

Southeastern San Diego and Encanto Community Plan Areas

Market Demand Analysis

Prepared for:

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## I. INTRODUCTION

### A. Objective

In accordance with the Keyser Marston Associates, Inc.'s (KMA's) September 5, 2012 subcontract agreement with Dyett & Bhatia (D&B), KMA has undertaken a market demand analysis for the Southeastern San Diego (SESD) Community Planning Area (CPA) and the Encanto CPA of the City of San Diego (City).

The Encanto CPA is generally bounded by the Martin Luther King Jr. Freeway (SR 94) to the north; the City of National City and Skyline-Paradise Hills community to the south; Interstate 805 to the west; and the City of Lemon Grove and Skyline-Paradise Hills community to the east. This CPA includes the neighborhoods of Chollas View, Lincoln Park, Emerald Hills, Valencia Park, Encanto, South Encanto, Broadway Heights, and Alta Vista. The Encanto CPA is served by the San Diego Trolley Orange Line with two transit stops located at the Euclid Avenue and 47th Street intersections.

The SESD CPA is generally located south of SR 94, west of Interstate 805, east of Interstate 5, and shares a border with the City of National City. This CPA includes the neighborhoods of Sherman Heights, Logan Heights, Grant Hill, Memorial, Stockton, Mount Hope, Mountain View, Southcrest, and Shelltown. The CPA is also served by the San Diego Trolley Orange line with two transit stops at 25th and Commercial Street and 32nd and Commercial Street.

The market demand analysis is being prepared as part of the SESD and Encanto Community Plan Updates through a collaborative effort between City staff, community stakeholders, and a multi-disciplinary consulting team. This planning effort will result in two Community Plan updates; one for the SESD CPA (west of Interstate 805) and one for the Encanto CPA (east of Interstate 805). These updates will implement the 2008 General Plan and establish specific goals and policies related to the SESD and Encanto CPAs. The Community Plan elements to be included in each update are: Land Use (Housing); Mobility; Urban Design; Economic Prosperity; Public Facilities, Services, and Safety; Recreation; Conservation; Noise; Historic Preservation; and Arts and Culture.

## **B. Methodology**

In preparing this demand analysis, KMA undertook the following work tasks:

- Participated in a kick-off meeting with the D&B consultant team and City staff.
- Reviewed background information such as resource documents, maps, and relevant plans.
- Toured the area, environs, and competitive developments.
- Reviewed key demographic and economic trends in the trade area.
- Evaluated market factors such as inventory, vacancy, and value indicators for each land use.
- Reviewed of competitive proposed developments planned or under construction.
- Projected supportable demand by land use.

## **C. Report Organization**

This memorandum report has been organized as follows:

- Following this introduction, an overview of the KMA findings is presented in Section II.
- Section III describes market and economic conditions for the residential, office, industrial, and retail land uses.
- Section IV presents KMA's projections of supportable demand for each of the four land uses evaluated.
- Limiting conditions pertaining to the KMA analysis are listed in Section V.

Attached to this memorandum are the KMA technical appendices. The appendices analyze demographic trends (Appendix A), market conditions for each of the four land uses (Appendices B through E), and supportable demand by decade (Appendices F and G).

## II. KEY FINDINGS

The two CPAs are each different, yet similar in many ways. Both have median ages younger than the City and San Diego County (County) with a significantly larger Hispanic population. Both CPAs also have significantly lower household and per capita income levels than the City and County. The SESD CPA is more urban containing more multi-family housing than single-family housing. The Encanto CPA is more suburban containing more single family detached housing than the SESD CPA. At the present time, new real estate development ventures are still hampered by an uncertain outlook for the national and global economy. As these conditions are alleviated, KMA believes that the CPAs represent excellent opportunities for future development.

The following summarizes the key KMA findings:

- The CPAs contain a younger population, with a median age of 27 for the SESD CPA and 30 for the Encanto CPA, while the City and the County's median age is 34 and 35 years, respectively.
- According to SANDAG, there is a large presence of Hispanic residents in the Encanto and SESD CPAs, 52% and 84%, respectively. The City and the County have a lower proportion of Hispanic residents ranging between 29% and 33%, respectively.
- In terms of racial distribution, nearly 22% of the population is made up of African American individuals in the Encanto CPA, followed by Asian and Pacific Islanders (17%) and the Caucasian population (7%). After Hispanics, the SESD CPA is largely comprised of African American (8%) and Caucasian (4%) individuals.
- Within the Encanto CPA, the median income is approximately \$48,100 and in the SESD CPA it is \$34,100, both substantially lower than that of the City at \$68,700 and the County at \$69,200.
- The following summarizes the demographic factors found in the Encanto and SESD CPAs as compared to the City and County:

Demographic Factor	Encanto CPA	Southeastern San Diego CPA	City of San Diego	County of San Diego
Number of Households	12,600	14,400	490,600	1,101,400
Average Household Size	3.76	3.94	2.59	2.76
Median Household Income	\$48,100	\$34,100	\$68,700	\$69,200
Population of Hispanic Ethnicity	51.8%	84.1%	29.4%	32.9%
Median Age (years)	30.0	27.3	34.1	34.8

Source: SANDAG, Current Estimates (8/29/12)

- The largest employment sectors in the combined CPAs are Education and Health Services at 26.2%, followed by Retail Trade at 16.5%, and Other Services at 15.2%.
- The retail sales import/export (leakage) model for the combined CPAs indicates a net export or leakage of approximately \$170 million per year. The term “leakage” as used here refers to retail sales occurring outside of the two CPAs by shoppers or residents from within the two CPAs. Categories in the combined CPAs that experience retail sales leakage are: Aggregated Confidential (General Merchandise, Other Comparison Goods, and Home Improvement) (\$62.3 million), Convenience Goods (\$100.9 million), and Eating and Drinking (\$20.9 million).
- The following presents a summary of the KMA demand projection for each land use by decade:

Demand by Land Use						
Land Use	2012-2022		2022-2032		Total, 2012-2032	
	Low	High	Low	High	Low	High
Commercial (SF) (1)	252,800	314,600	108,700	117,200	361,500	431,800
Residential (Units)	1,325	2,650	1,157	2,314	2,482	4,965
Industrial (SF)	34,000	67,000	34,000	67,000	68,000	134,000

(1) Includes office and retail/restaurant.

There is clearly a market demand for retail and restaurants in both CPAs. The demand for office space is limited to a few locations since the two CPAs are not recognized office locations. Limited demand for industrial space exists in both of the CPAs. The difficulty in the future in these two CPAs will be the financial feasibility of all new development. With

just a few exceptions, all new development in both CPAs in the past has received public sector financial assistance for completion. With the elimination of redevelopment in California, new development in these CPAs will encounter difficulties in overcoming the fact that the cost of new development exceeds the economic value of the new development, thereby causing a financially infeasible development.

### III. MARKET AND ECONOMIC CONDITIONS

#### A. Demographic Overview

This section reviews various demographic factors for both the Encanto and SESD CPAs, as provided by SANDAG, and compares each CPA to the City and the County. According to SANDAG, both CPAs are growing much slower than the City and the County. Generally, households within both CPAs yield lower household and per capita incomes than the City or the County, are larger in size, and population is younger in age. Key demographic and economic trends impacting the two CPAs are discussed below.

##### Population and Households

According to SANDAG, the Encanto CPA contains a population of about 47,400 and the SESD CPA 56,800. Both CPAs are projected to increase at a slower rate than the City and the County.

Population	Encanto CPA	Southeastern San Diego CPA	City of San Diego	County of San Diego
2010	47,361	56,757	1,301,617	3,095,313
2020 Forecast	55,119	61,654	1,542,528	3,535,000
2030 Forecast	57,604	66,525	1,689,254	3,870,000
Change, 2010 to 2030	21.6%	17.2%	29.8%	25.0%

Source: SANDAG, Demographic and Socio Economic Estimates, 2012 and 2050 Regional Growth Forecast

There are currently an estimated 12,600 households in the Encanto CPA and 14,400 in the SESD CPA. The average size of households in the two CPAs is similar at 3.76 (Encanto) and 3.94 (SESD), both of which are significantly larger than those of the City and the County at 2.59 and 2.76, respectively.

##### Age Distribution

The larger sized households and younger population are indicators that the CPAs are generally made up of families with young children. According to SANDAG, the current median age for the Encanto CPA is 30 years of age and 27 for the SESD CPA, while the City



and County hover at about 34 years of age. The Encanto and SESD CPAs have a significantly higher proportion of population under the age of 17 (30% and 33% respectively), when compared to the City and County (which range between 22% and 23%).

### Race and Ethnicity

According to SANDAG, approximately 84% of the population in the SESD CPA is of Hispanic descent in comparison to 52% in Encanto and 29% in the City. In terms of racial distribution, the population is largely comprised of African American (8%) and Caucasian (4%) in the SESD CPA, and the Encanto CPA is largely comprised of African American (22%) and Asian and Pacific Islander (17%). Nearly half the population in the City is comprised of Caucasian individuals (44%), followed by Hispanics (29%) and the Asian and Pacific Islander population (16%).

### Income

Households in the Encanto CPA have a median income of approximately \$48,100, which is approximately 30% lower than the median household income for the City (\$68,700) and the County (\$69,200). Per capita income in the Encanto CPA (\$14,600) is substantially lower than the City (\$29,900) and County (\$28,700).

Households in the SESD CPA have a median income of about \$34,000, which is approximately 50% lower than the median household income for the City (\$68,700) and the County (\$69,200). Per capita income in the SESD CPA (\$14,600) is also substantially lower than the City (\$29,900) and County (\$28,700).

Household Income	Encanto CPA	Southeastern San Diego CPA	City of San Diego	County of San Diego
Less than \$15,000	14.0%	19.0%	10.0%	8.0%
Less than \$75,000	73.0%	87.0%	56.0%	56.0%
Median Household Income	\$48,094	\$34,060	\$68,674	\$69,185

Source: SANDAG, Current Estimates (8/29/12)

### Employment

KMA evaluated employment data by industry (place of work), as provided by SANDAG for the combined CPAs. As of 2011, the CPAs contained a total of 9,935 jobs. Based on the current

population, the CPAs jobs to employed residents ratio was 0.23, as compared to 0.94 in the City. The survey of employment by industry finds that the largest employment sector in the combined CPAs is Education and Health Services at 26.2%, followed by Retail Trade of 16.5%, and Other Services at 15.2%. Since 2009, the CPAs added 926 jobs. The largest increase in jobs was in the Education and Health Services sector at 37%. The largest decrease in employment occurred in Wholesale Trade (-10.9%).

<b>Top 3 Industries by Employment: Encanto and Southeastern San Diego CPAs</b>	<b>Percent of Total</b>
Education and Health Services	26.2%
Retail Trade	16.5%
Other Services	15.2%

According to SANDAG, there were 573,210 jobs in the City at the end of 2011. The largest employment sectors in the City are Professional and Business Services at 26.7%, Education and Health Services at 15.6%, and Leisure and Hospitality at 15.4%. Since 2009, the City has lost 5,062 jobs. The largest increase in jobs was in the Wholesale Trade sector at 2.9%. The largest decrease in employment occurred in Construction (-5.5%).

<b>Top 3 Industries by Employment: City of San Diego</b>	<b>Percent of Total</b>
Professional and Business Services (1)	26.7%
Education and Health Services	15.6%
Leisure and Hospitality	15.4%

(1) May include firms classified as information.

## **B. Residential Market Overview**

Signs going forward show that the economy and the residential market for 2013 and beyond should improve. Unemployment, foreclosures, and inventory have dropped while prices for homes have started to increase. As the economy begins to slowly improve and mortgage interest rates remain at historically low levels, the for-sale housing market should continue to experience increases in home sales. Median home prices have now risen for eight consecutive months. This has not occurred since early 2006, just before the housing downturn. In part, this reflects an increase in sales of more-expensive homes, according to the Wall Street Journal. The biggest negative has been the low levels of inventory in certain

segments and areas of the market. According to The Wall Street Journal's quarterly survey of housing market conditions, inventory levels of homes for sale have fallen in all 28 metropolitan areas tracked in the survey.

Likewise, demand in the national apartment and rental-housing market continues to strengthen, due in part to stricter single-family and condominium lending standards.

### Local Market Conditions

The improving demand and lower inventory of housing affecting the rest of the U.S is analogous to San Diego trends. Demand from first-time home buyers and investors has driven inventory especially on lower-priced properties below \$500,000 to all time lows where multiple offers and aggressive bidding are now commonplace in certain areas. If interest rates remain low and unemployment continues to decrease, this trend could continue for the foreseeable future. For multi-family housing, the San Diego market was hit particularly hard by the national housing downturn, with many development proposals and entitlements put on hold. However, the long-term outlook for San Diego's multi-family market remains positive due to numerous barriers to entry (including high land costs), a large rental population, and extremely limited new multi-family development sites. Low vacancy rates, stricter lending requirements for homebuyers, and changing demographics have increased demand for rental housing.

### For-Sale Housing

The Encanto CPA has about 13,100 residential units. Based on the residential inventory, the majority of housing units are single-family (detached), comprising a 62% of the housing inventory. The SESD CPA has about 15,200 residential units. In the SESD CPA, the majority of housing units are multiple-unit and/or multi-family, comprising 66% of the housing inventory. The City's inventory of single-family homes is slightly lower than the rest of the County, presumably due to the large amount of multi-family units produced in Downtown San Diego during the early 2000s housing boom.

Housing Inventory	Encanto CPA		Southeastern San Diego CPA		City of San Diego		County of San Diego	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
Single-Family (detached)	8,186	62.3%	5,109	33.6%	212,351	41.0%	566,103	48.6%
Single-Family (multiple-unit)	1,870	14.2%	6,058	39.8%	67,938	13.1%	136,247	11.7%
Multi-Family	2,477	18.8%	4,037	26.6%	232,556	44.9%	420,898	36.1%
Other (1)	610	4.6%	0	0.0%	5,292	1.0%	42,570	3.7%
<b>Totals</b>	<b>13,143</b>	<b>100.0%</b>	<b>15,204</b>	<b>100.0%</b>	<b>518,137</b>	<b>100.0%</b>	<b>1,165,818</b>	<b>100.0%</b>

(1) Includes mobile homes.

Source: SANDAG Demographic and Socio Economic Estimates, 2012

Data on home values is available from DataQuick by zip code. For purposes of this analysis, the 92114 zip code is used for the Encanto CPA. The median home price for a single-family home in the 92114 zip code is \$255,000. The 92114 zip code also includes the communities of Skyline and Jamacha Lomita which are outside of the Encanto CPA boundary. A review of current home values within these areas indicates home values approximately \$50,000 lower than home values in those areas of 92114 within the Encanto CPA.

The 92113 and 92102 zip codes serve as a proxy for the SESD CPA. According to DataQuick, the October 2012 median home price for a resold single-family detached home is \$157,000 in the 92113 zip code and \$426,000 in the 92102 zip code. The 92113 zip encompasses areas of the SESD CPA south of Imperial Avenue. The 92102 zip encompasses areas of the SESD CPA north of Imperial Avenue but also includes neighborhoods outside of the SESD CPA boundary such as Golden Hill and South Park. A review of current home values in Golden Hill and South Park indicates home values \$100,000-\$300,000 higher than home values in those areas of 92102 within the SESD CPA. (See Exhibits 1 and 2 for zip code maps of the CPAs.)

In terms of condominium resales, the current median home price in the Central San Diego submarket is \$277,000 in October 2012. The two zip codes comprising the SESD CPA demonstrate some of lowest values in the Central San Diego submarket, with median home values ranging between \$125,000 and \$143,000. The median condominium resale in the 92114 zip code is \$183,000.

