

secutive week as borrowing costs climbed, a sign the recovery in home sales may cool.

The Mortgage Bankers Association's (MBA) index of applications to purchase a home or refinance a loan declined 14 percent to 641 in the week ended Oct. 16 from 742.9 a week earlier.

The group's gauge of refinancing decreased 17 percent and the purchase gauge fell 7.6 percent.

Higher borrowing costs and the expiration of an \$8,000 tax credit for first-time purchasers at the end of November may be giving would-be homebuyers reason to pause.

Economists view stabilization in housing as a key ingredient of any rebound from the worst recession in seven decades.

Standard Chartered Bank in New York, said before the report.

The refinancing gauge fell to 2,808 from 3,374.6 the prior week, Wednesday's report showed.

The mortgage bankers' purchase index decreased to 268.8, the lowest level in two months, from 290.9 the prior week.

The share of applicants seeking to refinance loans declined to 65 percent of all applications from 67.4 percent.

The average rate on a 30-year fixed-rate loan increased to 5.07 percent last week, the highest level in a month, from 5.02 percent the prior week.

The rate reached 4.61 percent at the end of March, the lowest level since the group's records

See **Mortgage** on 2B

See **Industrial** on 2B

Arizona Tile reups on Carroll

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.

Industrial: **Arizona Tile** renewed its lease on the 50,475-square-foot industrial building and 2.6 acres at 7415 Carroll Road, San Diego 92121, from **H.G. Fenton**.

The lease was renewed for three years at \$1.2 million and will be used for retailing tile and stone.

The lessee was represented by Reggie Beavan, of **Pacific Real Estate Group**.

The lessor was represented by Randall LaChance, Glen Volk and Todd Holley, of **Voit Real Estate Services**.

In early 2000, **Penley LLC** leased 38,025 square feet 7415 Carroll for 120 months at \$2,386,000 for golf club shaft manufacturing. La Chance, Holley and Volk of Voit also represented Fenton in that transaction.

Retail: **Bad Ass Coffee** has leased 1,400 square feet of retail space at 9878 Carmel Mountain Road, Suite C, San Diego 92129, from **West Coast Retail Management**. The property was leased for 10 years at \$533,648.

The lessee was represented by Phil Lyons, Bruce Schiff and Chad Iafate, of **Grubb & Ellis|BRE Commercial**. The lessor was represented by Mike Buhai of **NAI San Diego**.

Office: **North American Medical Management** has leased 4,913 square feet of office space at 450 S. Melrose Ave., Suite 210-220, Vista 92081, from **Bui/Irish Ventures**. The property was leased for five years at \$477,543.

The lessee was represented by Andrew Ewald, of **Grubb & Ellis|BRE Commercial**. The lessor was represented by Joe Anderson, Mark Avilla and Matty Sundberg, also of **Grubb and Ellis|BRE**.

Retail: **Zappy's Pizza** has leased 935 square feet of retail space at 510 Hacienda Drive, Suite 105, Vista 92081, from **Ridgeway Development Co.** The property was leased for 10 years at \$257,249.

The lessor was represented by Andrew Peterson, Bruce Schiff and Chad Iafate, of **Grubb & Ellis|BRE Commercial**.

Retail: **Cup of Frozen Yogurt, LLC** has leased 873 square feet of retail space at Point Loma Marketplace, 955 Catalina Blvd., San Diego 92106, from **Catalina-Talbot Properties, LLC**.

The property, leased for five years at \$160,293, will be used for a frozen yogurt shop.

The lessee represented itself. The lessor was represented by Bill Thaxton and Brad Williams, of **Flocke & Avoyer Commercial Real Estate**.

Retail: **AccuQuest Hearing Centers** has leased 900 square feet of retail space at 2588 El Camino Real, Suite D, Carlsbad 92008, from **Hughes Investments**. The property was leased for five years at \$157,681.

See **Leasing Notes** on 2B

Industry Briefs

Sixth office

San Diego-based **Douglas Wilson Companies**, specializing in distressed real estate and court-appointed receiverships, has opened a new office in Las Vegas.

