By RAY HUARD

Downtown San Diego is expected to rebound strongly from any troubles caused by the COVID-19 pandemic, according to many experts.

Retailers have been hard hit by the pandemic, especially restaurants, and the office market is also hurting but multi-family projects continue to chug along with two prominent sales since the beginning of the pandemic. IQHQ’s $1.5 billion planned office project targeting life science companies also is seen a game changer for downtown.

Coupled with the $275 million redevelopment of Horton Plaza into a mix of life science office space and retail, the IQHQ San Diego Research and Development District (RaDD) is expected to bring a surge of activity, providing a long-awaited downtown employment hub.

“The investors I’ve talked with in the last three months in particular have been very bullish on downtown,” said Betsy Brennan, president and CEO of the Downtown San Diego Partnership. “San Diego is resilient.”

David Malmuth, a downtown developer and lecturer at the University of California San Diego, said IQHQ’s project makes this “a dynamic moment” for downtown.

“It offers great possibility,” Malmuth said. “A couple of years ago, there was not a lot of confidence that those kinds of businesses want to be downtown. With the investment IQHQ is doing, that changes that.”

IQHQ based in Solana Beach in September acquired most of the Manchester Pacific Gateway site along the bay front. John Bonanno, chief investment officer of IQHQ, said that despite the COVID-19 pandemic, “You’re starting to see a renaissance down there (downtown) that I would see continuing.”

“What we saw with the acquisition of the Manchester project land was really a unique piece of land in what we see as really the right place to kick that off,” Bonanno said. “We’re not the only people. We know that all of our competitors have looked down there, have considered going down there.”

For life sciences, “That market hasn’t gotten weaker because of COVID, it’s gotten bigger,” Bonanno said.

Office Outlook

Vacancy in the general office market has reached 20% to 30% downtown, Brennan said, but she said bright spots for the downtown office market include Kilroy Realty’s ongoing construction of a 219,000 square-foot office campus at 2100 Kettner Blvd. and redevelopment of the former San Diego County courthouse into a mixed use project by Holland Partner Group of Vancouver, WA.

Called Courthouse Commons, the 37-story project at 220 W. Broadway by Holland is estimated to cost $400 million and would include 270,493 square feet of office space, 18,595 square feet of commercial space, and 431 apartments.

The courthouse project could make that section of downtown “into a much more walkable area of downtown and it’s right near the bay,” Brennan said. “This could
From what we’ve seen, there’s still a huge demand for housing and rental housing. There’s been a bit more competition in terms of attracting tenants in the market, but from what we’re seeing, there is really strong interest of people wanting to locate downtown.”

BRENT SCHETZNER

Partners Group renovated the exterior of this two-story Remmen Building that was built on the site in 1907. The building was reoriented on the site toward Park Boulevard.

That gave us the ability to open up the courtyard to the public,” Schertzner said. “Right now, we’re looking for tenants to lease that as a restaurant, cafe or bar of some sort.”

ISLAND  

Submarket Market Existing Buildings Inventory SF Vacancy Rate 12 Mo Net Absorp SF 12 Mo Net Delivered SF Under Constr SF Market Rent/SF
Mira Mesa/Miramar San Diego - CA 806 18,190,791 4.9% -77,973 0 0 $1.43
Otay Mesa San Diego - CA 348 16,501,374 7.7% -233,648 299,579 0 $0.86
Carlsbad San Diego - CA 484 15,688,045 10.7% 288,328 50,150 0 $1.42
Kearny Mesa San Diego - CA 634 15,602,251 4.9% -87,671 0 0 $1.62
Vista San Diego - CA 594 14,478,398 9.5% -354,087 0 0 $1.07
Sorrento Mesa San Diego - CA 235 10,411,287 11.7% 197,958 28,000 0 $1.89
Ocean Beach San Diego - CA 437 10,345,128 3.3% 107,355 0 0 $1.06
Chula Vista San Diego - CA 406 10,205,539 6.5% -248,428 0 0 $1.21
El Cajon San Diego - CA 528 10,029,905 3.6% -218,530 0 0 $1.15
Poway San Diego - CA 247 9,731,759 1.6% 624,740 684,450 0 $1.28
TOTALS San Diego - CA 8,773 198,704,256 6.0% 193,314 1,223,506 4,893,754 $1.38
All San Diego - CA 8,773 198,704,256 6.0% 193,314 1,223,506 4,893,754 $1.38
Flex San Diego - CA 1,931 50,720,579 9.3% -267,583 30,937 117,709 $2.03
Logistics San Diego - CA 3,533 81,416,334 5.3% 460,867 1,135,559 4,670,899 $1.15
Specialized San Diego - CA 3,309 66,567,343 4.2% 30 57,010 105,146 $1.20

Analysis

Net absorption for industrial space was the highest since the third quarter of 2018, reaching more than 1.2 million square feet. After creeping above the 5% mark, the overall vacancy rate is again below 5%.

Amazon is active in all areas of San Diego County in 2020, from Rose Canyon, to Otay Mesa, to Poway to Vista, and areas in between. The socially distant nature of 2020 has accelerated many societal changes, and e-commerce is growing very fast.

