

## 3. Economic Setting

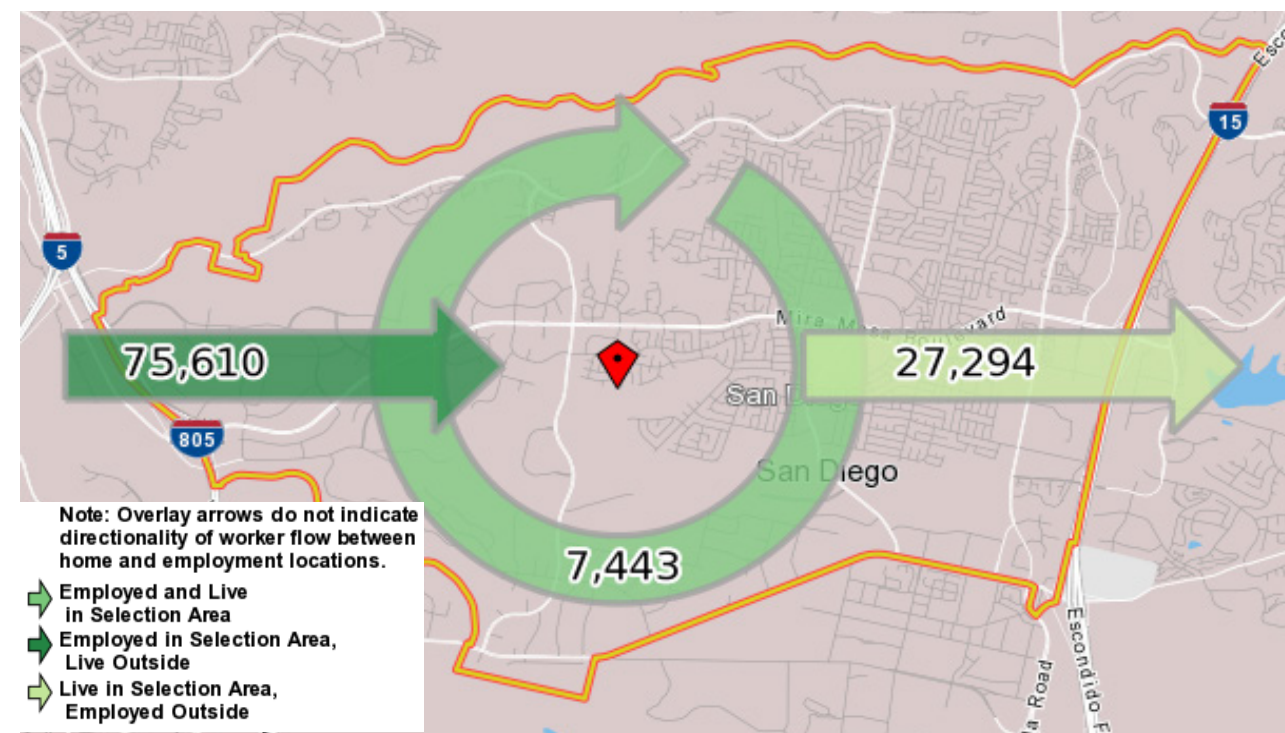
### 3.1 EMPLOYMENT

According to the most current estimate by SANDAG, companies in Mira Mesa community plan area employed 75,275 people in 2012, approximately 10 percent of the City of San Diego's civilian jobs. SANDAG's employment projections indicate that Mira Mesa may see a compound annual growth rate (CAGR) of 0.3 percent between 2020 and 2035 across all sectors with the highest increase in the education and healthcare, government, and leisure and hospitality (see Table 3-1) based on regional trends and the currently adopted community plan. Biggest industry sector is Professional and Business Services, which includes various industries. Figure 3-1 illustrates the existing prime industrial lands in the Planning Area. The General Plan identifies Sorrento Mesa within the Mira Mesa Community Planning Area as a Subregional Employment Area and recommends the preservation of intact industrial areas with zoning that strictly limits encroachment of non-industrial uses. Areas no longer suitable for industrial use could transition to other uses.

