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Hines, TIAA-CREF Venture Plans High-Rise Office

By Daniel D. Williams

SAN DIEGO-After nearly nine months of planning, Hines' class A office project in the University Town Center submarket has begun to take shape. The firm has partnered with TIAA-CREF to develop a 15-story, 340,000-sf property. Project costs were not released.

The office property will go up on a three-acre parcel and is part of the 12-acre mixed-use La Jolla Commons. The project will break ground in the fourth quarter and is set for completion in spring of 2008. The site is the first high-rise office development to go up in the submarket since 1991.

Hines' West Region executive vice president Jim Buie says "this project will be consistent with the highest quality assets in Hines' and TIAA-CREF's global portfolios."

TIAA-CREF's Head of Global Real Estate, Tom Garbutt, adds that his firm will continue its bullish attitude in San Diego. "We will continue to be active in this area as part of our value-added investment program."

Last December, when Hines acquired the site from Makar Properties LLC for an undisclosed amount, company VP Paul Twardowski said the property was entitled for a 20-story, 450,000-sf office tower.

He told GlobeSt.com that the company is "not sure if we're going to do that. Over the next few months, we'll be judging what's the right amount to build." Twardowski added that, after an account of the market had been taken, Hines would then make final plans on a project that "will be at least 15 stories."

The property has been entitled since late 2000, with Makar making the winning bid on the site. Twardowski said "We didn't look at it as aggressively as they did at that time, but we continued to track it." When Makar put it back on the market, Hines made its bid.

For Hines it's been an aggressive move into the area. The firm opened a San Diego office late last year and has made two acquisitions of existing properties: Golden Eagle Plaza and Pacific Plaza. Twardowski says the firm will continue to aggressively pursue additional acquisitions and projects in the area.

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