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INSIDE: Market roundup C2

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BUSINESS BRIEFING

COMPILED FROM STAFF AND WIRE REPORTS

Somaxon Pharmaceuticals shares increase 30 percent

Shares of Somaxon Pharmaceuticals jumped 30 percent after Chief Executive Rich Pascoe said the company is continuing to work toward approval of an insomnia drug that regulators turned away last month.

Pascoe said in an interview with bnet.com that the company will meet with the Food and Drug Administration later this month to gain "additional insights into a potential path forward." An FDA letter last month said the drug, Silenor, doesn't meet the standard for approval due to "a lack of robustness of sustained sleep maintenance efficacy."

But Pascoe said the company hired independent statisticians last year who found that the drug did demonstrate sustained effectiveness.

The company's shares, which traded above \$3.50 before the FDA setback, gained 36 cents to close at \$1.58.

THOMAS KUPPER

Merck subsidiary gives Ligand \$1 million milestone payment

Ligand Pharmaceuticals said it received a \$1 million milestone payment from Merck subsidiary N.V. Organon under a collaboration that ended Dec. 31. The companies had announced in July that they planned to terminate the collaboration.

Organon was acquired by Schering-Plough in 2007, the year the collaboration started, and Schering-Plough later became part of Merck.

Ligand said it received \$4 million from the collaboration in recent months.

THOMAS KUPPER

Homebuilder Lennar's stock rises more than 15 percent

Lennar's stock rose more than 15 percent yesterday after the chief executive said he sees a trend in rising prices and anticipates the homebuilder will be profitable this year.

"Prices are no longer free-falling downward and in fact in many instances, are actually starting to stabilize and even recover," Stuart Miller said. "I feel comfortable today saying that this is a trend and not an anomaly."

Miller added that he expects the company, which has five active projects in San Diego County, will ramp up hiring as it begins to build new home developments this year.

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Poway group to create affordable housing units

Poway Family Housing Partners has bought the 52-unit Orange Gardens apartments, 12510 Oak Knoll Road, Poway, for \$6.25 million from the Jones, Martin and Gordon C. Luce family trusts, according to Andrew Luce and Rita Lancaster-Hannah of Coldwell Banker Commercial brokerage.

The buyers, using \$1 million in redevelopment loans from the city of Poway and \$5 million from Century Housing, plan to rehabilitate the property and convert it to affordable housing status.

ROGER SHOWLEY

ON THE MOVE



Kenneth Fitzgerald

Kenneth Fitzgerald, a partner at Latham & Watkins, is leaving the firm to become a name partner in the San Diego litigation boutique Chapin Fitzgerald Sullivan. Fitzgerald has spent his entire 20-year career in private practice at Latham, where he tried a variety of commercial and intellectual property cases.



Annon Altman

Annon Altman, a longtime faculty member at the La Jolla Institute for Allergy & Immunology, has been appointed to the newly created position of director, scientific affairs. Altman is head of the institute's Division of Cell Biology. Also, **Mitchell Kronenberg**, previously the institute's president and scientific director, has been promoted to the additional role of chief scientific officer.

Send items for this column by e-mail to onthemove@uniontrib.com.

Finally, good news on 3 fronts

County: No dip in economic index for 8th straight month

By Dean Calbreath
STAFF WRITER

A slight improvement in hiring and a decline in the growth of the unemployment rolls kept San Diego County's leading economic indicators on an even keel in November, signaling continuing improvement in the job market, according to a report released yesterday by the University of San Diego.

The index of leading economic indicators, maintained by USD's Burnham-Moores Real Estate Institute, was unchanged from October to November — the eighth month in a row it has not declined.

"It's not necessarily that things are getting better, but they're definitely getting less bad," USD economist Alan Gin said. "The indicators are showing that we're getting much closer to having actual job growth in the county."

Based on recent trends, Gin projects that San Diego employers could hire between 3,000 and 5,000 workers this year. Lynn Reaser, economist at Point Loma Nazarene University, is even more optimistic, saying that as many as 18,000 jobs could be created.

"The recession is over nationally and that should

SEE **Economy, C2**

Retail sales: Modest gains in December boost profits

By Anne D'innocenzio
ASSOCIATED PRESS

NEW YORK — A firm stand on prices and a surge of last-minute holiday shoppers gave retailers a big present: modest December sales gains and healthy profits, a big improvement from last year's Christmas catastrophe.

Many retailers raised their fourth-quarter outlooks yesterday. A big reason why: Stores never had to resort to drastic price-cutting after keeping inventories lean.

The solid finish capped a rough year that saw the biggest sales decline in at least four decades, according to the International Council of Shopping Centers.

December sales rose 2.8 percent compared with a year ago, according to the ICSC sales index; sales for the year fell 2 percent from all of 2008. For November and December combined, the index rose 1.8 percent, better than the group's estimate for a 1 percent gain.

Last year, holiday sales fell 5.8 percent, the biggest sales decline for the key period in at least four decades.