As shown in the table below, median home prices for condominiums in the 92114 zip code exhibited an average annual increase since 2008 of 15.8%, compared to decreases in the 92102 and 92113 zip codes. Alternatively, the value of single-family homes in the 92114 zip code has decreased since 2008, while increasing in the 92102 and 92113 zip codes. The value of single-family homes and condominiums has increased since 2008 in Central San Diego.

Area	Single-Family		Condominium	
	Median Price (2011)	Average Annual (2008-2011)	Median Price (2011)	Average Annual (2008-2011)
<b>Encanto CPA</b>				
92114	\$165,000	(7.0%)	\$172,500	15.8%
<b>SESD CPA</b>				
92102	\$207,000	8.0%	\$135,000	(0.8%)
92113	\$149,500	2.3%	\$81,250	(12.1%)
<b>Central San Diego</b>	\$372,000	2.5%	\$235,000	1.0%

### Rental Housing

According to a survey conducted by MarketPointe Realty Advisors, the Southeastern San Diego community has an average monthly rent of \$1,039, approximately 32% lower than the County's average. The vacancy rate for apartments in Southeastern San Diego is estimated at 3.3%, slightly lower than vacancy rate in the overall County at 4.5%.

Area	Monthly Rent	SF	Rent Per SF	Vacancy	Number of Units
Southeastern San Diego (1)	\$1,039	843	\$1.23	3.3%	512
County of San Diego	\$1,376	870	\$1.58	4.5%	124,851

(1) Includes the communities of Lincoln Park, Logan Heights, and Mount Hope.

Source: MarketPointe Realty Advisors, Inc., September 2012

A survey from CoStar Comps, Inc. reveals that apartment building sales from January 2011 to the present yield a median value of \$82,000 per residential unit. Capitalization rates ranged between 4.3% and 10.0%, with a median cap rate of 7.5%. A cap rate is defined as the percentage number used to determine the current value of a property based on estimated future operating income. The sales ranged between \$56,000 and \$189,000 per unit. The highest sale occurred in June 2012 for a development built in 1984 in the Southcrest neighborhood. Based on the survey, the majority of apartment buildings are older and built prior to 1990.

The former redevelopment project areas of Dells Imperial, Gateway Center West, Mount Hope, a small portion of Central Imperial, and the Southcrest Redevelopment Project Areas are located within the SESD CPA. The major portion of the Central Imperial Project Area is

located in the Encanto CPA. The Redevelopment Plans for each of the Project Areas identified a number of key objectives and actions for revitalization of the Project Areas, including the preservation and reservation of existing residential areas; and development of a variety of in-fill housing.

To that end, since adoption of the Redevelopment Plans a total of 164 affordable and 259 market-rate units have been developed in the Project Areas as follows:

<b>Redevelopment Project Area Housing Production: Since Inception of Project Area to Present</b>				
<b>Project Area</b>	<b>Date Adopted</b>	<b>Affordable Units</b>	<b>Market-Rate Units</b>	<b>Total</b>
Mount Hope	11/22/82	8 Units	6 Units	14 Units
Southcrest	4/14/86	29 Units	91 Units	120 Units
Central Imperial	9/14/92	127 Units	162 Units	289 Units
<b>Total</b>		<b>164 Units</b>	<b>259 units</b>	<b>423 Units</b>

Source: Fourth Implementation Plans for Mount Hope, Southcrest, and Central Imperial Redevelopment Plans for the Period of July 2009-June 2014, June 2009; Civic San Diego

### *Projects Under Construction, Proposed, and Planned*

In the SESD CPA, there is one residential project in the CPA under construction. The City and its former Redevelopment Agency (Agency) approved an Owner Participation Agreement (OPA) for the proposed COMM22 project in June 2011, as described below. The OPA establishes the terms and conditions that the City, Agency, and developer will follow so that the project can be awarded certain public funds. The COMM 22 project will occupy approximately 4 acres of land which is currently owned by the San Diego Unified School District. The site is located along the south side of Commercial Street from 21<sup>st</sup> Street to Harrison Avenue. COMM22 is proposed as a mixed-use, transit-oriented development that will contain 130 family rental apartments, 70 senior rental apartments, a 5,500-SF child care facility, 13,000 SF of commercial space, market-rate live-work loft space, and 17 for-sale rowhomes.

Residential projects currently under review by the City are as follows:

Project Name	Location	Status	Comments	Plan Area
COMM22	2101 Commercial Street	Under Construction	200 mixed-use rental apartments	Southeastern San Diego
COMM22	Commercial Street	Approved	17 for-sale rowhomes	Southeastern San Diego
Northwest Village – Residential	4970 Market Street	Planned	150-165 rental apartments	Encanto
Trolley Residential	4981 Market Street	Approved	52 affordable rental apartments	Encanto
PRQ @ 528 63 <sup>rd</sup> Street	505 62 <sup>nd</sup> Street	On Hold	85 affordable rental apartments	Encanto
Market Street Row Homes	2748 Market Street	Under Review	18 single-family homes	Southeastern San Diego
Winnett Homes	2190 Winnett Street	Approved	8 single-family homes	Encanto

Source: City of San Diego e-mail correspondence dated October 15, 2012

### C. Office Market Overview

The national office market is continuing to recover at a very slow pace with concerns regarding the lack of new hirings and slowing U.S and global economy. Per Cassidy Turley's 3<sup>rd</sup> Quarter 2012 Market Report, the U.S office market had a vacancy factor of 15.6% with an average asking rent of \$21.69 per square foot (SF) per year, or \$1.80 per SF per month. Rents in general have been stagnant except for certain areas such as San Francisco, San Jose, and New York City which have seen major rent increases over the previous year. Class A space is leading the way in total absorption representing 71% of total absorption. (Based on the Building Owners and Managers Association International's rating system, Class A and B office space facilities typically are considered good to premier and have rents that are above the average for the region.)

### Local Market Conditions

According to real estate firm of Cushman and Wakefield, the San Diego County office market comprises approximately 72.7 million SF of space. The current vacancy rate is 16.8%. Similar to the national market, Class A space is leading the way, as shown with its 13th consecutive quarter of positive net absorption per Cassidy Turley's 3rd Quarter 2012 Market Report. One trend that is continuing is that businesses are becoming more space efficient. Per the Cassidy Turley report, the average size space that tenants vacated in all classes (A, B, and C) in the 3rd quarter was 5,922 SF and the average space moved into was 5,399 SF.

The Downtown office market comprises about 15% of the County's total office space. Although it is the largest office submarket in the County, it is not dominant. In the recent past, the strongest office submarkets in the County have been in the I-5 and I-15 corridors in North County, where major high tech employment is located. In addition, the submarkets of Mission Valley, Sorrento Mesa, Kearny Mesa, University City, Del Mar Heights, and Carlsbad each have significant concentrations of space, ranging from 4.0 to 9.0 million square feet.

Construction of office development in the County is being led by life sciences and biotech with 663,000 SF being developed in the UTC and Sorrento Mesa submarkets. Cushman and Wakefield reported at the end of the 3rd quarter 2012 that the County had an overall vacancy factor of 13.2% and an average asking rental rate of \$2.12 per SF per month full-service gross (FSG). (FSG is a rental agreement where the landlord assumes the payment of all real estate taxes, building insurance, and maintenance.) High vacancy rates are being experienced throughout the County and are most likely attributable to businesses downsizing or closing.

A survey based on Loopnet.com shows the average asking lease rate in Southeastern San Diego is \$1.50 per SF per month. According to CoStar Comps, Inc., office building sales in Southeastern San Diego from January 2010 to the present ranged between \$27 and \$244 per SF of building area.

The SESD CPA has one main office/flex industrial business park, Gateway Center East Business Park. Gateway Center East Business Park was developed from a 66-acre area of excess cemetery land which was owned primarily by the City of San Diego. Gateway Center East Business Park contains about 507,000 SF, of which approximately 43,000 SF is medical office space. The CPA does not have any traditional format office space. The most recent commercial building constructed in the CPA was at 28<sup>th</sup> Street and Imperial Avenue. The



building, constructed in 2007, was marketed as multi-use retail/showroom/office space, which allows the developer/landlord the flexibility to lease space to a variety of tenants in a distressed market.

In the Encanto CPA, the most recent office development was the development of the Joe & Vi Jacobs Center in the Market Creek Plaza. The approximately 78,000-SF building includes an event center and office space for non-profit organizations.

Potential office developments in the combined CPAs are shown below.

Project Name	Location	Status	Comments	Plan Area
Diamond Family Health Center	505 47 <sup>th</sup> Street	Approved	3-story, 23,000 SF medical office building	Encanto
Euclid Family Health Center	950 S. Euclid Avenue	Completed	25,100 SF medical services building	Encanto
Second Chance / Black Contractors	6125 and 6145 Imperial Avenue	On Hold	Parcel rezone	Southeastern San Diego
Albert Einstein Academy	446 and 458 26 <sup>th</sup> Street	Under Review	Adaptive re-use of hospital building to a school	Southeastern San Diego

Source: City of San Diego e-mail correspondence dated October 15, 2012

#### D. Industrial Market Overview

The national industrial market has maintained and even grown in the midst of a slowing global and U.S economy. The key drivers have been technology, housing, auto, energy, and distribution centers related to Internet sales. With homebuilding and the auto industry continuing to move forward, it should help push demand for the industrial sector especially since there has been a clear lack of new development to erode existing vacancies.

##### Local Market Conditions

According to Cushman and Wakefield, the San Diego County industrial market contains 58.6 million SF of research and development (R&D) space and 135.9 million SF of manufacturing/warehouse space for a total of 194.5 million SF. As of 4th quarter 2012, the

County had an average asking rental rate of \$0.86 per SF triple net (NNN). The vacancy rate was measured at 9.9%. The largest submarkets for industrial space in the County are Miramar, Kearny Mesa, and Otay Mesa. Approximately 30% of the total industrial space in the County is R&D space. The submarkets with the largest amount of R&D space are Sorrento Mesa, Carlsbad, and Kearny Mesa.

According to Cassidy Turley's 3rd Quarter Industrial Market Snapshot, leasing activity has been positive for five consecutive quarters. Tenants currently in the market are looking for more than 4.7 million SF of space over the next 24 months with the most active tenants in the manufacturing, life sciences, transportation, warehousing, and utilities sectors.

A survey of asking lease rates for industrial properties in the Encanto and Southeastern San Diego CPAs and environs reveals that there is approximately 457,000 SF of industrial space available with an average asking lease rate of \$0.79 per SF. Notably, there are substantial blocks of vacant space available in the area, including seven listings of over 25,000 SF apiece. According to CoStar Comps, Inc., industrial buildings in the combined CPAs and the adjacent City of National City transacted since January 2009 sold for a low of \$65 per SF to a high of \$244 per SF of building. The median price was \$122 per SF of building area.

The Encanto and Southeastern CPAs fall largely within the Downtown submarket tracked by CB Richard Ellis. From 2006 to 2012, the Downtown and adjacent submarkets of Airport/Sports Arena and Rose Canyon/Morena added a total industrial building inventory of approximately 402,000 SF. This represents approximately 7% of the Countywide increase of 5,417,000 SF during this period, according to CB Richard Ellis. Overall, the three urban submarkets accounted for 9,448,000 SF of industrial buildings, or 5% of Countywide inventory, in 2012.

It should be noted that industrial building inventory in the Downtown submarket actually declined during 2006-2012 (a decrease of 855,000 SF), while the Airport/Sports Arena and Rose Canyon/Morena submarkets gained inventory (an increase of 1,257,000 SF). These trends reflect the mix of older industrial buildings in the combined CPAs, as well as the superior access for locations within the Airport/Sports Arena and Rose Canyon/Morena submarkets.

## **E. Retail/Restaurant Market Overview**

Commercial real estate markets are still recovering from the recession and dysfunction of the national and global economy. However, many regional economists already are seeing the beginning of a market turnaround especially in Southern California. Nationally there have been encouraging signs such as three straight months of increasing retail sales through September 2012, increasing consumer confidence that is at its highest level (72.2 in October) in nearly five years, and a beginning of a housing recovery. Continuing improvement in the national and local retail market will depend on the employment markets as well. Over the last year, the U.S has added approximately 1.8 million jobs resulting in a decrease in the unemployment rate to 8.2%.

### Local Market Conditions

Overall, San Diego is also experiencing an improving retail market with higher occupancy rates and increasing leasing activity. As with the national retail market, San Diego's retail market depends on the improvement in the employment market. From 2010 to 2011, the City lost 900 jobs. The unemployment rate for the County was 8.6% as of October 2012, down from 9.8% in October 2011.

The San Diego County retail market contains a total of 67.2 million SF. CB Richard Ellis reported at the end of the 3rd quarter 2012 that the County had an average asking rental rate of \$1.73 per SF triple net (NNN). The vacancy rate was measured at 7.2%. The Chula Vista/Bonita and East Chula Vista submarkets combined rank first in terms of largest retail submarket, which is no surprise considering the vast retail development that has occurred in eastern Chula Vista over the last decade.

There is approximately 1,754,000 SF of commercial space in the SESD CPA and 439,000 SF in the Encanto CPA, for a total of 2,193,000 SF. A survey of asking lease rates for retail space in Southeastern San Diego reveals that there is approximately 95,000 SF of retail space available, or say 4.3%, with an average asking lease rate of \$1.46 per SF. According to CoStar Group, Inc., retail buildings in Southeastern San Diego and the adjacent City of National City between January 2011 and the present sold for a low of \$40 per SF to a high of \$444 per SF building. The median price per SF of building was \$140. Recent or planned developments include the new Wal-Mart in the former Farmers Market currently under construction, and a recently built 99 Cent Only Store on Market Street, both located in the SESD CPA.

The major retail center for the Encanto CPA is the Market Creek Plaza with 75,000 SF of retail anchored by a Food 4 Less grocery store located on the corner of Market Street and Euclid Ave. In the SESD CPA, the major retail center is Imperial Marketplace which has 262,000 SF of retail and is anchored by a Home Depot, 99 Cents Store and 24 Hour Fitness. In addition, there is a Costco located within the Gateway Center East Business Park.

*Analysis of Retail Sales Patterns in the CPAs*

KMA reviewed retail sales patterns in the CPAs. To conduct this analysis, KMA began with 2011 retail sales tax data provided by MuniServices to the City of San Diego. The City receives a 1.0% sales tax rate on taxable retail sales; therefore, KMA converted retail sales tax figures to taxable retail sales by dividing by 1.0% (multiplying by 100). For some retail categories, such as grocery stores, KMA made a further adjustment to reflect total gross sales rather than solely taxable sales. The retail sales categories analyzed include:

<b>Retail Category</b>	<b>Definition</b>
General Merchandise	Variety stores, department stores, and general merchandise
Other Comparison Goods	Apparel stores, home furnishings and appliances, and specialty goods
Convenience Goods	Food stores, grocery stores with or without alcohol, drug stores, and packaged liquor stores
Eating and Drinking	Restaurants with or without liquor
Home Improvement	Lumber/building materials, hardware stores, plumbing/electrical supplies, and farm construction equipment
Automotive Outlets	New and used auto dealers, service stations, and auto supplies
Other Retail Stores	Second-hand stores, garden supplies, watercraft dealers, airplane dealers, fuel and ice dealers

For confidentiality purposes, the State Board of Equalization does not release taxable retail sales data for any category where one business comprises a large percentage of the category. Due to the limited number of retail establishments represented in certain categories within the CPAs, it was necessary to combine the following retail categories:

General Merchandise, Other Comparison Goods, and Home Improvement. For purposes of the KMA analysis, these categories are referenced as Aggregated Confidential within the technical analysis.

