCarthy Hanger, II and Sally S. Hanger to Michael E. Patrick and Carla Patrick on 11/06/2009. **Tax Value \$2,550,000.**

3. The house at 7015 Vista Del Mar Ave, La Jolla, **92037**, was sold by Geoffrey M. Northrop, trustee, to Robert S. Sullivan and Julie H.

Sullivan, co-trustees on 11/10/2009. **Tax Value \$2,000,000.**

4. The condo at 939 Coast Blvd #9, La Jolla, **92037**, was sold by Thomas A. Henry, Jr., successor trustee, to Barry S. Kassir and Avra Kassir, trustees on 11/06/2009. **Tax Value \$1,850,000.**

5. The house at 7937 Avenida Kirjah, La Jolla, **92037**, was sold by K.H.F. Lending, LLC, trustee, to Carlos Lubezky and Rebeca Lubezky on 11/10/2009. **Tax Value \$1,650,000.**

See **Home Sales** on 8B

Imaging Health leases in Governor Park

Leasing Notes

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

By Joseph Guerin

Office: **Imaging Healthcare Specialists** has leased 5,948 square feet of office space at Governor Park Executive Centre II, 6256 Greenwich Drive, Suite 150, San Diego, **92122**, from **Arden Realty**. The property was leased for 66 months at \$826,535.

The lessee was represented by Paul Braun and Chris Ross, of **Colliers International**.

Tom Wilcox, also of Colliers, represented the lessor.

Industrial: **Trackoholics** has leased 4,320 square feet of industrial space at 363 Airport Road, Oceanside, **92058**, from **MAJ Investors**. The property, leased for 36 years at \$111,456, will be used for light motorcycle service and repair.

Jim Spain and Joshua McFadyen, of **Colliers International**, represented the lessee and lessor.

Office: **Brew Chiropractic Inc.** has leased 770 square feet of office space at 3900 Fifth Ave., Suite 230, San Diego, **92103**, from **Fifth & University Partners LP**. The property was leased for 62 months at \$93,418.

The lessee was represented by Jennifer Elia, of **NAI San Diego**. The lessor was represented by Duncan Dodd and Phil Linton, of **Grubb & Ellis/BRE Commercial**.

Retail: Khalil A. Rihan, dba **Sunnyside Café**, has leased 2,190 square feet of retail space at Miramar Plaza, 7094 Miramar Road, Suite 122, San Diego, **92121**, from **Miramar Plaza Ltd**.

The property was leased for 36 months at \$93,413. The lessee was represented by Dustin Sigall, of first **Choice Business Brokers**.

The lessor was represented by Aaron Hill and John Jennings, of **Cushman & Wakefield**.

Office: **Law Offices of David Gittelman** has leased 1,040 square feet of office space at 12396 World Trade Drive, Suite 111, San

See **Leasing Notes** on 3B

Industry Briefs

Black Contractors ink deal with SBA

The U.S. Small Business Administration San Diego office has signed a strategic alliance with the Black Contractors Association of San Diego.

Under the agreement signed by SBA District Director Ruben Garcia, and BCA President and CEO Abdur-Rahim Hameed, the two organizations will work together to increase opportunities for African Americans in the construction industry.

SBA will improve access to resources including financial opportunities and training for entrepreneurs.

The agreement will further BCA's mission of providing a resource for private and public sectors to obtain qualified independent contractors in a variety of fields.

"I'm very pleased with the accomplishment of BCA San Diego and its excellent leadership through Abdur-Rahim Hameed," Garcia said in a statement. "They have a strong background of helping entrepreneurs take their place as business owners and I know they will do a great job of assisting current and potential owners with solutions to their dreams of small business success." **Source Code: 20091118cya**

Barnhart-Heery begins work on college

San Diego-based general contractor **Barnhart Inc.**, of **Heery International Co.**, has begun construction on a new community college project in Riverside.

Riverside City College is building a new \$85 million school of Nursing and Science/Math complex that will have a two-story, 37,000-square-foot nursing building and a separate four-story, 88,000-square-foot science/math building.

