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The New York Times

VOL. CXXXVII, No. 47,506 Copyright © 1988 The New York Times

SUNDAY, MAY 15, 1988

\$2.50 A COPY

Special Today: Commercial Property/Section 13

- San Diego: "Emerald City" on the skyline.
- Atlanta: Portman's \$1.2 billion suburban project.
- Foreign investors step into more active roles.

Real Estate Report

Commercial Property

Active Development:
The Next Stage for
Foreign Investors
Page 5

Suburbs Lose Edge, P. 13 • Manhattan Vacancies Rise, P. 40
Lost Skyscrapers of New York, P. 68 • Table of Contents, P. 3

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This article is reprinted from a New York Times special report on U.S. Commercial real estate.

The New York Times

San Diego

An 'Emerald City' for a Growing Skyline: Eight Green Towers in a Hotel-Office Center

By KEVIN BRASS

THERE is little doubt that the Emerald-Shapery Center, scheduled for completion in 1990, will have a dramatic effect on this city's downtown.

Part of the rapidly redeveloping west end, the center will be the downtown area's most distinctive and noticeable feature, particularly when it is viewed from nearby San Diego Bay.

"It is breaking the mold for downtown high-rises," said Tom McCabe, a local architect. "It certainly will make its mark on the San Diego skyline."

Designed by C. W. Kim, the center will have six hexagonal green towers, ranging in height from 18 to 36 floors, and housing more than 375,000 square feet of office space and a 427-room hotel.

Within the next two years, nearly two million square feet of new downtown high-rise office space will be available, according to the local Torrey Urban Research Institute. And the number of downtown hotel rooms will almost double, to 8,418, by 1991, predicts Laventhol and Horwath, the accounting and consulting firm.

"Our studies indicate the first several years after the opening of Emerald-Shapery will be devastating

to most hotel operators" in San Diego, said Sandor Shapery, sole proprietor of Shapery Enterprises, developer of the project.

Tokyu Corporation, Shapery Enterprises's partner in this project, with headquarters in Tokyo, is providing funds for construction of the \$132 million center through a new subsidiary, San Diego 109 Inc. No outside financing is involved. Tokyu reports more than \$19 billion in annual revenues from interests in the transportation, development, retailing and recreation industries. Emerald Hotels, a Tokyu subsidiary, will operate the center's hotel.

"My partner takes a much longer-range view than most contemporary American developers," said Mr. Shapery. "Most developers look at five-year projects. Five years to the Japanese is an incubation period."

Shapery Enterprises has owned the site, a choice block of downtown real estate, since 1979. "Land costs in San Diego are still a terrific bargain," he said. "They've gone up in the last 10 years, but you can still find downtown land at \$75 to \$110 a square foot, compared to \$600 to \$700 a square foot in San Francisco and \$200 to \$400 in Los Angeles."

An attorney who specialized in developing small shopping centers and office complexes, Mr. Shapery scuttled plans for a high-rise development on the site

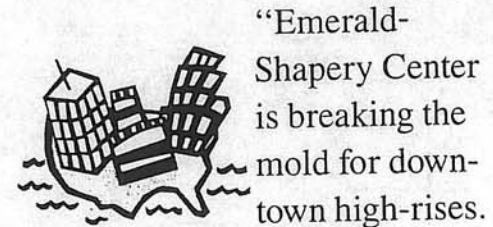
in 1982, when a surge in office building sent vacancy rates downtown skyrocketing.

He revived the idea in 1985, when it became clear that San Diego's downtown was well on its way to redevelopment. Public approval for construction to begin on a new downtown convention center, scheduled for completion in 1989, gave added impetus to new projects.

THE idea of using the hexagon as the basic shape for the towers was Mr. Shapery's. Besides giving the center a distinctive look, the six-sided structures will provide more space with views of San Diego Bay, Mr. Shapery said. Construction costs will be lower, too, because all the beams and common elements will be the same size, he added.

The center will have an economical, stored-ice air-conditioning system. Giant fans in the basement will pump cooled air through the towers. The same fans will ventilate the garage. Specially designed, smaller-than-usual air ducts are intended to help eliminate the "sick building syndrome," which Mr. Shapery said has been shown to cause headaches and other ailments in people working in tall buildings.

Other features, such as panels under the windows to reflect ambient light, will help make Emerald's



"Emerald-Shapery Center is breaking the mold for downtown high-rises. It certainly will make its mark on the San Diego skyline."

IN THE NATION

offices "environmentally sensitive," he said, and help them to stand out in the market.

"Our theme is to create more for less," said Mr. Shapery.

Emerald-Shapery's rents are competitive with those of other towers being built downtown. Asking rents range from \$22.20 a square foot per year on the fourth floor to \$36 a square foot per year on the highest, most desirable floors.

The average asking rent for the center is \$29.10 a year, including utilities and maintenance costs, with a \$20-a-square-foot tenant-improvement allowance, compared to an average of \$27.60 a year and a \$24 allowance at the nearby 21-story Koll Center, and \$30 a year and a \$22 allowance at the 33-story Symphony Towers Complex, according to the Torrey Institute. Both Symphony Towers and Koll are scheduled to open in the next two years.