The KMA analysis of retail sales patterns in the CPAs in 2011 indicates that the population in the combined CPAs spent approximately 22% of their per capita income on retail goods and services. By comparison, population in the City spent about 43% of their per capita income on retail goods and services. Retail sales on a per-person basis in the combined planning areas are significantly lower than those of the City. This is likely due to the lack of retail shops and services, as well as the lower per capita incomes, within the CPAs. The retail sales generated in the combined CPAs equate to only 2% of the City's total retail sales even though the CPAs' population is equal to almost 8% of the City's population.

Area	2011 Sales Per Capita	Sales as Percent of Per Capita Income
Encanto and Southeastern San Diego CPAs	\$3,271	22.4%
City of San Diego	\$12,810	42.8%

Source: MuniServices and City of San Diego

In fact, the combined CPAs experienced a decrease in retail sales activity between 2006 and 2011 of approximately -4.1%, or an average annual decline of -0.8%. This drop in consumer spending most likely reflects the difficult economic conditions during this time, including high rates of home foreclosures.

### Retail Sales Leakage Analysis

Based on the low level of retail sales on a per-person basis, it is evident that the combined CPAs are experiencing a leakage (or export) of retail sales. Leakage refers to purchases made by residents of the CPAs outside of the CPAs' boundaries; the sales are "leaked" out to other communities. KMA prepared a retail sales import/export (leakage) model for the CPAs to measure this leakage by retail category. Essentially, the methodology employed consists of estimating the total potential retail expenditures of the CPAs' population, and then deducting the actual retail sales achieved within the CPAs.

KMA calculated the amount of potential retail expenditures by analyzing spending ratios in the City and County relative to population and per capita income. KMA then deducted from that total potential retail sales figure the actual 2011 retail sales for each retail category as provided by MuniServices to the City of San Diego. Based on this analysis, it appears that there is a net export in retail sales of approximately \$170 million per year from the combined

CPAs. The retail sales leakage is found in three categories: Convenience Goods (\$101 million), Aggregated Confidential (General Merchandise, Other Comparison Goods, and Home Improvement, for a total of \$62 million), and Eating and Drinking (\$21 million). These leakage figures are partially offset by retail sales import in the Automotive Outlets and Other Retail Stores categories.

#### IV. SUPPORTABLE DEMAND BY LAND USE

##### A. Residential Demand Analysis

Based on SANDAG’s housing unit average annual growth rate for the City of San Diego, the City is projected to contain a total of approximately 640,400 housing units by 2032, an increase of about 125,000 new units from 2010, or 0.98% annually.

The number of housing units in the CPAs represents 5.5% of the City’s total housing units. Based on the historically low annual growth rate in the CPAs, KMA estimates the CPA’s will capture 2.0% (low) to 4.0% (high) of the City’s 125,000 new housing units. On this basis, KMA anticipates that the CPAs can support a total of approximately 1,325 to 2,650 units through 2022, and an additional 1,157 to 2,314 units from 2022 through 2032.

Residential Demand	Low	High
2012 – 2022	1,325 Units	2,650 Units
2022 – 2032	1,157 Units	2,314 Units
<b>Total, 2012 – 2032</b>	<b>2,482 Units</b>	<b>4,964 Units</b>

Demand for new residential units in the CPAs over the next 20 years is likely to encompass a broad range of housing types and income levels. The existing neighborhoods within the CPAs represent a diverse mix of housing types as well as rent/price levels. While it is difficult to forecast housing unit demand for specific residential product types with any accuracy, recent and anticipated trends provide helpful indicators.

KMA reviewed recent historical trends in housing production by type (single- vs. multi-family) for both the City and County. In addition, KMA reviewed projections of household income distribution for the CPAs over the planning horizon. Household income levels can be correlated with rent and purchase capacity to gauge the proportion of households that can afford market rents and/or prices. KMA notes that affordable housing development sponsored by the City’s Redevelopment Agency has accounted for less than one-third (31%) of the housing unit production in the Agency’s former Redevelopment Project Areas in the CPAs. The balance of residential development has constituted market-rate housing.

Based on the foregoing data sources and KMA’s professional judgment, KMA estimates the following breakout of the above-described projected housing unit demand for planning purposes:

- Up to one-third affordable rental housing;
- Approximately one-third multi-family apartments and attached for-sale condominiums; and
- One-third or greater for-sale rowhome/small-lot single-family detached homes.

**B. Office Demand Analysis**

KMA estimated office space demand within the CPAs based on the estimated number of new employees and potential capture of future office space for the combined CPAs. The steps taken are summarized as follows:

- KMA estimated the growth of new employees within the CPAs based on average annual growth rates by industry in San Diego County between 2009 through 2011. A total of approximately 11,800 employees are projected to work within the CPAs by 2032, representing a growth of an estimated 1,865 new jobs. Much of the new employment is expected to occur in the educational, healthcare and social services, and retail trade industries.
- KMA then applied a percentage to each employment category that would likely occupy office space.
- Given these percentages, KMA then calculated the number of new office users that would demand office space from each employment category to 2032. The results show that approximately 630 new employees within the CPAs will need office space.
- To estimate the amount of office square footage needed to accommodate the increase in new office users in the CPAs, KMA estimates that each new office user will need 200 SF of office space. A total of approximately 126,000 SF of space is needed within the CPAs.

Office Space Demand	Estimated SF
2012 – 2022	59,000 SF
2022 – 2032	67,000 SF
<b>Total, 2012 – 2032</b>	<b>126,000 SF</b>



## D. Industrial Demand Analysis

KMA projected industrial space demand for the combined CPAs based on recent market trends in industrial space development and expansion. The immediate submarket that includes portions of the Encanto and Southeastern CPAs (“Downtown”) experienced a decrease in rental industrial inventory during 2006-2012. However, the larger urban area, inclusive of the industrial submarkets north and west of Downtown San Diego (Airport/Sports Arena and Rose Canyon/Morena), supported a growth in industrial building inventory during this time period.

KMA projected annual increases in industrial space for these combined urban submarkets of 67,000 SF, comparable to the increase generated during 2006-2012. KMA has assumed that the combined CPAs will capture between 5% and 10% of this projected growth, or 3,400 to 6,700 SF of industrial space per year. While this capture rate assumption reflects the recent decreases in industrial space in the larger Downtown area, it assumes that both public and private entities will work together to develop industrial space and recruit and retain tenants within the CPAs. In sum, then, KMA projects a total industrial space demand within the combined CPAs over the period 2012-2032 ranging from a low of 68,000 to a high of 134,000 SF, as shown below.

<b>Industrial Space Demand</b>	<b>Low</b>	<b>High</b>
2012 – 2022	34,000 SF	67,000 SF
2022 – 2032	34,000 SF	67,000 SF
<b>Total, 2012 – 2032</b>	<b>68,000 SF</b>	<b>134,000 SF</b>

Limited demand exists for industrial space in both of the CPAs. A very small amount of light industrial space has been developed in both CPAs and essentially all new development of light industrial in these CPAs has occurred with financial assistance from the public sector. With the elimination of redevelopment in California, new development of industrial space will be difficult to impossible to implement. The Valencia Business Park and the vacant sites on Market Street east of Euclid Avenue should be considered for commercial or residential uses.

## D. Retail/Restaurant Demand Analysis

### Demand from Existing Residents

KMA reviewed the current estimates of retail sales leakage by category and estimated potential recapture within the CPAs. For each category, KMA estimated a potential level of recapture assuming improvements in the national and regional economy and supportive local public policies that encourage site assembly, investment, and development of new commercial buildings. These estimates are based on relatively conservative recapture rates, as follows: 10%-20% of Aggregated Confidential (General Merchandise, Other Comparison Goods, Home Improvement), 35%-45% of Convenience Goods, and 25%-35% of Eating and Drinking. Even if these recapture projections are achieved, the CPAs would remain a net exporter of retail spending.

Based on the above assumptions, KMA estimates that existing residents could support an additional 118,000 SF to 164,000 SF of retail/restaurant space within the CPAs. Given that total existing retail/restaurant space in the CPAs is approximately 2,193,000 SF, these projections represent a 5%-7% increase over current inventory.

### Demand from New Residents

Growth in retail space demand is dependent upon the increase of population in a given market area and the amount a person spends within the various retail sectors. The CPAs possess a competitive advantage in capturing demand growth due to the limited number of existing national credit retailers and the prevalence of younger population, larger families, and accessibility to transit. The largest challenges for retail space capture are the CPAs' lower household income and lack of daytime population.

KMA's retail space demand analysis for the CPAs consists of the following steps:

- SANDAG's projection of population growth within the CPAs (further projected by KMA to 2032 in ten year increments) and the average per capita income for 2012 provide the basic inputs into the demand forecast. With an increase of 21,877 residents through 2032 and an average per capita income of approximately \$14,600, the increase in personal income within the combined CPAs is estimated to be \$320 million through 2032.

- To determine the low and high scenarios of estimated personal spending within the CPA, KMA applied the following:
  - KMA utilized per capita income to compare spending by retail category based upon the percent of retail sales for each category for the CPAs and City in 2011.
  - KMA estimated capture rates of new retail spending within the CPAs of 70% to 80% for Convenience Goods , 35% to 45% for General Merchandise, Other Comparison Goods, and Home Improvement, and 40%-50% for Eating and Drinking.
- The estimated growth in retail and restaurant spending is then converted to retail and restaurant space demand by applying industry standards of estimated sales productivity per SF for each category. For this analysis, KMA assumed sales productivity levels of \$400 per SF.

KMA estimates that the CPAs are able to support additional retail development in the range of 139,600 to 187,600 SF from new residents through 2032. In addition, KMA estimates that the CPAs can also support between 9,600 to 12,000 SF of restaurant space through 2032.

*Demand from New Office Workers*

Based on KMA’s office demand analysis, KMA also analyzed projections of new office workers and their potential spending within the CPAs to determine additional office worker-supported retail and restaurant space within the CPAs through 2032.

Retail/Restaurant Demand from Office Workers					
Land Use	2012-2022		2022-2032		Total, 2012-2032
	Low	High	Low	High	Low - High
Retail (SF)	2,500	3,000	2,900	3,400	5,400 - 6,400
Restaurant (SF)	800	900	900	1,100	1,700 - 2,000

KMA estimates that new office workers in the CPAs are able to support additional retail and restaurant development in the range of 7,100 to 8,400 SF to 2032, of which 5,400 SF to 6,400 SF is for retail and 1,700 SF to 2,000 SF is for restaurant space.

Summary of Retail/Restaurant Space Demand

The following presents a summary of the retail space demand analysis in ten year increments as described above:

Retail Space Demand						
Land Use	2012-2022		2022-2032		Total, 2012-2032	
	Low	High	Low	High	Low	High
Existing Residents (SF)	105,000	146,000	0	0	105,000	146,000
New Residents (SF)	66,200	79,800	34,600	41,600	100,800	121,400
New Office Workers (SF)	2,500	3,000	2,900	3,400	5,400	6,400
<b>Total Retail Space (SF)</b>	<b>173,700</b>	<b>228,800</b>	<b>37,500</b>	<b>45,000</b>	<b>211,200</b>	<b>273,800</b>

The following presents a summary of the restaurant space demand analysis in ten year increments:

Restaurant Space Demand						
Land Use	2012-2022		2022-2032		Total, 2012-2032	
	Low	High	Low	High	Low	High
Existing Residents (SF)	13,000	18,000	0	0	13,000	18,000
New Residents (SF)	6,300	7,900	3,300	4,100	9,600	12,000
New Office Workers (SF)	800	900	900	1,100	1,700	2,000
<b>Total Restaurant Space (SF)</b>	<b>20,100</b>	<b>26,800</b>	<b>4,200</b>	<b>5,200</b>	<b>24,300</b>	<b>32,000</b>

## V. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
2. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
4. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

**TECHNICAL APPENDIX**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
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Table G-6	Summary of Retail/Restaurant Space Demand, 2022-2032
Table G-7	Total Space Demand, 2022-2032

**Appendix A**

**Demographic Overview**

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TABLE A-1

**OVERVIEW OF DEMOGRAPHIC CONDITIONS, 2012 ESTIMATE  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
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	<u>Encanto CPA</u>	<u>Southeastern San Diego CPA</u>	<u>City of San Diego</u>	<u>County of San Diego</u>
Population	47,706	57,041	1,321,315	3,143,429
Households	12,608	14,436	490,602	1,101,426
Average Household Size	3.76	3.94	2.59	2.76
Median Age (years)	30.0	27.3	34.1	34.8
Per Capita Income (PCI) (1)	\$14,618 (2)	\$14,618 (2)	\$29,917	\$28,725
Aggregate Personal Income	\$697.4 Million	\$0.8 Million	\$39.5 Billion	\$90.3 Billion
Median Household Income (2011\$)	\$48,094	\$34,060	\$68,674	\$69,185

(1) Based on Claritas, Inc. 2012 estimate as SANDAG's demographic profile for 2012 does not provide per capita income.

(2) Based on the aggregate of the 92102, 92113, 92114 zip codes as a proxy for the Encanto Neighborhoods and Southeastern San Diego geography.

Source: SANDAG, Current Estimates (8/29/12)

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE A-2

**DISTRIBUTION OF POPULATION BY AGE AND AREA, 2012 ESTIMATE**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
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<b>Geography</b>	<b>17 and Under</b>	<b>18-24</b>	<b>25-44</b>	<b>45-64</b>	<b>65 and Older</b>	<b>Total</b>
Encanto CPA	29.9%	12.8%	25.9%	22.5%	9.0%	100.0%
Southeastern San Diego CPA	32.9%	13.5%	28.6%	18.3%	6.7%	100.0%
City of San Diego	21.5%	12.4%	31.4%	23.5%	11.1%	100.0%
County of San Diego	23.3%	11.8%	28.3%	24.6%	11.9%	100.0%

Source: SANDAG, Current Estimates (8/29/12)

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

**TABLE A-3**

**DISTRIBUTION OF POPULATION BY RACE AND ETHNICITY BY AREA, 2012 ESTIMATE  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
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Geography	Race (1)					Ethnicity (2)	Total
	White	African American	American Indian and Alaska Native	Asian and Pacific Islander	All Other	Hispanic	
Encanto CPA	6.7%	21.8%	0.2%	16.6%	2.8%	51.8%	100.0%
Southeastern San Diego CPA	3.7%	8.4%	0.2%	2.5%	1.2%	84.1%	100.0%
City of San Diego	44.3%	5.9%	0.3%	16.5%	3.6%	29.4%	100.0%
County of San Diego	47.5%	4.4%	0.5%	11.3%	3.4%	32.9%	100.0%

(1) Race refers to the concept of dividing people into populations or groups on the basis of various sets of physical characteristics, i.e., color, facial features, etc.

(2) Ethnicity is a population of human beings whose members identify with each other, on the basis of a real or a presumed common genealogy or ancestry.

