

OFFICE

TheNews

Santee Brings Workers Closer to Home

Ryan Cos. US Inc. is master developer for the 108-acre mixed-use RiverView business park

BY MANDY JACKSON
CREJ Staff Writer

Santee wants to be more than a bedroom community housing San Diego's workforce.

That's why the Santee City Council recently approved the master plan for a 108-acre business park. Officials hope the project will capture some of the East San Diego County city's residents who crowd local freeways to work in other municipalities.

"Santee understands that their time is coming," said Matthew Reid, vice president of development for the western division of Minneapolis-based **Ryan Cos. US Inc.**

Ryan Cos. was selected in 2001 as the master developer for what will be named Riverview at Santee on land owned by San Diego County. The company will oversee development of up to 1.5 million square feet of office space, 240 residential condominiums and a 10- to 14-screen movie theater.

Prior to the Santee City Council's unanimous approval of the master plan and environmental impact report in early February, Ryan developed an 85,000-square-foot office building in 2003 that Hartford Financial Services Group leases as a call center.

The second phase will include the condominiums, movie theater and RiverView Professional Center, with six for-sale office buildings totaling 63,500 square feet.

"When we first started this project, responding to a Request For Proposals the



CREJ PHOTO BY MANDY JACKSON

Ryan Cos. US Vice president Matthew Reid oversaw development of this 85,000-square-foot call center for Hartford Insurance Co. in Santee, around which Ryan plans to build the 1.8 million-square-foot RiverView at Santee.

county had sent out back in 2001, we looked at the San Diego area and certainly saw that land was not being manufactured anywhere," Reid said.

RiverView became the developer's first project in San Diego County.

"With some of the planned improvements along state Routes 52 and 125 and the development of Santee Trolley Square, we knew the property would eventually be very desirable land," Reid said.

The project is on Mission Gorge Road,

east of Santee Trolley Square, a 438,000-square-foot shopping center at Mission Gorge and Cuyamaca Street. Phoenix, Ariz.-based **Vestar Development Co.** opened the Target-anchored shopping center in late 2002. The San Diego Trolley's final East County stop is in the shopping center.

The city is also at the end of state Routes 52 and 125. The \$167 million widening of Route 52, an east-west highway, to three lanes in each direction between Interstate 15 in San Diego and Route 125 in Santee

has not been scheduled. However, the \$204 million extension of Route 52 from Route 125 to state Route 67 on Santee's east side is expected to start next year and be done between 2010 and 2012.

Santee was incorporated as a city in 1980 and now has a population of more than 54,000. The city adopted its Town Center Master Plan for development of 700 acres, including the RiverView site, in 1986.

"In a general sense, it envisioned major office development in this area, even back then," said Doug Williford, director of development services and deputy city manager in Santee. "It has been only in the past few years, with the introduction of state Routes 125 and 52 into the city, that the viability of a major office park in this region became real."

Construction of an office building for Hartford in 2003 was an important first step for RiverView, named for its location along the San Diego River.

The provision of jobs is the one remaining unmet need in Santee's economic development, according to Williford. Commercial growth during the past 15 to 20 years has been dominated by retail development and some light industrial space, but 80 percent of Santee residents commute to other cities for work.

Creating a Reverse Commute

The East County is dominated by light industrial operations. Santee alone has 2 million square feet of light industrial space, but office is expected to gain ground in RiverView.

"We have an increasing percentage of citizens with white collar jobs and they're commuting [west] to office markets on the

Interstate 15 and Interstate 5 corridors," Williford said. "An increasing percentage of our citizens are working in those types of jobs, but we're lacking those types of jobs in this city."

Hartford provided 500 new jobs and RiverView is expected to create 4,000 to 5,000 jobs when it is built out, though a timeline has not been established.

"The huge advantage they've got here is a reverse commute," Williford said. "We're hoping to attract technology, corporate and general office users and we're very interested in medical-related uses and research uses."

Warren Savage, executive director of the 320-member Santee Chamber of Commerce, said there is plenty of need for new office space in Santee.

"We are trying to develop our own business generator here," Savage said. "We're in a position where we can have people live and work in the same area."

RiverView will be in the center of Santee with every retail service employees could need within a short walking or driving distance.

"This is an opportunity to reduce traffic flow in the city," Savage said. "Access to the project is good highway-wise. We're at a crossroads; you can get pretty much anywhere in a half hour."

That accessibility and the low cost of land relative to central San Diego are the biggest incentives that could draw companies to Santee, according to the project's brokers.

"The El Cajon office market is full and Santee office condominiums are selling out," said Rick Sparks, executive vice president at **CB Richard Ellis** in San Diego.

Sparks said a pair of local developers recently built and sold out 38,500 square feet of 6,000- to 8,000-square-foot buildings

during a two-and-a-half-year period.

Chris Pascale, senior vice president at CB Richard Ellis, said Santee is one of a few places in central San Diego County with large office development sites. The city is just 10 minutes east of the San Diego community Kearny Mesa, which has a high concentration of office and industrial buildings.

"Larger land opportunities just don't exist, so we have that working for us," Pascale said.

RiverView will serve East County entrepreneurs who own businesses and want to own their real estate as well. Pascale said Santee is an affordable alternative to other submarkets for larger tenants, like Hartford, which moved from Mission Valley.

New housing under construction in Santee will require more services, Pascale said, which should draw medical offices to RiverView.

The challenge is attracting executives who live along Interstate 15 and farther west.

"In Scripps Ranch [a now-popular San Diego suburb] in 1976, no one wanted to go north of Miramar," Sparks said. "Kearny Mesa was it — that was as far as anyone wanted to go. Santee has a similar type of hurdle."

Ryan Cos. is finalizing a deal with a movie theater operator, which will build a 10- to 14-screen venue opening in spring 2007, and negotiating with a condominium developer to build the residential units. Ryan Cos. will develop the for-sale office buildings. Construction may be under way by early summer and complete by the start of 2007.

— E-mail Mandy_Jackson@DailyJournal.com