

# Biotech-Focused Breakthrough Properties Invests \$145 Million in Aging San Diego Office Buildings

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Biotech-focused investor Breakthrough Properties acquired two San Diego office buildings for approximately \$145 million, as the firm joins others looking to boost their life science footprint by buying and converting older buildings.

Public deed filings show Los Angeles-based Breakthrough, a joint venture of Tishman Speyer and Bellco Capital, purchased the general-office buildings at 6200 and 6220 Greenwich Drive from Toronto-based Manulife Investment Management and the Oakland-based Regents of the University of California. The price amounted to approximately \$683 per square foot.

The buildings were constructed in 1999 and 1996 in the city's Governor Park neighborhood, with tenants including financial software firm Mitchell International and the medical records office of UC San Diego Health. The price for the two buildings was well above the \$79.8 million or \$376 per square foot paid by Manulife in October 2018, according to CoStar and public data.

Brokers at Newmark, which represented the sellers, said in a statement that the buildings generated “tremendous investor interest” due to their size, totaling about 212,000 square feet, and proximity to tech and life sciences campuses located two freeway exits to the north off Interstate 805 in the University Town Center neighborhood. Newmark Executive Managing Director Brunson Howard said the buyer has a “near-term opportunity to capture unmet demand for tech and life science facilities.”

Brokers said Mitchell International recently placed the entire 6220 building on the market for sublease, making about 67% of the portfolio available for repositioning or leasing to new tenants. There is also a longer-term option to develop a ground-up life science campus on the site.

Through a spokeswoman, Breakthrough Properties declined to comment to CoStar News on its plans for the buildings.

San Diego is the nation’s third-largest hub for biotech real estate after the Boston and San Francisco areas, and the region saw a record of more than 4 million square feet of biotech-related leasing in 2021, according to brokerage JLL. U.S. life science venture capital funding reached a record \$43.3 billion in 2021, Newmark reported.

Breakthrough Properties last month debuted a concept called StudioLabs at its Torrey Plaza campus in San Diego, offering life science space and adjacent common amenities through flexible-lease terms, similar to what’s seen at office coworking locations run by firms such as WeWork and IWG.

Over the past year, several large national investors have acquired older San Diego buildings for planned conversions into high-demand biotech offices and labs. The list also includes Oxford Properties and Alexandria Real Estate Equities.

“San Diego continues to emerge as one of the most sought-after innovation markets on the West Coast,” said Kevin Shannon, Newmark’s co-head of U.S. capital markets, in the statement. “The tech and life science sectors are both high growth and exceedingly resilient, which is attracting the highest quality capital to the region.”

## For the Record

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The sellers in the San Diego office deal were represented by Kevin Shannon, Brunson Howard, Paul Jones and Ken White of brokerage Newmark. The buyer was self-represented.