

# Arizona firm buys Emerald high-rise

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Staff Writer

Downtown's colorful Emerald-Shapery Center was sold yesterday to an Arizona partnership for a price thought to be about half of what it cost to build the premier property.

Southwest Value Partners of Scottsdale bought the property at 402 W. Broadway from San Diego 109 Inc., a subsidiary of Tokyu Corp. of Japan.

The price was not disclosed, but sources close to the sale estimate it at about \$69 million, well below the \$130 million cost reported when the building was completed in 1991.

Even at that steep discount, the sale represents the third-highest price paid for a San Diego commercial property, according to real estate sources.

"They are buying well below replacement value, and got a quality investment," said Gary London of London Group Realty Advisers of La Jolla.

"I regard this facility and tenants as the cream of the crop in San Diego County," said London, publisher of the *Real Estate and Economic Monitor*.

The 30-story hotel and office complex was built as a joint venture of Shapery Enterprises and San Diego 109, which bought out Shapery's 25 percent interest and became sole owner in 1993.

The hexagonal towers, highlighted by emerald green lighting, are an easily recognizable feature of the San Diego skyline. The towers are connected at street level by a 100-foot-high glass atrium with restaurants, lounges, a fitness club, business center and other amenities.

The building was designed by C.W. Kim.

One tower is occupied by the

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436-room Pan Pacific Hotel. The Pan Pacific, a Tokyu subsidiary, will continue to manage that property. Shapery Enterprises principal Sandor Shapery has a long-term lease on a two-story penthouse atop the hotel.

The 375,000-square-foot office tower will be managed by Koll Management Co., according to David Dolgen of Southwest Value Partners.

"Our general plan is to be very aggressive in leasing the office building," now about 55 percent occupied, Dolgen said. "We believe the performance of the hotel will, over time, reflect the improving trends in the community."

Southwest Value Partners is a private investment company whose principals are Millard Seldin, Robert Sarver, David Dolgen and Mark Schlossberg.

The partnership has "other assets in Southern California and

holdings other than this in the San Diego area, but this is the most significant," Dolgen said.

The firm, which has banking and real estate affiliates, holds Arizona and Southern California office buildings, hotels, apartment complexes, retail centers and master-planned communities with a market value of some \$500 million.

The Emerald-Shapery transaction indicates that opportunities re-

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main for investors in San Diego real estate, London said, although many properties will be held off the market to await a rise in value.

"This purchase and some others are being made on the upturn of the cycle. The commercial market bottomed out at the midpoint of last year and has been on a gradual incline since," he said.

Landmark deal: Emerald-Shapery Center, which was sold yesterday to an Arizona partnership, has been a victim of recession. Its office tower is only 55 percent occupied.

### TOWERING SALE

The estimated \$69 million price paid for the Emerald-Shapery Center would make it the third highest nonresidential real estate transaction in San Diego County history.

RANK	DATE	PROPERTY	PRICE
1.	12/87	First Interstate Plaza / Downtown	\$110.5 million
2.	3/94	Plaza at La Jolla Village (partial) / University City	78.3 million
3.	2/95	Emerald-Shapery Center / Downtown	69.0 million
4.	1/88	Carlsbad Research Center / Carlsbad	57.0 million
5.	5/88	Union Bank / Downtown	50.0 million
6.	8/94	Mira Mesa Shopping Center / Mira Mesa	43.2 million
7.	6/89	Nexus Research Center / University City	31.7 million
8.	12/87	Plaza at Wateridge / Sorrento Valley	29.5 million
9.	12/94	Sorrento Towers North / Sorrento Mesa	29.5 million
10.	10/92	Continental Rehab Hospital / Hillcrest	25.2 million

SOURCES: John Burnham & Co., COMPS ar