The company now has six offices around the country, including Atlanta, Miami, Orlando and San Francisco.

According to CEO Douglas P. Wilson, the new Las Vegas office enhances the company's ability to handle the increasing levels of residential, retail and commercial real estate foreclosures in Nevada and surrounding states.

Heading up the Vegas office are Managing Director Brad Ebright, a certified public accountant and licensed real estate broker, and Property Manager Stephanie Dobbin, who has more than 20 years of real estate experience in the Las Vegas area.

They will oversee an expanding roster of clients and projects that include more than 450,000 square feet of commercial retail and office properties.

Washoe sales

(AP) — Sales of existing homes in Washoe County rose 44 percent in September over the same month last year.

That's according to a new report by the Reno-Sparks Association of Realtors.

The association says 505 existing single-family dwellings sold in September, representing a 6 percent increase from August.

But the report also says median home values are down 22 percent from the same period last year.

Chicago development

(AP) — A consortium of lenders have filed a foreclosure lawsuit against the developer of a downtown Chicago block.

The lawsuit claims **Joseph Freed and Associates LLC**, company President Laurence Freed and a related partnership owe \$128.5 million on notes worth an original \$205 million.

The developer said in a statement Tuesday the lawsuit filed late Monday by **Bank of America** and other lenders lacks merit and will be fought.

In the statement, Freed cited progress it has made in constructing retail space and in securing early tenants.

Due to open later this fall, Freed warns if the four-story shopping mall project shuts down now, it "will be near-impossible to restart."

Bank of America is the biggest lender with \$65 million of the \$205 million loan. The other lenders include **Wachovia Bank N.A.** and **Charter One Bank**.

Hotel REITs

(AP) — An analyst cut the ratings of some hotel real estate investment trusts on Wednesday, saying a possible recovery of the sector may not be as close or as strong as some believe.

David Loeb of Baird said stock prices in the group seem to reflect a strong, near-term recovery for the industry, but that such views may disappoint.

"While we are bullish on the long term for hotel REITs given the lack of new supply expected in the 2011 to 2014 timeframe, we believe investors looking for earnings growth will need to wait until late 2010 or early 2011 for revenue per available

See **Industry Briefs** on 3B



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 bldg. misc. at 864-66 Prospect St, La Jolla, 92037, was sold by Devorah Maltin to Kristine N. Tran, D.D.S., Inc on 10/14/2009. Tax Value \$2,477,000.

2. The restaurant at 1650 S. Melrose Dr, Vista, 92081, was sold by Melrose Property, LLC to Lanko Enterprises, LLC on 10/15/2009. Tax Value \$1,650,000.

3. The 4 unit, multi-residential at 1763-69 Guy St, San Diego, 92110, was sold by Deutsche Bank National Trust Co., trustee, to Daniel Tokatlian and Taline

Tokatlian on 10/16/2009. Tax Value \$825,000.

4. The 5 unit, multi-residential at 4462-68 Illinois St, San Diego, 92116, was sold by Joseph C. Borsellino, successor trustee, to John C. Heckler and Valeria M. Heckler, co-trustees, et al on 10/15/2009. Tax Value \$570,000.

5. The 3 unit, multi-residential at 2251 Langmuir St, San Diego, 92111, was sold by Randy Hogan, successor trustee, to Hoa Tran and Tonia Tran on 10/14/2009. Tax Value \$410,000.

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 17130 Caminno de Montecillo, Solana Beach, 92075, was sold by A.D.M. Development, LLC to Joseph Phillips and Stacey Phillips on 10/14/2009. Tax Value \$5,200,000.

2. The house at 5464 El Cielito, Rancho Santa Fe, 92067, was sold by Michael A. Bridges and Tammy L. Bridges to Diane Walsh on 10/14/2009. Tax Value \$2,490,000.

3. The house at 7967 Paseo Del Ocaso, La Jolla, 92037, was sold by EJCMC to Robert W.

Burns, trustee on 10/15/2009. Tax Value \$1,600,000.

