

Navy puts 70-acre NAVWAR property in San Diego's Midway District on the market

The federal government is offering the land for "in-kind" consideration, meaning it would exchange the site, in lieu of cash, for 1.43 million square feet of new facilities.

By Jennifer Van Grove

The Navy is officially seeking bids to remake its 70.3-acre NAVWAR campus in San Diego's Midway District, marking the start of the largest real estate competition in the federal agency's history.

Tuesday, the Navy issued what's known as a request for qualifications for the lease and development of its Naval Base Point Loma, Old Town Complex, commonly known as NAVWAR.

The 182-page solicitation, published on the procurement site SAM.gov, formally puts the property on the market and invites development teams to respond with their high-level visions for the site and financing plans by Feb. 7.

In April, the federal government will whittle down the field of proposers to three teams and issue a follow-up request for proposals. The Navy expects to make a final decision before the end of 2023.

The Navy is offering the land for "in-kind" consideration, meaning it would exchange the land, in lieu of cash, for new facilities — or 1.43 million square feet of replacement administrative, lab and warehouse space, and 3,208 parking spaces — built first and at no cost to the agency. The government's preference is to transfer the property through a 99-year ground lease, subject to approval by the secretary of the Navy.

"The potential private redevelopment at (Naval Base Point Loma, Old Town Complex) would bring additional economic benefits to the region by consolidating Navy activities in modern facilities on a smaller footprint, allowing the remainder of NBPL OTC to be developed for other productive uses," the document states.

Owned by the Navy since the mid-1990s, the site consists of two large parcels straddling Pacific Highway in the Midway District. The base is home to the military's Naval Information Warfare Systems Command and Naval Information Warfare Center Pacific divisions. The groups — a mix of 5,000 full-time and contract cybersecurity professionals — are spread across 1.68 million square feet of space and work in World War II-era hangars that have been deemed obsolete by the government.

The cyberwarfare command is said to contribute \$3.5 billion annually to the San Diego economy.

The federal land falls within the Midway Pacific-Highway Community Plan area but is not subject to local zoning laws or building height restrictions. The solicitation encourages proposers to come up with plans compatible with surrounding areas.

However, the site may be able to accommodate thousands of homes, provide ample space for large corporations and community shops, and create space for hotels in towers stretching as high as 350 feet, according to a preliminary environmental analysis that's currently on hiatus. The draft plan, released in May 2021, studied up to 19.6 million square feet of development spread across 109 buildings. The environmental work has been sidelined until the Navy picks a winning bidder.

With the solicitation, the federal agency's priority is replacement facilities, which must be valued, at a minimum, at the fair market value of the leasehold interest, the document states.

Proposing teams also have some flexibility in how they accommodate the facilities' requirements, although the Navy said it wants 887,568 square feet of space and 3,208 parking spaces at the NAVWAR site, and another 541,068 square feet of warehouse, lab and laydown space at off-site locations.

The potential public-private partnership, which the Navy has characterized as the largest in its history by anticipated dollar value, is modeled after the agency's 2006 agreement with Manchester Financial Group for the 12-acre Navy Broadway Complex.

The deal resulted in a 17-story, waterfront office building for Navy Region Southwest, Naval Facilities Engineering Command Southwest and Navy Region Southwest Reserve Component Command. The rest of the property, save for a hotel block reserved by Manchester, is currently being developed by life science real estate developer IQHQ.

Earlier this month, San Diego Mayor Todd Gloria submitted a letter to the Navy, expressing the city's "enthusiastic support" of the NAVWAR revitalization effort.

"This project is a once-in-a-generation opportunity to deliver state-of-the-art facilities to support NAVWAR in furtherance of mission readiness for the Navy, as well as helping the San Diego region advance our goals of expanding housing opportunities, promoting economic development and increasing employment near mass transit," Gloria wrote in the letter.

The Navy will host a pre-proposal conference and site tour on Dec. 7.