

# Mid-rise tower planned by Hines

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## Office project is set for La Jolla Commons

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The company that built Petco Park has purchased three acres in University City to develop a mid-rise office tower.

Hines, a privately held real estate investment trust, purchased the site in La Jolla Commons, a 16-acre parcel that was controversial when approved for development in 2000 because of neighborhood concerns over traffic.

The company plans to build a 15-to 20-story office building and a parking structure north of La Jolla Village Drive near Judicial Drive and overlooking Interstate 805. Construction could begin late this fall, said Paul Twardowski, the project manager for Hines in San Diego.

Hines bought the land from Makar Properties, a Newport Beach developer. Twardowski declined to reveal the purchase price. Makar officials did not return phone calls seeking comment.

In addition to the office tower, La Jolla Commons is approved for a 15-story luxury hotel and a 32-story condominium tower. Road improvements to extend Judicial Drive under La Jolla Village Drive are under way. The timetable for construction of the 327-room hotel and 115 condominiums has not been revealed by Makar.

Hines expects to figure out just how big the roughly \$150 million office project will be within the next few months. At 20 stories, it could be as large as 450,000 square feet.

Twardowski said it would be the first new mid-rise office building in University City since the early 1990s, although two mid-rise structures have been built in nearby Sorrento Mesa.

Hines has been investing in San Diego since it completed work as the development manager for Petco Park. The Houston-based firm acquired Golden Eagle Plaza, a 22-story high rise at 525 B St. downtown, for \$116.8 million. It also bought the 220,000-square-foot Pacific Plaza office building in Torrey Hills.

Twardowski said Hines purchased the La Jolla Commons property because very few development sites remain in the University City and Carmel Valley area, which is home to many law firms and finance companies that serve the region's tech and biotech sectors in Torrey Pines and Sorrento Mesa.

"It's turning out to be a very supply constrained, tight market," Twardowski said. "We're a long-term player. We prefer to build and hold long term. So for us a site like this is a rare commodity."

Rents for the new office building are undetermined, but Twardowski said he expects them to be "competitive" with other top-quality offices in the area by the time the project is completed.

Mark Wayne, an office broker with Burnham Real Estate, said University City has been recovering from a downturn in demand following the tech bust. Overall, office vacancy in the area is 11 percent. In top-quality buildings, vacancy is 9.6 percent.

"There's a lot of momentum in rents, particularly in the Class A segment, with no large blocks of space to speak of," Wayne said. "I think that's the key. Eighteen months from now we'll have some pent-up demand from larger users."