Four speculative development buildings, totaling nearly 775,000 square feet, were delivered in Q3 2020. Three of these, totaling 674,000 square feet, are in Central County and fully occupied upon completion. The remaining project in South County is at 30% occupancy upon completion.

Across the region, the market is the tightest for R&D space with direct vacancy at 4.1% in Q3 2020, 130 basis points lower than a year ago. Vacancy for manufacturing space now stands at 4.4% countywide, unchanged from a year ago. Distribution space has the highest vacancy at 5.7% as of Q3 2020, an increase of 90 basis points since last year.

Sources: CBRE, Cushman & Wakefield, Voit
### TOP INDUSTRIAL COMMERCIAL REAL ESTATE LEASES

**The List**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Building name</th>
<th>Square footage leased</th>
<th>Sign date</th>
<th>Tenant name</th>
<th>Tenant representative company</th>
<th>Landlord representative company</th>
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<tr>
<td>1</td>
<td>Vantage Point, 14400-14500 Kirkham Way</td>
<td>533,950</td>
<td>5/7/2020</td>
<td>Amazon</td>
<td>Lee &amp; Associates Greg Pieratt</td>
<td>Kidder Matthews</td>
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<td>2</td>
<td>Scripps Northridge Corporate Center 12121 Scripps Summit Drive</td>
<td>198,880</td>
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<td>Fate Therapeutics</td>
<td>Hughes Marino Craig Knox</td>
<td>JLL</td>
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<td>3</td>
<td>Vista Business Park 2620 Commerce Way</td>
<td>197,104</td>
<td>10/9/2020</td>
<td>CUE Health, Inc.</td>
<td>Hughes Marino Shane Poppen</td>
<td>CBRE</td>
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<td>4</td>
<td>17087-17089 Via Del Campo</td>
<td>183,838</td>
<td>4/29/2020</td>
<td>Northrop Grummman</td>
<td>Tom Martinez &amp; Even Koudoun</td>
<td>JLL</td>
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<td>5</td>
<td>The Campus 2001 Sanyci Ave</td>
<td>170,782</td>
<td>7/1/2020</td>
<td>Panasonic Corp of North America</td>
<td>Andy Irwin &amp; Joe Anderson</td>
<td>JLL</td>
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<tr>
<td>6</td>
<td>Create 2027 Whiptail Loop</td>
<td>146,108</td>
<td>4/1/2020</td>
<td>SAFC Carlsbad, Inc.</td>
<td>JLL</td>
<td>Cushman &amp; Wakefield</td>
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<td>7</td>
<td>Sorrento Corporate Center 9940-9950 Carney Canyon Rd</td>
<td>144,000</td>
<td>2/1/2020</td>
<td>Qualcomm</td>
<td>JLL</td>
<td>Cushman &amp; Wakefield</td>
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<td>8</td>
<td>RB Vista 16195 Via Del Campo</td>
<td>141,518</td>
<td>7/3/2020</td>
<td>Amazon</td>
<td>JLL</td>
<td>Cushman &amp; Wakefield</td>
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<tr>
<td>9</td>
<td>10394 &amp; 10421 Pacific Center Court</td>
<td>136,807</td>
<td>8/13/2020</td>
<td>Tenex</td>
<td>JLL</td>
<td>Cushman &amp; Wakefield</td>
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<tr>
<td>10</td>
<td>The Boardwalk 10275-10285 Science Center Dr</td>
<td>117,929</td>
<td>10/1/2020</td>
<td>Zentalis Pharmaceuticals</td>
<td>JLL</td>
<td>Cushman &amp; Wakefield</td>
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</tbody>
</table>

