



SDSU team wins real estate competition

By **KATIE THISDELL**, The Daily Transcript
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San Diego's real estate scene has a bright future, a group of judges said — especially if soon-to-be-graduates from San Diego State University have a hand in it.

For the fourth time in five years, the Aztecs took home a trophy and bragging rights from the NAIOP University Challenge, having designed what judges called the best and highest-use project in a case-study competition.

“They’re basically telling the community, ‘We’re here for you. What other communities have, we want you to have this, too,’” judge Dennis Cruzan said in announcing SDSU’s community-oriented, mixed-use project as the winner. About 350 people attended the event Thursday at the San Diego Hall of Champions in Balboa Park.

Teams from San Diego’s three undergraduate real estate programs competed: SDSU’s Corky McMillin Center for Real Estate, the University of California San Diego Urban Studies and Planning Program, and the University of San Diego Burnham-Moores Center for Real Estate.

Teams of six were challenged to come up with a development plan for a 13.7-acre site in Encanto on Market Street and bounded by Euclid Avenue and 47th Street, part of a 60-acre holding owned by the Jacobs Center for Neighborhood Innovation.

The competition was presented as if it were an investment committee-style meeting. NAIOP — a commercial real estate organization — wants to engage students early and encourage them to stay in San Diego, Executive Director Karen Burges said.

The Jacobs Center’s goal “is to turn all this property over to the community and have this be a catalyst for the Encanto area of San Diego,” said NAIOP President Dan Broderick. “That’s quite an auspicious endeavor.”

Perhaps what made the projects different from those by professionals was the number of all-nighters students pulled. “It is not the most straightforward development plan and set of circumstances and assumptions that these students had to deal with,” said Cruzan, founding partner of real estate developer Cruzan.

“In some ways, it was a little on the convoluted side. A very difficult site, it had public financing, it had entitlement issues, grade issues, an existing theater deal that had to be woven into the fabric of the situation, a low economic community — not easy answers to come up with. I read it a couple times and said, ‘Boy, I’m not sure where I would start with this.’ ”

Scores were based equally on the written package, public presentation and the presentation and defense before the judges, which had taken place the previous day.

The site, south of state Route 94 and east of Interstate 805, has easy freeway access and is next to a trolley station. The proposals’ range of density and style varied greatly.

USD’s Alcala Development suggested installing prefabricated townhomes in its Villa Vista to save six months of construction time. The team also called for 145,000 square feet of retail, based on a retail gap analysis, which would help create 400 jobs.

Apartments would be built above one-third of the retail. A three-story community center would bridge the gap between young and old, and offer a safe place for students to go after school. Villa Vista would also include a 1.3-acre green space.

USD students said they had really reached out to try to find out what neighbors wanted by spending hours asking customers at a nearby Starbucks.

Working with Ware Malcomb, USD also developed a virtual walk-through of the project. UCSD's Triton Associates proposed La Cuadra at Market Creek, anchored by a central promenade capped with green space, and cultivating a cultural and artistic environment.

The 48 residential spaces would include micro studios, along with a mix of one- to three-bedroom apartments. UCSD suggested bringing in Sprouts and Target Express as anchor tenants. Also included in the \$220 million La Cuadra was a brewery.

Construction would be phased, with the theater, parking structure and micro studios to be built first. But it was SDSU's Creekside Plaza that won the judges' admiration. The team included Jack Losey, Zach Lawless, Byron Fisher, Madison Amaral, Jeff Crocker and Abbie Hawkins.

The project would feature 309 residential units, 20 affordable artists' lofts, 10 live-work lofts, a 45,000-square-foot theater, an 813-stalled parking garage, 15,000 square feet of street-front retail on Market Street, a 7,000-square-foot restaurant space and eight restaurant concept incubators.

The \$100 million project would produce a leveraged internal rate of return of 30 percent, Hawkins said. Creekside Plaza would have \$20 million in raised equity and \$8 million in debt, giving the land a residual land value of \$11.6 million.

SDSU modeled some aspects of Creekside Plaza on an existing development, Trinity Groves in Dallas. "We are not just developing a product simply to provide a place someone can sleep at night," Losey said. "We are developing a product where someone can enjoy their life, and be a part of the Encanto community."

SDSU also decided to challenge the rules, which had stipulated a 7,600-seat movie theater was to be included. Lawless said the team met with active brokers and did a demand analysis.

"There is actually demand for a theater on the site, but not one as big as what we were given," Lawless said. "We downsized from 16 screens to 10 screens, from 70,000 square feet to 45,000 square feet, and most importantly, from 7,600 seats to 1,900 seats, which gave us a more manageable parking requirement."

Outside-the-box thinking — backed up by research — paid off for the team.

For the first time, the NAIOP University Challenge was a fundraising event, bringing in \$40,000 for the organization's scholarships.

The event offered students a chance to meet and network with many real estate professionals. The students were, after all, looking for post-graduation jobs.