



BACKGROUND ECONOMIC AND MARKET CONDITIONS

bae urban economics

San Ysidro Community Plan Update

Presentation Outline



- **Regional Economic Context**
- **Demographic Trends**
- **Employment Trends**
- **Real Estate Market Conditions**
- **Catalyst Projects**

Regional Economic Context

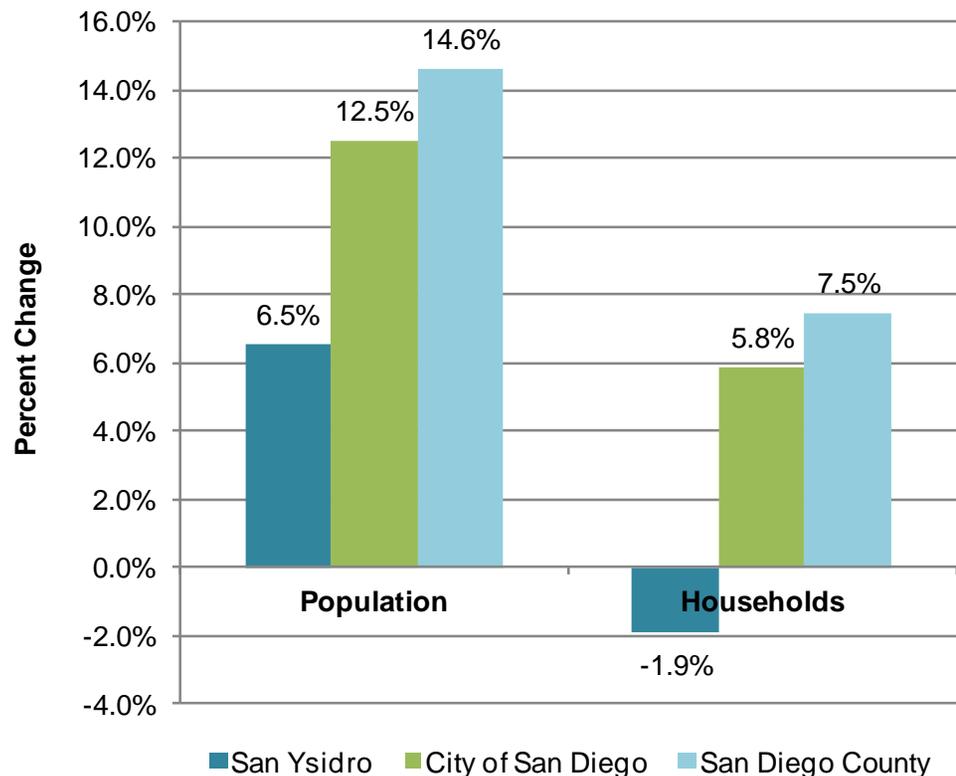
- **The San Diego-Tijuana Metro area is the largest bi-national metropolitan area in North America**
- **Gross regional product = \$135 billion (2002)**
 - ▣ San Diego = \$125B; Tijuana = \$10B
 - ▣ Most prosperous along US-Mexico Border
- **Busiest land port of entry in the world**
 - ▣ 13.4 million northbound vehicle crossings in 2009
 - ▣ 30.6 million northbound pedestrian crossings in 2009
 - ▣ Caltrans and GSA expanding border crossing area to accommodate projected growth (70 percent by 2030)
- **Economic base includes electronics, manufacturing, high-technology, biotech, agriculture, construction, defense, and service and tourism related sectors**

Sources: International Community Foundation, 2003; Port of Entry Master Plan DEIS, 2011.

