

Acquisition



Naveen Rao, founder and CEO of Nervana Systems, a deep-learning startup, has sold his company to Intel Corp. Intel says the deal is part of the plan to boost its AI portfolio through acquisitions. **Page 3**

Startup



Bradon Young and **Garrett Mincks** have bootstrapped their company, YouBackpacking. The entrepreneurs are looking to capture the adventuresome travelers among the millennial crowd. **Page 8**

The Lists

- Retail Centers **20**
- Office Parks **22**
- Commercial Real Estate Brokers **26**
- Industrial Parks **32**



Jamie Scott Lytle

Laurie Britton, owner of Café Virtuoso, said when coffee is done right, "you can enjoy it black."

ROAST MASTERS

BEVERAGE: S.D. Coffee Culture Advances To the Next Level

By BRITTANY MEILING

San Diego's craft beer brewers — with their sophisticated palates and purist culture — may be priming the region for another kind of brew business: artisan coffee.

"The craft beer industry has educated San Diegans about micro-regional artisans," said **Chuck Patton**, owner of **Bird Rock Coffee Roasters**, a popular local bean roaster on the coast.

Now, he says, people are practiced in buying local, and more tuned in to quality



and craftsmanship.

The craft coffee scene is big in San Francisco, Seattle and New York, and San Diego's own coffee culture is growing up fast.

Earlier this year, San Diego was named the sixth best coffee city in the U.S. by data-driven fintech company **SmartAsset** — trailing the above mentioned coffee hubs, along with Portland and Oakland.

SmartAsset collected data on the 100

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Teens Targeted With Subscription Skincare

RETAIL: E-Commerce Tactics To Open Up Market for Adigica

By BRITTANY MEILING

One of the biggest names in local biotech, **David Hale**, is joining forces with an e-commerce expert to bring the sale of skincare products into the digital age.

The firm, called **Adigica Health**, is a bit of a hybrid between a tech startup and a cosmetics company. It's starting out with a skincare treatment for teenagers dealing with acne.

Skincare is an area of familiarity for Hale, as he served as chairman of **SkinMedica** for over a decade until it was sold to **Allergan**

➔ *Adigica page 55*



David Hale

Partners Take Holistic Approach to M&A

FINANCE: New Investment Bank Won't Parcel Out Process

By SARAH DE CRESCENZO

An investment banker and the head of marketing operations for a division of the nation's largest energy retailer have teamed up to open a Del Mar-based investment bank focused on mergers and acquisitions.

Ashish Jariwala and **Zaheer Dhruv**, who met about 10 years ago, recently launched **PierCap Partners LLC**, the name a reference to the architectural element that manages the stresses between a bridge and the piers that support it.

The founding partners, also the firm's managing directors, said they intend to limit the number of transactions to ensure they both are involved from start to finish.

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Hotels Get In-Room Help Saving Energy

POWER: Co.'s System Adjusts Environment in Empty Rooms

By BRITTANY MEILING

Hotels waste a lot of energy when they heat and cool the booked — yet empty — rooms of travelers. And those sky-high utility bills end up taking a sizable chunk from the hotel's bottom line.

"Hotels are one of the few businesses open 24 hours a day, 365 days a year," said **Phillip Kopp**, founder and CEO of **Conectric Networks LLC**. "The problem is that they're actually unoccupied most of the time. Unless guests are sleeping, these rooms are empty."

At the same time, hotels can't exactly force customers to be environmental stewards and turn off air conditioning when they leave the room. Forward-thinking hotels are in quite the

➔ *Conectric page 45*

Special Report: Commercial Real Estate

Industry experts forecast that high demand and low vacancy will fuel the local market for the next couple of years.

Page 15



An Evening of Changing Lives
BOYS & GIRLS CLUBS OF GREATER SAN DIEGO

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Coffee:

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largest cities in the country, and looked at things such as the total number of coffee shops in the city, Yelp ratings, the total number of coffee and tea manufacturers, and Google search traffic for coffee in the area.

Jessica Percifield, founder and CEO of the San Diego Coffee Network, said the county has something like 430 coffee houses, over 30 local roasters, and enthusiasts and business owners are starting to assemble, mingle and compete in local competitions. The latest latte-art throw-down put on by the San Diego Coffee Network brought in baristas from as far as Seattle.

Refining Tastes

It makes sense that San Diego's craft beer scene has primed artisan coffee to flourish, said Café Virtuoso owner Laurie Britton, as it takes continuous exposure to artisan products before consumers realize their options.

"They just need to know that there's more to coffee than a dark, poorly-roasted drink that you have to put cream and sugar in to make it bearable," Britton said. "If it's done right, you can enjoy it black."

The rise of coffee culture came in stages, roasters say, and most in the business agree on three precise waves. The first wave came from the major coffee corporations of the mid-1800s through the '60s: Folgers, Maxwell House, and the creation of the infamous home drip coffee maker. The second wave was basically Starbucks (enough said). Most in the industry agree we're currently in the third wave of coffee culture, in which it's all about the origin of the bean, quality, and craftsmanship.

"Third wave treats coffee like wine," Patton said. "It's a very elevated coffee experience."

Here, in the third wave, is where San Diego excels.

Consumer Support

San Diego is a mecca for conscious, quality-driven consumers: people who value things like farm-to-table restaurants, organic groceries, and ethically sourced products. It's sort of a coastal thing, according to market research.

The farm-to-table movement has been particularly represented in San Diego, with restaurants like George's at the Cove and Farmer's Bottega prepping trendy menus with locally-grown food. Knowing the farmer helps chefs and owners guarantee that they're buying from people whose methods match consumer values, whether that means organic, sustainable, non-GMO, or fair trade.

It's the same in the coffee business, said John Vallas, owner of Swell Coffee Co. People appreciate knowing that the coffee at Swell is a high quality and ethically sourced.

"Different industries are responding to the younger generation, who is asking, 'where is my food coming from?'" Vallas said. "And that's kicking off a number of things. It's part of why the local craft beer industry is thriving, because people love the craft, and they want to know where their food, wine, and beer is coming from. And coffee is riding that wave, too. The cool thing is, people are now open and responding to it."

World Cups

Vallas and Patton both take great care



Jamie Scott Lytle

Greg Luli, general manager of Café Virtuoso, mixes beans, above, and then roasts them, below.



Jamie Scott Lytle

Laurie Britton owns Café Virtuoso said San Diegans are warming to the artisan coffee movement.

BILLION-DOLLAR BREW

Over the past several decades, specialty or "third wave" coffee has grown from a niche market into a multibillion-dollar industry.

According to a study by The Fletcher School of Law and Diplomacy at Tufts University, specialty coffee industry sales grew from \$8 billion to \$18 billion between 2001 and 2012.

The Specialty Coffee Association of America pegs the number somewhat higher. It estimates that the retail value of the U.S. coffee market is \$46 billion and that while specialty coffee represents 51 percent of the volume, it accounts for 55 percent of the dollar value.

Specialty coffee consumption rose three-fold between 2000 and 2015, according to the National Coffee Association.

