



Things for which we can give thanks

By JASON HUGHES

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With the election tug-of-wars behind us and Thanksgiving two days away, it's an appropriate time to reflect on what we can be thankful for concerning the state of our region.

Our gratitude should initially center on real estate since it contributes mightily to our area's overall economy in ways few other economic sectors can match.

First, the obvious; we have had a long-term robust real estate economy in recent years, the length and likes of which haven't existed together since God invented dirt. Virtually every sector of the real estate market -- commercial, industrial, investment and residential -- experienced a prolonged period of strong demand. The market has cooled somewhat over the past year, but it is still highly viable.

What's markedly different in recent months is that it has become a buyer's -- and tenant's -- market which, in effect, spreads the blessings of a good economy to a broader range of stakeholders.

The geographic key to the success of the region's real estate market has been the prosperous redevelopment of our downtown core into a series of bustling urban villages in recent years. So many condominium towers have risen to fill in our city's skyline in order to accommodate the great numbers of people who now call the downtown ZIP code, 92101, home.

In a way, the cooling real estate market is something to be thankful for --especially if you're interested in buying a condominium in the downtown area. There's a ton of new and resale condos available and a growing number of motivated sellers who are adjusting their asking prices downward to attract buyers.

Likewise, as I've mentioned in earlier columns, we can be thankful for the fact that a growing numbers of office landlords have finally learned an inevitable but painful lesson: Namely that they cannot make their tenants pay for the outlandish prices they paid to purchase office buildings in recent years in the form of unwarranted rent increases and minimal concessions. They've learned what even the most novice commercial real estate observer knows full well: "Push economics" doesn't work in commercial real estate. As a result, tenants are now being treated as the valued customers they are. Surely, the remaining -- the most stubborn -- building owners eventually will learn the inevitable lessons of a competitive marketplace.

I am especially thankful for the first year of civic leadership we've had in San Diego Mayor Jerry Sanders. It's hard to exaggerate the world of hurt our city would now be in were it not for his election a year ago. His reorganization of the top levels of bureaucracy and his even-handed political tone has done much to turn the focus of our leaders toward finding constructive ways to solve the city's massive financial problems.

The most promising fixes to date have been the much-needed reforms included in the Propositions B and C voters passed two weeks ago. It appears the taxpayers of San Diego are finally seizing City Hall back from the clutches of the labor unions that have controlled the city's political leadership for years.

While not pertaining to commercial real estate per se, these reform measures do affect that economic sector as well as all other enterprises doing business in San Diego.

For example, we can be thankful that any future hikes in municipal employee pension benefits, over and above cost-of-living increases, will now require voter approval, thanks to Proposition B winning voter approval. The problem, however, is how to deal with the increases to date that have created a financial crisis for the city of immense, if not fatal, proportions.

Let's be thankful for the other reform measure, Proposition C, which allows routine city services, such as trash pickups, information technology and landscape maintenance, to be outsourced to private vendors if the level and cost of such services justifies such. The trick now is to keep union bosses from sabotaging the Proposition C by pushing through overly restrictive implementation rules.

We should be thankful for San Diego's great and continuing spirit of philanthropy that contributes to so many important resources that enhance our quality of life. I am personally thankful to the Irwin Jacobs family's magnificent gift of \$5 million to the San Diego Children's Museum, where I serve as a member of the board of directors.

La Jolla businessman Ernest Rady's \$60 million gift to what is now the Rady Children's Hospital this past year also was a regional highlight for which all who value the health of our children can be thankful. We can only

hope and give thanks in advance that such major gestures of good will be replicated by others who have the resources to contribute to what makes San Diego as a wonderful regional community in which to live and work. That San Diego can be described in such terms is really the best reason we have to give thanks this special time of the year.

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