

Regent Properties Makes \$420M Office Buy in San Diego

By Gail Kalinoski

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A longtime owner of commercial real estate in the San Diego market, Regent Properties is making its first purchase in downtown San Diego, acquiring a portfolio of four high-rise office buildings for \$420 million, or about \$281 per square foot. The acquisition was the Los Angeles-based company's first investment through its Regent Opportunity Fund V.



1 Columbia Place. Image courtesy of Regent Properties

Regent Properties did not release the seller of 1 Columbia Place, 701 B Street, 2 Columbia Place and 707 Broadway. *The San Diego Union-Tribune* identified the former owner as Emmes Realty Services, a privately owned real estate investment advisor that bought the properties between 2012 and 2014 for a total of \$325 million.

The properties total 1.5 million square feet of space, or approximately 16 percent of the entire Class A/B office inventory in downtown San Diego. The transaction also includes the 6th & A Parking Garage.

The previous owner had extensively renovated the portfolio's common areas, including upgraded lobbies and amenities. Regent plans to add more hospitality-oriented improvements focusing on tenant engagement. Plans call for activating new fitness and conference centers, eateries and community gathering places such as outdoor terraces and wine lounges.

Matthew Benbassat, COO of Regent Properties, said in a prepared statement the new amenities would help attract and retain tenants. He said the real estate development and investment management firm is confident the curated tenant experiences combined with its ready-to-lease spec suite program will give tenants a reason to want to be at their properties.

Sam Kraus, executive vice president and head of acquisitions at Regent Properties, told *Commercial Property Executive* the company has conviction in the pending economic recovery and growth coming out of the pandemic and expects tenants and their employees will be returning to offices.

San Diego's appeal

"Having analyzed migration data within the state of California, we also see a notable uptick in people moving from NorCal (Northern California) to San Diego. The city's economic engine is strong and diverse—with life sciences and technology leading the charge," Kraus said.

He also pointed to the city's attributes, adding, "The climate, lifestyle, amenities and relative affordability for a West Coast city are all critical features which, we believe, will support San Diego's post-pandemic economic outperformance in the coming years."

Regent Properties, which is a vertically integrated operator and fund manager with investments concentrated in five Sunbelt markets, currently owns 13 other office and R&D properties in the San Diego region including two in the La Jolla submarket and eight in Carlsbad, Calif. The firm, which now has \$1.8 billion in assets under management with the latest acquisition, also has office properties in the Dallas-Fort Worth, Houston, Denver and Phoenix markets. In March, the firm obtained a \$61.7 million bridge loan to [refinance Elevate 24](#), a two-building, 323,251-square-foot office property in Phoenix's Camelback Corridor. Elevate 24 is one of the 12 office assets Regent Properties owns in the Phoenix region, according to CommercialEdge data.

"We're looking to continue growing our presence in those markets, alongside our current initiative to grow the portfolio east of Texas," Kraus told *CPE*.

CEO Eric Fleiss said in prepared remarks that Regent Properties is seeking to purchase more than \$2 billion of assets over the next 24 months as it continues its push to acquire high-quality office projects across the Sunbelt.