

# SAN DIEGO Metropolitan

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## The Value Of Floating Real Estate

*San Diego's 25 marinas and 7,000 slips should easily weather this economic storm*

BY ALAN NEVIN



*Shelter Island provides shelter for hundreds of vessels.*

Real estate analysis generally concerns things that are built on land. Yet water and the things that float on it are some of the most valuable assets around, especially when it comes to the marinas and 7,000 slips in San Diego.

As marina observers will tell you, 90 percent of the boats in slips rarely if ever actually move. When flying with my son in his personal G-5 (well, not really that big), we often cruise over San Diego Bay and Mission Bay. From the air, it is evident that even on the sunniest, warmest days, relatively few boats venture out into the open waters of the bays or beyond. For a Navy town, that's almost embarrassing.

Regardless how often the craft are used, the nearly 7,000 marina slips in San Diego's 25 marinas are mostly filled, even with the present economic malaise causing a bit of softness in the marketplace. It should be noted, however, that buying a decent sized boat and living on it today isn't a particularly bad idea. There are some wonderful bargains in the boat business right now, although not quite as good as when gas hit \$4.75 per gallon.

Most local marinas are clustered around San Diego Bay, with the Embarcadero, Harbor Island and Shelter Island the main areas of concentration. Just as developers are prone to say "they aren't making any more land around here," it is equally true that space for new marinas is difficult to find. Since 1987, only one new marina has been built in San Diego County, the nearly new 250-slip Pier 32 in National City. Pier 32 has a deli, Jacuzzi, workout center and lounge and community room. And a new motel is being building next to it.

Virtually all of our marinas are geared to smaller boats, both sailing and motor-driven. The typical marina can accommodate boats up to 75 or 100 feet in length, although the Shelter Island Marina can accommodate



*The beautiful new National City Marina.*



*The Chula Vista Marina proves that Chula Vista is far from a boring place to live.*

boats up to 200 feet.

Prices for marina slip spaces have accelerated in recent years. In the recession of the early 1990s, the marinas were at 75 percent occupancy and the rates were typically \$8 per foot. Now, even with a little market softness, it is difficult to find any spaces for less than \$12 per foot and the closer you get to the ocean channel the higher the rates. In other words, if you are down in Chula Vista, the rates are \$12 to \$16 per foot. The spaces closer to the ocean routinely charge \$15 to \$25 per foot (that's per month, folks).

A number of marinas are associated with yacht clubs. Examples include the San Diego, Coronado and Southwest Yacht Clubs, where the membership dues cover most of the marina costs. Hotels such as Downtown's San Diego Marriott Hotel & Marina and Loew's Coronado also have their own marinas.

One of the most exciting events in the marina business in recent years is the development of a mega-yacht mooring area on San Diego Bay that can accommodate boats (or more appropriately, ships) of up to 400 feet in length. The space is located in the area between the Grape Street piers and the San Diego Maritime Museum. San Diego is the first "world class" West Coast port that a mega-yacht can visit on its journey to the Panama Canal.

For perspective's sake, local mega-yacht accommodations pale in comparison to China, where about 60 first-class, mega-yacht marinas are under construction, mostly along the Yangtze River.

The good news is San Diego has the talent and waterside capability to refurbish and service the mega-yachts. Knight & Carver has 1,400 linear feet of dock space and a 90,000-square-foot enclosed structure that is

capable of handling the world's largest mega-yachts.

The bonus in this good news is the 445 orders worldwide for new yachts larger than 100 feet in length. Those are in addition to nearly 300 yachts delivered in 2008. When one of those barges cruises into San Diego, the owner and crew spend a tidy fortune on food and beverages to restock their pantries.

The sheer presence of the yachts also is a "show" for the tourism market, delighting visitors and causing much finger-pointing by those strolling along the Embarcadero.

Speaking of the Embarcadero, a new cruise terminal to serve the nine cruise lines that now visit our fair city is under development. It certainly is needed. This year, there's a chance San Diego will reach the 1 millionth passenger mark. Those travelers spend money here, too. And should you care to, you can cruise from San

Diego to Hawaii, the Panama Canal and Alaska, not to mention the coastal cities of Mexico.

Like most San Diegans of sound mind and body, my sailing and yachting activities are limited to the very few times that my boat-owning friends take their craft out for a spin and invite me along. I'll gladly bring the wine and cheese, but under no circumstances will I ever be tempted to buy something that will sit in the water unused 95 percent of the time. To each his own. And good for the owners and operators of those 25 marinas and 7,000 slips.

*Alan N. Nevin is director of economic research with MarketPointe Realty Advisors (marketpointe.com), a consultancy providing real estate and demographic statistics, feasibility studies and litigation support to the California land use industry and legal professions. Nevin can be reached by e-mail at anevin@sandiegometro.com.*

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