TABLE A-4

**DISTRIBUTION OF HOUSEHOLD INCOME BY AREA, 2012 ESTIMATE**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<b>Geography</b>	<b>Less than \$15,000</b>	<b>\$15,000 to \$29,999</b>	<b>\$30,000 to \$44,999</b>	<b>\$45,000 to \$59,999</b>	<b>\$60,000 to \$74,999</b>	<b>\$75,000 to \$99,999</b>	<b>\$100,000 to \$124,999</b>	<b>\$125,000 or More</b>	<b>Total</b>
Encanto CPA	14.0%	18.0%	17.0%	13.0%	11.0%	11.0%	6.0%	10.0%	100.0%
Southeastern San Diego CPA	19.0%	27.0%	20.0%	13.0%	8.0%	7.0%	3.0%	3.0%	100.0%
City of San Diego	10.0%	12.0%	13.0%	11.0%	10.0%	13.0%	9.0%	22.0%	100.0%
County of San Diego	8.0%	12.0%	13.0%	12.0%	11.0%	13.0%	9.0%	22.0%	100.0%

Source: SANDAG, Current Estimates (8/29/12)

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE A-5

**POPULATION GROWTH FORECAST BY AREA THROUGH 2030**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
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	<u>2010</u>	<u>2020</u>	<u>2030</u>	<u>Change, 2010 to 2030</u>	
				<u>Total</u>	<u>Percent</u>
Encanto CPA	47,361	55,119	57,604	10,243	21.6%
Southeastern San Diego CPA	56,757	61,654	66,525	9,768	17.2%
City of San Diego	1,301,617	1,542,528	1,689,254	387,637	29.8%
County of San Diego	3,095,313	3,535,000	3,870,000	774,687	25.0%

TABLE A-6

**EMPLOYMENT PROFILE BY INDUSTRY AND AREA, 2011**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	Encanto CPA and Southeastern San Diego CPA			City of San Diego		
	<u>Total</u>	<u>% of Total</u>	<u>Average Annual 2009-2011</u>	<u>Total</u>	<u>% of Total</u>	<u>Average Annual 2009-2011</u>
Construction	750	7.5%	-2.1%	19,140	3.3%	-5.5%
Manufacturing and Other Production (1)	613	6.2%	3.7%	44,226	7.7%	-3.0%
Wholesale Trade	338	3.4%	-10.9%	21,481	3.7%	2.9%
Retail Trade	1,635	16.5%	-3.0%	57,889	10.1%	1.5%
Transportation, Warehousing, Utilities	565	5.7%	-3.1%	15,722	2.7%	-3.0%
Information	0	0.0%	0.0%	17,706	3.1%	0.0%
Financial Activities	257	2.6%	9.3%	41,627	7.3%	-4.5%
Professional and Business Services (2)	1,113	11.2%	7.0%	153,121	26.7%	1.7%
Education and Health Services	2,601	26.2%	37.0%	89,416	15.6%	2.5%
Leisure and Hospitality	557	5.6%	0.7%	88,475	15.4%	-0.3%
Other Services	1,506	15.2%	-7.8%	24,407	4.3%	-1.5%
<b>Total Employment</b>	<b>9,935</b>	<b>100.0%</b>	<b>5.0%</b>	<b>573,210</b>	<b>100.0%</b>	<b>-0.4%</b>

(1) May include firms classified as agriculture, mining, or extractive services.

(2) May include firms classified as information.

**Appendix B**

**Residential Market Overview**

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TABLE B-1

**HOUSING INVENTORY BY UNIT TYPE AND AREA, 2012 ESTIMATE**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Single-Family (detached)</u>	<u>Single-Family (multiple-unit)</u>	<u>Multi-Family</u>	<u>Other (includes mobile homes)</u>	<u>Total</u>
Encanto CPA <i>Percent of Total</i>	8,186 Units 62.3%	1,870 Units 14.2%	2,477 Units 18.8%	610 Units 4.6%	13,143 Units 100.0%
Southeastern San Diego CPA <i>Percent of Total</i>	5,109 Units 33.6%	6,058 Units 39.8%	4,037 Units 26.6%	0 Units 0.0%	15,204 Units 100.0%
City of San Diego <i>Percent of Total</i>	212,351 Units 41.0%	67,938 Units 13.1%	232,556 Units 44.9%	5,292 Units 1.0%	518,137 Units 100.0%
County of San Diego <i>Percent of Total</i>	566,103 Units 48.6%	136,247 Units 11.7%	420,898 Units 36.1%	42,570 Units 3.7%	1,165,818 Units 100.0%

Source: SANDAG, Demographic and Socio Economic Estimates, 2012

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

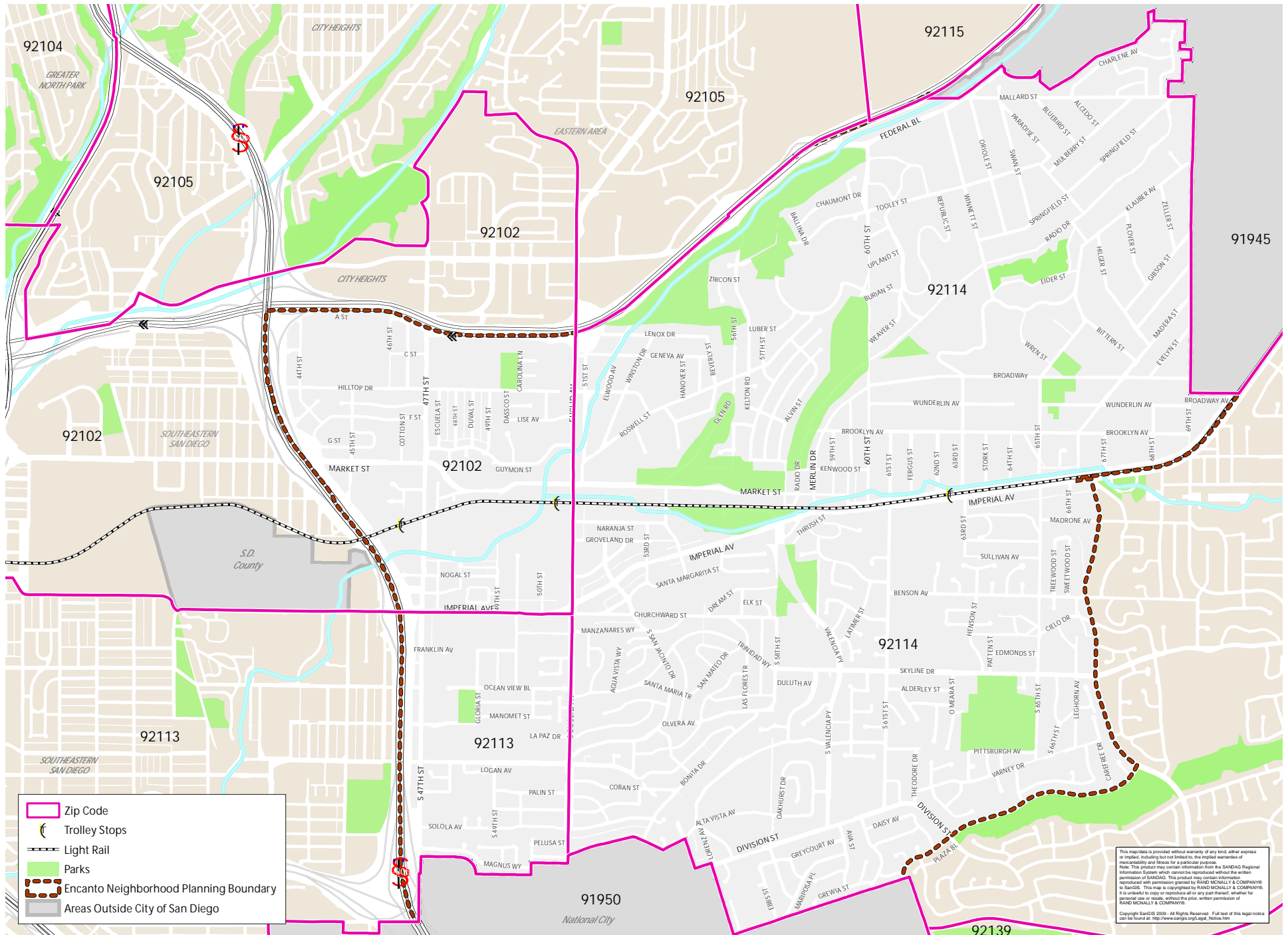


TABLE B-2

**HOUSING UNIT GROWTH FORECAST BY AREA THROUGH 2030**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

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	<b>2010</b>	<b>2020</b>	<b>2030</b>	<b>Change, 2010 to 2030</b>	
				<b>Total</b>	<b>Percent</b>
Encanto CPA	13,113	14,236	15,598	2,485	19.0%
Southeastern San Diego CPA	15,182	15,806	16,715	1,533	10.1%
City of San Diego	515,426	577,557	629,475	114,049	22.1%
County of San Diego	1,158,076	1,262,488	1,369,807	211,731	18.3%



	Zip Code
	Trolley Stops
	Light Rail
	Parks
	Encanto Neighborhood Planning Boundary
	Areas Outside City of San Diego

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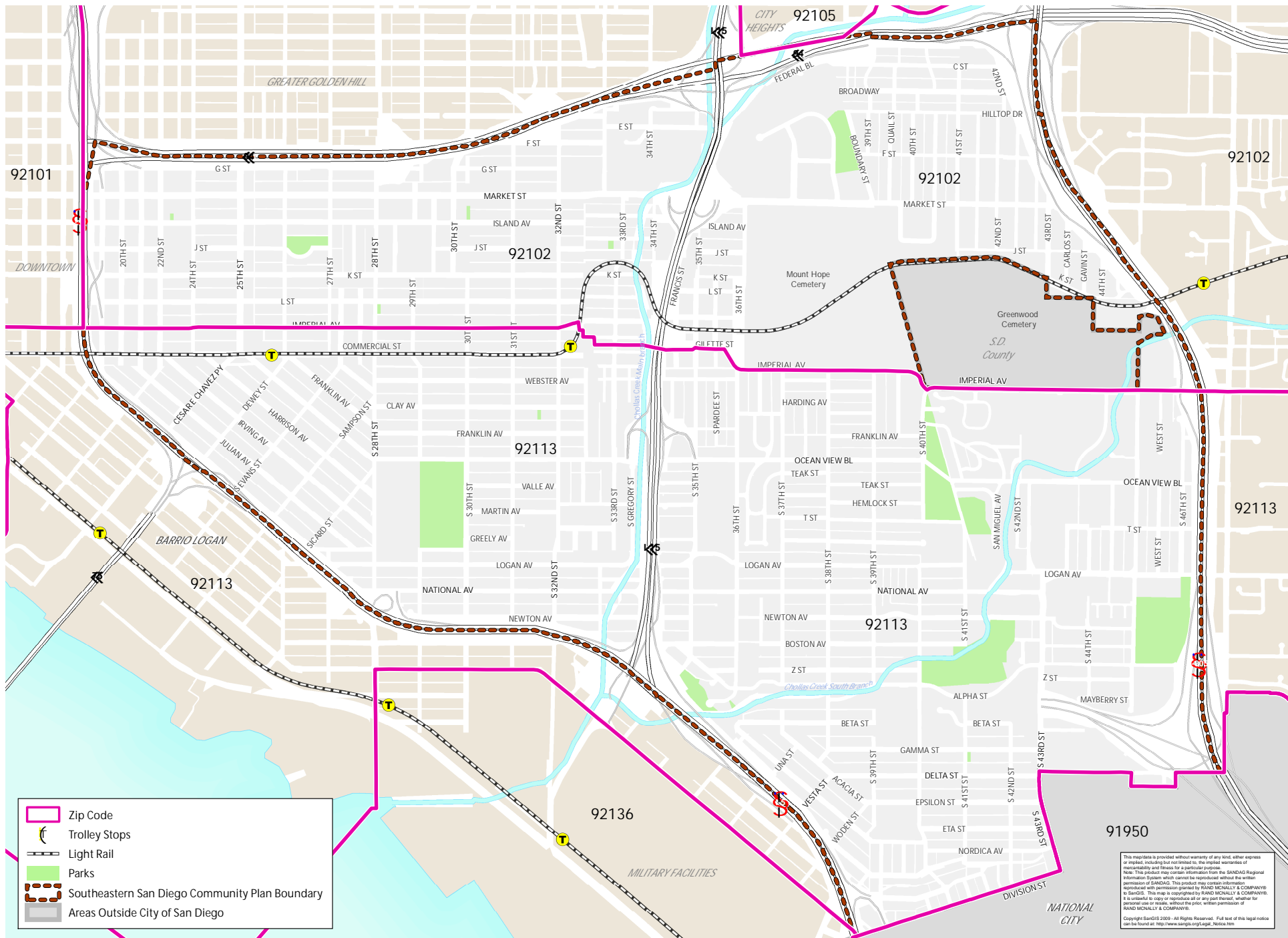


TABLE B-3

**COMPARATIVE OVERVIEW OF MEDIAN HOME PRICES - SINGLE-FAMILY RESALES, OCTOBER 2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

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<u>Community</u>	<u>Zip Code</u>	<u>Median Home Price</u> <u>Single-Family</u>
La Jolla	92037	\$1,415,000
Coronado	92118	\$1,297,000
Point Loma	92106	\$765,000
Mission Beach/Pacific Beach	92109	\$715,000
Scripps Ranch	92131	\$665,000
Ocean Beach	92107	\$626,000
University City	92122	\$625,000
Hillcrest/Mission Hills	92103	\$619,500
Sorrento Valley	92121	\$557,500
Morena	92110	\$495,750
Tierrasanta	92124	\$445,000
North Park	92104	\$438,250
Clairemont	92117	\$431,500
Allied Gardens/Del Cerro	92120	\$429,500
Golden Hill	92102	\$426,000
Kensington/Normal Heights	92116	\$420,250
Linda Vista	92111	\$403,500
Mira Mesa	92126	\$400,000
San Carlos	92119	\$386,250
Serra Mesa	92123	\$385,000
College	92115	\$317,500
Paradise Hills	92139	\$260,000
Encanto	92114	\$255,000
City Heights	92105	\$239,500
Logan Heights	92113	\$157,000
Downtown	92101	n/a
Mission Valley	92108	n/a
<b>Total, Central San Diego</b>	<b>N/A</b>	<b>\$410,000</b>

Source: DataQuick via DQ News.com

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE B-4

**COMPARATIVE OVERVIEW OF MEDIAN HOME PRICES - CONDOMINIUM RESALES, OCTOBER 2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

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<u>Community</u>	<u>Zip Code</u>	<u>Median Home Price Condominium</u>
Coronado	92118	\$887,500
La Jolla	92037	\$468,500
Mission Beach/Pacific Beach	92109	\$410,000
Sorrento Valley	92121	\$408,750
Downtown	92101	\$384,250
Point Loma	92106	\$370,000
Hillcrest/Mission Hills	92103	\$325,000
Scripps Ranch	92131	\$295,000
Serra Mesa	92123	\$288,250
Tierrasanta	92124	\$287,500
Linda Vista	92111	\$260,000
Ocean Beach	92107	\$260,000
University City	92122	\$258,000
Morena	92110	\$246,500
Mira Mesa	92126	\$214,500
Mission Valley	92108	\$202,500
Clairemont	92117	\$189,000
Encanto	92114	\$183,000
North Park	92104	\$175,000
San Carlos	92119	\$175,000
Allied Gardens/Del Cerro	92120	\$165,000
Kensington/Normal Heights	92116	\$163,750
Logan Heights	92113	\$142,750
Paradise Hills	92139	\$137,000
Golden Hill	92102	\$125,000
College	92115	\$124,750
City Heights	92105	\$105,000
<b>Total, Central San Diego</b>	<b>N/A</b>	<b>\$277,750</b>

Source: DataQuick via DQ News.com

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE B-5

**HISTORICAL MEDIAN HOME PRICES, 2008 TO 2011**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Change, 2008 to 2011</u>	
					<u>Absolute</u>	<u>Average Annual</u>
<b><u>Single-Family Homes</u></b>						
92102	\$164,500	\$162,000	\$200,000	\$207,000	\$42,500	8.0%
92113	\$139,500	\$135,000	\$160,500	\$149,500	\$10,000	2.3%
92114	\$205,000	\$200,000	\$232,250	\$165,000	(\$40,000)	-7.0%
Central San Diego (1)	\$345,000	\$355,000	\$390,000	\$372,000	\$27,000	2.5%
<b><u>Condominiums</u></b>						
92102	\$138,250	\$132,500	\$126,500	\$135,000	(\$3,250)	-0.8%
92113	\$119,500	\$67,000	\$86,500	\$81,250	(\$38,250)	-12.1%
92114	\$111,000	\$64,000	\$169,500	\$172,500	\$61,500	15.8%
Central San Diego (1)	\$228,250	\$250,000	\$258,000	\$235,000	\$6,750	1.0%

(1) See Table B-4 for geography of Central San Diego.

