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Navy selects Manchester/Edgemoor team to redevelop 70-acre NAVWAR property in Midway District



A concept-only rendering shows a new NAVWAR building on the Naval Base Point Loma, Old Town Complex in San Diego's Midway District. (Courtesy, Manchester/Edgemoor)

The selection brings to an end a more than year-long, tightly controlled real estate competition for the expansive property, but project specifics are still under wraps.

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The United States Navy has selected a development team led by San Diego-based Manchester Financial Group and McLean, Virgina-based Edgemoor Infrastructure and Real Estate to replace its obsolete NAVWAR facilities and remake the rest of the 70.3-acre military campus in San Diego's Midway District with private development.

The selection brings to an end a more than year-long, tightly controlled competition for the expansive property, which consists of two large parcels straddling Pacific Highway.

The parties expect to soon enter into an exclusive negotiating agreement, or ENA, which opens the door for the first time in the lengthy process to robust dialogue between the federal agency and its new partners. The contract will also outline the tasks required to complete a transaction.

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"We've been tracking this for a long time. We had a successful project with the Navy on the previous building, the Broadway project," Ted Eldredge, the president and CEO of Manchester Financial, told the Union-Tribune. "This is another opportunity to develop a key piece of property in San Diego."

Owned by the Navy since the mid-1990s, the Naval Base Point Loma, Old Town Complex — commonly known as NAVWAR — is home to the military's Naval Information Warfare Systems Command and Naval Information Warfare Center Pacific divisions. The groups represent a mix of 5,000 full-time and contract cybersecurity professionals who currently work in World War II-era hangars that are said to be past their useful life.

In November 2022, the federal government issued a solicitation for the long-term lease and development of the property. The Navy is offering the land for "in-kind"

consideration, meaning it expects to exchange the land for new NAVWAR facilities, identified in the solicitation as 1.43 million square feet of replacement administrative, lab and warehouse space, and 3,208 parking spaces.

The Navy facilities, the solicitation document states, are required to be built first and at no cost to the agency.



Outside Naval Base Point Loma on Wednesday, Dec. 7, 2022 in San Diego, CA. The United States Navy has selected Manchester Financial Group and Edgemoor Infrastructure and Real Estate to remake the 70.3-acre NAVWAR campus in San Diego's Midway District. (Meg McLaughlin/The San Diego Union-Tribune)

"This is another step toward a win-win outcome for NAVWAR and the city of San Diego," NAVWAR Commander Rear Adm. Doug Small said in a statement. "We need secure, safe and modern facilities for our world-class workforce in order to keep pace with our growing mission requirements — delivering and sustaining information warfare capabilities for the fleet and our partners around the world."

The winning Manchester/Edgemoor team consists of the two lead firms, which will take a 50-50 ownership stake.

Manchester, a prominent hotel and commercial development firm chaired by Doug Manchester, was similarly awarded the 12-acre Navy Broadway Complex in 2006. As part of that deal, the developer erected a waterfront office building for the Navy Region Southwest, Naval Facilities Engineering Command Southwest and Navy Region Southwest Reserve Component Command. But it sold off most of the leasehold in 2020 to real estate developer IQHQ.

Started in 2001, Edgemoor is an affiliate of Clark Construction and specializes in public-private partnerships. The firm, for instance, last year completed Kansas City International Airport's $1.5 billion, 1.1 million-square-foot airport terminal. Edgemoor also co-developed the $513 million Long Beach Civic Center, which included a new city hall, port administration building and library. The NAVWAR project is Edgemoor's first project in San Diego.

The master developers have also pulled in Clark Construction as the project's design-builder. The construction firm has served as the general contractor for many high-profile developments in town, including Snapdragon Stadium and Petco Park.

HKS Architects, which helped design UC San Diego's under-construction, five-building Theatre District Living and Learning Neighborhood, is designing the new government facilities. Planning firm HOK is handling the master plan for the project's private development. And San Diego-based Dealy Development Inc. is in charge of securing entitlements.

