

## CASE STUDY 2: OFFICE PARK TO R&D CONVERSION

### **PACIFIC SORRENTO TECHNOLOGY PARK** *San Diego, CA*

- 110K SF property, purchased 30% vacant
- Converted approximately 63,000 SF of office space into tech/lab space
- Re-signed many existing tenants, increased rents, and leased remaining space



### **OPPORTUNITY**

An affiliate entity acquired this 30% vacant, 110,000 square-foot, 3-building office park in the Sorrento Valley submarket of San Diego, California. The property, located in a premier submarket for San Diego's thriving biotech industry, showed prime potential for conversion to laboratory space for "incubator" tenants.

### **VALUE ADDITION**

Ownership purchased the property for approximately \$6.45 million in 2000. Upon acquisition, ownership converted the 41,000 square-foot one-story building to laboratory space, upgraded the three-story office buildings, and refinished all exteriors, landscaping, and parking areas. Upon leasing the "spec" laboratory suites, the ownership converted the second one-story building to 22,000 square feet of laboratory space as well. Later, ownership signed a major 10-year lease renewal and expansion with Scripps Health. Along with other new leases, this brought the property's occupancy up to 100%. Total construction budget for repositioning the property was approximately \$9 million.

### **Results**

In 2006, ownership sold the Pacific Sorrento Technology Park, 100% occupied, for almost \$32 million.

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