Population & Household Growth

- **San Ysidro grew slowly between 2000-2010**
 - ▣ Modest growth compared to City and County
 - ▣ Population of 28,707 in 2010
- **Number of households in San Ysidro declined between 2000 and 2010**
 - ▣ Rising household size

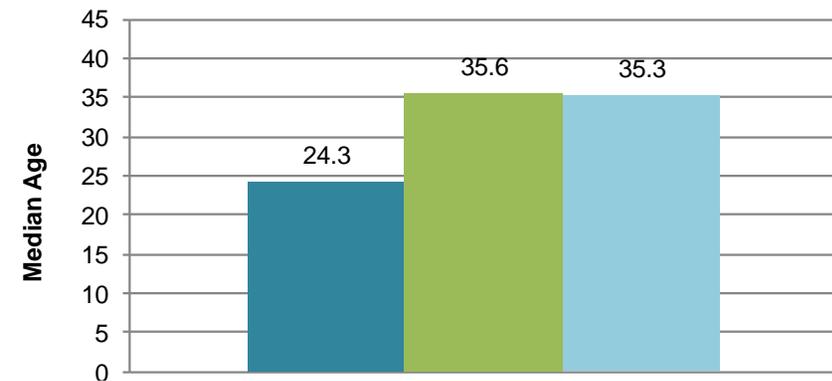
Population and Household Growth Rate, 2000-2010



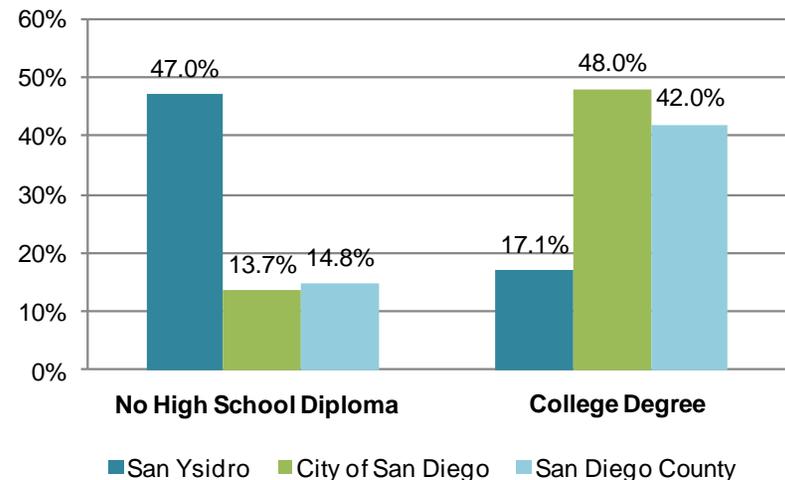
San Ysidro Population Characteristics

- **Younger community**
 - High concentration of residents under 18
 - Low concentration over 65
- **Relatively low educational attainment**
- **Predominantly Hispanic/Latino (93%)**
 - More than 3x City and County by proportion

Median Age, 2010



Educational Attainment, 2005-2009



Sources: American Community Survey, 2005-2009; SANDAG; City of San Diego; BAE, 2011.

