

**SAN DIEGO CLIPPING**  
**SD Commerce**

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**State Route 125**

**Increases South County  
Appeal in San Diego**

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**SAN DIEGO** — Shopping centers and office space will line the new road to San Diego County's South Bay submarkets, according to brokers and developers addressing members of the National Association of Industrial and Office Properties' San Diego chapter, on Oct. 18 at the La Jolla Marriott.

State Route 125 is on schedule to open in October 2006, and many developers have plans to build along the \$630 million toll road. It will connect East County communities such as Spring Valley and La Mesa with Chula Vista and Otay Mesa in the South County and provide a third north-south route to the area, relieving traffic congestion on Interstates 5 and 805.

"Chula Vista is coming into it's own," said Mike Vogt, president of San Diego-based International Real Estate.

Retail development dominates along Route

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**Route 125**

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125 in San Diego County's second-largest and fastest growing city because land for new business parks in the community's rapidly developing eastern half is in very short supply. Forecasts predict that the city's population of 209,000 residents will reach 275,000 to 300,000 in 15 years.

Even Vogt, known for industrial development in Otay Mesa, is building retail in Chula Vista. The first phase of his 450,000-square-foot Eastlake Design District, located in the 200-acre, 2.5 million-square-foot Eastlake Business Center, is scheduled to open later this year.

Directly adjacent to Route 125, Chicago-based real estate investment trust General Growth Properties Inc. is building 900,000 square feet in a lifestyle center called Otay Ranch Town Center, scheduled to open the same time as the toll road.

The city has set aside 1,500 acres along the road for a four-year college campus, which several universities probably will share. It will include housing, retail and other commercial development.

Vogt said there are no 10- to 20-acre office or industrial sites in eastern Chula Vista. If there were, the land would sell for \$25 per square foot. That's twice the price of land in Otay Mesa, a mostly industrial community that lies south of Chula Vista along the U.S.-Mexico border.

That means growth in Chula Vista has a direct impact on Otay Mesa, according to San Diego developer Judd Halenza of the Judd Co. Otay Mesa lies in both the city and county of San Diego.

Land is available there, but the supply is shrinking because of the relatively low price and interest from residential developers. While industrial vacancy is still 20 percent in the submarket, Halenza said he is confident about Otay Mesa's future.

"When I'm looking at Otay Mesa, I'm not thinking about today," he said. "People are coming in droves for lower-cost housing. We need to get people into that housing because they'll bring their businesses."

Halenza said that a land shortage in Tijuana and increased occupancy at manufacturing facilities in the Mexican border city helps Otay Mesa's industrial market. A third border crossing is planned in Otay Mesa for both tourist and commercial traffic.