



Hilton San Diego Convention Center Hotel

Convention Center Hotel Links Balboa Park to Bay

For the past several years, demand for lodging rooms in San Diego has been on the rise, thanks to the city's booming tourism industry and the expansion of the San Diego Convention Center. In response to this demand, the Port of San Diego issued an RFP for a 12.8-acre parcel near the convention center in 2001. The following year, officials signed an option agreement that paved the way for the construction of a Hilton Hotel on the site, a former shipyard.

After going through a long approval and permitting process, the project's owner, One Park Boulevard LLC, secured a 66-year ground lease with the Port that commenced on Jan. 1, 2006. Official ground-

breaking was held soon after.

Today, developer Phelps Portman San Diego, a joint venture of Portman Holdings LLC and Phelps Development, is working to deliver the \$348-million project to the market by November 2008. The project is adjacent to the convention center, Gas Lamp District and Petco Park, home of the San Diego Padres.

San Diego National Bank provided a five-year, \$244-million construction loan for the development. The 32-

story, one-million-sf-plus asset will add 1,190 keys to the local market, as well as 100,000 sf of meeting space, two full-service restaurants, a fitness center, concierge and business center. It will also feature public art valued at more than \$2 million and a 4.3-acre public waterfront park and plaza.

The hotel is expected to create 600 service/tourism jobs and more than \$15 million in annual sales, property and transient occupancy tax revenue for the city.

In addition to all of this, the developers note the project is also touted as the culmination of a 100-year dream that city planners and officials have had for the area—providing a pedestrian-friendly, continuous connection of Balboa Park to the San Diego Bay waterfront along Park Boulevard, a key element of the city's master plan.

The DEALMAKERS

Owner: One Park Boulevard LLC

Developer: Phelps Portman San Diego, a joint venture of Portman Holdings LLC and Phelps Development. Roger Zampell, senior vice president of development, Portman Holdings; Eric Wilson, president, Phelps Development

General Contractor: Hensel Phelps Construction Co.

Architects: John Portman & Associates Inc.; Joseph Wong Design Associates

Lender: San Diego National Bank

"This project is the culmination of a lengthy public and private effort. Whenever a major hurdle arose—and there were many—everyone got on board to find a workable solution. The fact that the project got done at all is testament to the perseverance of all parties involved."

ROGER ZAMPELL

"At a cost of \$348 million, the Hilton San Diego Convention Center is the largest privately financed and owned convention hotel currently under construction in the US. The benefits to the community are numerous."

ERIC WILSON

Also Of Note

Last April, **Duke Realty Corp.** kicked off **Grand Lakes I**, one of the largest speculative warehouse buildings ever constructed in the Dallas area. Located within its 130-acre Grand Lakes master-planned industrial park in Grand Prairie, TX, the 755,000-sf facility was built at a cost of \$30 million and has expansion capabilities to one million sf. RoomStore leases half the building, while ServiceCraft Logistics takes up the rest. It was completed in November 2006.

In Harrison, NJ, **Advance Realty Group** is working on the \$2-billion **Harrison MetroCentre**, a public/private project that will ultimately bring three million sf of class A office space, 300,000 sf of retail shops and 3,500

residential units to the area. The



Harrison MetroCentre

\$500-million first phase broke ground in August 2006 and will feature 90,000 sf of offices, 300,000 sf of retail space, 800 residential units

and a 300-room hotel. It will be ready in 2010. Also part of the complex is a 25,000-seat Red Bull Park stadium being constructed by AEG Worldwide that will house the New York Red Bulls major-league soccer team.

This summer, the City of Tempe, AZ will have a new shopping hub. Considered the largest brownfield environmental cleanup in state history, the 130-acre **Tempe Marketplace** is the brainchild of **Vestor Development Co.** Work on the began last February, and the \$300-million, 1.3-million-sf lifestyle center is already 95% leased.

Last summer, **Hines** broke ground on **300 N. LaSalle**, a 60-story, 1.5-million-sf office tower in Downtown Chicago. The developer has also received a LEED-CS Gold pre-certification for the class A property from the US Green Building Council. When completed in early 2009, the law firm of Kirkland & Ellis will anchor more than 600,000 sf in 24 stories.

For nearly 30 years, potential developers and city officials have unsuccessfully tried to