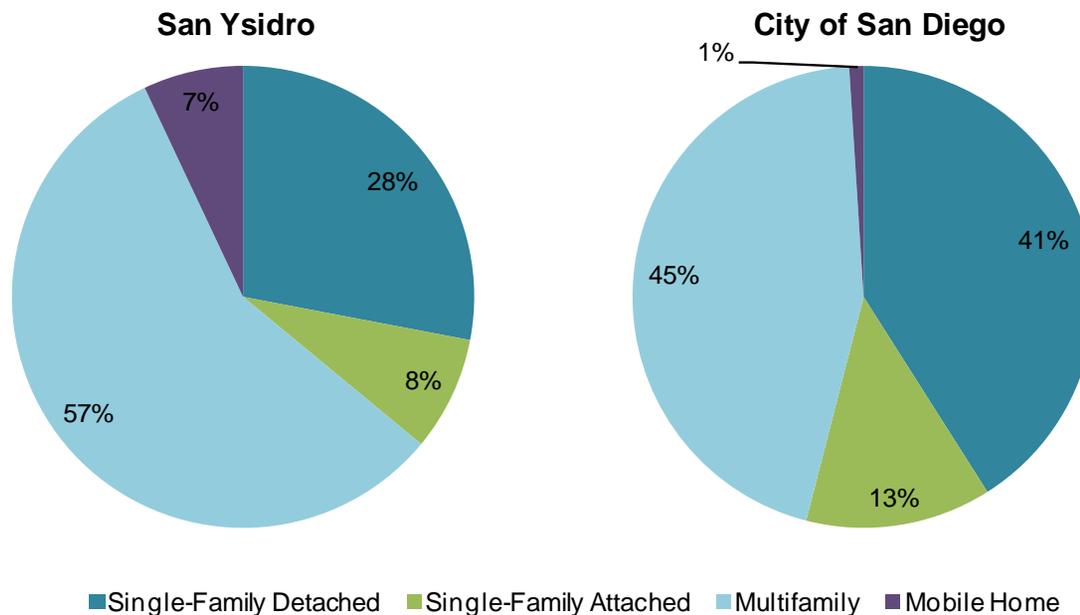
San Ysidro Household Characteristics

- **High concentration of family households**
 - ▣ 83% of households vs. 59% and 66% in City and County
 - ▣ Nearly 2x as likely to have children under 18
 - ▣ Avg. household size 4.21
- **Predominantly renter-occupied**
 - ▣ 64% of households

Housing Stock

- **Predominantly multifamily housing stock in San Ysidro**
 - ▣ Fits profile of renter-occupied households
- **Above-average proportion of mobile homes**

Housing Units by Number of Units in Structure, 2010



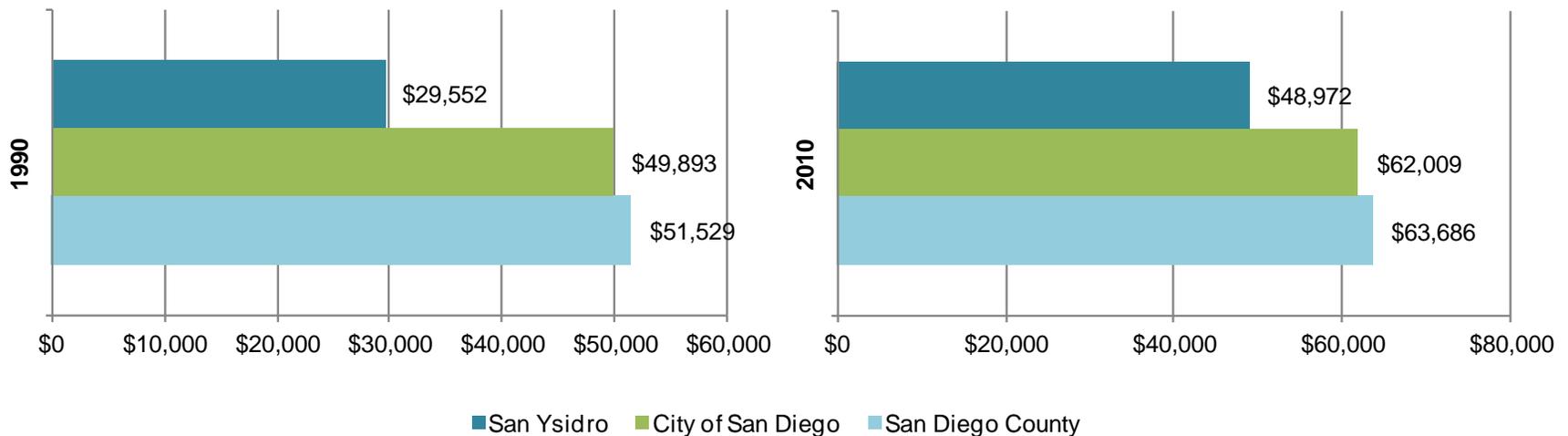
Sources: US Census; SANDAG; City of San Diego; BAE, 2011.

