BACKGROUND ECONOMIC AND MARKET CONDITIONS

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

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

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**Median Age, 2010**

<table>
<thead>
<tr>
<th></th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Ysidro</td>
<td>24.3</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>35.6</td>
</tr>
<tr>
<td>San Diego County</td>
<td>35.3</td>
</tr>
</tbody>
</table>

**Educational Attainment, 2005-2009**

<table>
<thead>
<tr>
<th></th>
<th>San Ysidro</th>
<th>City of San Diego</th>
<th>San Diego County</th>
</tr>
</thead>
<tbody>
<tr>
<td>No High School Diploma</td>
<td>47.0%</td>
<td>31.2%</td>
<td>29.0%</td>
</tr>
<tr>
<td>College Degree</td>
<td>48.0%</td>
<td>31.2%</td>
<td>30.0%</td>
</tr>
</tbody>
</table>

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

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

San Ysidro
- Single-Family Detached: 57%
- Single-Family Attached: 8%
- Multifamily: 28%
- Mobile Home: 7%

City of San Diego
- Single-Family Detached: 45%
- Single-Family Attached: 13%
- Multifamily: 41%
- Mobile Home: 1%

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.
SANDAG projects that San Ysidro will grow more slowly than City and County, indicating that these areas will continue to accommodate more population growth.
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

Sources: CA Employment Development Dept.; BAE, 2011.
Commute Patterns

San Ysidro Residents' Place of Work
- San Ysidro: 8%
- San Diego County, outside of City: 29%
- San Diego County, outside San Ysidro: 45%
- All Other Locations: 18%

San Ysidro Workers' Place of Residence
- San Ysidro: 18%
- San Diego County, outside of City: 64%
- All Other Locations: 18%

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

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

(a) Includes San Ysidro.

Sources: CBRE; LoopNet; BAE, 2011.
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

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

<table>
<thead>
<tr>
<th>Single-Family Residences</th>
<th>Condos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>4.4%</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>7.0%</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>0.6%</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>0.6%</td>
</tr>
<tr>
<td>$200,000-$249,999</td>
<td>7.0%</td>
</tr>
<tr>
<td>$250,000-$299,999</td>
<td>37.3%</td>
</tr>
<tr>
<td>$300,000-$399,999</td>
<td>0.0%</td>
</tr>
<tr>
<td>$400,000 or more</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Sources: DataQuick; Hanley Wood; BAE, 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

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**Rental Housing Trends, Q1 2009-Q1 2011 (a)**

- Avg. Monthly Rent

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

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Sources: RealFacts; Craigslist; BAE, 2011.
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

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Invent. (sf)</th>
<th>Direct Vacancy</th>
<th>Avg. Asking Rate ($/sf) (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Q1 '10</td>
<td>Q1 '11</td>
</tr>
<tr>
<td>Chula Vista West (a)</td>
<td>792,767</td>
<td>16.5%</td>
<td>14.9%</td>
</tr>
<tr>
<td>South County</td>
<td>16,884,552</td>
<td>16.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>San Diego County</td>
<td>72,891,726</td>
<td>16.9%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

(a) Asking rents are full service.
(b) Includes San Ysidro.

Sources: Cassidy Turley BRE Commercial; LoopNet; BAE, 2011.
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

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Invent. (sf)</th>
<th>Direct Vacancy</th>
<th>Avg. Asking Rate ($/sf) (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Ysidro</td>
<td>1,347,355</td>
<td>10.4% 13.4%</td>
<td>$0.55 $0.75 $0.57</td>
</tr>
<tr>
<td>Otay Mesa</td>
<td>14,450,678</td>
<td>21.6% 18.3%</td>
<td>$0.53 - $0.52</td>
</tr>
<tr>
<td>South County</td>
<td>32,262,823</td>
<td>14.0% 12.4%</td>
<td>$0.54 $1.02 $0.57</td>
</tr>
<tr>
<td>San Diego County</td>
<td>172,665,054</td>
<td>10.6% 10.0%</td>
<td>$0.61 $1.07 $0.79</td>
</tr>
</tbody>
</table>

(a) Asking rents are NNN.

Sources: Cassidy Turley BRE Commercial; LoopNet; BAE, 2011.
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
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, taxies, and jitneys
  - Retail, office, commercial, ed

- **Opportunity to capitalize on LPOE expansion**
DISCUSSION

San Ysidro Community Plan Update
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.