#### Labor Force Commute

The most recent estimate by the Census Longitudinal Employer-Household Dynamic (LEHD) data shows a large increase in employment from 2012 to 2015 with 83,053 people employed in Mira Mesa. There may be a larger margin of error with the LEHD data compared to the SANDAG data. Approximately 91 percent of employees, lived outside the community. Overall, out of 34,737 workers living in Mira Mesa, about 21.14 percent (7,443) of workers lived and worked in Mira Mesa, while 78.6 percent (27,294) worked outside the community (Chart 3-1). About 10 percent (8,319) of workers commute from three ZIP Codes immediately north of planning area - 92130, 92129, and 92127 (Chart 3-2).

Chart 3-1: Mira Mesa Workers Inflow/Outflow Analysis



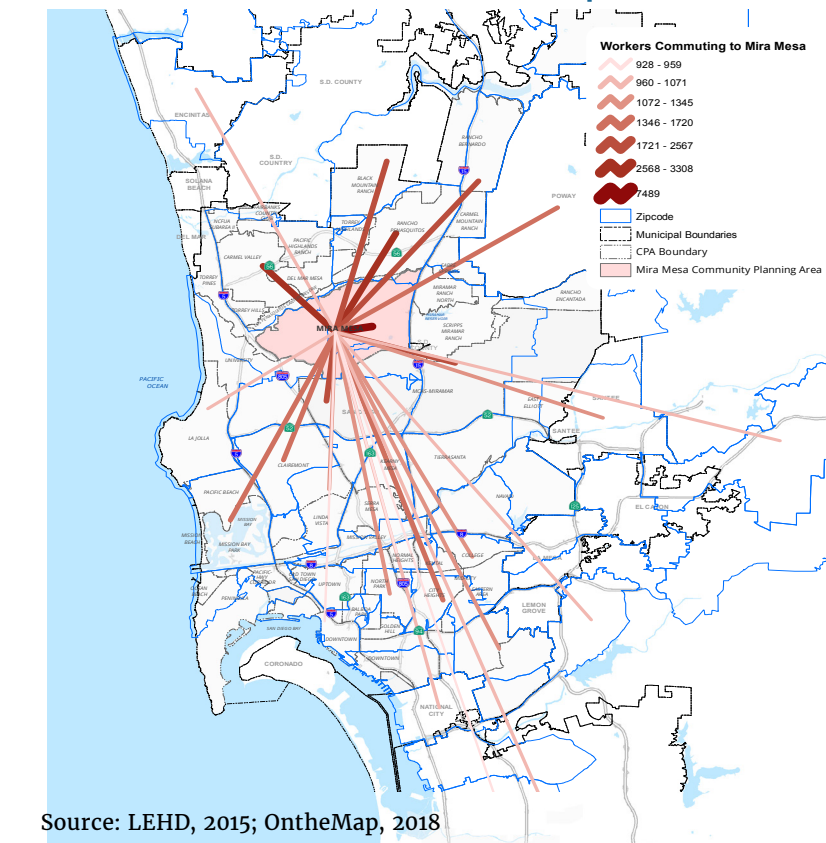
Source: LEHD, 2015; OntheMap, 2018

Table 3-1: Mira Mesa Employment History and Projections by Sector/Industry

Industry Sector	2012	2020	2035	CAGR
Agriculture and Mining	111	105	100	-0.3%
Construction	4,589	4,988	5,255	0.4%
Education and Healthcare	2,848	3,700	4,236	1.0%
Finance and Real Estate	3,141	3,951	4,185	0.4%
Government	2,567	3,319	3,821	1.0%
Information Systems	4,520	4,915	5,233	0.4%
Leisure and Hospitality	3,912	5,400	6,216	1.0%
Manufacturing	9,603	9,860	9,742	-0.1%
Office Services	1,707	2,055	2,255	0.6%
Professional and Business Services	27,287	29,040	29,305	0.1%
Retail Trade	5,143	5,652	5,928	0.3%
Self-Employed	2,956	3,257	3,524	0.5%
Transportation, Warehousing, and Utilities	2,023	2,379	2,631	0.7%
Wholesale Trade	4,868	5,261	5,513	0.3%
<b>Total</b>	<b>75,275</b>	<b>83,882</b>	<b>87,944</b>	