"Concessions are ranging about a year to a year and a half of free rent on a five-year lease," said Ron Barbieri, president of Torrey Institute. "I think they will decrease next year, but increase at least to the current level when the new buildings come online."

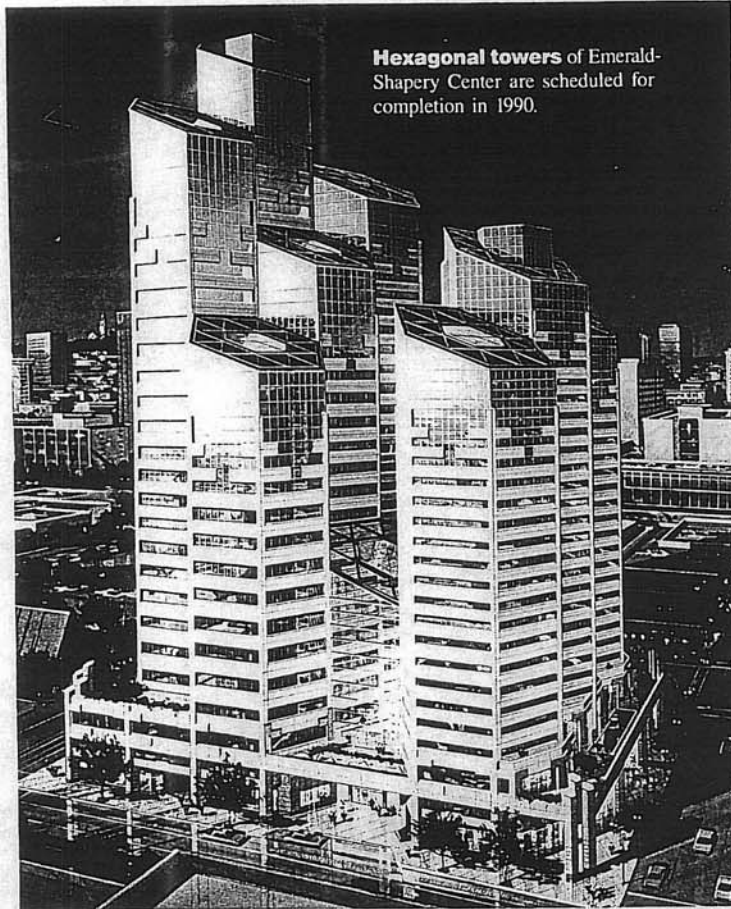
He said absorption of downtown office space is expected to reach 600,000 square feet a year by 1989, which should result in a vacancy rate of 16.3 percent by 1990, compared to the current level of 8.5 percent. When the new buildings are ready, there will be a glut of office space, Mr. Barbieri said. But the Torrey Institute President added that he expected business-service companies, such as law and accounting firms, either moving here or expanding their local operations, to take up much of the added space.

Local government and Navy and Marine operations have provided a healthy downtown market for these kinds of businesses. And while few firms make their corporate headquarters in San Diego, a wide variety of companies, from biomedical and high-tech to light-manufacturing outlets, are moving into the area, lured by the climate, available housing and relatively affordable rents.

Only about 36,000 square feet of the Emerald-Shapery office space has been leased so far, primarily to Headquarters Companies, which specializes in subleasing upgraded executive suites. The accounting firm of Coopers and Lybrand is expected to take an additional 18,000 square feet.

But since there was no financing involved, there was no need for pre-leasing, said Vince Botticelli of Grubb and Ellis, commercial brokerage services. Mr. Botticelli and Bill John are the exclusive agents for the project.

While no brochures have been printed and a full marketing campaign for the center has yet to begin, Mr. Botticelli said its unique design and the hotel complex, especially — connected to the office towers by a 100-foot-high glass atrium — should make



Hexagonal towers of Emerald-Shapery Center are scheduled for completion in 1990.

Emerald-Shapery easy to sell.

"The project is much more cost competitive with the hotel as partner," Mr. Botticelli said. "Hypothetically, you can consider 50 percent of the project pre-leased to the hotel."

THIS will be the first San Diego project, but the fourth in the United States, for Emerald Hotels, which operates the 1,400-room Hawaiian Regent Hotel, the Mauna Lani Bay Hotel, also in Hawaii, and the 507-room Emerald of Anaheim, Calif.

The San Diego hotel will aim primarily to attract business travelers, according to Nikolaus Klotz pres-

ident of Emerald Hotels.

The hotel will have approximately 30,000 square feet of meeting space, three restaurants, a fitness facility, a lap pool and 17,000 square feet of additional commercial space.

Both the hotel and the office complex will benefit from the natural attributes of the site. It is less than three blocks from San Diego Bay and will offer broad views over the water.

In addition, the train station is a block away, and trolleys run on a track adjacent to it.

"It's a class A building," Mr. Barbieri said. "I think the Shapery Building, in design and quality, reflects the upscaling of downtown."