

Hovnanian tender offer Insurance office in Carlsbad

RED BANK, N.J. (AP) — Homebuilder **Hovnanian Enterprises Inc.** on Monday said the early tender periods for a series of tender offers has expired.

Holders of two series of senior secured notes and six series of unsecured senior notes who validly tendered and did not withdraw their notes before the 5 p.m. Friday deadline will be entitled to receive the applicable total consideration, which includes an early tender consideration of \$50 for each \$1,000 of principal amount of notes

validly tendered.

The two secured notes series were 11.5 percent notes due 2013 and 18 percent notes due 2017.

The unsecured notes series were 8 percent notes due 2012; 6.5 percent notes due 2014; 6 3/8 percent notes due 2014; 6.25 percent notes due 2015; 7.6 percent notes due 2016 and 6.25 percent notes due 2016.

The company also said it is amending its Sept. 21 offer to purchase statement regarding

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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: **Merastar Insurance Co.** has leased 12,035 square feet of office space at 5927 Priestly Drive, Suite 200, Carlsbad **92008**, from **Harsch Investment Properties**. The property was leased for 60 months at \$1.15 million.

The lessee was represented by David Onosko, Ron King and Kim Karlovsky, of **Coldwell Banker Commercial**. The lessor was represented by Mark Avilla and Justin Hacenza, of **Grubb and Ellis|BRE Commercial**.

In early 2007, Harsch acquired the four-building, 113,692-square-foot Crivello Commerce Center in the Carlsbad Research Center at 5925-5927 Priestly and 2260-2262 Rutherford Road for \$21 million and renamed the property Rutherford Corporate Center. The campus consists of a two-story office building and three R&D industrial buildings.

Industrial: **Elequent Auto** has leased 11,900 square feet of industrial space at Torrey Pines Business Park, 10801 Vista Sorrento Parkway, San Diego **92121**, from **John Hancock Life Insurance**. The property was leased for 60 months at \$752,320.

The lessee was represented by Sam Higgins, of **CB Richard Ellis** (NYSE: CBG). The lessor was represented by Tim Olsen and Chad Urie, of **Colliers International**.

Retail: **Ida's B Street Deli** has leased 3,729 square feet of retail space in the 24-story, 566,000-square-foot office tower at 701 B St., Suites 1Y and 1Z, San Diego **92101**, from **Trizec 701 B St., LLC**. The property, leased for 120 months at \$715,346, will be used for a deli.

The lessee was represented by Bob Ness, of **G.R. Bill Business Brokers**. The lessor was represented by Corinna Gattasso and David Maxwell, of **Cushman & Wakefield**.

Office: **Webcor Construction LP** has leased 3,405 square feet of office space at 5465 Morehouse Drive, Suite 150, San Diego **92121**, from **Morehouse Office Partners LLC**. The property, leased for 66 months at \$444,965, will be used for a construction office.

The lessee was represented by Matt Pourcho, of **CB Richard Ellis**, while the lessor was represented by Eric Vann and Pascal Aubry-Dumand, of **Cushman & Wakefield**.

Office: **Masar-Johnston Advertising & Design** has leased 2,807 square feet of office space at 8885 Rio San Diego Drive, San Diego **92108**, from **GRE Rio Vista, LP**.

The property, leased for 65 months at \$314,384, will be used for a full-service marketing communications firm providing branding, design, copywriting, production and planning.

The lessee was represented by Nick Bonner, of **CB Richard Ellis**. The lessor was represented by Richard Gonon, of **Grubb and Ellis|BRE Commercial**.

Retail: **Armstrong McCall LP**, dba **Armstrong McCall**, has leased 2,500 square feet of retail space at Mesa Town Center, 8981 Mira Mesa Blvd., San Diego **92126**, from **Mesa Town Center LLC**. The property, leased for 64 months at \$255,000,

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Industry Briefs

Receiving in D.C.