These buildings will house 26 classrooms, 12 lecture halls, 12 laboratories, two teleconference rooms, a cybercafe, a healing garden and administrative offices.

The project is designed by **gkkworks** of Irvine, Calif. with California "mission-style" architecture that includes arched walkways, an outdoor amphitheater and a courtyard leading

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Pfizer

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foolish from the beginning; we had always said that from the beginning," she said.

John Brooks, executive director of the New London Development Corporation, acknowledged the Pfizer project was a catalyst for the broader economic development proposal but stressed that the projects were separate.

He said he still believed the land would be put to use and blamed the recession for the delay.

Though the promised residential housing, office space, hotel and other private devel-

opment have stalled, Brooks said there have been public infrastructure improvements on the property as well as a new 16-acre state park. He said only one third of the 90 acres still remains to be developed.

"It's ready for development, and development's going to happen once the economy rebounds," Brooks said.

Dana Berliner, a senior attorney with the Institute for Justice who represented the homeowners, said the episode underscores why local governments should not take "risky" and "inadvisable" business deals involving their own

residents. The institute says more than 40 states have taken steps to better protect property owners from seizures by eminent domain.

"There was evidence back when we had the trial that nothing would be built on the land that was taken, and the courts just didn't want to look at that," Berliner said. "They said, 'Well, the city's got a plan, and we'll just trust that they know what they're doing because they say they have a plan.'"

Pfizer's departure could ripple far beyond the eminent domain debate as some small business owners are fretting

about the loss of a major economic player. Paty Daignault, owner of Paty's Shaw's Cove Deli, estimated that Pfizer accounts for about \$3,000 a year, roughly a third of her annual business, between catering and walk-in orders.

As for Dery, the newspaper employee, he has not returned to the old neighborhood since he left three years ago.

"I would never go back there," he said. "That was our property. That's our water view. Those are our homes. It didn't belong to the community at large."

Source Code: 20091116faj

Leasing Notes

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Diego, **92128**, from **Hines**. The property was leased for three years at \$72,540.

Tom van Betten and Andrew Sexton, of Grubb and Ellis/BRE Commercial, represented the lessee.

Ryan Egli, of **CB Richard Ellis** (NYSE: CBG), represented the lessor.

Office: Andrew Paul has leased 2,652 square feet of office space at 3636 Camino del Rio North, Suite 215, San Diego, **92108**, from **Capital Growth Properties**. The property was leased for 25 months at \$64,682.

Jack Kruger, of Grubb & Ellis/BRE Commercial, represented the lessee and lessor.

Retail: **El Cajon Hobby** has leased 1,527 square feet of retail space at 1571 N. Magnolia Ave., Suite 206, El Cajon, **92020**, from **Magnolia Gateway LLC**. The property was leased for three years at \$52,223.

The lessee and lessor were represented by Mike Clark, Joe Yetter and Brent Williams, of Grubb and Ellis/BRE Commercial.

Office: **B Per Electronics Inc.**, dba My Wireless, has leased 1,296 square feet of office space at 5665 Oberlin Drive, Suite 103, San Diego, **92121**, from **Fenway Properties II LLC**. The property was leased for 26 months at \$51,480.

The lessee was represented by Randee Stratton, of Grubb & Ellis/BRE Commercial.

The lessor was represented by an undisclosed person.

Retail: **Friendly Spa 2** has leased 932 square feet of retail space at 1500 E. Valley Parkway, Suite A, Escondido, **92027**, from **Mission Federal Credit Union**. The property was leased for three years at \$45,307.

The lessee was represented by Phil Lyons, Bruce Schiff, and Andrew Peterson, of Grubb and Ellis/BRE Commercial.

Lyons, Schiff and Peterson represented the lessor.

Retail: **Castle & Cooke Mortgage** has leased 1,088 square feet of retail space at 23873 Clinton Keith Road, Suite 110, Wildomar, **92595**, from **Naples Plaza**. The property was leased for two years at \$41,800.

The lessee was represented by Carol Krock, of **Commerce CRG**.

The lessor was represented by Bruce Schiff, Phil Lyons, and Chad Iafate, of Grubb and Ellis/BRE Commercial.