**Notes:**
- Not applicable
- Source: CBRE

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### TOP INDUSTRIAL COMMERCIAL REAL ESTATE SALES

**The List**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Property name</th>
<th>Sale amount</th>
<th>Sale date</th>
<th>Portfolio/Complex/Bldg.</th>
<th>Sq. ft of building</th>
<th>Buyer Seller</th>
<th>Listing broker company</th>
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<tbody>
<tr>
<td>1</td>
<td>10770 Wateridge Circle/6325 Lusk Blvd</td>
<td>$135,900,000</td>
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<td>Portfolio 2</td>
<td>183,565</td>
<td>Harrison Capital, Bioscience Properties</td>
<td>JLL</td>
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<td>2</td>
<td>Vista Technology Center 1403-1498 Poinsettia Ave</td>
<td>$49,400,000</td>
<td>2/9/2020</td>
<td>Portfolio 9</td>
<td>226,470</td>
<td>BKM Capital, The Blackstone Group, LP</td>
<td>Eastdil Secured, LLC</td>
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<tr>
<td>3</td>
<td>vec.,tor 2032 Whiptail Loop E</td>
<td>$44,000,000</td>
<td>6/8/2020</td>
<td>Building 1</td>
<td>169,235</td>
<td>Lee Family Trust, RPFacilica Group, Inc.</td>
<td>Cushman &amp; Wakefield</td>
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<td>4</td>
<td>Pacific Coast Collection 1291 &amp; 1322 Rocky Point Dr</td>
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<td>Building 2</td>
<td>226,691</td>
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<td>5</td>
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<td>Portfolio 3</td>
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<td>Longfellow RE Partners, The Blackstone Group</td>
<td>CBRE</td>
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<tr>
<td>6</td>
<td>create 2027 Whiptail Loop</td>
<td>$40,500,000</td>
<td>6/30/2020</td>
<td>Building 1</td>
<td>146,100</td>
<td>BLT Enterprises, RPFacilica</td>
<td>Cushman &amp; Wakefield</td>
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<tr>
<td>7</td>
<td>One Technology Place 10095-10096 Technology Place</td>
<td>$39,000,000</td>
<td>7/16/2020</td>
<td>Complex</td>
<td>137,695</td>
<td>Healthcare Realty Trust, Mercy Equities</td>
<td>JLL</td>
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<tr>
<td>8</td>
<td>Sorrento Tech Center 10070, 10140 &amp; 10180 Barnes Canyon Rd</td>
<td>$39,000,000</td>
<td>5/19/2020</td>
<td>Portfolio 3</td>
<td>93,480</td>
<td>Longfellow RE Partners, BLT Enterprises</td>
<td>SD Realty Partners/ Cushman &amp; Wakefield</td>
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<td>9</td>
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<td>3/11/2020</td>
<td>Building 1</td>
<td>81,380</td>
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<td>10</td>
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<td>$26,400,000</td>
<td>1/8/2020</td>
<td>Building 1</td>
<td>197,104</td>
<td>Westcore Propeties, EverWest Real Estate Investments</td>
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<td>11</td>
<td>10054 Old Grove Rd 10054 Old Grove Rd</td>
<td>$22,700,000</td>
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<td>Building 1</td>
<td>85,924</td>
<td>Padma Laxmi LLC, CapRock Partners</td>
<td>Cushman &amp; Wakefield</td>
</tr>
</tbody>
</table>

**Notes:**
- Not applicable
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**Ranked by sale price of San Diego County properties sold Jan. 1, 2020 through Nov. 1, 2020**
be really nice for connectivity between the waterfront and downtown, which is something we always wanted.

Holland Partner Group also recently completed a 34-story apartment/commercial project in East Village with 426 apartments – The Merian.

“Downtown’s office future is heavily reliant on its ability to attract new companies because it’s new companies that will create the growth in the downtown office market,” said Gary London, an economist and real estate advisor.

That said, London is optimistic about the downtown office market looking beyond the pandemic. “The downtown office future will be quite bright because there’s potential for a bunch of new companies downtown, particularly with the right size high-tech,” London said. “That’s going to be tamped down a little bit by a compression in demand of existing companies. As their leases come up, they’re going to reassess for smaller amounts of office space. But I’m pretty confident about it (downtown).”

Lynn Reaser, chief economist at Point Loma Nazarene University’s Fermanian School of Business & Economics Institute, was more reserved in her assessment of the commercial real estate market downtown.

“Downtown will recover, but it will take time. Biotech could be a significant tenant, but it will probably require a major pharmaceutical firm to enter or increase its presence in the San Diego region in a substantial way,” Reaser said.

“Downtown must compete with Torrey Pines, UTC, and Sorrento Mesa/Valley for life sciences tenants.”

Recovering

Derek Hulse, managing director of Cushman & Wakefield in San Diego, said that “2021 will be a slow recovery and return to the office for many companies, but we should see a significant increase in activity the latter part of 2021 and in the years to come.”

While there may be some short term pain with excess inventory and low tenant demand, the future of the submarket is very promising,” Hulse said. “Long term, downtown San Diego is a vibrant and evolving submarket with immediate access to an international airport, public transportation connecting the downtown

Downtown to Torrey Pines, UTC and two major universities (UC San Diego and San Diego State University).

On the retail side, downtown is hurting, said Bill Shrader president and founder of Urban Property Group, a commercial real estate brokerage.

“I’m crossing my fingers that we have a Comic-Con next year. I think everybody is hurting, said Shrader.

Meanwhile, Shrader said more than 25 restaurants have closed downtown because of the pandemic.

“Traffic is down. The convention center is down. The hotel occupancy is very low. That’s just trickling through to the retail tenants as well. What’s hurting them also is the office buildings aren’t fully occupied,” Shrader said.

Yet Shrader said his firm has seen a lot of activity.

“Rents are down, and that gives people a chance to move into a better location that they may not have been able to afford before,” Shrader said.

“The deals that we are doing is people who are improving their location,” Shrader said.

Investor Interest

While general office and retail is struggling downtown, the apartment market is one of the stronger players in commercial real estate downtown.

The market is softer than it was prior to the pandemic, but Brennan and Rachel Parsons, a director of the commercial real estate brokerage Moran & Company said the downtown apartment is doing better than some might think.

“There’s still a ton of investor interest,” Parsons said.

Downtown “is probably the most active as far as investment sale locations in all of San Diego County this year,” Parsons said.