Source: SANDAG Regional Growth Forecast, March, 2018

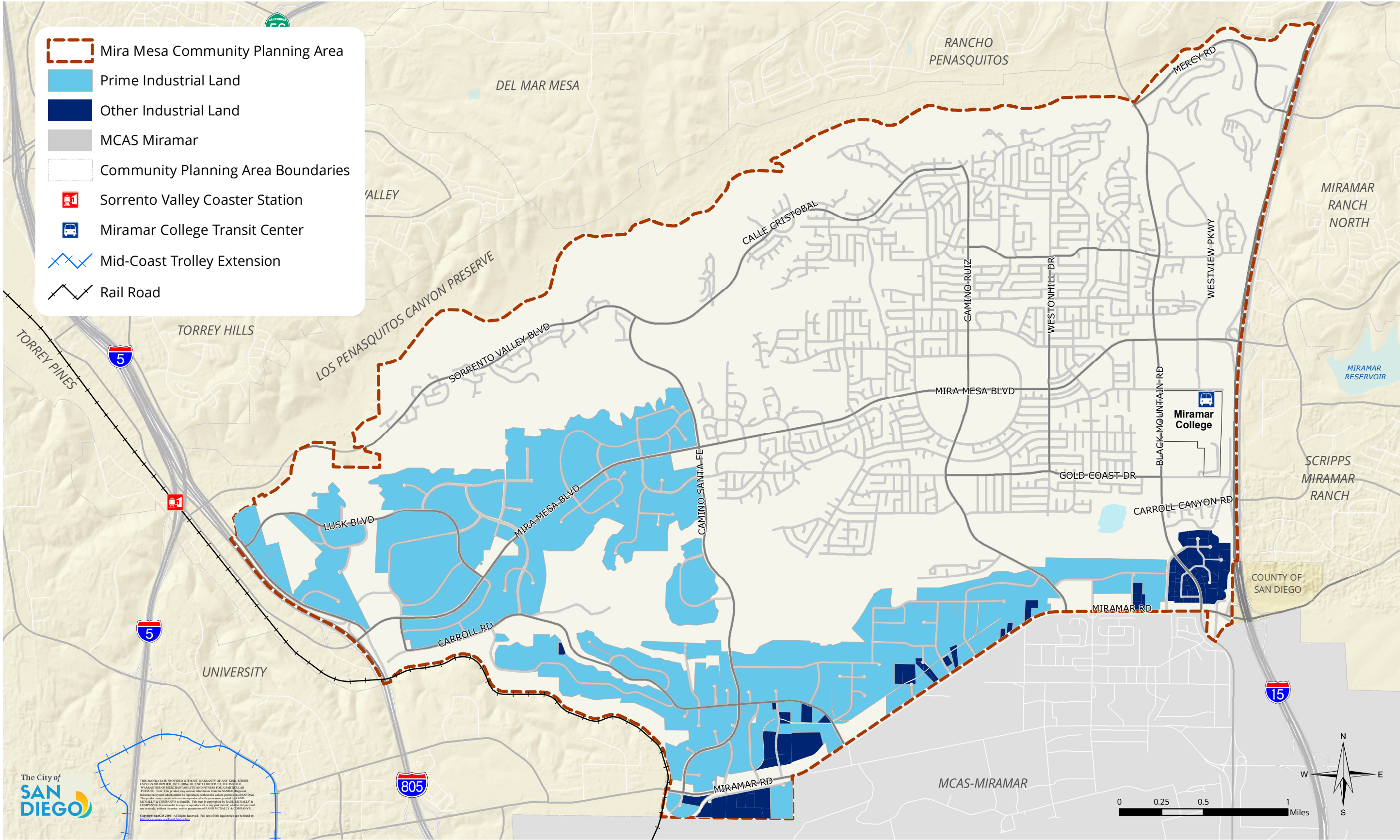
Chart 3-2: Commuter Flow (Top 25 ZIP Code)



Source: LEHD, 2015; OntheMap, 2018



Figure 3-1: Prime Industrial Land





## 3.2 BUSINESS LANDSCAPE

Figure 3-2 illustrates the Mira Mesa employment density and the selected locations of major industry clusters. The highest concentration and intensity of jobs are in the Sorrento Mesa employment area.