Industrial: **Destiny Innovations and Supply** has leased 2,346 square feet of industrial space at 2420 Grand Ave, Suite G-1, Vista, **92081**, from **Property Enterprises I L.P.** The property was leased for 24 months at \$38,856.

The lessee was represented by Michael Mahoney, of **Colliers International**.

The lessor was represented by Karen Fullèr, of Grubb and Ellis/BRE Commercial.

Office: **Audacity Inc.** has leased 850 square feet of office space at 10805 Thornmint Road, Suites 100, 120, San Diego, **92127**, from **10805 Thornmint Road, LLC**. The property, leased for 18 months at \$23,715, will be used for a marketing company.

The lessee was represented by itself.

The lessor was represented by Marc Posthumus, of Cushman & Wakefield.

Investors

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despite cannibalizing competition from upper-end properties," the report stated.

The report and speakers agreed that upscale properties would take longer to recover — a condition threatening to sink some prominent hotel REITs around the country.

A certain stigma may also be hurting the upscale hotels.

"Even if the luxury brand drops its rates, 'I don't want my CFO breathing down my neck for staying in such a ritzy place,'" according to a quote in the report.

"Hotels have been pummeled. Businesses and tourists have cut way back," Kalvoda said.

About 27 percent of respondents in the report said now is a good time to buy hotels, 56.3 percent said hold, and the rest said to sell.

The retail market has been just as ugly as retail REITs such as **General Growth Properties** (NYSE: GGP) have filed for Chapter 11 and retailers such as Mervyn's and Circuit City are no more.

Nancy Johnston, a managing partner with **Epsteen Development**, said she is encouraged by the fact that out of 48 big box stores in the San Diego region that ann-

don't think we'll see a lot more big box failures here with the exception of books."

While the PricewaterhouseCoopers report was less kind to San Diego than Johnston, it also speaks of opportunities.

"The housing swoon and homebuilding collapse knock local retail markets especially hard. But new homebuyers find great buys in neighborhoods that most couldn't touch three years ago and commercial investors expect similar opportunities to percolate in their neighborhoods by 2011 or 2012," the report stated, adding 2010 will be a time for would-be retail property sellers to hold onto their assets.

Johnston conceded that bad news for retail investors is at least half of the tenants today are asking for some form of rent reduction.

"You might have a center where 10 to 20 percent of tenants aren't paying rent, but tenants but landlords are keeping them in place until things improve," Johnston said, suggesting that this is often better than hurting other tenants by letting the space go dark. That could happen a lot.

"Retailers will continue to

"Overall transaction volume (for all commercial asset classes) has dropped something like 95 percent," said Alex Zikakis, **Capstone Advisors** president, "but you can still buy completed product."

Generally, the PricewaterhouseCoopers report states that pent-up demand will keep apartment vacancies low — making these properties particularly attractive even in a downturn.

Foreclosures

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based **MacDonald, Dettwiler & Associates Ltd.** MDA DataQuick compiles surveys using county records and supplies real-estate information to public agencies, lenders and title companies.

FHA loans
Federal Housing Authority loans, insured by the U.S. government, have become a primary financing source for buyers of lower-cost homes, particularly foreclosures, MDA DataQuick said.

In Southern California, FHA loans accounted for more than 38 percent of all purchase loans last month, up from almost 33 percent a year earlier.

The good news for most apartments around the country, according to the report, is young people tend to rent.

The bad news for investors is as the cost of a down payment on a home comes close to a rent payment, people will leave apartments.

Another factor is when unemployment is high, people tend to double up or move back home with mom and dad.

Source Code: 20091118tda

Orange County was the second consecutive advance from a year earlier in that area, and the 0.5 percent increase in San Diego was that county's first rise in more than three years, MDA DataQuick said.

"Prices in many areas appear to just be bouncing along what's at least a temporary price bottom," Andrew LePage, an analyst with MDA DataQuick, said in an interview.

Sales climbed from a year earlier in four counties and fell 9.1 percent in Riverside County and 1.2 percent in Orange County.

San Bernardino County had the biggest increase with its