Traffic is down, “but the overall economics of downtown San Diego is still pretty solid,” Parsons said. “There’s a lot of capital invested in downtown, which kind of creates a really positive vision looking forward.”

Big Deals

Among significant deals cited was that Giltner Realty Advisors broke ground on Arroyo Verde Shopping Center in UTC. The 178,000 square foot center is slated for a significant renovation/ expansion to begin in spring 2021.

Tyler Sinks, director of multifamily sales for Berkadia’s San Diego office, said that the Valentina sale was remarkable because it set a new record for the per unit price at more $710,000.

“This COVID blip is literally a blip in the 10 or 15-year picture in what downtown

Area page 18

![Image](https://via.placeholder.com/150)

**Gary London**
Senior Principal
London Moeder Advisors

**Lynn Reaser**
Chief Economist
Fermanian Business & Economics Institute

**Bill Shrader**
President and Founder
Urban Property Group

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**Submarket** | **Market** | **Existing Buildings** | **Inventory SF** | **Vacancy Rate** | **12 Mo Net Absorption SF** | **12 Mo Net Delivered SF** | **Under Constr SF** | **Market Rent/SF** |
--- | --- | --- | --- | --- | --- | --- | --- | --- |
Economido | San Diego - CA | 852 | 9,871,652 | 3.6% | 9,994 | 11,900 | 23,000 | $2.10 |
Chula Vista | San Diego - CA | 750 | 9,128,451 | 3.6% | -59,976 | 10,801 | 0 | $2.43 |
El Cajon | San Diego - CA | 848 | 8,771,737 | 3.7% | 39,493 | -7,843 | 0 | $1.76 |
Clayton/TM/Tierrasanta | San Diego - CA | 499 | 7,550,120 | 2.1% | -5,992 | 11,352 | 5,740 | $2.34 |
Oceanside | San Diego - CA | 712 | 7,566,285 | 6.1% | -72,770 | 1,591 | 49,081 | $2.22 |
Mid City/SE San Diego | San Diego - CA | 1,238 | 7,577,033 | 2.5% | 10,127 | -7,016 | 15,000 | $3.07 |
Mission Valley | San Diego - CA | 379 | 7,475,233 | 7.5% | -263,366 | 21,863 | 85,165 | $2.07 |
Carlsbad | San Diego - CA | 116 | 5,409,834 | 3.0% | -102,954 | -31,518 | 0 | $2.33 |
Cardiff/Encinitas | San Diego - CA | 427 | 5,407,991 | 3.6% | -74,774 | -144 | 3,100 | $3.26 |
Vista | San Diego - CA | 552 | 5,216,387 | 6.0% | -31,243 | 33,225 | 0 | $1.91 |

TOTALS
San Diego - CA | 13,828 | 139,379,829 | 4.8% | -1,182,590 | -692,886 | 905,270 | $2.52 |

All | San Diego - CA | 13,828 | 139,379,829 | 4.8% | -1,182,590 | -692,886 | 905,270 | $2.52 |
General Retail | San Diego - CA | 9,813 | 56,816,637 | 3.4% | -403,186 | -821,432 | 499,093 | $2.36 |
All | San Diego - CA | 181 | 13,070,522 | 4.8% | -205,302 | 0 | 233,000 | $3.29 |
Neighborhood Center | San Diego - CA | 2,310 | 44,801,441 | 6.6% | -393,999 | 36,725 | 6,200 | $2.50 |
All | San Diego - CA | 39 | 1,975,581 | 4.9% | 14,216 | 0 | 0 | $2.84 |
Power Center | San Diego - CA | 377 | 11,645,146 | 3.7% | -120,876 | 69,858 | 81,872 | $2.84 |
Strip Center | San Diego - CA | 1,209 | 10,852,884 | 6.0% | -73,443 | 21,863 | 85,165 | $2.07 |

Sources: CBRE, Vort

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**Analysis**

Shopping center fundamentals took another step back in Q3 amid the ongoing public health situation and ensuing government response, which has forced many retail operators to close their doors or remain open at reduced capacity. Negative net absorption reached (300,102) square feet, but new leasing activity did pick up some, reaching 439,798 square feet, a 44% increase from Q2.

Giltnert Realty Advisors broke ground on Arroyo Verde Shopping Center. The Strip Center will add 27,200 square feet in Oceanside.

The combined amount of retail property sold or leased during 3Q was approximately 800,000 square feet, a decrease from the 1.1 million square feet transacted in each of the first two quarters of the year.

Regency Centers and Alexander Real Estate received approval from the San Diego Planning Commission to move forward on their plans for Costa Verde Center at UTC. The 170,000 square foot center is slated for a significant renovation/ expansion to begin in spring 2021.

The road forward heavily depends on factors outside of traditional free market considerations, including COVID-19 vaccine development, state and local government restrictions on business operations, and economic stimulus actions.