San Ysidro Household Income

□ Relatively lower-income community

- Income gap with City and County has closed since 1990
- Residents remain 2x as likely to live in poverty than in City or County

Median Household Income, 1990 & 2010



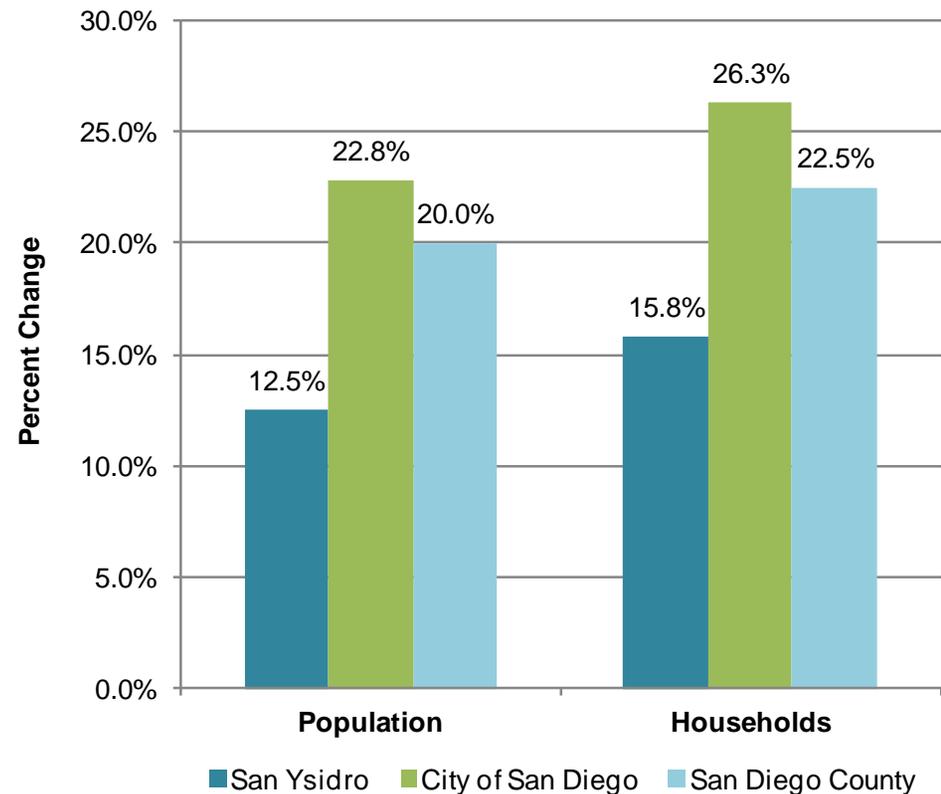
Sources: SANDAG; City of San Diego; BAE, 2011.

