

Capstone Buys Beachwalk Shopping Center for \$32.1M

BY RAY HUARD

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CARLSBAD – Capstone Advisors, a Carlsbad investment firm, has acquired a Solana Beach shopping center for \$32.1 million with plans to spend another \$4 million upgrading it.

CEO Alex Zikakis said that he's had his eye on the 56,000-square-foot Beachwalk Shopping Center at 427 Highway 101 for several years, but was outbid by Gem Realty Capital, a Chicago company that Zikakis said specializes in office property, when her first tried to buy it seven years ago.



Alex Zikakis
CEO & President
Capstone Advisors

“The asset needed to be owned by local ownership that understands the local market and can curate in a tenant base that really speaks to local consumers,” Zikakis said. “We want to greatly improve the outdoor space and make it much more of a gathering spot for the local community. In San Diego, people love to get to these coastal areas and have a nice outdoor environment and go to a restaurant and sit outside. We’re going to make Beachwalk as it should have been and focus on that aspect.”

Capstone Advisors is already in talks with “locally based restaurants” that serve the kind of healthy fare that meets the expectations of the local community, according to Zikakis.

“I love Solana Beach. It’s got amazing demographics. The household income is off the charts,” Zikakis said.

Discovering San Diego

Beachwalk is one of several recent investments that Capstone Advisors made at a time when some investors have been sitting on the sidelines.

“We’ve actually had a fairly busy year. We’re more of an outlier,” Zikakis said.

In addition to Beachwalk, Capstone Advisors bought an industrial complex in Phoenix and a retail center in the Salt Lake City area.

Zikakis said that retail will continue to be strong in San Diego County for the foreseeable future, while office property is the weak link for investors and apartment and industrial property is sluggish.

He predicted that office property will eventually rebound.

“I personally am a big believer in that productivity is improved by everybody being together. I think the pendulum’s swinging back to everybody needs to be in the office,” Zikakis said.

With the end of the year nearly at hand, Zikakis said that he expects that the overall commercial real estate market will pick up in mid-January, depending on what happens with interest rates.

“People are still optimistic that rates are going to go down. The question is how much,” Zikakis said.

Long term, Zikakis said that he’s “very bullish” on San Diego County, adding that “Everybody has discovered what an amazing place San Diego is.”

Most of the new investment cash is coming from elsewhere in California – primarily from L.A., the San Francisco Bay Area, and Silicon Valley, according to Zikakis.

“Those areas that they’re coming from have seen a degradation in values,” Zikakis said. “San Diego real estate has got the wind at its back for the long term.”

Capstone Advisors

FOUNDED: 1996

HEADQUARTERS: Carlsbad

CEO: Alex Zikakis

BUSINESS: real estate investment

EMPLOYEES: 15

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NOTABLE: Capstone Advisors has invested and developed a variety of commercial property types, as well as being an active investor in residential land development, home building and resort development.

Editor’s Note: The Business Journal’s original coverage erred in giving the value of the transaction. This version of the article corrects the error.