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Salvation Army to Relocate San Diego Operations to South County Business Park

Agency Sells Downtown Properties after 70-Year Presence, Heads to Otay Mesa



The Salvation Army plans to take space at the planned Brown Field Technology Park in San Diego's Otay Mesa neighborhood. (CoStar)

The Salvation Army has hired a developer to build two new buildings for the social-services organization at the Brown Field Technology Park in San Diego's Otay Mesa neighborhood, where the group plans to relocate after selling off its properties in downtown San Diego, where it has been a fixture for 70 years.

Officials at San Diego-based Murphy Development said the company plans to develop a two-building facility for the Salvation Army at the 52-acre office and industrial park, under construction by the firm off state Route 905 at Britannia Boulevard. Financial terms were not disclosed in a statement from the developer, which plans to begin construction at the end of this month.

Murphy Executive Vice President Kaitlin Arduino said the Salvation Army will be the lead tenant in the business park. The Otay Mesa build-to-suit buildings for social-services provider are an 85,000-square-foot industrial building and a 45,000-square-foot support services facility, according to the developer.

"This larger facility will enable us to better serve an additional 20 more men each month, bringing the total to 120 men in our no-cost adult rehabilitation-job training program," Major Henry Graciani, general secretary of the Salvation Army Centers Command, said in the statement from Murphy Development.

The Salvation Army expects to relocate in early 2021 from facilities in downtown's East Village. The firm recently sold properties that it owned in that neighborhood to Los Angeles-based developer Kilroy Realty Corp., which is planning a new mixed-use development, in a \$16 million transaction. Kilroy officials recently told CoStar News that the Salvation Army plans to remain in its current downtown spaces for at least the next 18 months while Kilroy plans out its project.

The Salvation Army also sold a vacant lot that it owned in East Village to developer Liberty National Corp., in a \$7.75 million deal, according to CoStar. That company also plans a mixed-use project at the site.

CoStar analytics data shows demand has been rising in Otay Mesa, near the U.S.-Mexico border, as a hub for logistics and warehousing operations. The area has an office vacancy rate of 3.9%, an industrial vacancy rate of 4.6% and rents generally lower than those found in central San Diego.

Industrial projects in the works include another developer's plans for a 2.6 million-square-foot distribution center, expected to be occupied by online retail giant Amazon.

For the Record

In the recent Salvation Army leasing in Otay Mesa, the organization was represented by Michael Burton and Pasquale Ioele of Flocke & Avoyer Commercial Real Estate. Murphy Development was represented by Andy Irwin of JLL.