Projected Population & Household Growth

□ **SANDAG projects that San Ysidro will grow more slowly than City and County**

□ Indicates that these areas will continue to accommodate more population growth

Projected Population and Household Growth Rate, 2010-2030



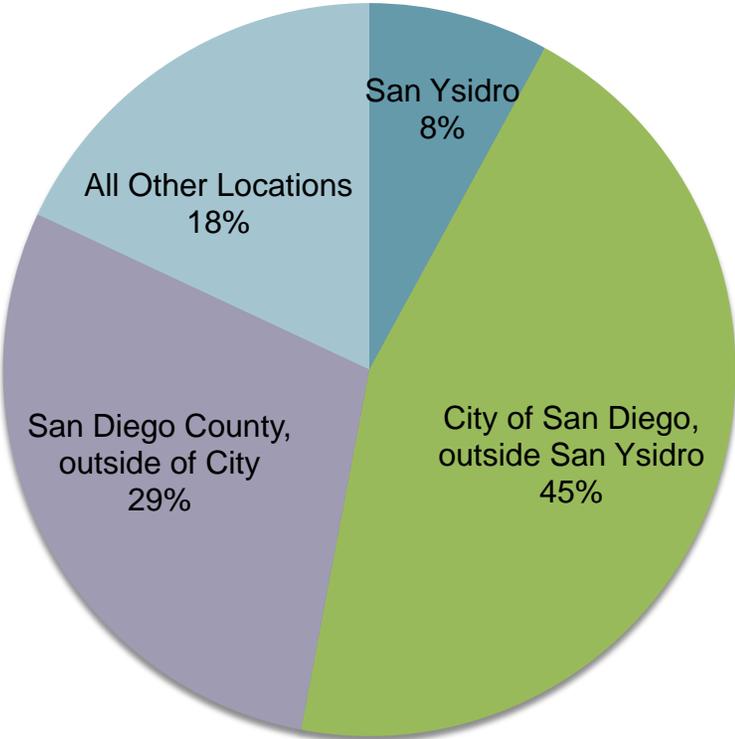
Sources: SANDAG; City of San Diego; BAE, 2011.

San Ysidro Employment

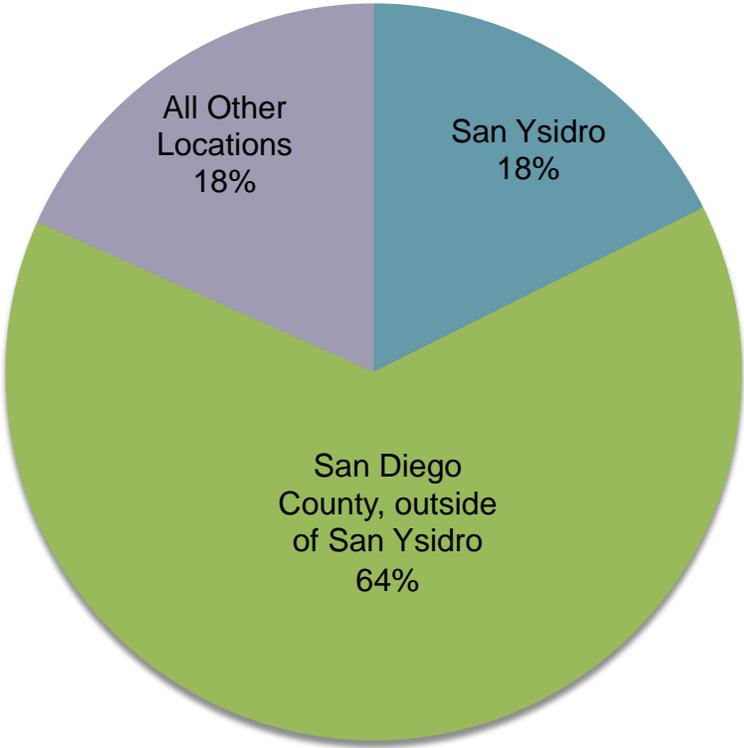
- **Approx. 7,400 jobs in 2009**
 - ▣ Less than 1% of County total
- **Largest employment sectors**
 - ▣ Retail Trade – 2,400 jobs (33% of San Ysidro total)
 - ▣ Government – 900 jobs (12%)
 - ▣ Accommodation and Food Services – 700 jobs (10%)
- **Primarily concentrated around the U.S./Mexico Border**
 - ▣ Las Americas Outlet Center
 - ▣ Government Jobs – Department of Homeland Security

Commute Patterns

San Ysidro Residents' Place of Work



San Ysidro Workers' Place of Residence



Sources: American Community Survey; SANDAG, 2009; City of San Diego; BAE, 2011.

