

Deal-Making Heats Up in Escondido

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Developers recently started construction on the first of what will be a three-building medical office campus in Escondido, called Palomar Health Outpatient Center. Rendering courtesy of Cushman & Wakefield

San Diego — It may just be a matter of coincidence, but the city of Escondido lately seems to have emerged as a major epicenter for the region's high-profile commercial deals and projects in categories ranging from medical office buildings to apartments and industrial sites.

Take medical offices, for instance. The county's fourth-largest city recently saw the start of construction on the first of what will be the three-building Palomar Health Outpatient Center. Being developed by ERTC Medical Development LP and JRMC Real Estate Inc., both of Encinitas, it eventually will span 225,000 square feet on Citracado Parkway, which leasing brokers said will make it the nearest medical office building to Palomar Medical Center Escondido, the hospital that opened in 2012.

Dollar costs and construction timetables for the project were not immediately available, and tenants have not been announced. The project's general contractor is Level 10 Construction, the architect/designer is Richard Yen & Associates, and leasing is being handled by Barry Hendler, Matty Sundberg and Bob Cowan of brokerage firm Cushman & Wakefield.

Other big medical office investors apparently see the value of being in this Escondido neighborhood. Virginia-based Anchor Health Properties and Washington, D.C.-based The Carlyle Group recently acquired the existing Citracado Medical Plaza, also on Citracado Parkway, for \$21.85 million. (This is the same investor duo that in late July purchased the Fletcher Parkway Medical Center in La Mesa for \$33 million.)

During late July and early August, plenty more happened in Escondido. For instance, Los Angeles-based TruAmerica Multifamily teamed with insurer Allstate Corp. to purchase the 519-unit Eagles Point Apartments on Grand Avenue for \$90 million.

In the industrial category, Pennsylvania-based Exeter Property Group acquired two industrial land parcels on Harmony Grove Road, from La Jolla's Badiie Development Inc., for \$11.5 million. One of

those parcels was originally slated to house a multi-tenant industrial project, but Exeter plans to start construction in January on a 200,000-square-foot, single-tenant project.

Exeter at press time had not announced the tenant, but it could be a major corporate player. Very few companies need that much space in one location, and a developer likely would not convert a multitenant project into single-tenant — especially at that size — unless it had a big customer ready to commit to the space.

Also in recent weeks, some major retail players have shown Escondido the love. The fast-growing discount grocer Aldi announced that it planned to open its second store in that city on West Valley Parkway — joining housewares retailer HomeGoods to fill a vacated former Sports Authority space.

And the Walmart store on East Valley Parkway was one of four San Diego County locations where the mega-retailer just rolled out a new service, allowing shoppers to pick up items they've ordered online or via mobile app — carried by store workers to their cars in a designated parking area, without the buyer having to get out.