



My Viewpoint



Steve Avoyer

It's that time again...

Again, difficult-to-predict "trends" are emerging from the embattled corpse of our economy. Reading the current headlines from a variety of esteemed business periodicals, one would think that commercial real estate is still "off the reservation" and in intensive care. Well, that is true in some geographic areas (Vegas, Phoenix, Imperial County and in many parts of the Inland Empire) and it is also true in some retail categories (high-end specialty, luxury, and non essentials), but in San Diego County, we have seen a recent spurt of activity in: 1) multi-locational tenant expansion; 2) developer interest, primarily in areas with strong existing demographics and following a financeable user; and 3) a legitimate (albeit soft by 2006 standards) surge in investment activity, in my opinion, primarily due to the voracious demand of capital to garner returns in asset classes that are earning more than a paltry 1-3%

(bonds and money markets).

Well-leased and located anchored multi-tenant retail projects are trading in the 6.5%-7.5% cap rate range and deals are actually closing coupled with a legitimate story to be told regarding future NOI growth. We are also seeing heightened 1031 activity, something that had fallen off to a mere trickle in recent years. Why? Because the gap between buyer and seller expectations is shrinking. The confusion of where capital gains taxation might be next year (although that looks a bit more predictable since the recent November elections) has also prompted movement.

Tenants such as specialty markets (The Fresh Market, Sprouts, Wal-Mart Neighborhood Market, Ralphs, Bristol Farms, Fresh & Easy and several others are actively seeking sites and aggressively going after them. Moderately priced food users (in addition to the Burger Wars: In-N-Out, Five Guys, SmashBurger, The Habit, The Counter and so many more!), who have seen positive comparable store sale numbers during the downturn are back in the market - big time. Not pushing 2006 rent numbers, but active and aggressive. Home improvement, notably Lowe's, have committed to several sites in SD County and their latest purchase in Poway last month topped \$14 million for a full size store and a pad, according to County records. CVS and Walgreens are also in the competitive mix, many times vying for the same size sites as the smaller market concepts, thus pushing prices up, much to the glee of some embattled landowners, who had NO market only a year ago. We believe many national and regional retailers are now facing Wall Street pressure to grow and having let their new store cupboards become depleted as a result of understandable corporate caution and unattractive (or no) financing availability since the down turn began several years ago.

Smart developers are out looking again, betting on the tenant expansion paradigm mentioned above, and many landowners are now willing to consider better terms on price and timing, realizing the craziness of years ago could very well take many years to replicate again. Financing, while increasingly available, still carries difficult requirements relative to equity down, debt service coverage ratios and credit in the income stream; but at least one can have a conversation and devise a game plan. Non-recourse is even on the table for the right deal and borrower. Not so on land loans and A & D products. Those are still at Forest Lawn.

And for landowners, it can be summarized in one word - ENTITLEMENTS. If you don't got them, or are not willing to give the buyer time to get them, you are not going to sell your property in this environment. You are the placekicker with 30 seconds remaining in the 4th quarter, in a tie ballgame and the opposing coach rightly elects

to "freeze you."

Personally, I am more optimistic right now than I have been in 24 months. Are things peachy? No, but activity is occurring and the wheels of progress are evident.

Last quarters scorecard overall: B-, but feels like a C-.

Good luck to you all!

Featured Broker

Bill Thaxton



Our featured broker is Bill Thaxton, a veteran of Flocke & Avoyer for over 20 years, and 30 years of leasing and selling retail properties. Bill has completed over 600 complex and varied transactions totaling over \$700,000,000. With a focus on future retail development and redevelopment sites, Bill has completed 14 conventional grocery store transactions totaling over \$200,000,000, including a 2-year assemblage for Food 4 Less in Lemon Grove involving 15 separate ownerships. In addition to completing transactions with all of the major grocery store companies active in San Diego, he is representing Anna's Linens and Comerica Bank.

Bill is an active member of the International Council of Shopping Centers San Diego Program Committee, which he has chaired twice. He is also an active member of the San Diego Rotary Downtown Club with projects including building a new Tijuana medical clinic and kindergarten, and community volunteer work days.