The Manchester/Edgemoor team also expects to eventually bring in three, multi-family housing developers, Eldredge said.

“The team that we have is pretty incredible. Everybody is very passionate about this project and building the Navy the building they need,” Eldredge said. “I think that came through and we have some creative ways to put together the financing package. … It’s not an easy puzzle to solve.”

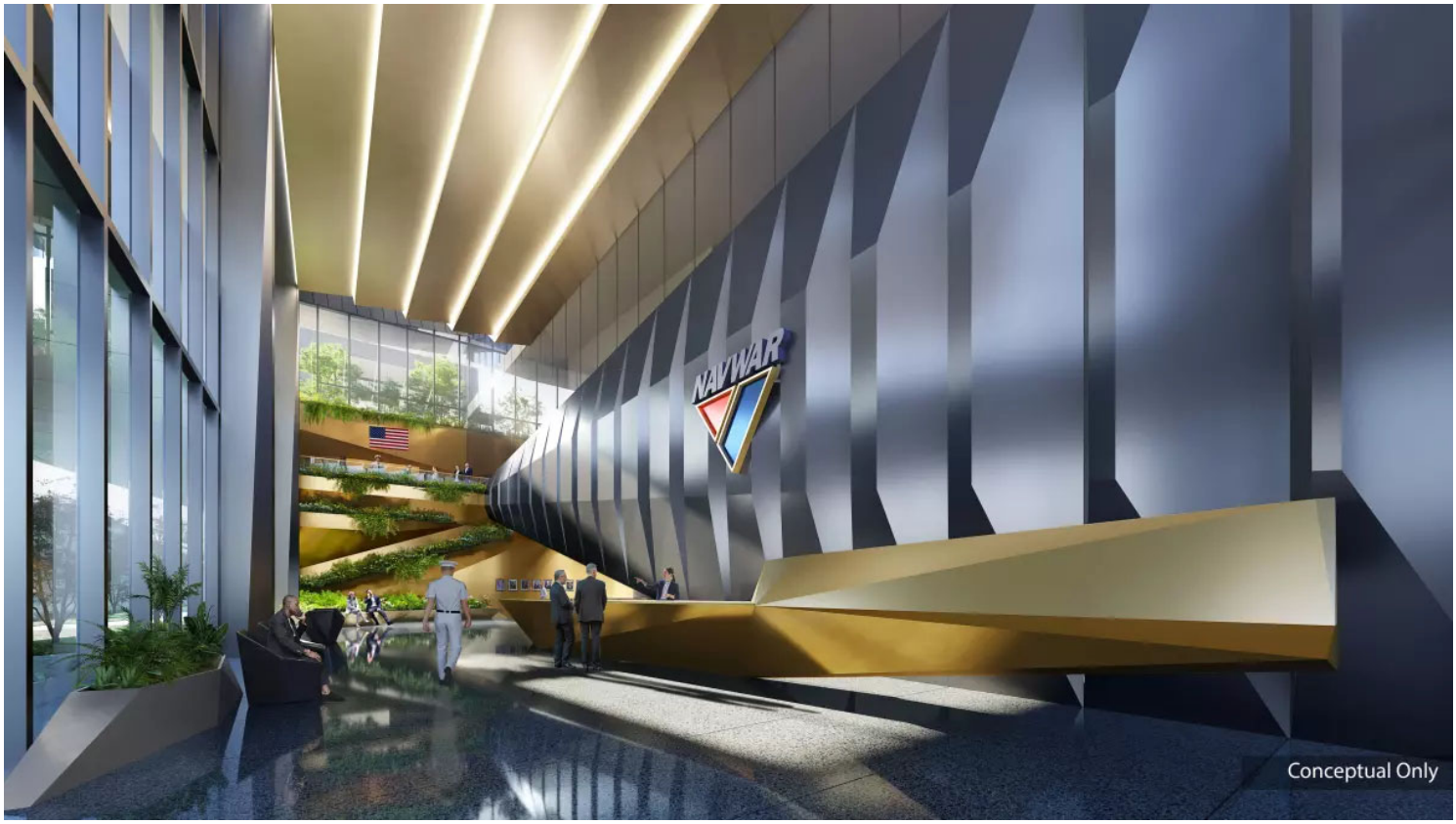
Although details are slim, the Manchester/Edgemoor team pitched turning the NAVWAR complex into a mini city of its own with new government facilities, ample housing, office space, a few hundred hotel rooms, parks, a trolley stop, and an assortment of ground-level shops and restaurants that could help the project rival downtown San Diego as a popular destination, Eldredge said.

