

# Downtown S.D. nightclubs pouring on the exclusivity

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November 11, 2006

It's Saturday night, and the line to get into Stingaree wraps around the block.

Undaunted, a group of well-dressed hipsters walks up to the velvet rope, gives a name and is escorted inside.

Celebrities? Rock stars? No, just weekend revelers willing to plunk down \$350 for a bottle of Grey Goose vodka.

Downtown nightclubs such as Stingaree are doing big business by offering Las Vegas style – and prices – to San Diego denizens. To get one of the 53 tables at Stingaree, a party of 10 must buy two bottles of high-priced alcohol.



FRED GREAVES

Patrons crowded around the rooftop fire pit at Stingaree, one of the plush downtown clubs that cater to those in search of high-end night life.

The tab for these bottle-service customers averages \$1,600, which covers the table for the night, a liter of vodka, glasses, mixers, olives, onions and VIP service.

The tables sell out almost every Saturday, club owner James Brennan said.

“No one wants to fight the crowd,” he said. “It's the real estate that you are buying.”

The change in San Diego's bar scene, which has always been more board shorts and bottled beer, is further evidence that the city is reinventing itself. Downtown increasingly has become a hub for nightclubs, where people line up to pay for pricey bottle service and clamor to join private lounges, spending thousands of dollars for a membership.

Members-only 30-Two, which is a lounge at the Rama restaurant downtown, sold out 80 memberships that went for \$1,500 to \$2,500 in just three months. Members are pro athletes as well as investment companies and law firms looking to entertain clients, said Alex Thao, the owner of Rama and 30-Two.

Stingaree and 30-Two are by no means the only establishments catering to those in search of high-end night life. On Broadway, the W hotel, Confidential and others offer bottle service at varying rates.

Even more high-end clubs are coming to downtown, including a members-only bar at the Keating Hotel at Fourth Avenue and F Street. The Hard Rock Hotel will feature two bars developed by nightclub company Midnight Oil, co-founded by Rande Gerber, husband of supermodel Cindy Crawford and the creative force behind The Whiskey lounges in New York, Los Angeles and other cities.

The flurry of development has to do, in part, with downtown's emergence as a residential neighborhood and its growth as an urban tourist destination. Also, the busy Convention Center is bringing in free-spending conventioners. Brennan, who grew up in Manhattan, is credited with starting the bottle-service trend locally with the opening of Sidebar, his first venue, in 2003. Brennan said Sidebar, which is still popular, was consistently packed on weekends, with people clamoring to get in.

“What really pushed it over the top was bottle service. For two-plus years, it was hard to get a table,” he said. “What we did find was that there was a market for that high-end upper demographic.”

The population of downtown San Diego has almost doubled since 2000, growing to 30,000 from 17,000. Many new residents are young professionals, not the empty nesters who were part of the first wave of urban-pioneer condo buyers, said Sherman Harmen, chairman of the Downtown Residential Builders and Marketing Alliance.

To live downtown, he said, a single person needs to make around \$75,000 a year. Young professional couples attracted to the area may have a combined income of \$130,000 to \$140,000. But it is not so much what they make as their level of disposable income; 95 percent are childless, he said.

“The people who live downtown are lifestyle-driven,” Harmen said.

Still, it is unclear whether there are enough people to support all the new nightclubs, considering that the bar business is exceptionally fickle.

Michael Kelly, one of the principals of Kelly Capital and co-owner of the Gaslamp bar The Bitter End, is opening the Ivy Hotel, an \$82 million project that will feature a rooftop bar, a nightclub and a lounge.

Kelly doubts all the new nightclubs will last. Still, he is confident that his property, which will be able to accommodate as many as 2,600 people in its various venues, will succeed.

“The cream always rises to the top,” he said.

Kelly said his plan is to cater to locals and visitors by providing top-notch service without an attitude to make sure the venue can withstand the capricious nature of the business.

“Everybody can be cool for six months to a year because you're new,” he said.

Still, the new clubs are also banking on San Diego continuing to draw a new breed of visitor.

The rise in downtown hotel room rates suggests that the area is attracting a more well-heeled visitor. For 2003, the average room cost \$148, according to PKF Consulting, which tracks the hospitality industry. In 2006, the average room rate has climbed to \$180.

Edward Kaen, a principal at The Keating, said downtown is increasingly a weekend getaway for people who in the past might have left San Diego off their list. Instead of going to San Francisco or Los Angeles, hipsters in their 20s and early 30s are coming here.

“The buzz is that San Diego is South Beach 10 to 15 years before the boom,” Kaen added.

The increased interest in San Diego helped persuade Pininfarina, the design house behind such luxury sports cars as Ferrari and Maserati, to create The Keating's high-end look and feel.

“They see San Diego as an upcoming city,” Kaen said. “If you put The Keating in New York or Los Angeles, you wouldn't get the impact. Being in San Diego, they felt it was right.”

Brennan said his clientele mix is 60 percent local and 40 percent out-of-town – some who have heard of the club in the pages of *Celebrity Living* or on Page Six of the *New York Post*.

He said the growing number of venues could actually help business.

“The Hard Rock and The Ivy are going to keep building this as a party destination spot,” Brennan said.

But the rise of bottle-service and members-only lounges isn't just about San Diego shedding its image as a military town with sunny suburbs.

Although bottle service has been a staple in Europe and New York City

for years, gaining popularity in Manhattan clubs in the mid-1990s, cities such as San Jose and Minneapolis are now beginning to offer expensive bottle service, said Tad Wilkes, editor of *Nightclub & Bar Magazine*.

“It's certainly a nationwide phenomenon,” he said. “It caters to people who want that VIP feeling.”

While Brennan said that as much as 40 percent of his business is from corporate functions, the bottle-service concept is key to the club's success, both in terms of revenue as well as in the buzz it creates for the venue.

“Everything revolves around bottle service,” he said.

Selling exclusivity clearly makes economic sense for a club owner. Typically, a high-end bar can pour about 22 cocktails from a liter of vodka, for which it can charge \$8 to \$12 apiece, netting less than what a club can get for selling a bottle at \$350.

Derek Reaves, bar manager at Stingaree, said purchasing bottle service also can make sense for the patron. It avoids the cost of a cover charge to get into a club or lounge, which can be between \$20 and \$30 a person. Consume four cocktails, and the total tab could be as much as \$80.

If 10 people share two bottles of Grey Goose vodka, which come with a variety of mixers such as orange juice, Red Bull and tonic water, the bill could be as little as \$100 per person, Reaves said. In addition, the customers can forgo waiting in line and can expect special service.

Cyrus Batchan, a co-owner of Jade, a restaurant-lounge-nightclub scheduled to open early next year, said bottle service is about more than plopping an expensive label on the table.

“I tell everyone it's bottle and it's service” he said.

Membership at 30-Two includes being able to get a table without a reservation or having to wait in line, Thao said. Members also can store unfinished bottles and get driving service.

Brennan said bottle-service customers are typically professional males in their early 30s, who are paying for the table as a way to attract women. But he said he also sees groups where “you can tell that they are pitching in \$200 each and spending more money than they should.”

“It's a luxury and everybody – whether they can afford it or not – wants it,” he said.

Willie Wilson, 26, was at Stingaree on a recent Saturday night to celebrate a friend's birthday. He estimated that each member of the party would spend a "few hundred dollars." Wilson, who sells condos downtown and in Mission Valley, said clubs like Stingaree hold the most appeal for a big night.

"Pacific Beach was cool when I was 21," he said. "But as you are heading into your late 20s and early 30s, downtown is more sophisticated. PB is good when you only have \$40 in your pocket."

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