Bill enjoys spending time with his wife, and watching his son compete as a freshman member of the UC Berkeley Men's Crew team. Bill also enjoys participating in the San Diego Rowing Club Masters program.

To contact Bill, email him at bthaxton@flockeavoyer.com or call him directly at (858) 875-4675

Highlighted Listing

POWAY CITY CENTER



Poway City Center is a ±121,713 SF center strategically located in the heart of the prestigious Poway trade area. The center offers excellent signage and visibility to Poway Road. High incomes as well as significant daytime and residential population make this site an excellent opportunity for retail and service users.

Availabilities:

- 1,990 SF
- 3,977 SF
- 3,600 SF Fully Fixturized Restaurant
- 2,007 SF

This project can accommodate a variety of uses.



Click to Download
Marketing Brochure



Showcase
Video Clip

Listing Brokers:

Brian Quinn
bquinn@flockeavoyer.com
858.875.4672

Tommy Gibbs
tgibbs@flockeavoyer.com
858.875.4677

Chris Carter
ccarter@flockeavoyer.com
858.875.4663

Highlighted Tenant



Flocke & Avoyer is proud to announce that **Jon Horning** has been selected as the exclusive tenant representative for **Chipotle Mexican Grill** for San Diego County.

Chipotle's mission statement is as follows:

"Food with Integrity" is our commitment to always look closer, dig deeper, and work harder to ensure that our actions are making things better, not worse. It's our promise to run our business in a way that doesn't exploit animals, people or the environment. It is the philosophy that guides every decision we make at Chipotle.

Site Requirements:

- Approximately 2,200 SF
- End cap or free standing building
- Patio seating preferred
- Areas with strong lunch, dinner and weekend activity

[Click here](#) for Chipotle's website.

Tenant Representative:

Jon Horning

jhorning@flockeavoyer.com

858.875.4667

Community Involvement

Brad Williams



Brad Williams has been a Committee Member for the American Cancer Society's Downtown Relay for Life for the past two years. He has also participated in the event for the past four years. This year, the Downtown Relay had roughly 1,200 participants and raised in excess of \$157,000, the highest total of the 32 Relays in San Diego County. Williams currently serves as the Public Relations Chair, and is already spreading the word for 2011.

Together with our millions of supporters, the American Cancer Society (ACS) saves lives and creates a world with less cancer and more birthdays by helping people stay well, helping people get well, by finding cures, and by fighting back.

The American Cancer Society is a nationwide, community-based voluntary health organization dedicated to eliminating cancer as a major health problem. Headquartered in Atlanta, Georgia, the ACS has 13 chartered Divisions and more than 3,400 local

offices.



[Click here](#) to learn more.

Featured Landlord

REGENCY CENTERS

Regency Centers is a national developer, owner and operator of grocery-anchored and community shopping centers. They have 399 centers, 18 regional offices and properties in nearly every major market.

"Regency Centers has had the pleasure to work with Flocke & Avoyer for over 10 years in San Diego. Their professionalism along with knowledge of the market and latest trends has proven to be a great asset to our company. I have known John Still at Flocke & Avoyer personally for over 20 years and he has been a driver in helping Regency achieve our common goal of attaining quality tenants for our Shopping Centers, and working with us on numerous development projects. We value our relationship with this dedicated group and look forward to many more future accomplishments."

Gregg Sadowsky, Regency Centers



Flocke & Avoyer is their exclusive leasing agent for 353,320 SF of retail space, including 4S Commons Town Center and Newport Square.

Cyber-shop without getting scammed

By Ismat Sarah Mangla, writer
October 22, 2010: 5:24 AM ET

(MONEY Magazine) -- Here are six steps consumers can use to protect themselves from scammers as the online buying season kicks into high gear:

Be leery.

Don't open attachments or click on links if they seem at all suspicious. Doing so could let spyware or viruses in.

Invest in protection.