The team presented a range of mixed-use concepts that are not being publicly disclosed, but were informed by the development alternatives studied in the Navy’s 2021 draft environmental impact statement, said Greg Geisen, who is the project manager for the NAVWAR revitalization effort.

The environmental report, required by the National Environmental Policy Act, has been on a hiatus pending the outcome of the solicitation process. It considered up to 19.6 million square feet of total development with as many as 10,000 residential units, two hotels and millions of square feet of commercial and retail space spread across 109 buildings, with towers stretching as high as 350 feet. The lowest-density alternative studied in the report includes 4,400 residential units, one hotel and 106 total buildings, some up to 240 feet high.

“The Navy has selected an exclusive negotiating partner based on the proposals that were submitted,” Geisen said. “We feel that this proposer was the best qualified and best met the Navy’s requirements in their concepts and designs. It does not mean that we have approved of any of those concepts or designs at this time, because we have not initiated negotiations with them.”

The proposed land exchange is modeled after the agency's 2006 agreement with Manchester Financial Group for the Navy Broadway Complex. The developer received a 99-year leasehold for the 12-acre property between Pacific Highway and North Harbor Drive in exchange for building the Navy a new, administrative headquarters. The 17-story skyscraper, completed in 2020 and now known as Navy Building One, was built and paid for entirely by Manchester Financial for an undisclosed sum.



A concept-only rendering of the lobby of the new NAVWAR building that Manchester Financial and Edgemoor have been selected to develop. (Courtesy, Manchester/Edgemoor)

The Navy has thus far remained tight lipped about the current real estate competition, its largest in history. The three other teams selected in April to submit detailed proposals were not revealed. Each team was required to sign a non-disclosure agreement.

Even with Tuesday's announcement, an element of secrecy continues as the general public is left to wait for an indefinite amount of time before learning what is actually being contemplated for the NAVWAR property.

Potential development concepts will not become public until the Navy is ready to resume its environmental analysis.

“The purpose of the ENA is for the developer to help the Navy articulate what is possible on the site, so that we can work with the city and other agencies to come up with concepts that work for both the Navy’s needs as well as the local public,” Geisen said. “Once we have concepts articulated a little bit more, we’ll be able to come forward with those to the public.”

The reluctance to share the proposed development concepts likely stems, at least in part, from the public’s reaction to the draft environmental impact statement, which included visual simulations of buildings towering of Interstate 5 and Old Town, and also interfering with views from Mission Hills. The document received more than 1,000 comment letters. The Navy then shifted its approach, opting to secure a development partner to solidify the vision before completing the environmental work.

Eldredge says the Manchester/Edgemoor team wants to be considerate of its neighbors and will also work alongside the city of San Diego, even though the federal land is exempt from local zoning restrictions.

“I would not want to just hide behind the federal government. We all want to do what’s best for San Diego,” Eldredge said. “Density is important but also we don’t want to be walling off of something either. It’s important that it’s done right. We’re very sensitive to that. … We’re going to do the best we can to make everybody happy.”

The environmental work, which ends with a record of decision, will need to be completed before a transaction can be finalized. The Navy declined to say how long the process will take.



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