### Information and Communications Technologies (ICT)

The ICT industry cluster includes communications, computer and electronics, and software industries. This industry commonly uses mid-rise and high-rise structures. Qualcomm, a semiconductor and telecommunications equipment company, is a Fortune 500 company with a concentration of offices in Sorrento Mesa. The company began in San Diego in 1985 and employs more than 12,000 people, making it the 5th largest employer in the city of San Diego.

### Life Science/Biotechnology

The life science subsector includes bio-renewables, biopharmaceutical manufacturing, medical devices & diagnostic equipment, wholesale, research & lab services. Most of the City's device and diagnostic production occurs in Mira Mesa. According to Biocom - Life Science Industry Trade Group - the life science industry in the City of San Diego continues to be a leader among other clusters around the world. The life science sector in the city provides 32,000 jobs and supports an additional 73,000 jobs. Mira Mesa contain a significant portion of the life science sector in the region. The average wage of \$113,128 in 2016 for life science job in the city is greater than the overall average wage of life science jobs in California.

### Manufacturing

Mira Mesa is home to a vibrant manufacturing cluster that spans across many industries, including: defense, clean energy, aerospace, medical devices, electronics, sports and active lifestyle industries. Specific industries include composite materials, engines and engine components, avionics and guidance systems, microelectronics, metal plating and coating, and other parts and sub-assemblies. The vast majority of these businesses use 1-2 story buildings with "high-bay" first floors.

### Craft Beer and Spirit

According to San Diego Regional Economic Development Corporation, San Diego is consistently recognized as the Craft Beer Capital of America, with brewing scene growing at rapid pace over the past two decades. Companies such as White Labs produce brewing yeast, while several brewers and spirit distillery call Mira Mesa home.



