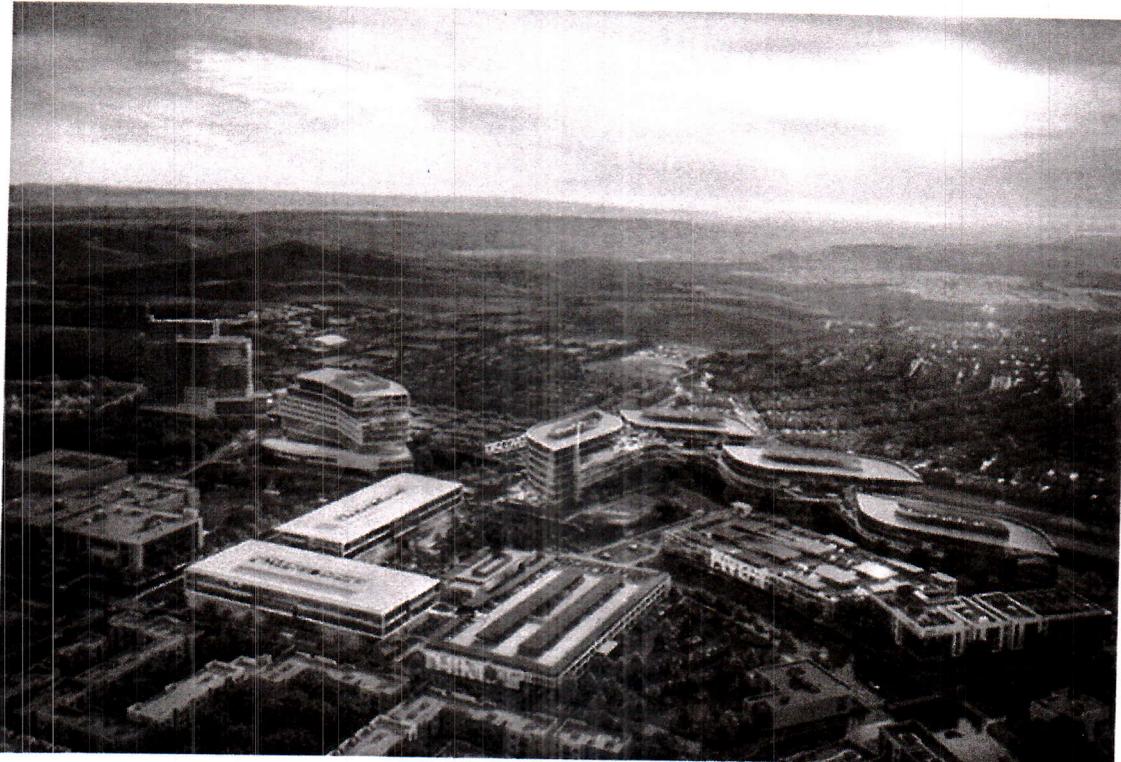


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Millenia Office Construction Set to Begin in September

Tenants Yet to Be Named for \$500M Project in Chula Vista



Rendering of Millenia in Chula Vista at full buildout. The first phase, called Think (located, center), is slated to get underway later this year.

Credit: Chesnut Properties.

Chesnut Properties is planning a September construction start for the first phase of its previously-announced, three-phase office campus project within the mixed-use Millenia development in Chula Vista, Calif. Tenants had not been announced as of March 6.

The project has been in planning for several years, and initial ground preparation for the first phase began last year. Solana

Beach-based developer Lee Chesnut estimates the campus development cost will reach \$500 million when completed.

At a full buildout of 1.4 million square feet on 28 acres, Chesnut Properties and its brokers have said the campus project would be among the largest ground-up office development projects on the West Coast.

The Chesnut project site was among four San Diego County locations offered up last fall by the San Diego Regional Economic Development Corp. when it submitted the region's formal bid to house Amazon Inc.'s second headquarters. The San Diego region ultimately did not make the list of 20 finalist cities announced by the e-commerce titan earlier this year.

Tony Russell, Chad Urie and Grant Schoneman of JLL are handling leasing for the Chesnut office project. The first phase, called Think, calls for two buildings spanning a total of 324,000 square feet. Subsequent phases planned are Discover, a single building of 400,000 square feet, and Invent, slated to include four buildings totaling 700,000 square feet.

The developer said buildings are slated to be constructed to the highest energy-efficiency and health-and-wellness standards.

"Our vision for Millenia Office is to create an ecosystem where the workplace and nature are mutually celebrated," said Lee Chesnut, principal and founder of Chesnut Properties.

The developer and brokers are looking to position the project as a

“We have a chance to bring in some corporate headquarters,” Gompper-Graves told CoStar News, adding that educational campuses and companies involved in cross-border and other international business operations could make sense for that South County area.

The San Diego region’s second-largest city, Chula Vista historically has not been considered a major center for new corporate office development, with large office users typically including entities supporting government, education or manufacturing. However, data from **CoStar Market Analytics** indicate that its office fundamentals are stable - the vacancy rate was at 7.9 percent, with rents growing 3.7 percent over the past 12 months to a gross average monthly asking rent of \$2.40 per square foot at the end of 2017.

Other commercial projects in the works could raise Chula Vista’s profile as an employment center. In the city’s western bayfront area, a planned hotel and convention center are expected to have a \$400 million annual economic impact and create 3,500 permanent jobs, according to city and port district officials.

The Millenia office project is part of a larger 210-acre community being master-developed in eastern Chula Vista by Stratford Land and Meridian Development near State Route 125. It already has numerous apartment, single-family residential, hotel, retail and recreational elements that have been built out since 2013. Offices constitute the final element slated for construction there.

Chesnut said his project, aimed at creating a South County

corporate hub, would save residents living in the Chula Vista area, and elsewhere in South County, significant time now being spent commuting to jobs in places including Central San Diego and North County.

It would also, the developer and regional officials have contended, keep household spending more localized in the South County area, where housing tends to be more affordable than in other parts of San Diego County.

Lou Hirsh, San Diego Market Reporter **CoStar Group**