4. The house at 5406 Caminito Bayo, La Jolla, 92037, was sold by Tech-Bilt, Inc. to Tsai Mu Wang and Wan Jen Lee on 10/16/2009. Tax Value \$1,350,000.

5. The house at 5935 Waverly Ave, La Jolla, 92037, was sold by Martin F. Bloom and Sherry A. Bloom, trustees, to Alessandro Sette on 10/14/2009. Tax Value \$1,290,000.

See **Home Sales** on 8B

Mortgage — Fed survey: Housing, manufacturing drive recovery Leasing Notes

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began in 1990.

At the current 30-year rate, monthly borrowing costs for each \$100,000 of a loan would be \$541.11, or about \$77 less than the same week a year ago, when the rate was 6.28 percent.

The average rate on a 15-year fixed mortgage increased to 4.51 percent last week from 4.44 percent. The rate on a one-year adjustable mortgage rose to 6.86 percent from 6.71 percent.

Some lawmakers are calling for extending the tax credit to boost home sales.

"The work of stabilizing the housing market won't be done" when the credit expires next month, Senate Banking Committee Chairman Christopher Dodd told a hearing of his panel Tuesday.

"We still need to use every tool at our disposal to fix this problem," he said.

Dodd, a Democrat from Connecticut, and Republican Senator Johnny Isakson of Georgia, a former Realtor, urged their colleagues to extend the credit through next June and to expand it to all couples earning \$300,000 or less.

KB Home (NYSE: KBH), the Los Angeles-based homebuilder that sells to first-time buyers, last month reported a third-quarter loss exceeding analysts' estimates and said a housing recovery isn't imminent.

"The precise timing of a housing recovery remains uncertain," Chief Executive Officer Jeff Mezger said Sept. 25.

Federal Reserve policy makers at their September meeting considered a relapse into recession a bigger risk than a near-term rise in prices, according to minutes of the gathering released last week.

They decided to slow purchases of mortgage securities to avoid disrupting the housing market while extending the duration of the program by three months.

The MBA's loan survey, compiled every week, covers about half of all U.S. retail residential

By JEANNINE AVERSA

The Associated Press

WASHINGTON

Improvements in housing and manufacturing are driving the early stages of the economic recovery, according to a Federal Reserve survey released Wednesday.

The Fed's latest snapshot of business conditions nationwide found "many sectors" of the economy either stabilized or logged modest improvements over the last six weeks.

The pickups, though, often were from "depressed" levels of activity.

Still, the new report adds to evidence that a recovery has started from the worst recession since the 1930s.

An \$8,000 credit for first-time homebuyers boosted the housing sector.

There's been concern among private economists and some lawmakers that recent gains in housing will fizzle out when the credit ends.

It is slated to expire Nov. 30, although some in Congress are mulling an extension.

Meanwhile, factories increased production as businesses restocked depleted inventories. Part of that restocking was due to the now-defunct Cash for Clunkers rebate program, which caused a brief burst in car sales.

Both housing and manufacturing continued a "pattern of improvement that emerged

over the summer," the Fed observed.

By contrast, the Fed said the weakest link in the recovery was commercial real estate. Conditions were described as "either weak or deteriorating" across all 12 regions surveyed.

Consumer spending also remained weak, the Fed said.

Consumers, whose spending accounts for about 70 percent of economic activity, are expected to stay cautious given rising job losses, stagnant incomes and hard-to-get credit.

"Reports of gains in economic activity generally outnumber declines, but virtually every reference to improvement was qualified as either small or scattered," the Fed survey said.

For instance, Dallas cited slight improvements in residential real estate and at staffing firms.

New York noted gains predominantly in manufacturing and retail.

Philadelphia, Cleveland and San Francisco cited small pickups in manufacturing. Kansas City noted upticks at technology companies, while Richmond observed revenue gains at service companies.

The nation's unemployment rate climbed to a 26-year high of 9.8 percent in September, and is expected to top 10 percent this year.

Economists predict it will rise as high as 10.5 percent by

the middle of next year before slowly drifting down.

Districts reported "little or no increase to either price or wage pressures," but there were some references to downward pressures, according to the survey.