Douglas Wilson Companies was recently appointed receiver for several projects in Washington, D.C., including a 442,000-square-foot office building under construction on Half Street in the revitalizing Capital Riverfront neighborhood.

The San Diego-based distressed real estate and problem resolution specialist is currently handling assets representing nearly \$2 billion in defaulted commercial loans.

According to company founder and CEO Douglas P. Wilson, his firm was appointed receiver by the Superior Court for the District of Columbia for the approximately 50 percent completed, silver LEED-certified freestanding building.

"The building is topped out and the skin is going on within the next week," Wilson said.

"Concurrent to our construction work, we'll be aggressively marketing and leasing the building," he said.

Additionally, Douglas Wilson Companies is overseeing a 12-story, 243,000-square-foot building at 100 M St. that is 45 percent leased and expects to have a disposition strategy in place later this month.

"The default rate of U.S. commercial real estate loans has reached its highest level in 15 years and may climb even higher in the coming months," said Wilson. "Rising vacancy rates, falling rents and increasing operating expenses all make it difficult for borrowers to meet principal and interest obligations."

Douglas Wilson Companies has offices in San Diego, San Francisco, Las Vegas, Atlanta, Orlando and Miami. The company has been an appointed fiduciary in more than 500 matters in both state and federal courts and overseen nearly \$8 billion in assets for clients such as **Bank of America**, **Wells Fargo**, **JP Morgan Chase** and **Credit Suisse**.

Additionally, it provides real estate development, brokerage, leasing and property management services to investors and institutional clients throughout the United States and the Caribbean.

The company's real estate development division built the \$60 million condominium complex in San Diego's East Village and a nearby \$155 million, 33-story condominium tower.

Opening Los Vientos

A ribbon-cutting ceremony will be held Wednesday for Los Vientos, an 89-unit affordable housing project in Barrio Logan at 1668 National Ave.

Units in the complex are available to families earning between 30 percent and 60 percent of area median income.

The two building apartment includes four four-bedroom units, 35 three-bedroom units, and 50 two-bedroom units. Rents range from \$450 to \$1,180 per month.

The \$31 million project has underground parking, bal-

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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 light manufacture at 130 Bosstick Blvd, San Marcos, **92069**, was sold by Wazi, LLC to C.R. Properties, L.P on 09/29/2009. **Tax Value \$1,700,000.**

2. The 4 unit, multi-residential at 200 A-D C Ave, Coronado, **92118**, was sold by Bruno F. Paul and Anna Fleischer Paul, trustees, to Elizabeth L. Hildreth, trustee on 09/25/2009. **Tax Value \$1,195,000.**

3. The 4 unit, multi-residential at 226 A-D Garrett Ave, Chula Vista, **91910**, was sold by FDIC,

receiver, to Clifford J. Bell on 09/29/2009. **Tax Value \$440,000.**

4. The warehousing at 3615-38 University Ave, San Diego, **92104**, was sold by Home Bank of California to Mark Ng Lim on 09/29/2009. **Tax Value \$335,000.**

5. The 4 unit, multi-residential at 2942-46 Franklin Ave, San Diego, **92113**, was sold by Gregory G. Martin, trustee and Thomas Taylor, et al to G C I C Development Corp on 09/28/2009. **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 1709 Coast Blvd, Del Mar, **92014**, was sold by Martha Stout, trustee, to Cece Bloum and Marci Shultz, co-trustees on 09/25/2009. **Tax Value \$2,700,000.**

2. The house at 667 Margarita Ave, Coronado, **92118**, was sold by Robert H. Hakes to Fabio Braga and Julia Braga on 09/25/2009. **Tax Value \$1,975,000.**

3. The house at 6124 El Tordo, Rancho Santa Fe, **92067**, was sold by Robert McKee and Mary E. McKee to Kent Newmark and Patricia Newmark on 09/29/2009.

Tax Value \$1,700,000.