Retail Market

- **Below-average vacancy compared to region**
- **Rents fell dramatically year-over-year**
 - ▣ Landlords offering concessions in order to combat vacancy
- **Below-average rents compared to region**
 - ▣ Exception: asking rents near the border can be more than double the submarket average

Retail Market Overview, Q2 2011

| <u>Market Area</u> | <u>Invent. (sf)</u> | <u>Direct Vacancy</u> | <u>YTD Net Absorp. (sf)</u> | <u>Avg. Asking Rent (\$/sf)</u> |
|-------------------------------------|---------------------|-----------------------|-----------------------------|---------------------------------|
| Imperial Beach/ S. San Diego (a) | 2,227,493 | 4.3% | (23,813) | \$1.28 |
| San Diego County | 68,268,652 | 7.7% | (138,245) | \$1.73 |

(a) Includes San Ysidro.

For-Sale Housing Market

□ Median sale price (Apr.-Sept.)

- SFRs: \$268,500
- Condos: \$105,000

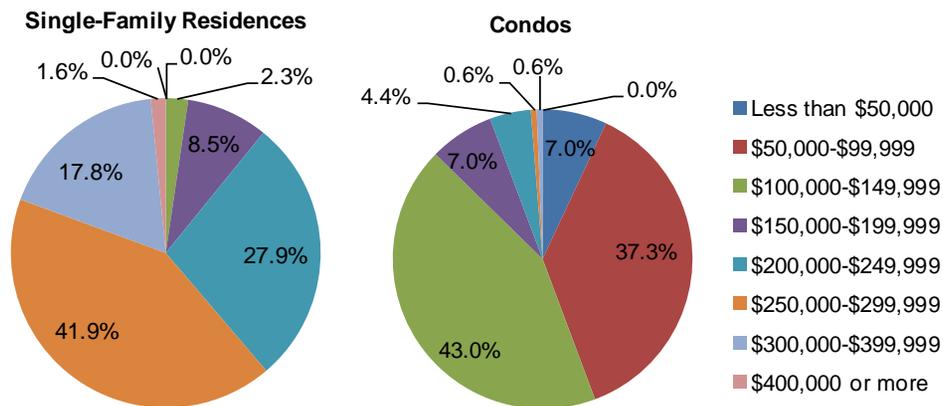
□ Construction of market-rate for-sale housing stagnant

- Activity concentrated in Otay Ranch and other planned communities in Chula Vista

□ Asking prices among comparable projects dropped between 2010-2011

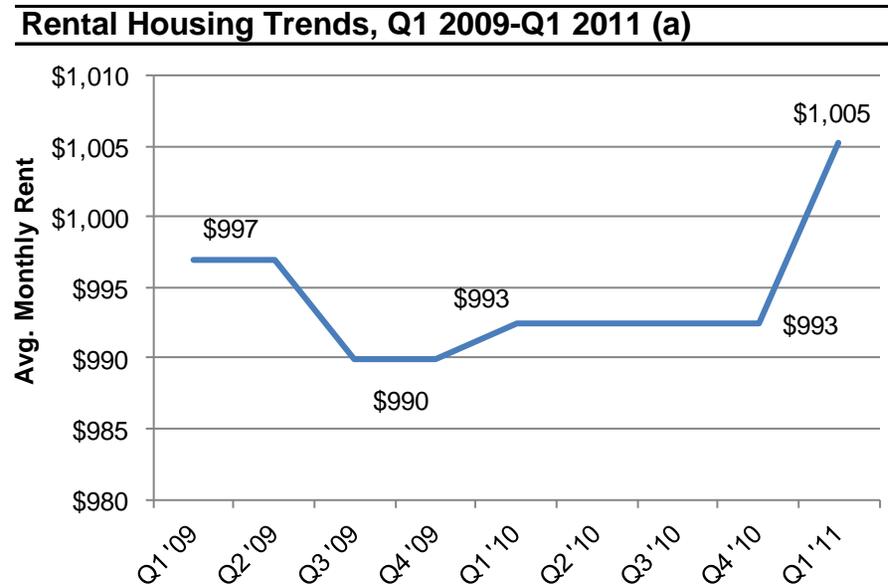
- SFRs saw largest % decrease
- Condos and townhomes fared better

Sale Price Distribution, April 1-Sept. 30, 2011



Rental Housing Market

- **Rents appear to be on the rebound**
 - ▣ Below-average relative to City of San Diego on a \$/sf basis
- **High demand for multifamily rental housing**
 - ▣ Occupancy rates above 98% among developments surveyed



(a) Limited to market-rate rental projects with 50 or more units.