In a separate report, the Labor Department found that unemployment rose in 23 states last month.

While layoffs have slowed, companies remain reluctant to hire. Forty-three states reported job losses in September; only seven gained jobs.

Many analysts believe the economy started to grow again in the third quarter at a pace of at least 3 percent, and is continuing to expand now.

The government releases third-quarter results next week. If analysts are right, that would mark a turning point for the economy, which has contracted for a record four straight quarters.

The central bank's survey findings will figure into discussions when Fed Chairman Ben Bernanke and his colleagues meet Nov. 3-4. The Fed is expected to keep interest rates at record lows at that time and probably into next year to help foster the recovery.

Inflation, meanwhile, was under wraps, the Fed report suggested. That gives the central bank leeway to keep rates low.

Source Code: 20091021tde

Industrial

Continued from Page 1B

ter's end, as the area continues to experience a wave of residential foreclosures.

Neighboring National City has an even higher office vacancy at 56.2 percent, but is only about half the size (482,294 square feet) of East Chula Vista.

Downtown San Diego checked in with a 14.9 percent vacancy in the third quarter, having put 17,851 square feet

The Central County area including Mission Valley, Poway and Del Mar Heights, posted a 16 percent overall vacancy.

But some submarkets within the Central area were significantly worse than that. Governor Park, for example had a 31.5 percent vacancy rate.

If sublease space is added to the mix, the vacancy rate climbs to 42.3 percent.

The countywide average ask-

month in the third quarter compared to \$2.73 a year ago.

"Effective rents are expected to decrease further as landlords offer more concessions to keep their tenants," G&E|BRE continued.

The good news is with little new office construction, the market will have a chance to absorb existing space.

A total of 358,462 square feet is under construction county-

Continued from Page 1B

The lessee was represented by James Rinehart of **CB Richard Ellis** (NYSE: CBG). The lessor was represented by Bruce Schiff, Phil Lyons and Chad Iafrate, of Grubb and Ellis|BRE Commercial.

Office: **Never Limited LLC** has leased 2,574 square feet of office space at 6650 Flanders Drive, Suite G, San Diego **92121**, from **K Johnson Partners, LP**. The property, leased for 60 months at \$143,499, will be used for a general office and real estate operations.

The lessee was represented by Ty Moffatt and Scott Moffatt of **Colliers International**. The lessor was represented by Sam Higgins, of CB Richard Ellis.

Office: **Action Foreclosure Services Inc.** has leased 1,879 square feet of office space at 3033 Fifth Ave., Suite 235, San Diego **92101**, from **C&S Investments**. The property, leased for 39 months at \$122,323, will be used for a mortgage company.

The lessee represented itself. The lessor was represented by James Laing and Daniel McCarthy, of Cushman & Wakefield.

Office: **Animal Fashions by Jordan** has leased 2,769 square feet of office space at 9909 Huennekens St., San Diego **92121**, from Jerrel D. Prince Family Trust.

The property, leased for 38 months at \$121,283, will be used for design, fabrication and general administration of art couture.

The lessee was represented by Sam Higgins, of CB Richard Ellis. The lessor was represented by Ty Moffatt and Scott Moffatt, of Colliers International.

Industrial: **Existence Church** has leased 3,280 square feet of industrial space at 7636 Miramar Road, Suite 1100, San Diego **92126**, from **Walton CWCA Miramar GL 74 LLC**. The property was leased for 45 months at \$117,677.

The lessee and lessor were represented by Arnie Friedman, of Colliers International.

Industrial: **Blackline Group Inc.** has leased 4,602 square feet of industrial space at 5759 Palmer Way, Carlsbad **92010**, from **L Parris Corporation**. The property was leased for 36 months at \$108,136.

The lessee was represented by Daniel Knoke and Peter Merz, of Colliers International. The lessor was represented by Ken Dubs Sr. and Ken Dubs Jr.

Retail: **Corporate Logo's** has leased 1,264 square feet of retail space at 8333 Clairemont Mesa Blvd., San Diego **92111**, from **Pacific Realty Advisors**. The property was leased for 60 months at \$102,693.

