

PUBLIC MEETING NOTICE

- Join in person at 401 B Street, Suite 100, San Diego, CA 92101.
- CEP Committee Meeting packet can be found at <https://downtownsandiego.org/clean-and-safe/pbid-meetings-reports/>

3:30 p.m. – CALL MEETING TO ORDER

Introductions/Non-Agenda Public Comment

Action Items | Sumeet Parekh

- Approve Minutes – Jan. 18, 2023 | ACTION

Chair Update | Sumeet Parekh

- Introduction: Nathan Bishop, Director of Economic Development, Downtown San Diego Partnership
- Guest Speaker: Sang Nguyen, San Diego Regional EDC
- Downtown Pulse

President & CEO Update | Betsy Brennan

Staff Update | Sarah Brothers

- Budget Brainstorm
- Tenant Attraction & Retention Projects
- Clean & Safe Services Report

Other Business | Sumeet Parekh

Next Meeting

- July 19, 2023, at 3:30 p.m.

ADJOURN

Commercial Enhancement Program

Meeting Minutes

Jan. 18, 2023

Virtual Meeting

Call to Order

- The meeting was called to order by Sumeet Parekh at 3:35 p.m.

Non-Agenda Public Comment

- There was no non-agenda public comment.

Roll Call

- The following CEP Committee Members were present: Sumeet Parekh, Betsy Brennan, Jeff Oesterblad, David Calabrese, Leah Volk, Jason Wood, Amy Wall.
- The following CEP Committee Members were not present: Ashley Chamberlayne, Jared Crowley, Derek Hulse.
- The following staff members were present: Sarah Brothers, Danielle Cobb, Sean Warner, Josh Coyne, Dani Garcia, Ernesto Romo.
- The following guests were present: Josh Ohl, Roann Gobeil.
- No members of the public were present.

Action Items

- Action: Approval of Minutes: Oct. 24, 2022
 - Motion: Jason Wood

- Second: David Calabrese
- Passed or Failed: Passed
- Action: Appoint Committee Member – Amy Wall
 - Motion: David Calabrese
 - Second: Jason Wood
 - Passed or Failed: Passed
- Action: Appoint Committee Member – Jeff Oesterblad
 - Motion: Jason Wood
 - Second: David Calabrese
 - Passed or Failed: Passed

Chair Update

- Sumeet Parekh introduced a guest speaker, Josh Ohl of CoStar, to provide an update on the Downtown office and multifamily market.
- Josh Ohl shared the following updates about the Downtown market:
 - Leasing activity is down about 20% from pre-pandemic levels. It's going to take some time to recover, but leasing activity is holding strong.
 - Office time on the market is 50% longer than pre-pandemic levels. Downtown is in a strong position when compared to other submarkets, second behind UTC.
 - One concern is the amount of office space on the market. Twice as much as opposed to the end of 2019 with a 35% availability rate. This is a theme happening across the region and country in many instances.
 - Downtown has less sublet space available compared to other submarkets.
 - Three main projects coming to the market – West, IQHQ's RaDD, The Campus at Horton.
 - Office vacancies are elevated everywhere and do not show signs of easing anytime soon.
 - Office rent growth fell as it did in many places but is expected to normalize by the end of 2023.
 - Downtown apartment vacancy rates fell below 10% for the first time in 15-20 years. Demand has fallen everywhere in the region. Downtown is forecasted to have a lot of units come online in 2024.
 - Unlikely to see construction start on new apartments right now as it is very expensive. Ex: cost of materials has gone up for everything.
 - Rent growth is holding up well Downtown.
- Sumeet Parekh opened the floor for the Downtown Pulse and committee members shared the following updates:
 - Jeff Oesterblad shared employers are struggling with when their employees will be back in the office and are questioning why rent so high with current vacancy levels. Despite concerns, the quality of assets Downtown is still very good.

- Jeff Oesterblad shared the most common feedback he receives from new tenants is about homelessness.
- Lease was signed at 2100 Kettner with new Downtown tenant that's good to have in the market.
- General concern in the market is that 2023 might not be the best year and businesses are trying to get ahead of it.
- Net absorption was negative last quarter, almost 200,000 square feet in the Downtown market – 2nd or 3rd in the county.
- Hopeful with the life science market though it has taken a step back from what it was 12 months ago.
- Other major life science submarkets are recruiting talent from south county – Downtown would be a great middle ground with the available space and shorter commute.
- Amy Wall shared current tenants main concern is safety. There's also been a big uptick in graffiti and windows being broken on the properties she manages and has reached out to Clean & Safe for assistance with success.
- David Calabrese is looking to reposition his portfolio and highlight amenities. He has recently been experiencing safety complaints about homelessness, especially in the east portfolio.
- Jason Wood shared positive feedback from people outside of the market regarding the following areas: along the waterfront, Fifth Ave, and Little Italy. He shared concerns about tent encampments and trash as deterrents for people coming to town.
- Jason Wood shared he's seeing a high interest list for Cisterra's Radian project ahead of leasing opening in mid-Feb.
- Committee members shared materials and messaging ideas for prospective and current tenants including safety, connectivity to the rest of the region, and Downtown as a workforce center.

President & CEO Update

- Betsy Brennan provided an update on her involvement in the Civic Center Revitalization Committee and where the City is at in terms of next steps.
 - In addition to Betsy Brennan and Joel Hermosillo being on the committee, the Downtown Partnership hosted a developer's roundtable which resulted in good feedback that's been incorporated into the committee's recommendations.
 - The project includes five blocks and six parcels proposed to be redeveloped to transform civic center. The committee's recommendations have been submitted and their final report meeting with the mayor is scheduled for Jan. 23.
 - Next steps are to put out a NOA for five of the parcels and a parallel process for COB/CAB. The NOA is estimated to be released in the first half of 2023 and will be similar to what's happening with Sports Arena right now.
- Betsy Brennan shared an update that the Homelessness Coalition is working with the city, county, and state on eight points they want to see action on.

- CEP committee members were invited to sign the petition and share with their networks. Petition is available here: [Downtown Coalition: A United Front – Downtown San Diego Partnership](#).
- Betsy Brennan shared that additional 24/7 support is available for maintenance and safety concerns through the Clean & Safe program. Committee members can call the team or download the app and submit a request.
- Betsy Brennan provided an update that the California Theatre may currently be in escrow.

Staff Update

- CEP Services Update
 - Dani Garcia provided a safety update and introduced the committee to their CEP ambassador, James Broschious, highlighting his impact report and stats from Oct. 2022 through Jan. 17, 2023.
- Updates on Projects Underway
 - Sarah Brothers shared an update on external vendors the team is working with on digital advertising, website, newsletter, and social media to emphasize amenities of Downtown.
 - Sarah Brothers also shared the 2022 Demographics Study preliminary findings. Full findings will be available for the committee by the next meeting.
- Strategic Planning Update
 - Sarah Brothers invited committee members to join a strategic planning roundtable at the Downtown Partnership office on Jan. 25, 1-2:30 p.m. Please let Sarah or Danielle know if you are interested in attending.

Other Business

- There was no other business.

Adjourn

- Sumeet Parekh adjourned the meeting at 4:36 p.m.