

'If We Build It, They Will Come'

Investors Land Prime Location for Cross-Border Air Terminal

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Billionaire Sam Zell is a participant in a land purchase near Tijuana's Gen. Abelardo L. Rodriguez Airport.

A cross-border terminal in South County has been a slow moving effort for more than a decade, but recently investors took a big step forward in ferrying air travelers from the U.S. into Tijuana's Gen. Abelardo L. Rodriguez Airport.

A group of Mexican and American investors, largely backed by billionaire real estate mogul and newspaper publisher Sam Zell, purchased 52 acres of undeveloped industrial land at Siempre Viva Road and Britannia Boulevard in Otay Mesa for \$34 million earlier this year.

The land was purchased by Otay Tijuana Venture LLC, a limited liability company consisting of Zell's Equity Group Investments, a private investment firm, and several private Mexican investors, including shareholders and board members of Grupo Aeroportuario del Pacifico, or GAP, the private operator of 12 airports in Mexico, including Tijuana's international airport.

Terry Holt, a spokesperson for the Equity Group Investments and the project, said Otay Tijuana Venture continues to have very active discussions with federal agencies and local and regional organizations to move forward with its proposed border crossing.

"That land has potential; we think this is a very good opportunity and a regional need for a cross-border facility," said Holt.

Holt said the project would feature an elevated, enclosed pedestrian bridge to allow travelers in San Diego to walk to a terminal immediately south of the border.

She said that a timeline for the project has yet to be determined.

The timeline is dependent on completion of additional studies, continued discussion with stakeholders, and an application for a presidential permit.

A presidential permit is required for the construction, connection, operation or maintenance of facilities at the U.S. borders.

"We are very engaged investors. It is our profile to be very engaged and we are very actively pursuing this project," said Holt.

According to GAP, 4.7 million passengers used Tijuana's airport in 2007. The facility offers overseas flights (which Lindbergh Field does not), including service to Tokyo, considered by many an easier trip to make from San Diego than Los Angeles International.

It is estimated that 60 percent of travelers using Rodriguez are American.

Holt said Otay Tijuana Venture reviewed a recent market study commissioned by the San Diego Airport Authority and it is also conducting several additional studies broader in scope.

Those studies — and continued discussions with federal, regional and local agencies — will help shape the project as it moves forward, said Holt.

Several studies have been conducted by various agencies in years past.

Most recently, San Diego airport officials completed a study earlier this year that projected 1.1 million passengers annually would use the Tijuana airport if a cross-border terminal were constructed.

The South County Economic Development Council was one of a dozen stakeholders who served on the technical advisory committee, which was formed by the San Diego Airport Authority to provide feedback on the market demand study.

The South County EDC Board said it was pleased with the results of the study and is looking forward to the next step in the development process.

Tony McCune, board member of the South County EDC, said the results of the study show a significant projected U.S. passenger increase for Tijuana's airport, which gives South County the opportunity to better serve those passengers while stimulating the area economy.

Zell, chair of numerous firms including Equity Group Investments, Equity International, Anixter International Inc., and the Tribune Co., was a substantial land owner in San Diego until the sale of his Office Equity Properties portfolio to The Blackstone Group last year.

The Blackstone Group then flipped the majority of its San Diego portfolio to Newport Beach-based The Irvine Co.

The 52 acres were sold by Otay Pacific Development LLC consisting of investors from Wohl Property Group LLC and California Select Partners LLC. The buyers were represented Regan Tully with Grubb & Ellis|BRE Commercial.

The sale was facilitated by Tully and Robin Casey of San Diego-based Casey Development Inc., and Ralph Neiders, with Neiders Consulting of San Diego.