

SAN DIEGO Metropolitan

June 2004

UPTOWN EXAMINER & DAILY BUSINESS REPORT

est. 1891. Daily publication. Online at sandiegometro.com and On The Air at XING 1390.7 FM Radio

SAN DIEGO SCENE

After mulling a move to a suburban office park, and possibly Los Angeles, **Sempra Energy** has instead signed a 10-year, \$80 million lease to stay at its Downtown headquarters. "We came to an agreement that met our economic and future needs," says **Jennifer Andrews**, Sempra spokeswoman. "I think everyone is happy about it because Downtown is becoming a pretty exciting place." The headquarters building houses 800 of Sempra's 13,000 employees. The building is owned by **Allan Simon** and **Sandor Shapery**, a prominent Downtown developer. Shapery is pleased with both the triple net lease and the urban retention of a major employer. "We are real happy to have them here," Shapery says. "It is our largest cor-

poration in terms of employees and revenue and the only one we have in the **Fortune 500** (No. 257). We don't want to lose it."

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"We call them our only Fortune 500 company," Warden says. "We are very anxious to retain them as neighbors."

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Downtown's sole **Fortune 500** headquarters company, **Sempra Energy**, is kicking the tires of suburban office space. "Our lease is up in summer 2005 and we are exploring our options," says **Doug Kline**, Sempra spokesman. The company must give notice by January whether it will exercise the first of its four five-year options to stay in its home since 1975. Meanwhile, civic leaders are pressing Sempra CEO **Stephen Baum**, who will make the call, to stay Downtown. Options include the same building — Sempra's 58 cents a square foot rent goes to market rate under the renewal options but is still likely to be much lower than the \$3 new space commands — or perhaps **Rob Lankford's Broadway 655** or **Cisterra's DiamondView Tower** outside **Petco Park's** right field. Sempra needs about 225,000 square feet for 800 employees. With a 2003 profit of \$649 million on revenue of \$7.9 billion, the company does not lack for options.

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Sempra's real estate broker is **Craig Irving**, principal with **Irving Hughes**. In 1997 he negotiated Downtown's biggest deal in more than a decade when Golden Eagle Insurance

and its 1,100 employees moved to what is now Golden Eagle Plaza. The former chairman of the Downtown Partnership, Irving seems best equipped to pitch Downtown's options, but he isn't talking.

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Those who are talking include **Sandy Shapery**, Sempra's landlord. He is skeptical the company can make such a big move in a short time, but at the least expects Sempra to lease 75,000 square feet outside Downtown for its energy trading division. New digs in Kearny Mesa top the rumor list for either transaction. If Sempra departs, Shapery foresees converting his building to condos or a luxury hotel with condos on top.

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CCDC President **Peter Hall** calls Sempra a good corporate citizen for Downtown. "They are a flagship for our city," he says. "I think they just fit (Downtown) like a glove." **Barbara Warden**, president of the Downtown Partnership, says she has been working with CCDC and the Economic Development Corp. to convince Sempra to stay in the urban core.

Kristofferson said another piece of good news for downtown is that **Sempra Energy** (NYSE: SRE) renewed its lease for space in a downtown high-rise. For a time, it was thought Sempra, which has a substantial presence in Kearny Mesa, might move its headquarters to the suburbs, but has decided to stay put. That building, incidentally, is owned by Sandor Shapery.