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**Bill Shrader**
President and Founder
Urban Property Group

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**Derek Hulse**
Managing Director
Cushman & Wakefield

---

**Lynn Reaser**
Chief Economist
Fermanian Business & Economics Institute

---

**Gary London**
Senior Principal
London Moeder Advisors
### THE LIST

**TOP RETAIL COMMERCIAL REAL ESTATE LEASES**

> Ranked by square footage of San Diego County properties leased Jan. 1, 2020 through Nov. 1, 2020

<table>
<thead>
<tr>
<th>Rank</th>
<th>Building name</th>
<th>Address</th>
<th>Square footage leased</th>
<th>Sign date</th>
<th>Tenant name</th>
<th>Tenant representative company</th>
<th>Tenant agent(s)</th>
<th>Landlord representative company</th>
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<tbody>
<tr>
<td>1</td>
<td>Twin Peaks Plaza</td>
<td>14705-14969 Pomerado Rd</td>
<td>44,686</td>
<td>11/3/2020</td>
<td>Undisclosed Grocer</td>
<td>Undisclosed Grocer</td>
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<td>Regency Centers</td>
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<td>2</td>
<td>Mission Valley Center West</td>
<td>1640 Camino Del Rio N</td>
<td>41,256</td>
<td>3/3/2020</td>
<td>24 Hour Fitness USA, Inc</td>
<td>CBRE</td>
<td>Dave Hagglund</td>
<td>EPR Properties</td>
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<tr>
<td>3</td>
<td>Chula Vista Crossings</td>
<td>1830-1870 Main Ct</td>
<td>37,413</td>
<td>8/4/2020</td>
<td>Bob’s Discount Furniture</td>
<td>CBRE</td>
<td>Dave Hagglund</td>
<td>Newmark Knight Frank</td>
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<tr>
<td>4</td>
<td>1240 W Morena Blvd</td>
<td>1240 W Morena Blvd</td>
<td>35,597</td>
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<td>Lyft</td>
<td>Studley</td>
<td>Ben Schwartz</td>
<td>Retail Inside</td>
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<td>5</td>
<td>Palomar Trolley Center</td>
<td>610-680 Palomar St</td>
<td>25,000</td>
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<td>DD’s Discounts</td>
<td>CBRE</td>
<td>na</td>
<td>na</td>
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<tr>
<td>6</td>
<td>Palomar Trolley Center</td>
<td>610-680 Palomar St</td>
<td>24,957</td>
<td>3/18/2020</td>
<td>Ross Dress for Less</td>
<td>CBRE</td>
<td>na</td>
<td>Cushman &amp; Wakefield</td>
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<td>7</td>
<td>3245-3555 Sports Arena Blvd</td>
<td>3245-3555 Sports Arena Blvd</td>
<td>20,706</td>
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<td>Cushman &amp; Wakefield</td>
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<td>8</td>
<td>Mira Mesa Marketplace</td>
<td>10604-10789 Westview Pkwy</td>
<td>18,461</td>
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<td>La-Z-Boy</td>
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<td>9</td>
<td>Indian Creek Rd &amp; Valley Center</td>
<td>Indian Creek Rd &amp; Valley Center</td>
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<td>10/16/2020</td>
<td>Grocery Outlet</td>
<td>CBRE</td>
<td>Dave Hagglund</td>
<td>CBRE</td>
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<td>10</td>
<td>Centerside I</td>
<td>3111 Camino Del Rio N</td>
<td>16,656</td>
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<td>Truist Bank</td>
<td>CBRE</td>
<td>William Dyke</td>
<td>Cushman &amp; Wakefield</td>
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</table>

### THE LIST

**TOP RETAIL COMMERCIAL REAL ESTATE SALES**

> Ranked by sale price of San Diego County properties sold Jan. 1, 2020 through Nov. 1, 2020