4. The condo at 100 Harbor Dr #3104, San Diego, **92101**, was sold by Lynn R. Kunkle, trustee, to Prudence A. Conley, trustee on 09/29/2009. **Tax Value \$1,325,000.**

5. The house at 424 Santa Dominga, Solana Beach, **92075**, was sold by Wolfgang R.H.F. Berthold and Renate Berthold-Oestreicher, co-trustees, to Weichert Relocation Resources, Inc on 09/25/2009. **Tax Value \$1,300,000.**

See **Home sales** on 8B

Leasing Notes

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

Office: **Materials Design** has leased 972 square feet of office space at 11417 West Bernardo Court, Suite 210, San Diego 92127, from **Peter B. Starck Companies Inc.** The property, leased for 36 months at \$54,000, will be used for a software technology company.

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

Industrial: **System Maintenance Services Inc.** has leased 1,300 square feet of industrial space at New Land Industrial Park, 4878 Ronson Court, Suite G, San Diego 92111, from **New Land Investments**. The property, leased for 25 months at \$52,572, will be used for general office and warehouse.

The lessee was represented by James Duncan of **Cushman & Associates**. The lessor was represented by Joan Barnes, of **Arvco Realty**.

Office: **Reverse Mortgage Directory, LLC** has leased 1,729 square feet of office space at 2558 Roosevelt St., Suite 300, Carlsbad, 92009, from **S.D.C. Properties, LLC**. The property was leased for 12 months at \$35,401.

The lessee was represented by Jim Karlovsky of **Coldwell Banker Commercial**. The lessor was represented by Karlovsky.

Office: **Priority Payment Services** has leased 1,211 square feet of office space at 3110 Camino del Rio South, Suite 307, San Diego 92108, from **City Group**. The property was leased for 25 months at \$32,697.

The lessee was represented by Jon Hamby of **Voit Commercial**. The lessor was represented by Derek Applbaum and Eric Vann of **Cushman & Wakefield**.

Industrial: **Pacific Battery Systems, Ltd.** has leased 1,632 square feet of industrial space at 4065 Oceanside Blvd., Suite P, Oceanside 92056, from **MAJ Investors**. The property was leased for 24 months at \$28,692.

The lessee and lessor were represented by Josh McFadyen and Jim Spain of **Colliers International**.

Office: Hedwige Inka Zamoyska, dba **Inka Zamoyska Fine Arts**, has leased 492 square feet of office space at La Costa Towne Center, 7720 El Camoni Real, Suite 2C, Carlsbad 92009, from **La Costa Tower, LLC**. The property, leased for 24 months at \$20,024, will be used for an art studio.

The lessee represented itself. The lessor was represented by John Jennings and Kam Walton of **Cushman & Wakefield**.

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: 20091005tw

Hovnanian

Vacancy

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better than the county's 20 percent. However when sublease and soon-to-be-vacated space is considered, downtown's availability rate climbs to 20.1 percent.

In the Del Mar Heights submarket, whose former \$4-per-square-foot rents may seem like a distant memory, the 20.5 percent direct office vacancy rate climbs to a 28.6 percent availability rate with sublease and future empty space put into the mix.

Sorrento Mesa appeared to have an 18 percent vacancy, but this climbs to 28.1 percent when other factors were considered, and the University Towne Centre market had a 23.4 percent vacancy rate or a 29.8 percent availability rate as of the end of September.

The submarket with the highest vacancy was in South San Diego, at 41.3 percent, or a 44.4 percent availability.

The 56 Corridor was listed as having a 1.2 percent direct vacancy, but if company downsizings happen, this level is likely to change.

The weak economy continues to place a downward pressure on office, along with rents in other asset classes.

The weighted average asking lease rate was \$2.25-per-square-foot in the third quarter. That was off by 22 cents from the third quarter of 2008.

Industrial

The average direct industrial vacancy in San Diego County, which typically remains in single digits in a healthy market, went to 10.1 percent as of the third quarter's end — climbing from 7.8 percent just since the beginning of 2009.