Source: DataQuick via DQ News.com

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE B-6

**SURVEY OF RENTAL APARTMENT DEVELOPMENTS, SOUTHEASTERN SAN DIEGO <sup>(1)</sup>**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

Development	Weighted Average			Ranges			Vacancy		Community
	Rent	SF	\$/SF	Rent	SF	\$/SF	Units	Rate	
Arbor Village	\$929	780	\$1.19	\$757 \$1,047	632 928	\$1.13 \$1.43	112	0.9%	Lincoln Park
Creekside Villa	\$1,258	917	\$1.37	\$1,099 \$1,619	770 1,250	\$1.30 \$1.43	144	8.3%	Lincoln Park
Harbor View Villas	\$998	982	\$1.02	\$943 \$1,034	765 1,280	\$0.81 \$1.23	60	5.0%	Lincoln Park
Kingston Estates/49th Imperial Gardens	\$985	750	\$1.31	\$985 \$985	750 750	\$1.31 \$1.31	41	0.0%	Lincoln Park
Villa Hermosa I	\$975	850	\$1.15	\$975 \$975	850 850	\$1.15 \$1.15	27	0.0%	Lincoln Park
Villa Hermosa II	\$975	850	\$1.15	\$975 \$975	850 850	\$1.15 \$1.15	31	0.0%	Lincoln Park
Garden View - 2	\$971	779	\$1.25	\$825 \$1,150	700 900	\$1.18 \$1.28	28	0	Logan Heights
Garden View - 3	\$1,029	809	\$1.27	\$825 \$1,150	700 900	\$1.18 \$1.35	28	0.0%	Mount Hope
Hillside Apartments	\$825	700	\$1.18	\$825 \$825	700 700	\$1.18 \$1.18	41	2.4%	Mount Hope
<b>Southeastern San Diego <sup>(2)</sup></b>	<b>\$1,039</b>	<b>843</b>	<b>\$1.23</b>	<b>\$757</b> <b>\$1,619</b>	<b>632</b> <b>1,280</b>	<b>\$0.81</b> <b>\$1.43</b>	<b>512</b>	<b>3.3%</b>	
<b>SAN DIEGO COUNTY TOTALS</b>	<b>\$1,376</b>	<b>870</b>	<b>\$1.58</b>	<b>\$530</b> <b>\$5,100</b>	<b>180</b> <b>3,400</b>	<b>\$0.74</b> <b>\$4.07</b>	<b>124,851</b>	<b>4.5%</b>	

(1) As of September 2012.

(2) For purposes of this analysis, Southeastern San Diego is represented as the sample of the projects listed on this table.

APPENDIX F

TABLE B-7

**APARTMENT BUILDING SALES COMPARABLES, JANUARY 2011 TO PRESENT <sup>(1)</sup>**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

Sale Date	Address	Sale Price	Site Area		Building Area		Units		Cap Rate	Year Built	Density (DU/Acre)
			Acres	\$/SF	SF	\$/SF	Number	\$/Unit			
10/12/12	233-237 S. Pardee St.	\$415,000	0.12	\$79	2,100	\$198	3	\$138,333	9.7%	n/a	25.0
10/05/12	3096 Greely Ave.	\$490,000	0.13	\$89	2,700	\$181	6	\$81,667	7.1%	n/a	47.5
08/27/12	2143 Franklin Ave.	\$780,000	0.16	\$111	3,938	\$198	14	\$55,714	7.6%	1946	87.1
06/29/12	3045 L St.	\$960,000	0.24	\$91	9,058	\$106	10	\$96,000	7.2%	1972	41.5
06/22/12	811-831 S. 47th St.	\$2,695,000	0.67	\$92	24,508	\$110	23	\$117,174	7.2%	1984	34.3
05/20/12	2045 K Street	\$585,000	0.11	\$117	3,900	\$150	7	\$83,571	7.7%	1917	61.0
05/03/12	838-848 41st St.	\$755,000	0.21	\$82	4,440	\$170	6	\$125,833	8.2%	n/a	28.4
04/19/12	3750-3760 Ocean View Blvd.	\$895,000	0.18	\$112	7,050	\$127	10	\$89,500	9.1%	1958	54.4
04/12/12	2421 Island Ave.	\$510,000	0.16	\$73	3,606	\$141	5	\$102,000	--	n/a	31.1
03/29/12	516 25th St.	\$540,000	0.08	\$160	2,512	\$215	6	\$90,000	--	1908	77.5
03/29/12	2020 Island Ave.	\$1,650,000	0.23	\$165	9,200	\$179	20	\$82,500	5.7%	1984	87.1
03/28/12	4028 Delta St.	\$378,000	0.16	\$54	3,556	\$106	5	\$75,600	10.0%	1950	31.1
03/15/12	6138 Brooklyn Ave.	\$286,000	0.25	\$26	3,416	\$84	4	\$71,500	--	n/a	16.1
03/13/12	5460-5466 Imperial Ave.	\$1,856,000	0.55	\$77	17,982	\$103	28	\$66,286	6.7%	1984	50.9
03/13/12	2783 K Street	\$337,500	0.18	\$42	2,470	\$137	5	\$67,500	--	1904	27.3
03/01/12	136-156 Euclid Ave.	\$1,200,000	0.09	\$300	3,200	\$375	8	\$150,000	--	n/a	87.1
01/12/12	1702-1704 Una St.	\$464,000	0.10	\$111	2,400	\$193	8	\$58,000	7.5%	1940	83.4
12/14/11	4763-4777 Cereza St.	\$1,515,000	0.39	\$89	12,400	\$122	8	\$189,375	6.5%	2007	20.5
12/14/11	3117-3119 S. Valle Ave.	\$1,437,500	0.48	\$68	12,000	\$120	24	\$59,896	6.0%	1961	49.8
10/11/11	5170-5178 Groveland Dr.	\$387,500	0.18	\$48	4,874	\$80	5	\$77,500	--	n/a	27.1
08/18/11	673-675 65th St.	\$620,000	0.27	\$53	5,504	\$113	10	\$62,000	--	1961	37.0
08/05/11	2262-2268 Market St.	\$1,000,000	0.15	\$150	5,232	\$191	10	\$100,000	5.5%	1915	65.5
06/10/11	2067-2077 Harrison Ave.	\$575,000	0.29	\$46	4,172	\$138	9	\$63,889	--	n/a	31.1
04/28/11	4850-4856 Market St.	\$725,000	0.17	\$101	4,500	\$161	7	\$103,571	4.3%	1952	42.4
04/21/11	5186-5188 Groveland Dr.	\$290,000	0.18	\$36	3,546	\$82	3	\$96,667	--	n/a	16.2
03/04/11	525 Dodson St.	\$335,500	0.11	\$67	2,728	\$123	5	\$67,100	9.0%	1920	43.6
02/09/11	1875 Julian Ave.	\$650,000	0.16	\$93	4,023	\$162	8	\$81,250	7.5%	1958	49.8
01/21/11	510 Dodson St.	\$432,000	0.11	\$86	3,693	\$117	6	\$72,000	7.8%	1920	52.3
	Minimum	\$286,000	0.08	\$26	2,100	\$80	3	\$55,714	4.3%	1904	16.1
	Maximum	\$2,695,000	0.67	\$300	24,508	\$375	28	\$189,375	10.0%	2007	87.1
	Median	\$602,500	0.17	\$88	3,981	\$137	8	\$82,083	7.5%	1952	43.0
	Average	\$813,000	0.22	\$94	6,025	\$149	9	\$90,158	7.4%	1950	46.7

(1) Survey represents the following zip codes: 92102, 92113, and 92114.



**Appendix C**

**Office Market Overview**

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TABLE C-1

**OFFICE MARKET PROFILE, 3RD QUARTER 2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Submarket</u>	<u>Total SF</u>	<u>Overall Vacancy Rate</u>	<u>SF Under Construction</u>	<u>Average Asking Lease Rate</u> (1)
Downtown	11,013,948	18.7%	0	\$2.09
Kearny Mesa	9,167,595	9.2%	0	\$1.74
Mission Valley	7,070,330	11.9%	0	\$2.04
Sorrento Mesa	6,465,942	6.3%	248,882	\$2.03
Carlsbad	5,147,698	20.4%	0	\$2.14
Del Mar Heights	4,404,203	12.0%	0	\$3.29
UTC	4,335,190	8.9%	414,575	\$2.74
Rancho Bernardo	3,758,408	8.1%	0	\$2.09
Scripps Ranch	2,135,636	21.0%	0	\$2.11
Other - Central Suburban	1,994,038	11.6%	0	\$1.65
Chula Vista	1,550,267	26.2%	0	\$2.03
Miramar	1,387,800	18.4%	0	\$1.57
La Jolla	1,201,910	11.5%	0	\$2.77
Escondido	1,168,185	16.1%	0	\$2.00
Uptown	1,136,248	9.1%	0	\$2.03
Torrey Pines	1,022,441	15.0%	0	\$3.75
San Marcos	854,124	16.0%	0	\$2.22
Other - Mid City	841,794	5.5%	0	\$1.72
Encinitas	805,696	11.0%	0	\$2.63
Oceanside	795,632	18.0%	0	\$1.66
La Mesa	763,895	7.7%	0	\$1.45
Other - South Bay	721,930	29.1%	0	\$1.86
Governor Park	624,760	11.2%	0	\$2.03
Vista	620,829	17.3%	0	\$1.46
El Cajon	613,776	10.6%	0	\$1.31
Sports Arena/Airport	592,723	5.0%	0	\$1.39
Poway	580,048	8.7%	0	\$1.75
Solana Beach	553,486	8.0%	0	\$3.02
Sabre Springs	471,180	3.2%	0	\$3.45
Other - East County	358,661	13.7%	0	\$1.77
Del Mar	319,029	14.5%	0	\$2.60
Carmel Mountain Ranch	259,374	24.7%	0	\$1.96
<b>Total, San Diego County</b>	<b>72,736,776</b>	<b>13.2%</b>	<b>663,457</b>	<b>\$2.12</b>

(1) All leases are full-service gross.

Source: Cushman and Wakefield

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

**TABLE C-2**

**OFFICE ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO <sup>(1)</sup>  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Address</u>	<u>Description</u>	<u>Total Building SF</u>	<u>Available Leasable SF</u>	<u>Average Asking Lease Rate</u>	<u>Lease Type</u>	<u>Percent Vacant</u>	<u>Year Built</u>	<u>Class</u>
2323 Broadway	Loft/street retail	17,297	1,218 1,307	\$1.25 \$0.90	Modified Gross	15%	N/A	C
2404 Broadway	First floor in Victorian building	4,000	2,000	\$2.00	N/A	50%	N/A	C
2404 Broadway	Carriage house of Victorian building	1,500	1,500	\$1.33	N/A	100%	N/A	C
2404 Broadway	Third floor in Victorian building	3,000	1,000	\$1.00	N/A	33%	N/A	C
3113 Market Street	N/A	6,000	4,218	\$0.59	Modified Gross	70%	N/A	C
446 26th Street	Medical office building	114,000	92,000	\$1.00	Full Service	81%	N/A	N/A
1940 Market Street	Victorian building	2,070	2,070	\$2.17	Modified Gross	100%	1896	C
2984 National Avenue	Free standing building	4,880	2,440 1,220	\$0.85 \$1.25	NNN	75%	N/A	C
	Minimum	1,500	1,000	\$0.59		15%	1896	
	Maximum	114,000	92,000	\$2.17		100%	1896	
	Median	4,440	1,750	\$1.13		73%	1896	
	Average	19,093	10,897	\$1.23		65%	1896	
<b>Total</b>		<b>152,747</b>	<b>108,973</b>			<b>71%</b>		

(1) As of November 26, 2012. Survey represents the following zip codes: 92102, 92113, and 92114.

TABLE C-3

**OFFICE BUILDING SALES COMPARABLES, JANUARY 2010 TO PRESENT (1)**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>City</u>	<u>Sale Price</u>	<u>Site Area</u>		<u>Building Area</u>		<u>Year</u>	<u>Description</u>
				<u>Acres</u>	<u>\$/SF</u>	<u>SF</u>	<u>\$/SF</u>	<u>Built</u>	
12/09/11	3240 F Street	San Diego	\$485,000	0.16	\$69	5,000	\$97	1974	Class C manufacturing building
09/13/11	1955 Julian Ave.	San Diego	\$1,100,000	0.60	\$42	40,170	\$27	n/a	Class C office building
07/11/11	3284 Newton Ave.	San Diego	\$830,000	1.10	\$17	3,400	\$244	n/a	Class C manufacturing building
05/18/11	499 Raven Street	San Diego	\$1,450,000	1.20	\$28	12,500	\$116	1971	Class C manufacturing building
04/29/11	3056 Imperial Ave.	San Diego	\$150,000	0.16	\$21	785	\$191	n/a	Class C service building
11/30/10	1005 Euclid Avenue	San Diego	\$200,000	0.15	\$30	1,575	\$127	n/a	Class C office building
11/23/10	6144 Federal Blvd.	San Diego	\$2,400,000	2.08	\$26	11,583	\$207	1973	Class B warehouse building
10/29/10	24 21st Street	San Diego	\$1,100,000	0.70	\$36	10,000	\$110	1971	Class C warehouse building
06/09/10	3636 Gateway Center Ave.	San Diego	\$15,785,500	6.53	\$55	131,720	\$120	1987	Class B R&D building
03/11/10	2780 Imperial Ave.	San Diego	\$380,000	0.10	\$83	2,332	\$163	n/a	Class C office building
01/29/10	789 Gateway Center Way	San Diego	\$2,498,860	1.50	\$38	27,460	\$91	1987	Class C warehouse building
		Minimum	\$150,000	0.10	\$17	785	\$27	1971	
		Maximum	\$15,785,500	6.53	\$83	131,720	\$244	1987	
		Median	\$1,100,000	0.70	\$36	10,000	\$120	1974	
		Average	\$2,398,124	1.30	\$41	22,411	\$136	1977	

(1) Survey represents the following zip codes: 92102, 92113, and 92114.