Office Market

- **Limited inventory**
- **Vacancy fell year-over-year in contrast to regional trends**
 - ▣ Below-average compared to other suburban submarkets
- **Below-average rents compared to region**
 - ▣ Asking rents have declined for 3 consecutive years in South County (-30% since peak)

Office Market Overview, Q1 2011

| Market Area | Invent. (sf) | Direct Vacancy | | Avg. Asking Rate (\$/sf) (a) | |
|----------------------|--------------|----------------|--------|------------------------------|---------|
| | | Q1 '10 | Q1 '11 | Class A | Class B |
| Chula Vista West (a) | 792,767 | 16.5% | 14.9% | \$2.28 | \$1.50 |
| South County | 16,884,552 | 16.5% | 18.1% | \$2.40 | \$2.20 |
| San Diego County | 72,891,726 | 16.9% | 17.6% | \$2.61 | \$2.20 |

(a) Asking rents are full service.

(b) Includes San Ysidro.

Industrial Market

- **Small inventory compared to Otay Mesa**
- **Primarily warehouse and distribution space**
 - ▣ Serves trans-border shipping
- **Vacancy increased year-over-year**
 - ▣ Above-average compared to regional market
- **San Ysidro/Otay Mesa feature lowest rents in the region**

Industrial Market Overview, Q1 2011

| Market Area | Invent. (sf) | Direct Vacancy | | Avg. Asking Rate (\$/sf) (a) | | |
|------------------|--------------|----------------|--------|------------------------------|----------|--------|
| | | Q1 '10 | Q1 '11 | WH/Dist. | R&D/Flex | Total |
| San Ysidro | 1,347,355 | 10.4% | 13.4% | \$0.55 | \$0.75 | \$0.57 |
| Otay Mesa | 14,450,678 | 21.6% | 18.3% | \$0.53 | - | \$0.52 |
| South County | 32,262,823 | 14.0% | 12.4% | \$0.54 | \$1.02 | \$0.57 |
| San Diego County | 172,665,054 | 10.6% | 10.0% | \$0.61 | \$1.07 | \$0.79 |

(a) Asking rents are NNN.

Catalyst Project: Mi Pueblo Pilot Village

- **Located along San Ysidro Blvd., between Cottonwood Road and I-805**
- **Will focus on serving neighborhood and community uses**
 - ▣ Market rate multifamily units
 - ▣ Affordable housing
 - ▣ Neighborhood commercial
 - ▣ Mixed-use
- **Project stalled due to changing economy**
 - ▣ Vision to be memorialized in Community Plan Update
 - ▣ Vision/components may change based on community input



Catalyst Project: San Ysidro Land Port of Entry (LPOE) Master Plan

- **Crossings expected to increase 70 percent by 2030**
- **Proposed Changes**
 - Northbound: from 24 to 34 lanes
 - Southbound: from 6 to 12 lanes
 - Pedestrian: from 1 to 2 crossings
 - Increase security to meet new requirements
- **Phased Project, Completion by 2016**



Catalyst Project: Intermodal Transit Center

- **Located east of the LPOE**
- **Purpose**
 - ▣ Improve Circulation
 - ▣ Create landmark destination mixed-use project
- **Components**
 - ▣ Access points for light rail, buses, taxis, and jitneys
 - ▣ Retail, office, commercial, ed
- **Opportunity to capitalize on LPOE expansion**





DISCUSSION

Conclusions



- **While the community will grow over the next 20 years, current projections indicate less new household growth/housing development than other areas in the City and County.**
- **The market analysis will address market support for each land use in San Ysidro and types of development with greatest market potential.**