Here again, the direct vacancy doesn't tell the whole story.

If the total availability is taken into account the countywide industrial figure starts the year at 12.1 percent and ends the year at 16.9 percent — quite a high figure for an asset class that was among the strongest in past years.

Debra Wheaton also said with

This pushed the year-to-date negative industrial absorption figure to some 2.8 million square feet.

Otay Mesa, which gave about 15,093 square feet back to the market in the quarter, had an 18.5 percent vacancy rate and a 27.1 percent availability rate.

That submarket saw 259,631 square feet of new deliveries through the first three quarters of the year, but with a soft economy that isn't expected to continue.

The Miramar submarket — which along with Kearny Mesa, is one of the county's older industrial sectors — has managed to maintain occupancy throughout the downturn, checking in with a 6.6 percent and a 12.5 percent availability rate.

Miramar posted 142,000 in positive absorption.

The UTC submarket, which has had trouble keeping its office spaces full, had the next highest amount of industrial absorption in the third quarter with 52,000 square feet.

Governor Park, which is better known as an office market, had the highest industrial vacancy rate with a 43.2 percent direct and a whopping 64.8 percent vacancy rate in the third quarter. However, it is only a 335,183-square-foot submarket.

The good news for industrial landlords is there were no new buildings delivered in the third quarter at all.

"Additionally the third quarter ended with no new industrial projects under construction as most of the of the few active commercial development projects are either multi-tenant office, owner/user office or medical office," the report concluded.

Source Code: 20091005tdg

RE Briefs

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P.O. Box 13504, La Jolla 92039. The seller of the property (assessor's parcel 543-034-71) was **US Bank National Association**, as trustee for **Structure Asset Securities Corp. Mortgage** Pass-Through

Industry Briefs

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improved, **Jones Lang LaSalle Inc.** (NYSE: JLL) said.

The deal volume for the whole year will be more than 60 billion euros, the Chicago-based property broker said Monday. That would be about 45 percent less than last year.

European property sales rose for the second straight quarter, said Tony Horrell, head of the company's European capital markets division.

Rents will extend their declines in 2010 and the amount of new lease agreements is close to a record low, according to the statement.

Hong Kong sales

(Bloomberg) — Hong Kong's home sales rose to HK\$56.2 billion in September from HK\$41 billion in August, the Land Registry said Monday.

By volume, the number of residential units changing hands rose to 12,285 in September from 11,250 in August, it said.

Iraq housing

(AP) — A company from New Zealand says it wants to spend \$100 million to build a housing development in Iraq's northern Kurdish region.

Atconz Real Estate Development said Monday it plans to build the residential project just to the north of the regional capital Irbil.

Plans for the "New Azadi" project call for the creation of 1,565 houses ranging from modest, low-income homes to luxury villas.

The project, announced at Dubai's Cityscape property expo, also envisions schools, a hotel, a supermarket and other facilities.

Dubai rents

(Bloomberg) — Apartment rents in Dubai are likely to drop further after declining 17 percent during the third quarter as increased supply adds to a glut of homes in the Gulf sheikhdom, **Landmark Advisory** said.

"Average apartment rents are likely to keep falling, due to weak supply fundamentals," Jesse Downs, director of research and advisory services at the Dubai-based company, said Monday.

"Dubai's residential property market has effectively regressed back to 2006 price levels."

In the past year Dubai, the second-biggest sheikhdom in the United Arab Emirates, has gone from being the best performer out of 46 markets monitored in the Knight Frank global house-price index to the worst.

The slump ended a construction boom that had created thousands of homes just as demand began to evaporate.

Source Code: 20091005tdb

Toxic

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effort by saying its major goal would be to buy bad assets from banks.

However, that goal was shifted almost immediately to direct injections of capital into banks after government offi-

lion, which Treasury has matched equally.

In addition, the firms will be able to borrow an additional \$6.13 billion from Treasury to bring the total amount available to purchase toxic assets to \$12.27 billion.