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Impact of Qualcomm's Pain: Co. to Vacate 5 Buildings in Sorrento Mesa

By Ray Huard (/staff/ray-huard/)

Monday, May 14, 2018

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stand to reason there might be
20 to 25 percent of their space
they might decide to leave.”

Tom van Betten, an executive director for tenant representation in Cushman & Wakefield's San Diego offices, thought the effect will be less dramatic.

“They currently only have two things on the market for sale,” van Betten said, citing a 4.1-acre parcel of vacant land on Morehouse Drive and a 73,000 square-foot building next to Qualcomm's corporate headquarters.

“It sounds like their contraction strategy is letting leases expire,” van Betten said. “My understanding is they plan to put properties on the market for sublease when they have some lease term left.”

Qualcomm's Footprint

Qualcomm leases 602,166 square feet of space and owns 3.8 million square feet of space, both in Sorrento Mesa buildings, according to figures from Colliers.

Most of that – 2.6 million square feet – is office space it owns and 328,281 square feet is office space it leases.

The company also leases 123,275 square feet of industrial space in Sorrento Mesa and owns 745,178 square feet of industrial space in the submarket. It leases 150,610 square feet of flexible space and owns 460,594 square feet of flex space in Sorrento Mesa.

The company also leases 1,744 square feet of office space in Kearny Mesa and owns 62,424 square feet of flex space in Sorrento Valley.

Miller said that Qualcomm will either try to sublease or vacate as leases expire at these five buildings: 75,000 square feet at 6965 Lusk Boulevard; 77,000 square feet of space at 5880 Oberlin Drive; 35,000 square feet of space at 5505 Morehouse Drive; 16,000 square feet of space at 10065 Barnes Canyon Road; and 18,000 square feet of space at 5890 Pacific Center Boulevard.





(/photos/2018/may/10/33988/)

Looming layoffs of 1,231 workers from Qualcomm’s San Diego operations are leading the company to vacate or sublease about 222,000 square feet of space in five buildings over the next several months in a move likely to shake up the commercial real estate market around the chipmakers’ Sorrento Mesa headquarters.

“They’re pretty much emptying those buildings,” said Ron Miller, senior vice president for occupier services of Colliers International in San Diego.

“It’s not going to happen like tomorrow,” Miller said, adding it could perhaps take a year. “That’s pretty much déjà vu of what happened a few years ago on their last lay-off round.”



(/photos/2018/may/10/33986/)

Qualcomm has notified commercial real estate brokers that they will be vacating or subleasing all or parts of five buildings, including 5505 Morehouse Drive. Photos courtesy of CoStar

The timing will depend in part on how Qualcomm structures the layoffs.

Mike Habib, a broker with Coldwell Banker Commercial NRT, predicted that Qualcomm would vacate “from five to eight buildings.”

“There’s definitely going to be some vacancies based on what we’ve seen in the past,” Habib said. “Assuming we’ll see the same type of thing now, it would