Ballast Point



Landmark at Miramar Metroplex



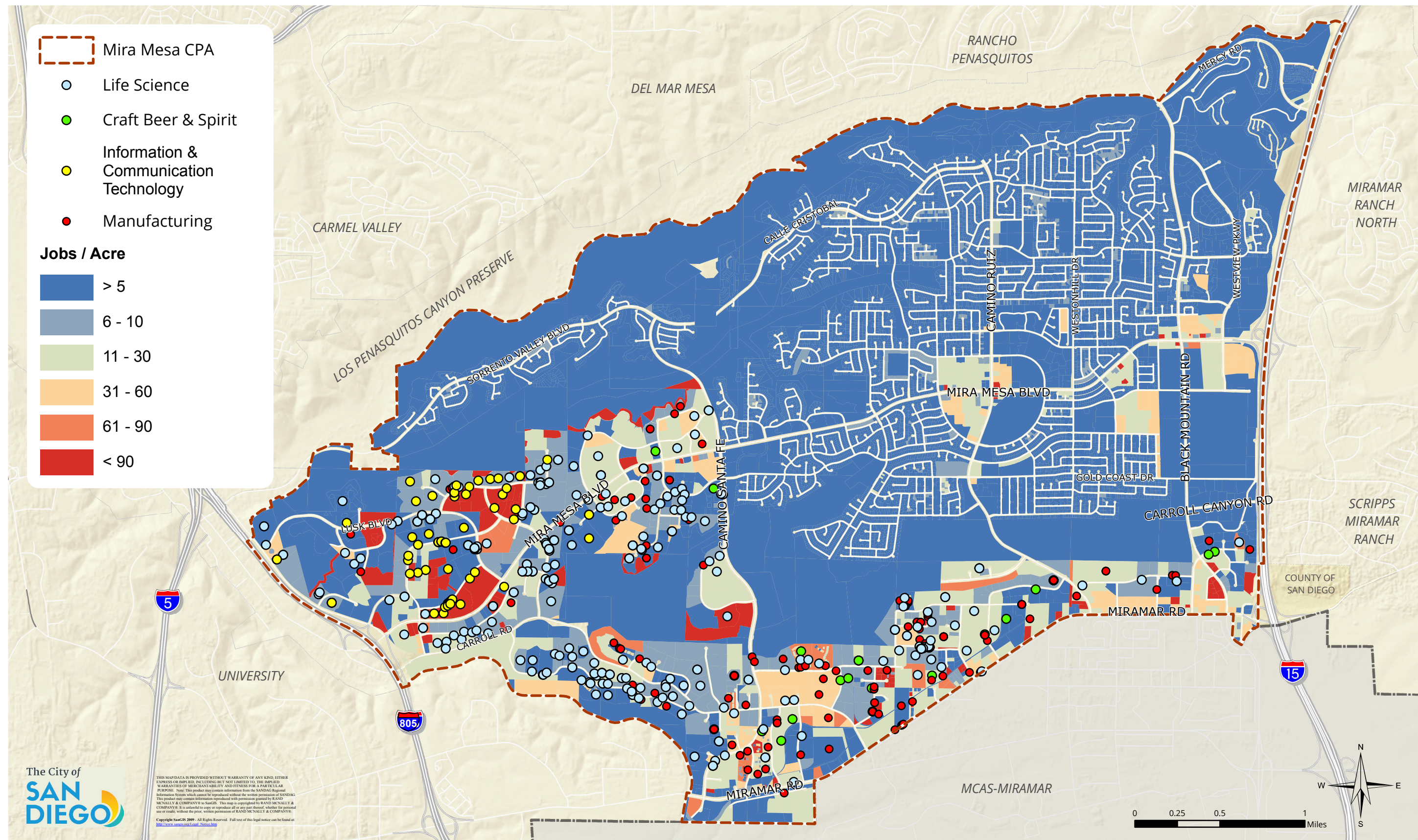
Office complex on Top Gun Street



Arris in Sorrento Mesa



### Figure 3-2: Business Locations





### 3.3 ECONOMIC VALUE BY LAND USE

#### Assessed Value of Existing Land Use

Table 3-2 shows the assessed value of existing land use categories subject to property tax by land, improvement, and total assessed value. In most cases, county assessors determine the value of property within the county. For a subset of property—like natural gas pipelines—the state determines the value of the property.

In Mira Mesa, the total assessed value of taxable property is over \$14.4 billion. Residential land use category has the highest total assessed value of \$6.26 billion, followed by Office (\$3.36 billion) and Industrial (\$3.11 billion) land use category. The high-tech and life science offices in Sorrento Mesa and multi-family dwelling units are typically the most productive and fiscally responsible land uses in Mira Mesa today.

#### Revenue Per Acre

The Figure 3-3 shows the estimated property taxes paid per acre of assessed value for homes and nonresidential use in Mira Mesa in 2018. Property taxes are based on the assessed value, which typically grows more slowly than market value. Because of this, significant differences arise among property owners solely because they purchased their properties at different times.

Property tax revenue is the City's large revenue source, representing 39 percent of total General Fund revenue. According to the County of San Diego Assessor's Office, for every \$100 collected in Fiscal Year 2018, the allocation to the cities in San Diego County total \$18.00 (Chart 3-3). Estimate of 18% is used to derive the revenue generation per acre in Figure 3-3.

At 1 percent property tax rate, properties in Mira Mesa Planning Area generate \$144.9 million a year for collection by County of San Diego, while about \$26 million is distributed to the City of San Diego.

Table 3-2: Assessed Value (AV) of Existing Land Use

Existing Land Use Categories	Land	Improvement	Total
Residential	\$3,021,168,304	\$3,240,509,204	\$6,261,677,508
Commercial	\$568,901,394	\$704,961,684	\$1,273,863,078
Office	\$846,557,842	\$2,522,045,199	\$3,368,603,041
Industrial	\$1,480,114,443	\$1,632,962,810	\$3,113,077,253
Public and Community Facilities	\$41,042,989	\$123,196,810	\$164,239,814
Open Space	\$7,018,646	\$205,593	\$7,224,239
Cemetery	\$2,175,639	\$11,275,509	\$270,256,468
Parking Lot	\$117,046,406	\$153,210,062	\$270,256,468
Vacant/Undeveloped	\$14,374,908	-	\$14,374,908
Transportation, Communication, Utilities	\$4,427,030	-	\$4,427,030
<b>Total</b>	<b>\$6,102,827,601</b>	<b>\$8,388,366,886</b>	<b>\$14,491,194,487</b>