Source: CoStar Comps, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

**Appendix D**

**Industrial Market Overview**

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APPENDIX F

TABLE D-1

**INDUSTRIAL MARKET PROFILE, 4TH QUARTER 2012  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Market/Submarket</u>	<u>Industrial Inventory (SF)</u>			<u>Overall Vacancy Rate</u>	<u>SF Under Construction</u>	<u>Average Asking Lease Rate (1)</u>
	<u>R&amp;D</u>	<u>Warehouse</u>	<u>Total</u>			
<u>San Diego Central</u>						
Downtown	809,575	2,253,234	3,062,809	3.0%	0	n/a
East City	179,745	2,453,846	2,633,591	4.9%	0	\$0.66
South City	265,375	3,712,443	3,977,818	2.6%	0	\$0.59
<u>Central Suburban</u>						
Kearny Mesa	5,659,942	10,278,066	15,938,008	5.3%	0	\$0.99
Mission Gorge	310,670	1,594,544	1,905,214	11.2%	0	\$0.84
Mission Valley	278,673	171,938	450,611	3.1%	0	\$0.70
Morena	0	1,110,663	1,110,663	9.0%	0	n/a
North Park	0	119,310	119,310	0.0%	0	n/a
Rose Canyon	0	1,259,533	1,259,533	11.4%	0	\$0.72
Sports Arena/Airport	120,019	1,176,813	1,296,832	13.2%	0	\$0.86
<u>Mid City</u>						
Eastgate/Campus Point	3,889,113	0	3,889,113	16.3%	0	\$1.74
Governor Park	293,258	0	293,258	3.6%	0	n/a
Miramar	4,760,900	12,502,038	17,262,938	10.9%	0	\$0.78
Sorrento Mesa	9,434,770	3,148,035	12,582,805	10.7%	250,000	\$1.20
Sorrento Valley	2,676,187	864,505	3,540,692	8.5%	0	\$1.21
Torrey Pines	5,047,430	0	5,047,430	12.1%	31,246	\$2.98
UTC	1,164,283	0	1,164,283	23.1%	123,429	\$2.80
<u>North County</u>						
Carlsbad	7,610,907	6,784,949	14,395,856	14.4%	0	\$0.94
Escondido	343,189	7,136,378	7,479,567	8.4%	0	\$0.79
Oceanside	1,017,953	7,480,606	8,498,559	14.8%	0	\$0.61
San Marcos	448,630	8,522,263	8,970,893	10.8%	0	\$0.72
Vista	2,508,585	11,079,700	13,588,285	6.4%	0	\$0.69
<u>I-15 Corridor</u>						
Carmel Mountain Ranch	1,535,420	528,464	2,063,884	17.9%	0	\$1.38
Poway	2,912,504	5,834,698	8,747,202	5.4%	0	\$0.78
Rancho Bernardo	3,989,062	3,440,297	7,429,359	16.9%	0	\$1.03
Sabre Springs	455,713	0	455,713	18.7%	0	\$1.12
Scripps Ranch	1,291,734	749,961	2,041,695	19.6%	0	\$1.04
<u>South Bay</u>						
Chula Vista	922,709	9,773,465	10,696,174	4.9%	0	\$0.56
National City	143,873	3,707,048	3,850,921	6.3%	0	\$0.72
Otay Mesa	148,767	14,991,650	15,140,417	15.0%	0	\$0.48
San Ysidro	0	1,619,440	1,619,440	6.8%	0	\$0.48
<u>East County</u>						
El Cajon	297,285	8,345,214	8,642,499	7.6%	0	\$0.62
La Mesa	33,820	373,254	407,074	8.6%	0	\$0.48
Lakeside	0	740,865	740,865	1.9%	0	\$0.60
Lemon Grove	0	508,344	508,344	10.2%	0	\$0.00
Santee	56,738	2,710,617	2,767,355	2.5%	0	\$0.78
Spring Valley	0	963,962	963,962	3.6%	0	\$0.00
<b>Total, San Diego County</b>	<b>58,606,829</b>	<b>135,936,143</b>	<b>194,542,972</b>	<b>9.9%</b>	<b>404,675</b>	<b>\$0.86</b>

(1) All leases are triple-net. Excludes properties containing less than 1,000 SF.

TABLE D-2

**INDUSTRIAL ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO AND ENVIRONS <sup>(1)</sup>  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Address</u>	<u>Property Type</u>	<u>Total Building SF</u>	<u>Available Leasable SF</u>	<u>Average Asking Lease Rate</u>	<u>Lease Type</u>	<u>Percent Vacant</u>	<u>Year Built</u>
1848 Commercial St.	Industrial flex space	4,896	4,896	\$1.15	Industrial Gross	100%	N/A
1604 Newton Ave.	Industrial flex space	3,000	3,000	\$0.83	Industrial Gross	100%	N/A
1943 Main St.	Freestanding building	32,650	3,000	\$1.35	Full Service	9%	N/A
3959 Lockridge St.	Freestanding building	50,000	28,000	\$0.74	NNN	56%	1978
675 Gateway Center Way	Manufacturing building	58,258	58,258	\$0.45	NNN	100%	1990
1709 Main St.	Freestanding building	50,275	50,275	\$0.67	Full Service	100%	1965
4937 Market St.	Industrial warehouse	18,000	18,000	\$0.70	Industrial Gross	100%	1966
1202 Sigsbee St.	Industrial warehouse	90,000	90,000	\$0.78	NNN	100%	N/A
2191 Main St.	Industrial warehouse	31,200	31,200	\$0.55	Industrial Gross	100%	N/A
885 Gateway Center	Warehouse	65,133	52,872	\$0.67	Industrial Gross	81%	1996
3440 Main St.	Freestanding building	24,500	13,500	\$0.55	NNN	55%	N/A
2001 Commercial St.	Urban office/showroom	29,478	29,478	\$1.00	Industrial Gross	100%	N/A
	Minimum	3,000	3,000	\$0.45		9%	
	Maximum	90,000	90,000	\$1.35		100%	
	Median	31,925	28,739	\$0.72		100%	
	Average	38,116	31,873	\$0.79		83%	
	<b>Total</b>	<b>457,390</b>	<b>382,479</b>			<b>84%</b>	

(1) As of November 26, 2012. Survey represents the following zip codes: 92102, 92113, and 92114.

Source: LoopNet.com

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE D-3

**INDUSTRIAL BUILDING SALES, SOUTHEASTERN SAN DIEGO AND ENVIRONS (1)**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>Sale Price</u>	<u>Acres</u>	<u>\$/SF Land</u>	<u>Saleable Building SF</u>	<u>\$/SF Building</u>	<u>Year Built</u>	<u>Property Description</u>
11/07/12	3561 Dalbergia Street	\$1,280,000	0.52	\$57	8,200	\$156	1960	Class C warehouse building
09/07/12	2926 Main Street	\$1,360,000	0.30	\$104	11,000	\$124	1971	Class C manufacturing building
04/03/12	2750 Main Street	\$415,000	0.32	\$30	3,000	\$138	n/a	Class C warehouse building
12/09/11	3240 F Street	\$485,000	0.16	\$69	5,000	\$97	1974	Class C manufacturing building
08/29/11	1348 Delevan Drive	\$5,000,000	3.02	\$38	39,646	\$126	1964	Class C manufacturing building
07/11/11	3284 Newton Avenue	\$830,000	1.10	\$17	3,400	\$244	n/a	Class C manufacturing building
06/10/11	2295 National Avenue	\$250,000	0.16	\$36	3,822	\$65	1956	Class C warehouse building
06/02/11	2255 National Avenue	\$1,200,000	0.32	\$86	11,000	\$109	1979	Class C service building
05/18/11	499 Raven Street	\$1,450,000	1.20	\$28	12,500	\$116	1971	Class C manufacturing building
04/29/11	3056 Imperial Avenue	\$150,000	0.16	\$21	785	\$191	n/a	Class C service building
01/25/11	1211 S. 32nd Street	\$1,300,000	1.12	\$27	6,230	\$209	n/a	Class C industrial building
11/23/10	6144 Federal Boulevard	\$2,400,000	2.08	\$26	11,583	\$207	1973	Class B warehouse building
10/29/10	24 21st Street	\$1,100,000	0.70	\$36	10,000	\$110	1971	Class C warehouse building
01/29/10	789 Gateway Center Way	\$2,169,340	1.50	\$33	27,460	\$79	1987	Class C warehouse building
12/30/09	3626 Main Street	\$615,000	0.16	\$88	7,000	\$88	1960	Class C warehouse building
10/23/09	3376 Main Street	\$1,650,000	0.56	\$68	15,900	\$104	1932	Class C warehouse building
07/14/09	1645 47th	\$320,000	0.25	\$29	2,800	\$114	1968	Class C service building
04/02/09	1805 Newton Avenue	\$1,000,000	0.16	\$143	5,951	\$168	1961	Class C manufacturing building
03/10/09	1221-1251 S. 26th Street	\$975,000	0.48	\$46	8,000	\$122	1981	Class C manufacturing building
	Minimum	\$150,000	0.16	\$17	785	\$65	1932	
	Maximum	\$5,000,000	3.02	\$143	39,646	\$244	1987	
	Median	\$1,100,000	0.48	\$36	8,000	\$122	1971	
	Average	\$1,260,492	0.75	\$52	10,172	\$135	1967	

(1) Survey sales from January 2009 to the present in the following zip codes: 92102, 92113, and 92114.

Source: CoStar Comps, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename:San Marcos\Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks



TABLE D-4

**INDUSTRIAL SPACE MARKET FACTORS, SAN DIEGO COUNTY, 2006-2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Change, 2006-2012</u>	
								<u>Absolute</u>	<u>Average Annual</u>
Rentable Area (SF)	179,962,036	181,091,050	178,507,254	178,945,797	178,522,634	185,860,234	185,379,159	5,417,123	0.5%
Vacancy Rate (1)	5.8%	7.2%	8.7%	10.8%	11.0%	10.7%	9.4%	3.6%	-
Net Change in Supply	-	1,129,014	(2,583,796)	438,543	(423,163)	7,337,600	(481,075)	-	902,854
Under Construction (SF)						162,022	627,681	-	-
Average Asking Lease Rate (1)	\$1.09	\$1.13	\$1.06	\$0.93	\$0.90	\$0.88	\$0.92	-\$0.17	-2.8%
Net Absorption YTD	4,197,715	849,681	227,533	(3,127,235)	(290,785)	536,596	2,569,200	-	708,958

(1) Includes Southwest Riverside.

Source: CB Richard Ellis

Prepared by: Keyser Marston Associates, Inc.

Filename: i: Southeastern and Encanto Market Assessment\_DRAFT\_v3\2/22/2013;rks

TABLE D-5

**INDUSTRIAL SPACE MARKET FACTORS, SELECT SUBMARKETS, 2006-2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	2006	2007	2008	2009	2010	2011	2012	Change, 2006-2012	
								Absolute	Average Annual
<b>I. Downtown Submarket (1)</b>									
Rentable Area (SF)	5,255,263	5,131,525	5,130,525	5,020,892	4,528,773	4,580,635	4,400,748	-854,515	-2.9%
Vacancy Rate	1.8%	4.4%	2.9%	4.2%	5.8%	4.0%	1.9%	0.1%	-
Net Change in Supply	-	(123,738)	(1,000)	(109,633)	(492,119)	51,862	(179,887)	-	-142,419
<b>II. Airport/Sports Arena</b>									
Rentable Area (SF)	1,048,357	1,110,623	1,110,623	1,110,511	1,048,245	1,798,435	1,678,550	630,193	8.2%
Vacancy Rate	1.5%	1.8%	0.9%	3.0%	4.2%	3.7%	3.5%	2.0%	-
Net Change in Supply	-	62,266	0	(112)	(62,266)	750,190	(119,885)	-	105,032
<b>III. Rose Canyon/Morena</b>									
Rentable Area (SF)	2,742,304	2,602,741	2,594,741	2,594,691	2,600,604	3,326,880	3,368,725	626,421	3.5%
Vacancy Rate	1.0%	1.6%	4.6%	5.9%	8.6%	3.3%	4.8%	3.8%	-
Net Change in Supply	-	(139,563)	(8,000)	(50)	5,913	726,276	41,845	-	104,404
<b>IV. Total</b>									
Rentable Area (SF)	9,045,924	8,844,889	8,835,889	8,726,094	8,177,622	9,705,950	9,448,023	402,099	0.7%
Net Change in Supply	-	(201,035)	(9,000)	(109,795)	(548,472)	1,528,328	(257,927)	-	67,017

(1) Includes the portions of the Encanto and Southeastern San Diego CPAs.

Source: CB Richard Ellis

Prepared by: Keyser Marston Associates, Inc.

Filename: i: Southeastern and Encanto Market Assessment\_DRAFT\_v3\2/22/2013;rks

**Appendix E**

**Retail Market Overview**

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TABLE E-1

**RETAIL MARKET PROFILE, 3RD QUARTER 2012**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Submarket</u>	<u>Rentable SF</u>	<u>Overall Vacancy Rate</u>	<u>Average Asking Lease Rate</u> (1)
Carmel Mountain Ranch	1,541,420	4.7%	\$2.89
Del Mar/Solana Beach/Rancho Santa Fe	1,717,039	2.4%	\$3.70
Cardiff/Encinitas/Luecadia	2,351,186	6.2%	\$2.59
Carlsbad	1,881,688	7.9%	\$2.32
Santee/Lakeside	1,991,494	6.2%	\$2.38
Rancho Bernardo	637,424	11.4%	\$2.24
Mira Mesa/Scripps Ranch	2,185,917	1.8%	\$2.28
Downtown	481,935	1.0%	\$2.04
Sports Arena/Point Loma	1,843,120	6.2%	\$2.07
Pacific Beach/Morena	577,075	0.8%	\$3.35
Golden Triangle/UTC	1,087,948	3.6%	\$3.22
Chula Vista	3,511,207	3.1%	\$1.92
Mission Gorge	586,919	4.9%	\$1.65
Murrieta	4,255,991	14.5%	\$1.39
Clairemont/Kearny Mesa/Tierrasanta	3,695,161	4.9%	\$1.88
Fallbrook	525,886	5.0%	\$1.76
Escondido	3,658,689	10.1%	\$1.98
San Marcos	2,852,277	7.4%	\$1.74
Mission Valley	1,494,053	1.6%	\$3.05
Temecula	4,621,477	13.0%	\$1.39
Oceanside	4,984,578	7.3%	\$1.73
Rancho Penasquitos/Poway	1,989,349	7.6%	\$2.06
Mid City/El Cajon Boulevard	2,504,675	5.8%	\$1.46
National City/Paradise Hills	1,496,848	7.6%	\$1.48
Vista	2,567,604	11.5%	\$1.57
La Mesa/San Carlos	2,599,991	4.5%	\$1.32
East Chula Vista	2,172,509	7.1%	\$1.84
Miramar	685,059	23.0%	\$1.31
El Cajon	2,866,790	5.8%	\$1.24
Imperial Beach/South San Diego	2,181,093	6.2%	\$1.47
Lemon Grove/Spring Valley/Rancho San Diego	1,286,647	5.8%	\$1.48
Ramona	336,685	7.3%	\$1.44
La Jolla	52,884	20.1%	\$3.00
Total, San Diego County	67,222,618	7.2%	\$1.73
(Less) Cities of Murrieta and Temecula	<u>(8,877,468)</u>		
Adjusted, San Diego County	58,345,150		

(1) All leases are triple-net.

Source: CB Richard Ellis

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE E-2

**RETAIL SPACE BY TYPE, CENTRAL SUBMARKET, 3RD QUARTER 2012  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
 DYETT & BHATIA / CITY OF SAN DIEGO**

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	<b>Retail SF</b>			<b>Vacancy Rate</b>	<b>Avg. Asking Lease Rate <sup>(1)</sup></b>	<b>Net Absorption YTD 2012</b>
	<b><u>Net Rentable</u></b>	<b><u>Under Construction</u></b>	<b><u>Planned / Proposed</u></b>			
General Retail	21,532,373	6,575	561,809	3.3%	\$1.91	162,593
Mall Market	4,276,289	0	0	0.0%	\$0.00	(606)
Power Center	3,442,859	0	12,800	1.4%	\$2.44	41,789
Shopping Center	10,717,618	85,830	129,142	5.8%	\$1.81	122,400
Specialty Center	343,052	0	0	3.3%	\$2.69	1,246
<b>Total Central Submarket</b>	<b>40,312,191</b>	<b>92,405</b>	<b>703,751</b>	<b>3.4%</b>	<b>\$2.06</b>	<b>327,422</b>

(1) All leases are triple-net.