As merchants reported results yesterday, a

SEE **Retail, C2**

Jobless benefits: Layoffs, unemployment claims ease

By Christopher S. Rugaber
ASSOCIATED PRESS

WASHINGTON — A government report yesterday on claims for unemployment aid signaled that layoffs are easing and that the economy could be on the verge of posting the first monthly gain in jobs in two years.

The number of people claiming first-time unemployment benefits barely rose last week, after falling to its lowest level since July 2008 the previous week, the Labor Department said. And the four-week average of claims fell for the 18th straight week — to its lowest point since September 2008.

The four-week average of first-time claims is nearing the roughly 425,000 that many economists say would be a sign that the economy will start creating jobs.

The Labor Department will issue a more comprehensive snapshot of the job market today, when it releases the jobs report for December. Overall, economists forecast that the unemployment rate will rise to 10.1 percent from 10 percent and that employers will have shed a net 8,000 jobs.

The steady drop in first-time unemployment claims, and other signs of economic improve-

SEE **Jobs, C2**



Anton Monk (right) and Jeff Phillips, executives at San Diego-based Entropic Communications, checked out a surveillance-camera system that uses the company's technology at the Consumer Electronics Show in Las Vegas yesterday. *Charlie Neuman / Union-Tribune photos*



At the booth of San Diego-based PowerGenix, A.J. Dalola (left) demonstrated the company's "green" battery system in battery-powered toothbrushes for Vic Debouchel (right) of Ohio. Also working the booth for PowerGenix was Wayne DiSilvestro.

LOCALS GO ALL-OUT AT TECH FEST

About 2 dozen San Diego County companies have gear on display

By Mike Freeman
STAFF WRITER

LAS VEGAS — Rick Schwartz used a cell phone to scroll through a menu until he found photos stored on nearby laptop computer. With a click, the photos showed up on the TV screen in front of him through a wireless connection.

The software that made all these devices work together is called TwonkyMedia from PacketVideo, one of about two dozen San Diego County companies showing off their wares at this year's massive Consumer Electronics Show. Schwartz, a senior project manager for PacketVideo, said the company's software can be downloaded for free and already is embedded in many devices. Eventually, PacketVideo would like to see it embedded in millions.

Like most technology companies, PacketVideo is looking for a rebound from a dismal 2009, when the recession put a crimp in sales.

With the economy still on the mend, the annual electronics show's luster is a bit scuffed this year. About 110,000 people are expected to attend the show, about the same number as last year but well below the 144,000 who attended in 2007.

Still, there's more optimism in the air today. This past holiday season, electronics sales rebounded by 5.9 percent over the prior year, according to an estimate by Mastercard Advisors SpendingPulse. Gadget sales overall in the United States are expected to rise slightly this year to \$165 billion, according to a forecast from the Consumer Electronics Association.



A detail view of a BlackBerry Storm smart phone with San Diego-based Slacker.com's personalized music radio program on it.

SEE **CES, C3**

Del Mar Heights office building sold at great loss

Even more foreclosed commercial properties may come up for sale

By Roger Showley
STAFF WRITER

A 66,010-square-foot office building in the normally robust Del Mar Heights area of Carmel Valley has sold for half its previous value in what could be the first in a wave of high-profile, foreclosed commercial properties on the market this year, according to Cushman & Wakefield commercial brokerage services.

Davlyn Investments, a local owner and operator of apartment complexes,

condominium converter and office-building investor, bought the 23-year-old Hacienda Del Mar building, 12625 High Bluff Dr., for \$15.6 million from Chinatrust Bank of California. The previous sale, three years ago, was for \$27.5 million.

Stath Karras, executive managing director of the local Cushman office who also oversees the distressed commercial property division for the brokerage's southwest region, said the transaction represents the first of a "burgeoning trend" of foreclosed commercial properties coming up for sale, following last year's handful of relatively small apartment, retail and office properties.

"This has been the most visible, not only because of the size but also the

market, which is considered one of the strongest submarkets," Karras said.

But he said many more properties are expected to face foreclosure over the next 36 months.

"We'll probably see retail stressed before office, but ultimately we'll see office," he said.

The previous owner of Hacienda Del Mar, Cardinal Investments, lost it to foreclosure after having spent about \$2 million improvements and trying to sell the space as condominium offices, said John Hale, Davlyn's director of office acquisitions.

Tenant occupancy has fallen to 53 percent, but he expected office users to re-lease most of the space over the next eight or nine months. Current tenants include attorneys, psychiatrists, and

real estate and investment firms.

The asking rent averages about \$2.85 per square foot per month, somewhat higher than the \$2.50 rate at other competing properties, but Hale said tours for potential office users are taking place daily.

"I think the market in general is a little flat, but it's getting better for our building," he said. "It's been off the market and hasn't been for lease for almost three years. Now that it's for lease again, we have a flood of activity. ... We're a bit swamped."

Davlyn has acquired properties throughout Southern California worth more than \$750 million. Its local holdings include three office buildings in Carlsbad and Mission Valley and two rental projects in La Mesa and Poway.