Source: City of San Diego, 2018; County of San Diego, 2018

Chart 3-3: Fiscal Year 2018 Countywide Property Tax Distribution

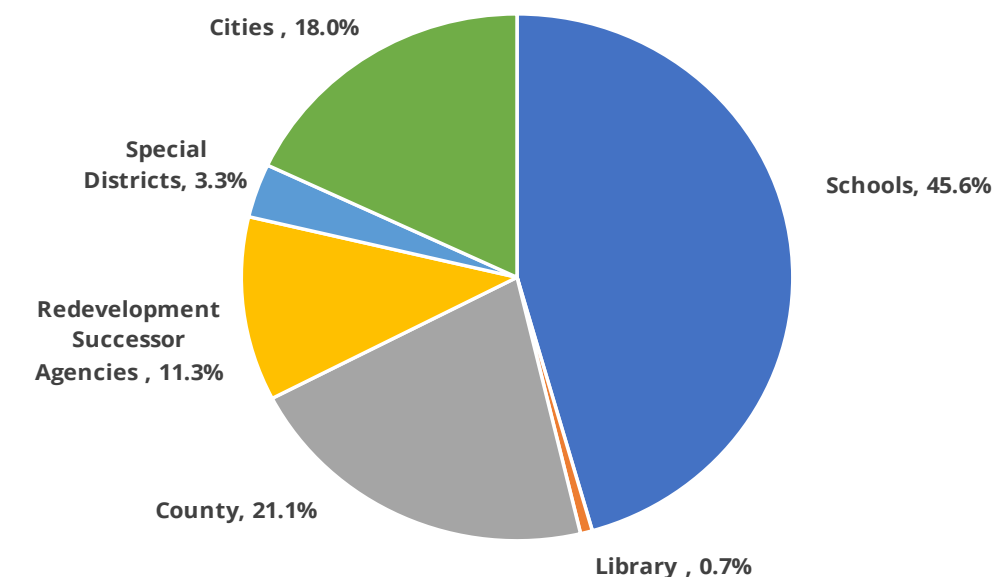
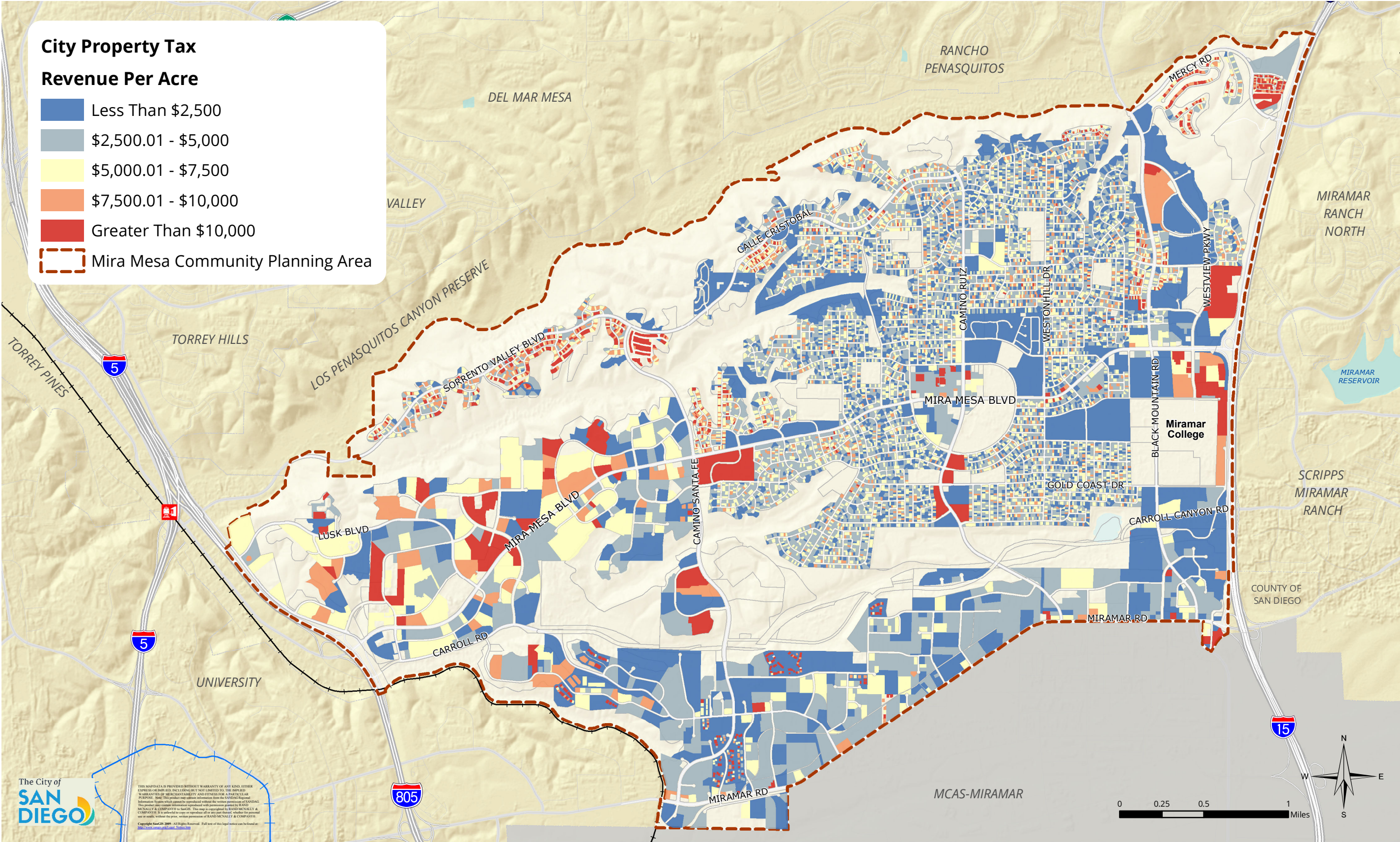