<table>
<thead>
<tr>
<th>Rank</th>
<th>Property name</th>
<th>Address</th>
<th>Sale amount</th>
<th>Sale date</th>
<th>Portfolio/Complex/Bldg.</th>
<th>Number of buildings</th>
<th>Sq. ft. of building</th>
<th>Price per sq. ft.</th>
<th>Buyer Seller</th>
<th>Listing broker agent</th>
<th>Listing broker company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vons</td>
<td>4145 30th St</td>
<td>$27,700,000</td>
<td>4/16/2020</td>
<td>Bldg. 1</td>
<td>44,000</td>
<td>$630</td>
<td>Brad Briffman, Cardinal Capital Partners, Inc.</td>
<td>na</td>
<td>na</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bel Villaggio</td>
<td>41221 Margarita Rd</td>
<td>$26,100,000</td>
<td>12/27/2019</td>
<td>Portfolio 11</td>
<td>115,051</td>
<td>$227</td>
<td>Deba Shyam, Pathfinder Partners</td>
<td>na</td>
<td>Kirk Brummer, Sean Holtzer</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The Convoys Portfolio (Ret Portion)</td>
<td>4888, 4898 Convoy St &amp; 7700Recv St.</td>
<td>$24,900,000</td>
<td>1/9/2020</td>
<td>Portfolio 3</td>
<td>52,386</td>
<td>$475</td>
<td>Merlone Geier, McGrath Development, Inc.</td>
<td>na</td>
<td>Mark Cason &amp; Randy LaChance</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Town Center North</td>
<td>810-835 College Blvd</td>
<td>$24,500,000</td>
<td>6/7/2020</td>
<td>Complex 2</td>
<td>43,800</td>
<td>$559</td>
<td>Gersten Properties, Citivest</td>
<td>Colliers International</td>
<td>Colliers International</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1133 S Mission (Albertson’s)</td>
<td>1133 S Mission Rd</td>
<td>$23,600,000</td>
<td>1/8/2020</td>
<td>Bldg. 1</td>
<td>72,880</td>
<td>$327</td>
<td>ULM II Holting Corp, Fortress</td>
<td>na</td>
<td>Colliers International</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Alberstons</td>
<td>655 14th St</td>
<td>$22,200,000</td>
<td>5/5/2020</td>
<td>Bldg. 1</td>
<td>42,973</td>
<td>$516</td>
<td>Robert Zakari, LLC</td>
<td>Avin Mansour, Kevin Mansour</td>
<td>Flocke &amp; Avery, Michael Burton &amp; Pasquale Ioele</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>3930 5th Avenue</td>
<td>3930 5th Avenue</td>
<td>$13,300,000</td>
<td>2/18/2020</td>
<td>Bldg. 1</td>
<td>107,676</td>
<td>$467</td>
<td>Paragon RE Investments, Carleton Management Inc</td>
<td>Michael Spilki</td>
<td>Location Matters</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Flags on Mission</td>
<td>1527 Mission Ave.</td>
<td>$12,300,000</td>
<td>2/18/2020</td>
<td>Bldg. 1</td>
<td>107,676</td>
<td>$114</td>
<td>Milan Cap Mgmt, Doeksen Properties - DPI Retail</td>
<td>Barbara Armentrout</td>
<td>SharpLine Commercial Partners</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sprouts</td>
<td>1400 E Vista Way</td>
<td>$11,300,000</td>
<td>5/28/2020</td>
<td>Bldg. 1</td>
<td>26,616</td>
<td>$425</td>
<td>Joseph Rinani, Black Lion Investment Group</td>
<td>Patrick Luther, Matthew Moussuri</td>
<td>SRS National Net Lease Group</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Paseos Comers</td>
<td>677 E H St</td>
<td>$7,240,000</td>
<td>2/14/2020</td>
<td>Bldg. 1</td>
<td>17,386</td>
<td>$416</td>
<td>The Randhawa Family Limited Partnership Two, LBS Real Estate Companies LLC</td>
<td>Reg Kobo, Joel Wilson, Michael Peterson, Phil Voorhees</td>
<td>CBRE</td>
<td></td>
</tr>
</tbody>
</table>
Area

is going to look like,” Sinks said. “I would definitely continue to bank on downtown.” On the downside, many apartment landlords are offering concessions in the form of free rent. Typically, landlords offer free rent for a limited time when a building first opens, but the concessions of late have been for longer periods – two months instead of one. Still, the base rents have remained steady and Parsons said that “occupancies have maintained well.” Brennan said that while there has been some movement to the suburbs and more rural areas from some people who want more room as a result of the pandemic, she said: “There’s just as many people who want to live in an area that’s great for transit, that is easy to get out to the bay and the beaches.”

Similar, Brent Schertzner of the Holland Partner Group said “We’ve been pretty surprised. Everyone was saying there was going to be this big exodus from downtown. “We, at least with this project (The Merian) haven’t been seeing that.” Schertzner said. Brennan said she expects that the city’s tourism industry – a key element to the downtown economy - will be back to where it was pre-pandemic within 24 months. “Now that there is supposedly some vaccines that seem to be safe and effective, as they roll out those maybe in a year or two years from now, I think we’ll see a really nice recovery for downtown, our downtown and all downtowns,” Brennan said. “At the end of Q3 2020, San Diego’s direct office vacancy was 13.3%, an increase of 70 basis points from the previous quarter and 150 basis points from a year ago.

