

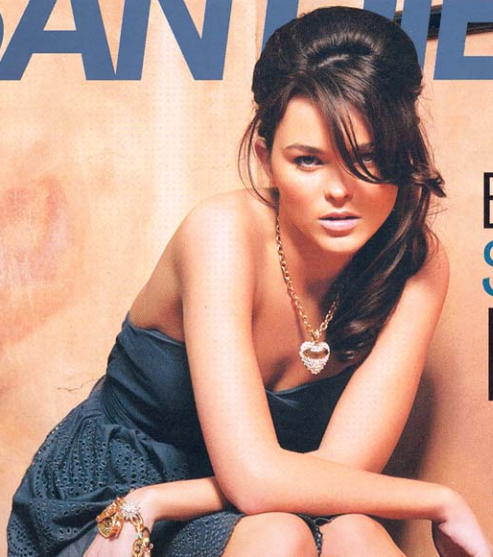
HUMAN TRAFFICKING: SLAVE LABOR, SEX & BIG MONEY

SAN DIEGO

MAGAZINE

EXPLORING SAN DIEGO NORTH

Fashion, Lifestyles,
Politics, Economics &
the Future in North County



BRINGING THE GOOD LIFE

Condos offer buyers luxury amid options

DOWNTOWN

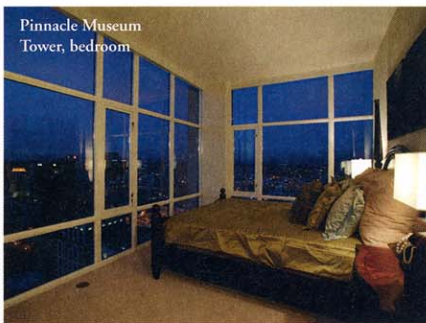
By Vicki Powers

Pinnacle Museum Tower, dining room



ROBERTO ZEBALLOS/PHOTOGRAPHY/NIKE AUTHOP

Pinnacle Museum Tower, bedroom



ROBERTO ZEBALLOS/PHOTOGRAPHY/NIKE AUTHOP

WITH AN ESTIMATED annual spending power of more than \$2 trillion, baby boomers are driving the purchase of second-home condominiums in downtown San Diego, according to Boyd Smith, a broker with Prudential California Realty.

"A lot of the people purchasing condos downtown as second homes are over the age of 50 and are looking for a 'hip and happening' lifestyle," Smith says. "It's like a fantasy life. The opportunity to live an urban lifestyle—it's a new concept to San Diego."

Approximately 37 percent of all homebuyers who purchased in the downtown San Diego ZIP code in 2006 have a property tax bill sent to a different ZIP code, according to Data-Quick, a La Jolla-based research firm—in contrast to 18 percent of buyers countrywide with tax bills sent elsewhere. This 11 percent increase from the previous year likely points to an upswing in second-home purchases. While the number of sales in the downtown ZIP code decreased overall—from 570 to 297—the percent of those purchasing from a different ZIP code increased.

During the city's latest housing boom, condo construction tripled in the area. As a result, the number of people living in downtown San Diego more than doubled to 30,000. By 2008, an estimated 9,000 new condo units are expected to be completed.

Why Downtown?

The downtown area is currently a buyers' market, according to Colleen Cotter, a broker associate for Prudential California Realty who specializes in selling in the downtown market. If people are looking for a second home, she says, downtown has some particularly good deals, but it's not the time to make money. Eighteen months ago, people were "flipping" condos extremely quick and making \$100,000 to \$200,000 on the sale.

"I saw 'performance chasers' watch people make this money and then buy a condo themselves without good advice," Cotter says. "They would buy a new construction and then sell—but there was too much of the same thing for sale."

Renee Oral, a Realtor at RLM West, says downtown San Diego allows homeowners a fun lifestyle with easy access to cultural and entertainment options. It's also a good investment. Oral and her husband, Burhan, live in Rancho Santa Fe in a 6,300-square-foot home. They purchased a condo downtown in 2003 as an investment. Their condo in Pinnacle Museum Tower has 2,100 square feet and provides a place for them to stay on the weekends—and a full-time residence for their son.

"It's a nice change from suburban living," Oral says. "We'll also stay downtown sometimes after seeing a play or other entertainment downtown during the week."

David Andaleon moved from the San Francisco Bay Area in 2001 when his company offered him the option to telecommute. He and his wife had always liked the idea of living in San Diego, especially with family in town. The move forced them to scale down to the 1,600-square-foot condo they purchased—25 percent smaller than their Bay Area townhouse.

"It was a big process to pare down before and after the move," Andaleon says. "But our lifestyle is a lot simpler now."

The couple made changes to the condo before it was complete by negotiating with the builder. They removed two walls to make the kitchen and bedroom larger, since they desired loft living with lots of open rooms.

Downtown offers a number of conveniences for the Andaleons. They have easy access to 100 restaurants within a quarter-mile walk from their condo. They downsized to one car from three and are renting out their extra parking space.

In 2003, Andaleon and his wife also purchased a 600-square-foot studio downtown in Little Italy as an experiment. This has proved to be a great investment—and it's only been vacant for two hours since the purchase.

Downtown Trends

Imagine purchasing two penthouses in downtown San Diego and removing walls to create a 4,400-square-foot Tuscan villa situated inside an ultra-urban condominium. That's just one example of the effort condo buyers make to bring their affluent lifestyles downtown.

"At this level of the market, people just do what they want," says Jaimi Julian Thompson, president and owner of San Diego's Artisan Design Studio. She has seen the cost of downtown condominium project changes and additions ranging from \$10,000 to \$250,000. Her firm offers a number of services for homeowners and developers, including design consulting, home furnishing, pre- and post-closing construction options and urban expertise.

Thompson sees a number of trends for the second-home market in downtown San Diego. Many renovations involve electrical and lighting changes. Condo dwellers also insist on keeping their space more open and flexible. They use decorative



Horizons,
living room

ROBERTO ZEBALLOS PHOTOGRAPHY/COLLEEN COTTER



Horizons,
kitchen

ROBERTO ZEBALLOS PHOTOGRAPHY/COLLEEN COTTER



Interior designed by
Artisan Design Studio

ARTISAN DESIGN GROUP

glass as an accent and decorative glass panels as room dividers.

“We help our clients understand what goes into an urban environment,” she says. “They want options. Developers work hard with the builder to provide customization features.”

She believes that the frenzy has slowed down. Those who now buy condos downtown now, Thompson says, do so to enjoy and live in them rather than flip them for sale. “It’s a better-quality buyer,” she says.