Source: Voit Real Estate Services

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

APPENDIX F

TABLE E-3

**RETAIL ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO (1)**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Address</u>	<u>Center Name/Description</u>	<u>Total Center/ Building SF</u>	<u>Available Leasable SF</u>	<u>Average Asking Lease Rate</u>	<u>Lease Type</u>	<u>Percent Vacant</u>	<u>Year Built</u>
2323 Broadway	Street level retail	17,297	1,218 1,307	\$1.25 \$0.90	Modified Gross	15%	N/A
2973 Market Street	Market Plaza street level retail	6,248	1,300	\$1.75	NNN	21%	N/A
2501 Commercial Street	Street level retail	1,000	1,000	\$0.72	Modified Gross	100%	N/A
2984 National Avenue	Street level retail	4,880	2,440 1,220	\$0.85 \$1.25	NNN	75%	N/A
2665 Market Street	Retail strip center	840	840	\$1.75	--	100%	N/A
3506-3596 National Avenue	Otto Plaza neighborhood center	70,854	5,200 3,900 3,484	\$1.50 \$1.85 \$2.25	NNN	18%	N/A
3150-3170 Main Street	Retail strip center	21,639	2,800	\$2.25	Modified Gross	13%	1986
1709 Main Street	Freestanding retail	50,275	50,275	\$0.67	Full Service	100%	1965
7611 Linda Vista Road	Auto related retail building	2,000	2,000	\$0.39	NNN	100%	N/A
Cesar Chavez Parkway/Naional Avenue	Mercado del Barrio	47,913	16,736	\$2.50	--	35%	2012
1490 S. 43rd Street	Retail strip center	6,260	920	\$2.00	NNN	15%	N/A
	Minimum	840	840	\$0.39		13%	1965
	Maximum	70,854	50,275	\$2.50		100%	2012
	Median	6,260	2,000	\$1.50		35%	1986
	Average	20,837	6,309	\$1.46		54%	1988
	<b>Total</b>	<b>229,206</b>	<b>94,640</b>			<b>41%</b>	

(1) As of November 26, 2012. Survey represents the following zip codes: 92102, 92113, and 92114.

TABLE E-4

**RETAIL BUILDING SALES COMPARABLES, JANUARY 2011 TO PRESENT  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>City</u>	<u>Sale Price</u>	<u>Site Area</u>		<u>Building Area</u>		<u>Year Built</u>	<u>Description</u>
				<u>Acres</u>	<u>\$/SF</u>	<u>SF</u>	<u>\$/SF</u>		
05/16/12	3891-3893 National Ave.	National City	\$500,000	0.23	\$50	3,993	\$125	n/a	Storefront retail
05/04/12	545 47th Street	San Diego	\$142,500	1.55	\$2	3,520	\$40	n/a	Retail building
04/06/12	4125 Alpha Street	San Diego	\$1,445,000	1.35	\$25	9,885	\$146	1996	Community center (Southcrest Park Plaza)
02/27/12	2001 Ocean View Blvd.	San Diego	\$600,000	0.32	\$43	4,476	\$134	1943	Religious facility
01/18/12	855-857 32nd Street	San Diego	\$459,000	0.46	\$23	4,400	\$104	n/a	Storefront retail/office
12/16/11	532 28th Street	San Diego	\$425,000	0.11	\$89	3,196	\$133	1942	Retail building
11/22/11	3890 Division Street	San Diego	\$950,000	0.81	\$27	3,240	\$293	2000	Service station
08/29/11	4689 Market Street	San Diego	\$500,000	0.28	\$41	1,125	\$444	1960	Service station
06/15/11	3777 National Ave.	San Diego	\$141,000	0.16	\$20	913	\$154	n/a	Freestanding building (Sundance Market II)
04/22/11	4196 Market Street	San Diego	\$220,000	0.23	\$22	707	\$311	n/a	Auto repair
04/11/11	5930 Division Street	San Diego	\$905,000	2.48	\$8	2,076	\$436	n/a	Religious facility
03/30/11	3104 Imperial Ave.	San Diego	\$570,000	0.20	\$67	5,001	\$114	n/a	Religious facility
		Minimum	\$141,000	0.11	\$2	707	\$40	1942	
		Maximum	\$1,445,000	2.48	\$89	9,885	\$444	2000	
		Median	\$500,000	0.30	\$26	3,380	\$140	1960	
		Average	\$571,458	0.68	\$35	3,544	\$203	1968	

Source: CoStar Comps, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE E-5

**TOTAL RETAIL SALES, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2006-2011  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Retail Categories (\$000s)</u> (1)	<u>2006</u>	<u>2011</u>	<u>Average Annual Rate</u>	<u>2011</u>		
				<u>Sales Per Capita</u> (2)	<u>Sales As % of Per Capita Income</u> (3)	<u>Sales As % of Citywide Sales</u>
Aggregated Confidential (4)	\$184,781	\$167,370	-2.0%	\$1,598	10.9%	3.4%
Convenience Goods (5)	\$75,682	\$52,269	-7.1%	\$499	3.4%	1.4%
Eating and Drinking	\$22,948	\$25,019	1.7%	\$239	1.6%	0.9%
Automotive Outlets	\$64,835	\$88,487	6.4%	\$845	5.8%	2.5%
Other Retail Stores	<u>\$9,180</u>	<u>\$9,532</u>	<u>0.8%</u>	<u>\$91</u>	<u>0.6%</u>	<u>0.4%</u>
<b>Total Retail Sales</b>	<b>\$357,426</b>	<b>\$342,677</b>	<b>-0.8%</b>	<b>\$3,271</b>	<b>22.4%</b>	<b>2.0%</b>

(1) Excludes All Other Outlets.

(2) Based on SANDAG's 2012 estimate of total population of 104,747 for the Encanto CPA and Southeastern San Diego CPA.

(3) Based Claritas, Inc. 2012 estimate for the aggregate of the 92102, 92113, 92114 zip codes.

(4) The State Board of Equalization minimum threshold requirements for release of sales tax information by retail category were not met in the following categories: Apparel Stores, Building Material and Farm Implements, Drug Stores, Home Furnishings and Appliances, and General Merchandise. As such, these retail categories are deemed as confidential.

(5) KMA estimate; assumes 30% of sales in Food Stores with Liquor are non-taxable.



TABLE E-6

**TOTAL RETAIL SALES, CITY OF SAN DIEGO, 2011  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

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<b><u>Retail Categories (\$000s)</u></b> (1)	<b><u>2011</u></b>	<b><u>2011 Sales Per Capita</u></b> (2)	<b><u>Sales As % of Per Capita Income</u></b> (3)
General Merchandise	\$1,811,382	\$1,371	4.6%
Other Comparison Goods			
Apparel	\$1,229,289	\$930	3.1%
Home Furnishings & Appliances	\$842,191	\$637	2.1%
Subtotal Comparison Goods	\$2,071,480	\$1,568	5.2%
Convenience Goods (3)	\$3,718,317	\$2,814	9.4%
Eating and Drinking	\$2,699,998	\$2,043	6.8%
Home Improvement	\$976,043	\$739	2.5%
Automotive Outlets	\$3,515,822	\$2,661	8.9%
Other Retail Stores	\$2,132,726	\$1,614	5.4%
<b>Total Retail Sales</b>	<b>\$16,925,766</b>	<b>\$12,810</b>	<b>42.8%</b>

(1) Excludes All Other Outlets.

(2) Based on SANDAG's 2012 estimate of total population of 1,321,315 for the City.

(3) Based on Claritas, Inc.'s 2012 estimate of Per Capita Income (PCI) of \$29,917 for the City.

(4) KMA estimate; assumes 30% of sales in Food Stores with Liquor and 70% of sales in Drug Stores are non-taxable.

Source: MuniServices and City of San Diego

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

TABLE E-7

**RETAIL SALES IMPORT/EXPORT ANALYSIS, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2012  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

<b><u>Retail Category</u></b>	<b><u>Expenditure Potential As % of PCI</u></b>	<b><u>Total Potential (000's)</u></b> <sup>(1)</sup>	<b><u>Actual 2011 (000's)</u></b>	<b><u>% of Actual to Total Potential</u></b>	<b><u>Import/ (Export) (000's)</u></b>
Aggregated Confidential (2)	15.0%	\$229,679	\$167,370	73%	(\$62,308)
Convenience Goods (3)	10.0%	\$153,119	\$52,269	34%	(\$100,850)
Eating and Drinking	3.0%	\$45,936	\$25,019	54%	(\$20,917)
Automotive Outlets	5.0%	\$76,560	\$88,487	116%	\$11,927
Other Retail Stores (4)	0.5%	\$7,656	\$9,532	125%	\$1,876
<b>Total</b>	<b>33.5%</b>	<b>\$512,949</b>	<b>\$342,677</b>	<b>67%</b>	<b>(\$170,272)</b>

(1) Based on SANDAG's 2012 estimate of total population of 104,747 for the Encanto and Southeastern San Diego CPAs and Claritas, Inc.'s 2012 estimate of per capita income (\$14,618).

(2) Includes General Merchandise, Other Comparison Goods, and Home Improvement.

(3) Includes food and drug stores.

(4) Includes second-hand merchandise; farm implement dealers; farm and garden supply stores; fuel and ice dealers; mobile homes; trailers and campers; and boat, motorcycle, and plane dealers.

Source: MuniServices, City of San Diego, SANDAG, and Claritas, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

## **Appendix F**

### **Commercial Space Demand**

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**2012 - 2022**

TABLE F-1

**TOTAL HOUSING UNIT DEMAND ANALYSIS, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2012-2022  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

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Year	City of San Diego Projected Total Housing Units			CPA Capture of Projected Citywide Growth			
	Annual Increase		Total Inventory	2.0%	Low	4.0%	High
	Percent	Absolute					
2010			515,426 <sup>(1)</sup>				
2011	1.14%	5,900	521,326				
2012	1.14%	5,967	527,293	119	28,347 <sup>(2)</sup>	239	28,347 <sup>(2)</sup>
2013	1.14%	6,036	533,329	121	28,468	241	28,588
2014	1.14%	6,105	539,433	122	28,590	244	28,833
2015	1.14%	6,175	545,608	123	28,713	247	29,080
2016	1.14%	6,245	551,853	125	28,838	250	29,329
2017	1.14%	6,317	558,170	126	28,965	253	29,582
2018	1.14%	6,389	564,559	128	29,092	256	29,838
2019	1.14%	6,462	571,021	129	29,222	258	30,096
2020	1.14%	6,536	577,557	131	29,352	261	30,358
2021	0.86%	4,993	582,550	100	29,452	200	30,557
2022	0.86%	5,036	587,586	101	29,553	201	30,759
<b>Total</b>		<b>60,293</b>		<b>1,325</b>		<b>2,650</b>	

(1) Based on SANDAG's projection of total housing units in 2030. See Table B-2.

(2) Total number of housing units in the Encanto CPA and Southeastern San Diego CPA.

TABLE F-2

**ESTIMATE OF ADDITIONAL OFFICE SPACE NEEDED THROUGH 2022  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

	<b>Number of Employees 2012</b> (1)	<b>Average Annual Rate 2012-2022</b> (2)	<b>Number of Employees 2022</b>	<b>Number of Employees Added/(Lost)</b>	<b>Portion Using Office Space</b> (2)	<b>Number of New Office Users</b>	<b># of SF Per Person @ 200</b> (3)
Construction	750	0.5%	788	38	5%	2	0 SF
Manufacturing and Other Production (4)	613	0.0%	613	0	0%	0	0 SF
Wholesale Trade	338	2.0%	412	74	0%	0	0 SF
Retail Trade	1,635	1.0%	1,806	171	5%	9	2,000 SF
Transportation, Warehousing, Utilities	565	0.0%	565	0	0%	0	0 SF
Information	0	0.0%	0	0	0%	0	0 SF
Financial Activities	257	1.0%	284	27	60%	16	3,000 SF
Professional and Business Services (5)	1,113	1.0%	1,229	116	50%	58	12,000 SF
Education and Health Services	2,601	1.5%	3,019	418	50%	209	42,000 SF
Leisure and Hospitality	557	0.5%	585	28	0%	0	0 SF
Other Services	1,506	0.0%	1,506	0	0%	0	0 SF
<b>Total</b>	<b>9,935</b>	<b>N/A</b>	<b>10,808</b>	<b>873</b>	<b>34%</b>	<b>294</b>	<b>59,000 SF</b>

(1) Per SANDAG Service Bureau, November 30, 2012 for 2011. KMA assumes 0.0% growth for 2012; as such 2011 figures used for 2012. See Table A-6.

(2) KMA assumption.

(3) Reflects rentable SF of office space. KMA assumption.

(4) May include firms classified as agriculture, mining, or extractive services.

(5) May include firms classified as information.

**TABLE F-3**

**INDUSTRIAL SPACE DEMAND, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2012-2022  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Year</u>	<u>Projected Industrial SF Per Year</u>	<u>Capture of Projected Growth</u>	
		<u>Low Capture (2) @ 5.0%</u>	<u>High Capture (2) @ 10.0%</u>
0 2012	67,000 SF (1)		
1 2013	67,000 SF	3,400 SF	6,700 SF
2 2014	67,000 SF	3,400 SF	6,700 SF
3 2015	67,000 SF	3,400 SF	6,700 SF
4 2016	67,000 SF	3,400 SF	6,700 SF
5 2017	67,000 SF	3,400 SF	6,700 SF
6 2018	67,000 SF	3,400 SF	6,700 SF
7 2019	67,000 SF	3,400 SF	6,700 SF
8 2020	67,000 SF	3,400 SF	6,700 SF
9 2021	67,000 SF	3,400 SF	6,700 SF
10 2022	67,000 SF	3,400 SF	6,700 SF
<b>Industrial Space Demand, 2012-2022</b>	<b>737,000 SF</b>	<b>34,000 SF</b>	<b>67,000 SF</b>

(1) Based on average annual growth from 2006 through 2012. See Table D-5.

(2) KMA estimate of potential capture rate.

TABLE F-4

**SALES EXPORT RECAPTURE POTENTIAL, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

<b><u>Retail Category</u></b>	<b><u>Export (000's)</u></b>	<b><u>Estimated Recapture Rate in CPAs</u></b>		<b><u>Assumed Sales Productivity Per SF Per Year</u></b>	<b><u>Estimated Recapture of Retail Space in CPAs (SF)</u></b>	
		<b><u>Low</u></b>	<b><u>High</u></b>		<b><u>Low</u></b>	<b><u>High</u></b>
Aggregated Confidential (1)	(\$62,308)	10%	20%	\$375	17,000	33,000
Convenience Goods (2)	(\$100,850)	35%	45%	\$400	88,000	113,000
Eating and Drinking	(\$20,917)	25%	35%	\$400	13,000	18,000
<b>Totals</b>	<b>(\$184,076)</b>	<b>25%</b>	<b>35%</b>	<b>\$397</b>	<b>118,000</b>	<b>164,000</b>

(1) Includes General Merchandise, Other Comparison Goods, and Home Improvement.

(2) Includes food and drug stores.

TABLE F-5

**ESTIMATE OF RETAIL/RESTAURANT SPACE DEMAND, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2012-2022  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

Projected Total Population, 2020	116,773 <sup>(1)</sup>
Estimated Total Population, 2022	119,120 <sup>(2)</sup>
Total Population Growth, 2012-2022	14,373
Average Per Capita Income, 2012	\$14,618
<b>Increase in Aggregate Personal Income, 2012-2022</b>	<b>\$210,106,521</b>

	Allocation of Per Capita Income to Spending <sup>(2)</sup>	Assumed Capture Rate within CPA <sup>(3)</sup>		Estimated Spending		Sales Productivity Per SF <sup>(4)</sup>	Retail Space Demand (SF)	
		<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>		<u>Low</u>	<u>High</u>
<b>I. Growth Generated Demand</b>								
<b>A. Retail Space</b>								
Aggregated Confidential <sup>(5)</sup>	15.0%	35.0% -	45.0%	\$11,031,000 -	\$14,182,000	\$375	29,400 SF -	37,800 SF
Convenience Goods	10.0%	70.0% -	80.0%	\$14,707,000 -	\$16,809,000	\$400	<u>36,800</u> SF -	<u>42,000</u> SF
<b>Subtotal Retail</b>							<b>66,200 SF -</b>	<b>79,800 SF</b>
<b>B. Restaurant Space</b>								
<b>Eating and Drinking</b>	<b>3.0%</b>	<b>40.0% -</b>	<b>50.0%</b>	<b>\$2,521,000 -</b>	<b>\$3,152,000</b>	<b>\$400</b>	<b>6,300 SF -</b>	<b>7,900 SF</b>

(1) Based on SANDAG's forecasted population growth through 2020 for the Encanto CPA and Southeastern San Diego CPA. See Table A-5.  
 (2) KMA assumption. Reflects 1.0% annual escalation factor.  
 (3) Based on the percent of total taxable sales for Encanto Neighborhoods and Southeastern San Diego.  
 (4) Based on the Encanto CPA and Southeastern San Diego CPA's percent share of Citywide taxable retail sales for each category.  
 (5) Includes General Merchandise, Other Comparison Goods, and Home Improvement.