Figure 3-3: Property Tax Revenue Per Acre





### 3.4 PARCEL ECONOMIC ANALYSIS

The following method was used to analyze parcels with low assessed value ratio, low FAR, and vacant site sites, as shown on Figure 3-4.

**Vacant Sites** – sites that contain no development.

**Assessed Building Value/Land Value Ratio** – the assessed building value was compared to the land value for each site. This assessed value ratio (building value/ land value) indicates whether the site is being used up to its potential. Building values that are less than their land values indicate that there is potential for redevelopment. Building values that exceed land values indicate that redevelopment is likely unnecessary and inappropriate. Sites where the assessed value ratio was less than or equal to 1.5 were identified as having potential for redevelopment or expansion.

**Building Intensity** – sites with low intensity uses, which may indicate a potential for intensification in the future, were identified. This may mean that buildings are small compared to the overall site (e.g., low in height, small in size, or contain large surface parking lots or unused land). The ratio of building floor area to overall site area—the FAR value, as defined in Chapter 2—provides a metric. Sites with FAR values of 0.70 or less were identified as having potential for redevelopment or expansion.

Finally, sites where new development has been approved, is currently under review, or under construction were removed as opportunity sites. Many sites, regardless of their relatively low FAR value or assessed value ratio, may not see development in the coming years. The planning process helps identify locations where property owners are more likely to opt to develop, reinvest in, and intensify their land. Potential sites have been classified into four tiers.

- **Tier 1.** This is the tier that is most conducive to potential future development. Vacant land and sites that have both a low FAR value (less than 0.35) and a low assessed value (AV) ratio (less than 0.75). 318.65 acres
- **Tier 2.** Sites that have both a low FAR value (less than 0.35) and medium AV ratio (0.75 to 1.50). 545.63 acres.
- **Tier 3.** Sites that have both a medium FAR value (0.35 to 0.70) and a medium AV ratio (0.75 to 1.50) or sites that have either a low FAR value (less than 0.35) or a low AV ratio (less than 0.75). 1,071.21 acres.
- **Tier 4.** This is the tier in which, of all the opportunity sites, development is least likely to occur. Sites that have either a medium FAR value (0.35 to 0.70) or a medium AV ratio (0.75 to 1.50). 794.45 acres.

In total, this analysis identifies 1,935 non-residential acres (Tier 1 to Tier 3), or 32 percent of total buildable land acreage in Mira Mesa with the potential for full or partial development or redevelopment.



New office development on Camino Santa Fe



Figure 3-4: Vacant Land, Assessed Value Ratio, and Low FAR Analysis

