

## Commercial Brokerage CEO Retains Values of His Previous Firm

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By Thor Kamban Biberman

**J**ason Hughes, who recently divorced his business from what was The Irving Hughes Group, has retained the staff of the old firm and continues to commit to tenant-only brokerage.

Hughes, now the president of Hughes Marino commercial brokerage firm, said 15 employees elected to stay with him and he retains the old Irving Hughes Group digs at 655 West Broadway. Hughes brought Dave Marino, who also came from The Irving Hughes Group, on board as his partner to help lead the team. Hughes said the fact that so many people have come from the old firm has made for a smooth transition.

“We have a very harmonious team atmosphere. It’s a unique company in that we’re not competitors with each other,” Hughes said.

Hughes said what he likes about his team is he sees the same commitment whether his clients are going into a 2,000-square-foot space in Kearny Mesa, or a 200,000-square-foot space in downtown San Diego.

Hughes, who said he and Irving had differing views of where they would like to have taken the old company, emphasized the split was an amicable one and the former 18-year partners retain their mutual respect. Hughes retains the philosophy of his old firm—that it is impossible to treat the landlords and tenants with equal measure. “If a deal is good for landlords, it’s inflationary for tenants,” Hughes said.

As for the local commercial real estate market, with plus or minus 2 million square feet of vacant space available—depending on which survey—Hughes said “downtown San Diego is a mess,” while conceding he has had a hand in moving firms out to the suburban markets.

Hughes negotiated American Specialty Health’s recent move out of 156,000 square feet of space at 777 Front St. (the former Paladion retail space) into about 200,000 square feet at Wateridge Plaza in Sorrento Mesa. The search took more than two years.

Hughes also represented the lessee when Knobbe Martens Olson & Bear, LLP signed a lease that also moved that law firm out of about 60,000 square feet of space downtown and into 65,000 square feet—with options for another 15,000 square feet—on El Camino Real in Carmel Valley last year.

He also noted that the U.S. General Services Administration will be vacating tens of thousands of square feet of space when it moves into the new Federal Courthouse, where the old Hotel San Diego used to be, within the next couple of years.

“Tenants have downsized and lawyers have right-sized,” Hughes said, adding that many downtown title companies simply evaporated during the recession. While the cumulative leasing picture of downtown doesn’t look good from a landlord’s standpoint, Hughes said it would look significantly worse if the new Civic Center were constructed.

Hughes, who personally would like to see a new Civic Center, doesn't agree with a Jones Lang LaSalle study that says the project makes fiscal sense.

"It would be in my best interest, it would be better for my tenants who would have more options, and the old one is a dog that needs to be replaced, but I don't believe it would be cheaper than leasing," Hughes said. "It doesn't make sense. Just like it would be stupid for me to buy a jet when I can't afford it."

Hughes said while downtown San Diego has some significant problems, he remains a fan. He also believes many suburban markets will rebound quicker, however.

Hughes, who said his firm will handle 200 to 300 transactions for tenants this year, has scores of clients that were brought over from the old company.

Along with American Specialty Health and Knobbe Martens, the tenants under the old Irving Hughes Group firm have included Defense Web Technologies (a Humana, Inc. subsidiary), Cooper & Associates, Tranzeo Wireless, Project Headstart and Skylight Healthcare among many others.

While Studley has the contract now, the old Irving Hughes Group firm also represented the City of San Diego in numerous transactions, representing hundreds of thousands—if not millions—of square feet over the course of many years.

One of the goals of the brokerage firm is to gain the best concessions possible. Hughes said the going rate on concessions is about a year free for a 10-year lease, and six months for every five years. While tenant improvement concessions vary, Hughes said in downtown San Diego at least, most TI space is already built out.

In conclusion, Hughes said it isn't enough to represent a tenant only at the outset of a lease transaction, he believes in follow-up care.

"We have to keep landlords from abusing tenants. It can be hell for them. A lot of tenants don't know how strong their rights are," Hughes said, adding that lessees even have plenty of options when they are behind on their rent. "We let them know they're not alone."

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