**TABLE F-6**

**RETAIL/RESTAURANT SPACE DEMAND FROM OFFICE WORKERS  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
<b>I. Number of New Office Workers through 2022</b> (1)	294	294
<b>II. Annual Office Worker Spending - Plan Area</b>		
Estimate of Annual Office Worker Spending - Retail (3)	\$6,832	\$6,832
Estimate of Annual Office Worker Spending - Restaurant (3)	\$2,098	\$2,098
Spending by Plan Area Office Workers - Retail	\$2,006,000	\$2,006,000
Spending by Plan Area Office Workers - Restaurant	\$616,000	\$616,000
Estimated Capture in Plan Area	50% (2)	60% (2)
Estimated Spending in Plan Area - Retail	\$1,003,000	\$1,204,000
Estimated Spending in Plan Area - Restaurant	\$308,000	\$370,000
Estimated Sales Productivity (Sales/SF)	\$400 (2)	\$400 (2)
<b>III. Total Office Worker-Supported Retail Space Demand through 2022</b>	<b>2,500 SF</b>	<b>3,000 SF</b>
<b>Total Office Worker-Supported Restaurant Space Demand through 2022</b>	<b>800 SF</b>	<b>900 SF</b>

(1) See Table F-2

(2) KMA assumption.

(3) Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted by KMA to reflect 2012 dollars as follows:

	<u>2003</u>	<u>2012</u>
Shopper Goods	\$3,115	\$4,064
Convenience Goods	\$2,121	\$2,767
Subtotal - Retail	\$5,236	\$6,832
Lunches	\$1,080	\$1,409
Dinner/Drinks	\$528	\$689
Subtotal - Restaurant	\$1,608	\$2,098
Escalation Factor @		3.0%

Estimate is adjusted to reflect employee share of vacation and holidays. Total work days estimated to equate to 240 days.

TABLE F-7

**SUMMARY OF RETAIL/RESTAURANT SPACE DEMAND, 2012-2022**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
<b>I. Estimated Retail Space Demand</b>		
Existing Residents Recapture of Export (Table F-4)	105,000 SF	146,000 SF
New Residents (Table F-5)	66,200 SF	79,800 SF
New Office Workers (Table F-6)	<u>2,500</u> SF	<u>3,000</u> SF
<b>Total Retail Space Demand through 2022</b>	<b>173,700 SF</b>	<b>228,800 SF</b>
<b>II. Estimated Restaurant Space Demand</b>		
Existing Residents Recapture of Export (Table F-4)	13,000 SF	18,000 SF
New Residents (Table F-5)	6,300 SF	7,900 SF
New Office Workers (Table F-6)	<u>800</u> SF	<u>900</u> SF
<b>Total Restaurant Space Demand through 2022</b>	<b>20,100 SF</b>	<b>26,800 SF</b>

TABLE F-8

**TOTAL SPACE DEMAND, ENCANTO NEIGHBORHOODS AND SOUTHEASTERN SAN DIEGO, 2012-2022**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	Low		High	
<b>I. Demand by Commercial Use</b>				
A. Retail Space	173,700 SF	68.7%	228,800 SF	72.7%
B. Restaurant Space	<u>20,100</u> SF	<u>8.0%</u>	<u>26,800</u> SF	<u>8.5%</u>
Subtotal - Retail/Restaurant	193,800 SF	76.7%	255,600 SF	81.2%
C. Office Space	<u>59,000</u> SF	<u>23.3%</u>	<u>59,000</u> SF	<u>18.8%</u>
<b>II. Total Commercial Space Demand, 2012-2022</b>	<b>252,800 SF</b>	<b>100.0%</b>	<b>314,600 SF</b>	<b>100.0%</b>
<b>III. Total Housing Unit Demand, 2012-2022</b>	<b>1,325 Units</b>		<b>2,650 Units</b>	
<b>IV. Total Industrial Space Demand, 2012-2022</b>	<b>34,000 SF</b>		<b>67,000 SF</b>	

## **Appendix G**

### **Commercial Space Demand**

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**2022 - 2032**

TABLE G-1

**TOTAL HOUSING UNIT DEMAND ANALYSIS, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2022-2032  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

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Year	City of San Diego Projected Total Housing Units			CPA Capture of Projected Citywide Growth			
	Annual Increase		Total Inventory	2.0%	Low	4.0%	High
	Percent	Absolute					
2020			577,557 <sup>(1)</sup>				
2021	0.86%	4,993	582,550				
2022	0.86%	5,036	587,586	101	29,553 <sup>(2)</sup>	201	30,759 <sup>(2)</sup>
2023	0.86%	5,080	592,666	102	29,654	203	30,962
2024	0.86%	5,124	597,790	102	29,757	205	31,167
2025	0.86%	5,168	602,957	103	29,860	207	31,374
2026	0.86%	5,213	608,170	104	29,965	209	31,582
2027	0.86%	5,258	613,428	105	30,070	210	31,792
2028	0.86%	5,303	618,731	106	30,176	212	32,005
2029	0.86%	5,349	624,080	107	30,283	214	32,218
2030	0.86%	5,395	629,475	108	30,391	216	32,434
2031	0.86%	5,442	634,917	109	30,499	218	32,652
2032	0.86%	5,489	640,406	110	30,609	220	32,872
<b>Total</b>		<b>62,849</b>		<b>1,157</b>		<b>2,314</b>	

(1) Based on SANDAG's projection of total housing units in 2020 and 2030. See Table B-2.

(2) Estimate of total number of housing units in the Encanto CPA and Southeastern San Diego CPA. See Table F-1.

TABLE G-2

**ESTIMATE OF ADDITIONAL OFFICE SPACE NEEDED THROUGH 2032  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

	<b>Number of Employees 2022</b> <sup>(1)</sup>	<b>Average Annual Rate 2022-2032</b>	<b>Number of Employees 2032</b>	<b>Number of Employees Added/(Lost)</b>	<b>Portion Using Office Space</b> <sup>(2)</sup>	<b>Number of New Office Users</b>	<b># of SF Per Person @ 200</b> <sup>(3)</sup>
Construction	788	0.5%	829	40	5%	2	0 SF
Manufacturing and Other Production <sup>(4)</sup>	613	0.0%	613	0	0%	0	0 SF
Wholesale Trade	412	2.0%	502	90	0%	0	0 SF
Retail Trade	1,806	1.0%	1,995	189	5%	9	2,000 SF
Transportation, Warehousing, Utilities	565	0.0%	565	0	0%	0	0 SF
Information	0	0.0%	0	0	0%	0	0 SF
Financial Activities	284	1.0%	314	30	60%	18	4,000 SF
Professional and Business Services <sup>(5)</sup>	1,229	1.0%	1,358	129	50%	64	13,000 SF
Education and Health Services	3,019	1.5%	3,503	485	50%	242	48,000 SF
Leisure and Hospitality	585	0.5%	615	30	0%	0	0 SF
Other Services	1,506	0.0%	1,506	0	0%	0	0 SF
<b>Total</b>	<b>10,808</b>	<b>N/A</b>	<b>11,800</b>	<b>992</b>	<b>34%</b>	<b>336</b>	<b>67,000 SF</b>

(1) See Table F-2.

(2) KMA assumption.

(3) Reflects rentable SF of office space. KMA assumption.

(4) May include firms classified as agriculture, mining, or extractive services.

(5) May include firms classified as information.

Prepared by: Keyser Marston Associates, Inc.

Filename: Southeastern and Encanto Market Assessment\_DRAFT\_v3;2/22/2013;rks

**TABLE G-3**

**INDUSTRIAL SPACE DEMAND, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2022-2032  
 MARKET ASSESSMENT  
 ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Year</u>	<u>Projected Industrial SF Per Year</u>	<u>Capture of Projected Growth</u>	
		<u>Low Capture (2) @ 5.0%</u>	<u>High Capture (2) @ 10.0%</u>
0 2022	67,000 SF (1)		
1 2023	67,000 SF	3,400 SF	6,700 SF
2 2024	67,000 SF	3,400 SF	6,700 SF
3 2025	67,000 SF	3,400 SF	6,700 SF
4 2026	67,000 SF	3,400 SF	6,700 SF
5 2027	67,000 SF	3,400 SF	6,700 SF
6 2028	67,000 SF	3,400 SF	6,700 SF
7 2029	67,000 SF	3,400 SF	6,700 SF
8 2030	67,000 SF	3,400 SF	6,700 SF
9 2031	67,000 SF	3,400 SF	6,700 SF
10 2032	67,000 SF	3,400 SF	6,700 SF
<b>Industrial Space Demand, 2022-2032</b>	<b>737,000 SF</b>	<b>34,000 SF</b>	<b>67,000 SF</b>

(1) Based on average annual growth from 2006 through 2012. See Table D-5.

(2) KMA estimate of potential capture rate.

TABLE G-4

**ESTIMATE OF RETAIL/RESTAURANT SPACE DEMAND, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2022-2032  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

Projected Total Population, 2020	116,773 (1)
Estimated Total Population, 2022	119,120 (2)
Projected Total Population, 2030	124,129 (1)
Estimated Total Population, 2032	126,624 (2)
Total Population Growth, 2022-2032	7,504
Average Per Capita Income, 2012	\$14,618
<b>Increase in Aggregate Personal Income, 2022-2032</b>	<b>\$109,691,361</b>

	Allocation of Per Capita Income to Spending (2)	Assumed Capture Rate within CPA (3)		Estimated Spending		Sales Productivity Per SF (4)	Retail Space Demand (SF)	
		<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>		<u>Low</u>	<u>High</u>
<b>I. Growth Generated Demand</b>								
<b>A. Retail Space</b>								
Aggregated Confidential (5)	15.0%	35.0% -	45.0%	\$5,759,000 -	\$7,404,000	\$375	15,400 SF -	19,700 SF
Convenience Goods	10.0%	70.0% -	80.0%	\$7,678,000 -	\$8,775,000	\$400	<u>19,200</u> SF -	<u>21,900</u> SF
<b>Subtotal Retail</b>							<b>34,600 SF -</b>	<b>41,600 SF</b>
<b>B. Restaurant Space</b>								
<b>Eating and Drinking</b>	<b>3.0%</b>	<b>40.0% -</b>	<b>50.0%</b>	<b>\$1,316,000 -</b>	<b>\$1,645,000</b>	<b>\$400</b>	<b>3,300 SF -</b>	<b>4,100 SF</b>

(1) Based on SANDAG's forecasted population growth through 2030 for the Encanto CPA and Southeastern San Diego CPA. See Table A-5.  
 (2) KMA assumption. Assumes 1.0% annual escalation factor.  
 (3) Based on the percent of total taxable sales for Encanto CPA and Southeastern San Diego CPA.  
 (4) Based on the Encanto CPA and Southeastern San Diego CPA's percent share of Citywide taxable retail sales for each category.  
 (5) Includes General Merchandise, Other Comparison Goods, and Home Improvement.



**TABLE G-5**

**RETAIL/RESTAURANT SPACE DEMAND FROM OFFICE WORKERS, 2022-2032  
MARKET ASSESSMENT  
ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS  
DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
<b>I. Number of New Office Workers through 2022</b> <sup>(1)</sup>	336	336
<b>II. Annual Office Worker Spending - CPAs</b>		
Estimate of Annual Office Worker Spending - Retail <sup>(3)</sup>	\$6,832	\$6,832
Estimate of Annual Office Worker Spending - Restaurant <sup>(3)</sup>	\$2,098	\$2,098
Spending by Plan Area Office Workers - Retail	\$2,295,000	\$2,295,000
Spending by Plan Area Office Workers - Restaurant	\$705,000	\$705,000
Estimated Capture in Plan Area	50% <sup>(2)</sup>	60% <sup>(2)</sup>
Estimated Spending in Plan Area - Retail	\$1,148,000	\$1,377,000
Estimated Spending in Plan Area - Restaurant	\$353,000	\$423,000
Estimated Sales Productivity (Sales/SF)	\$400 <sup>(2)</sup>	\$400 <sup>(2)</sup>
<b>III. Total Office Worker-Supported Retail Space Demand through 2032</b>	<b>2,900 SF</b>	<b>3,400 SF</b>
<b>Total Office Worker-Supported Restaurant Space Demand through 2032</b>	<b>900 SF</b>	<b>1,100 SF</b>

(1) See Table G-2.

(2) KMA assumption.

(3) Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted by KMA to reflect 2012 dollars as follows:

	<u>2003</u>	<u>2012</u>
Shopper Goods	\$3,115	\$4,064
Convenience Goods	<u>\$2,121</u>	<u>\$2,767</u>
Subtotal - Retail	\$5,236	<u>\$6,832</u>
Lunches	\$1,080	\$1,409
Dinner/Drinks	<u>\$528</u>	<u>\$689</u>
Subtotal - Restaurant	\$1,608	<u>\$2,098</u>

Escalation Factor @	3.0%
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Estimate is adjusted to reflect employee share of vacation and holidays. Total work days estimated to equate to 240 days.

TABLE G-6

**SUMMARY OF RETAIL/RESTAURANT SPACE DEMAND, 2022-2032**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
<b>I. Estimated Retail Space Demand</b>		
New Residents (Table G-4)	34,600 SF	41,600 SF
New Office Workers (Table G-5)	<u>2,900</u> SF	<u>3,400</u> SF
<b>Total Retail Space Demand through 2032</b>	<b>37,500 SF</b>	<b>45,000 SF</b>
<b>II. Estimated Restaurant Space Demand</b>		
New Residents (Table G-4)	3,300 SF	4,100 SF
New Office Workers (Table G-5)	<u>900</u> SF	<u>1,100</u> SF
<b>Total Restaurant Space Demand through 2032</b>	<b>4,200 SF</b>	<b>5,200 SF</b>

TABLE G-7

**TOTAL SPACE DEMAND, ENCANTO CPA AND SOUTHEASTERN SAN DIEGO CPA, 2022-2032**  
**MARKET ASSESSMENT**  
**ENCANTO AND SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREAS**  
**DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>		<u>High</u>	
<b>I. Demand by Commercial Use</b>				
A. Retail Space	37,500 SF	34.5%	45,000 SF	38.4%
B. Restaurant Space	<u>4,200</u> SF	<u>3.9%</u>	<u>5,200</u> SF	<u>4.4%</u>
Subtotal - Retail/Restaurant	41,700 SF	38.4%	50,200 SF	42.8%
C. Office Space	<u>67,000</u> SF	<u>61.6%</u>	<u>67,000</u> SF	<u>57.2%</u>
<b>II. Total Commercial Space Demand, 2022-2032</b>	<b>108,700 SF</b>	<b>100.0%</b>	<b>117,200 SF</b>	<b>100.0%</b>
<b>III. Total Housing Unit Demand, 2022-2032</b>	<b>1,157 Units</b>		<b>2,314 Units</b>	
<b>IV. Total Industrial Space Demand, 2022-2032</b>	<b>34,000 SF</b>		<b>67,000 SF</b>	