Office

Market Statistics

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Existing Buildings</th>
<th>Inventory SF</th>
<th>Vacancy Rate</th>
<th>12 Mo Net Absorp SF</th>
<th>12 Mo Net Delivered SF</th>
<th>Under Constr SF</th>
<th>Market Rent/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown</td>
<td>237</td>
<td>13,962,112</td>
<td>20.8%</td>
<td>-276,029</td>
<td>315,469</td>
<td>0</td>
<td>$2.95</td>
</tr>
<tr>
<td>Kearny Mesa</td>
<td>284</td>
<td>11,380,411</td>
<td>10.1%</td>
<td>-245,456</td>
<td>90,000</td>
<td>0</td>
<td>$2.63</td>
</tr>
<tr>
<td>Sorrento Mesa</td>
<td>139</td>
<td>9,866,106</td>
<td>11.7%</td>
<td>-95,508</td>
<td>0</td>
<td>0</td>
<td>$3.09</td>
</tr>
<tr>
<td>UTC</td>
<td>93</td>
<td>8,765,831</td>
<td>7.2%</td>
<td>-30,315</td>
<td>0</td>
<td>369,000</td>
<td>$3.76</td>
</tr>
<tr>
<td>Carlsbad</td>
<td>337</td>
<td>7,640,820</td>
<td>15.6%</td>
<td>-52,540</td>
<td>12,074</td>
<td>0</td>
<td>$2.89</td>
</tr>
<tr>
<td>Mission Valley</td>
<td>139</td>
<td>7,345,881</td>
<td>11.6%</td>
<td>-47,337</td>
<td>0</td>
<td>0</td>
<td>$2.71</td>
</tr>
<tr>
<td>Rancho Bernardo</td>
<td>134</td>
<td>7,031,774</td>
<td>12.5%</td>
<td>-165,153</td>
<td>5,030</td>
<td>0</td>
<td>$3.02</td>
</tr>
<tr>
<td>East County</td>
<td>706</td>
<td>5,845,759</td>
<td>4.3%</td>
<td>-25,324</td>
<td>15,400</td>
<td>86,000</td>
<td>$2.13</td>
</tr>
<tr>
<td>Del Mar Hts/Carmel Valley</td>
<td>83</td>
<td>5,128,476</td>
<td>15.8%</td>
<td>-112,204</td>
<td>288,484</td>
<td>212,235</td>
<td>$4.32</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>274</td>
<td>3,449,351</td>
<td>5.9%</td>
<td>-12,878</td>
<td>0</td>
<td>0</td>
<td>$2.53</td>
</tr>
<tr>
<td>TOTALS</td>
<td>5,532</td>
<td>118,393,445</td>
<td>11.2%</td>
<td>-1,214,624</td>
<td>892,473</td>
<td>2,124,181</td>
<td>$2.89</td>
</tr>
</tbody>
</table>

All 5,532 118,393,445 11.2% -1,214,624 892,473 2,124,181 $2.89
Class A 304 39,130,139 15.3% -200,467 740,548 1,580,004 $3.52
Class B 2,049 55,873,553 10.6% -687,923 231,427 544,177 $2.71
Class C 3,173 23,371,383 5.9% -325,780 -79,502 0 $2.23

Analysis

Asking rates remained at $3.15 for a full service gross lease, some 7 cents higher than the third quarter last year. Some 1.58 million square feet was under construction in the quarter. While this is down from last quarter, construction activity is still much higher than any other time in the last five years. At the end of Q3 2020, San Diego’s direct office vacancy was 13.3%, an increase of 70 basis points from the previous quarter and 150 basis points from a year ago. Since the beginning of the year, over 622,000 square feet of speculative biotech product has broken ground. Cooley leased 73,800 square feet, an entire building at The Boardwalk, Healthpeak Properties’ newest Class A life sciences development located in Torrey Pines. Element Biosciences leased 104,200 square feet for a new building at Alexandria Tech Center which broke ground this quarter. Apple contributed to two of the largest new leases in Q3 2020, signing for 78,000 square feet and 44,000 square feet in Eastgate. The rest of large new leasing came from the life sciences sector, including Guardant Health, Organogenesis and Helixs.

Sources: CBRE, Cushman & Wakefield
Rank | Building name | Address | Square footage leased | Sign date | Tenant name | Tenant representative company | Landlord representative company
--- | --- | --- | --- | --- | --- | --- | ---
1 | Summit Rancho Bernardo | 16620 W Bernardo Drive | 196,734 | 2/20/2020 | Confidential Tech Company | JLL Mitty Moore/William Fleck | CBRE
2 | Sorrento Towers North | 5375 Mira Sorrento Place | 140,000 | 9/27/2020 | Dexcom | Cushman & Wakefield Darren Morgan | Cushman & Wakefield
3 | Kilroy Centre Del Mar- Bldg 5 | 3811 Valley Centre Drive | 118,912 | 7/1/2020 | Scripps Health | Avison Young Jamie Enders-Keller | CBRE
4 | 1201 Park Center Dr | 1201 Park Center Dr | 83,775 | 9/3/2020 | US Foods Inc | CBRE Chris Reynolds | Four-Sher Investments Inc
5 | AXIOD | 4550 Towne Centre Ct | 63,008 | 8/17/2020 | Apple | JLL Mitty Moore/William Fleck | Biomed Realty Trust
6 | The Boardwalk | 10206 Science Center Dr | 73,776 | 6/18/2020 | Cooley, LLP | Cooley, LLP na | CBRE
7 | Innovation Corporate Center | 15051 Avenue of Science | 69,967 | 8/10/2020 | Northrop Grumman | CBRE Tom Martinez & Evan Knudson | JLL
8 | The Foundry | 5355 Mira Sorrento Pl | 59,110 | 2/1/2020 | Fairfield Residential | Hughes Marino David Marino | Cushman & Wakefield
9 | Rancho Vista Corporate Center | 16409 W Bernardo Dr | 53,301 | 3/5/2020 | Intel Corporation | Colliers International Tom Nicholas | CBRE
10 | Fairway Corporate Center | 5541 Fermi Ct | 49,639 | 2/5/2020 | Sound United | CBRE Ryan Sparks, Matt Carlson, Sean Williams, Blake Wilson | na