Buy a full suite of security software (\$30 to \$80 a year; top brands include Symantec, McAfee, and Webroot), including antivirus and anti-spyware software.

Stay up to date.

Make sure both your web browser and operating system are configured to get updates from the manufacturer automatically.

Go direct.

Type the URL directly into your browser instead of clicking on links.

Scan for security.

Once you're checking out, be sure that you're on a secure page. The address should begin with "https," not "http."

Get a one-time number.

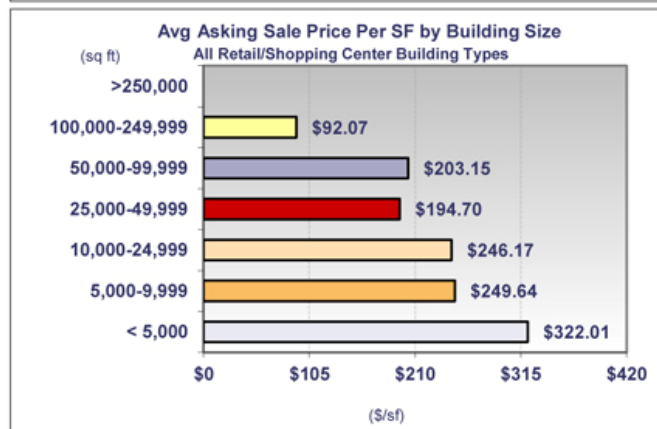
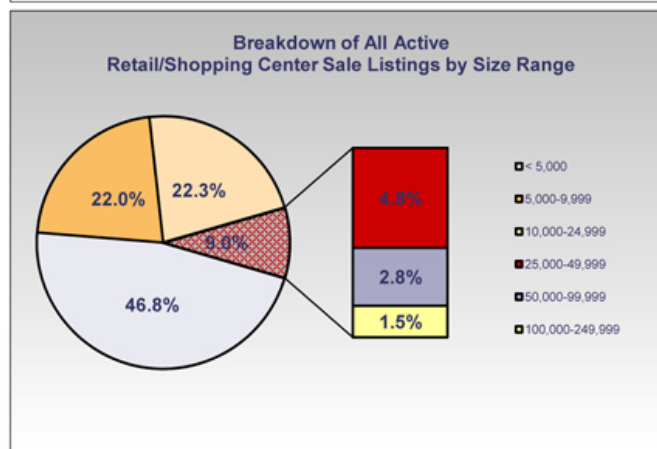
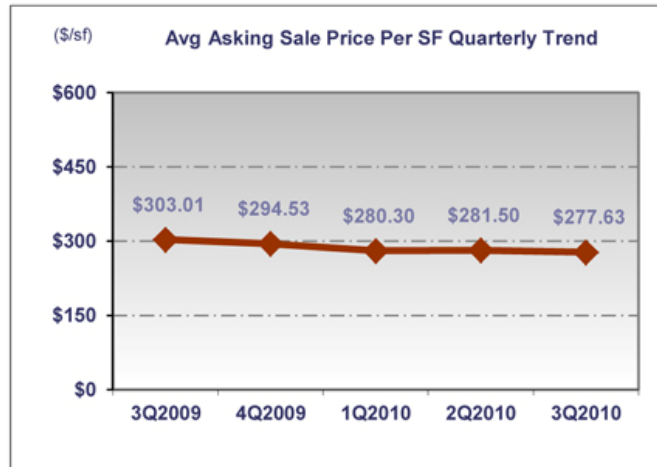
Several credit card issuers will give you an account number that becomes invalid after one use.

Work with a middleman.

You can store your credit card or bank account information with a third-party payment system like PayPal or Google Checkout.

Read the full article [HERE](#).

Retail Quarterly Insight Report: 3rd Quarter 2010



Source: Loopnet.com

6165 Greenwich Drive, Suite 110, San Diego, CA 92122
 P 619.280.2600 F 619.280.3311
www.flockeavoyer.com | Corporate ID: 00913525



Going Green on Greenwich
 Join us to recycle, reduce and reuse.
 Only print emails when necessary.