The lessee represented itself. The lessor was represented by Nick Bonner, of CB Richard Ellis.

Industrial: **Beneficial Exterminating Inc.** has leased 3,928 square feet of industrial space at 935 Poinsettia Ave., Suite 201, Vista **92081** from **RTE IV-Poinsettia LLC**. The property was

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was \$2.47 per square foot per

percent of the total countywide office inventory.

Many difficulties remain, however.

"The current financial climate and inability to acquire fresh capital will continue to present serious challenges," the report added.

"The office market lags the economy by six months as a rule of thumb, meaning the countywide vacancy rate could increase more rapidly and absorption could fall deeper into the red due to downsizing by struggling tenants."

As for the office properties' values, as well as other commercial asset classes, Moody's/REAL Commercial Property Price Indices fell 3 percent in August from July, bringing the market's decline to almost 41 percent since its peak in October 2007.

"We can't call a bottom at this point, but it's an encouraging sign to see the deceleration in the decline," said Connie Petruzzello, a Moody's analyst and co-author of the commercial property price report in a *Bloomberg News* story.

Industrial

San Diego County recorded 1,088,669 square feet of negative industrial absorption during the third quarter countywide bringing year-to-date give back to some 3.3 million square feet.

When asked about this huge space return, Frager said while it means the demand for industrial space isn't there now, there are a couple of reasons he has more confidence about that sector.

"One reason is the industrial vacancy is much lower (10.1 percent versus 18 percent for office) and office vacancy is much more directly impacted by employment," Frager said.

Otay Mesa gave back 281,696 square feet in the third quarter for a year-to-date figure of 183,321 square feet through September.

Hitachi Transport vacated 325,000 square feet during the quarter. The direct industrial vacancy in that submarket was 19.8 percent in the third quarter.

See **Industrial** on 3B

leased for 36 months at \$55,288.

The lessee represented itself. The lessor was represented by John Witherall, Adam Molnar and Joe McDermott, of **Coldwell Banker Commercial North County Properties**.

Retail: Dawn Holman has leased 1,285 square feet of retail space at 8333 Clairemont Mesa Blvd., San Diego, **92111**, from **Pacific Realty Advisors**. The property was leased for 36 months at \$55,288.

The lessee represented herself. The lessor was represented by Nick Bonner, of CB Richard Ellis.

Warehouse: **Hume & Company** has leased 2,643 square feet of warehouse space at Cornwell Business Center, 1949 Avenida Del Oro, Suite 102, Oceanside **92056**, from **Oceanside Equities**. The property was leased for 26 months at \$52,008.

The lessee and lessor were represented by Tim Moore of **Coldwell Banker Commercial**.

Office: Ronald M. Sahmel has leased 448 square feet of office space at 3033 Fifth Ave., Suite 420, San Diego **92103**, from **C&S Investments**. The property, leased for 50 months at \$49,468, will be used for financial planning.

The lessee was represented by Rich Porreco, of **CresaPartners**. The lessor was represented by Daniel McCarthy of **Cushman & Wakefield**.

Industrial: **Oceaneering International Inc.** has leased 2,163 square feet of industrial space at Oceanside Gateway Business park, 1712 Ord Way, Oceanside **92056**, from **Spectrum Rosen, LLC**. The property was leased for 24 months at \$38,159.

The lessee was represented by Conor Boyle and Pat Rohan of Cushman & Wakefield. The lessor represented itself.

Warehouse: **Resource Services Inc.** has leased 11,080 square feet of warehouse space at Borderpoint Business Park, 6754 Calle De Linea, Suite 100, San Diego **92154**, from **Realty Associates**. The property was leased for 12 months at \$11,080.

The lessee was represented by Mike Napierala of **Coldwell Banker Commercial**. The lessor was represented by Regan Tully 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: 20091021tw

RE Briefs —

Continued from Page 1B
ed on its 6,600-square-foot lot in 1969.

In May 2004, the property was sold for \$1.33 million. The apartment went through foreclosure in August 2008. The foreclosure value was \$723,750.

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