No applicable

Source: CBRE

To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego Business Journal. Eric Alderete, ealderete@sdbj.com. This list may not be reprinted in whole or in part without prior written permission from the editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a property's size or numerical rank indicates its quality.
SAN DIEGONotre’s Largest Projects Represent More Than $2 Billion in Construction

6. 915 W. Grape Street
Cost: Undisclosed
Location: 915 W Grape St.
Description: 17-story, 1.3M SF of space, several labs, up to five office buildings, and museum.
Developer: IQHQ
Architect: DFH Architects
Contractor: Bayside SD., LLC
Estimated Completion: 2023

7. 3rd and A
Cost: Undisclosed
Location: 3rd and A Street
Description: 21-story with 270k SF, 270 apartment units.
Developer: The Hanover Company
Architect: Carrier Johnson + CULTURE
Estimated Completion: 2020

5. San Diego Research and Development District (RaDD)
Cost: $1.5 billion
Location: 12 acres bound by Broadway, Pacific Highway & Harbor Drive
Description: 17-story tower, 1.3M SF of space, several labs, up to five office buildings, and museum.
Developer: IGHD
Contractor: Undisclosed
Architect: Undisclosed
Estimated Completion: First phase 2023

8. Courthouse Commons
Cost: $400 Million (Estimated)
Location: 220 W. Broadway
Description: 27-story mixed-use, 270k SF of office space, 18k SF of commercial space, 437 apartment units - 87 affordable units.
Developer: Holland Partner Group of Vancouver
Contractor: Undisclosed
Architect: Carrier Johnson + CULTURE
Estimated Completion: Q2 2023

Source: Civic San Diego

SPECIAL REPORT: DOWNTOWN
NOVEMBER 23, 2020
GO RISING

Downtown's Largest Projects Represent More Than $2 Billion in Construction

1. 11th and Broadway
Cost: $195 Million (Estimated)
Location: 11th and Broadway
Description: 32-story, 641k SF mixed use 623 apartments, 10k SF retail and six levels of below grade parking.
Developer: Pinnacle International
Contractor: Pinnacle International
Architect: Martinez + Cutri
Estimated Completion: Q4 2020

2. Modera
Cost: Undisclosed
Location: 241 14th Street
Description: Seven-story, 368 luxury apartments in East Village with subterranean parking. The community offerings include; sky lounge with pool/spa, bowling lounge, fitness studio & co-working spaces.
Developer: MCRT Investments, LLC
Contractor: Undisclosed
Architect: Carrier Johnson + CULTURE
Estimated Completion: Q1 2021

3. 7th & Market
Cost: $400 Million
Location: 7th & Market
Description: 39-story, 763k SF mixed use 623 apartments, 10k SF retail and 40k SF retail space— including grocer and five levels of below grade parking.
Developer: Eastern Development
Contractor: Suffolk
Architect: Carrier Johnson + CULTURE
Estimated Completion: 2023

4. Broadway Block
Cost: $300 Million
Location: 702 Broadway
Description: 2 Towers - 720k SF mixed use, 620 apartment units and ground level retail/commercial space.
Developer: Bosa Development
Contractor: Undisclosed
Architect: Joseph Wong Design Associates
Estimated Completion: 2020

5. San Diego Research and Innovation District (RaDD)
Cost: $1.5 billion
Location: Pacific Highway & Harbor Drive
Description: 12 acres bound by 17-story tower, 1.3M SF office buildings, and museum.
Developer: IQHQ
Architect: DFH Architects
Contractor: Romanic Design Studio & Romanic Design Studio
Estimated Completion: 2023

6. 3rd and A Street
Cost: $200 Million
Location: 3rd and A Street
Description: 37-story mixed-use, 270k SF use 623 apartments, 10k SF retail and 40k SF retail space— including grocer and five levels of below grade parking.
Developer: Pinnacle International
Contractor: Pinnacle International
Architect: Carrier Johnson + CULTURE
Estimated Completion: 2023

7. 3rd and A Street
Cost: $195 Million (Estimated)
Location: 3rd and A Street
Description: Seven-story, 368 luxury apartments in East Village with subterranean parking. The community offerings include; sky lounge with pool/spa, bowling lounge, fitness studio & co-working spaces.
Developer: MCRT Investments, LLC
Contractor: Undisclosed
Architect: Carrier Johnson + CULTURE
Estimated Completion: Q1 2021

8. Courthouse Commons
Cost: Undisclosed
Location: 220 W. Broadway
Description: 431 apartment units - 87 affordable units.
Developer: The Hanover Company
Architect: Carrier Johnson + CULTURE
Contractor: The Hanover Company
Estimated Completion: 2023

9. Downtown’s Largest Projects Represent More Than $2 Billion in Construction

LiUNA! Local 89
(619) 263-6661
www.local89.org

2,869 MEMBERS
in San Diego County

1,080 PARTNERS

1,600 AGREEMENTS

Local 89 Members in San Diego County

Valentine Macedo
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Memories...