

Commercial/Imperial Corridor Master Plan



City of San Diego

MARKET AND ECONOMIC ANALYSIS

Prepared for:

Dyett & Bhatia

Prepared by:

Keyser Marston Associates, Inc.

August 2011

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION.....	1
A. Objective	1
B. Methodology.....	1
C. Report Organization	2
II. KEY FINDINGS.....	3
III. MARKET AND ECONOMIC CONDITIONS	7
A. Demographic Overview	7
B. Residential Market Overview.....	9
C. Office Market Overview	12
D. Industrial Market Overview.....	14
E. Retail/Restaurant Market Overview.....	15
IV. SUPPORTABLE DEMAND BY LAND USE.....	18
A. Retail/Restaurant Demand Analysis.....	18
B. Office Demand Analysis	20
C. Residential Demand Analysis.....	21
D. Industrial Demand Analysis.....	21
V. ASSESSMENT OF MARKET POTENTIAL	22
A. Strengths	22
B. Weaknesses.....	22
C. Development Opportunities and Constraints by Land Use	23
VI. LIMITING CONDITIONS.....	25

TECHNICAL APPENDICES

- Appendix A: Demographic Overview
- Appendix B: Residential Market Overview
- Appendix C: Office Market Overview
- Appendix D: Industrial Market Overview
- Appendix E: Retail Market Overview
- Appendix F: Supportable Demand by Land Use

I. INTRODUCTION

A. Objective

In accordance with the Keyser Marston Associates, Inc. (KMA) April 2011 subcontract with Dyett & Bhatia (D&B), KMA has undertaken an overview of market conditions and identification of development potential for the Commercial Street and Imperial Avenue Corridor Master Plan (Plan Area) in the Southeastern San Diego Community Planning Area (CPA) of the City of San Diego (City). The Plan Area boundary encroaches on four neighborhoods: Sherman Heights, Grant Hill, Logan Heights, and Memorial.

The Plan Area is generally located along both sides of Commercial Street and Imperial Avenue from Interstate 5 to Interstate 15 (west to east). The Plan Area is located within the Dells Imperial Redevelopment Study Area and the San Diego Regional Enterprise Zone. The Plan Area 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 City has identified a number of objectives for the Plan Area including implementation of the San Diego Association of Governments (SANDAG) Smart Growth concept. The Smart Growth concept generally focuses on in-fill or higher-density development in close proximity to jobs, services, and transit while preserving open space and maintaining a walkable pedestrian environment. The City is also focused on improving circulation between the trolley, private vehicles, and pedestrians. Imperial Avenue is currently planned to be widened from a two-lane road to a four-lane road.

B. Methodology

In preparing this market assessment, KMA undertook the following work tasks:

- Kick-off meeting with the D&B consultant team and City staff.
- Review of background information such as resource documents, maps and relevant plans.
- Tours of the area, environs, and competitive developments.
- Review of key demographic and economic trends in the trade area.
- Evaluation of market factors such as inventory, vacancy, and value indicators for each land use.
- Review of competitive proposed developments planned or under construction.

- Estimated supportable demand by land use.
- Identification of the key assets and constraints affecting development potential in the Plan Area.
- Identification of the near- and long-term development opportunities.

C. Report Organization

This memorandum report has been organized as follows:

- Following this introduction, an overview of the KMA findings are presented in Section II.
- Section III details the KMA conclusions regarding each of the four land uses evaluated.
- Section IV presents KMA's estimate of supportable demand for retail/restaurant, office, and residential units.
- Limiting conditions pertaining to the KMA market assessment are listed in Section VII.

Attached to this report under separate cover are KMA's technical appendices. The appendices analyze demographic trends (Appendix A), market potential for each of the four land uses (Appendices B through E), and commercial space demand (Appendix F).

II. KEY FINDINGS

At the present time, new real estate development ventures are severely hampered by depressed market demand, market oversupply, impaired financing markets, and a gloomy outlook for the national economy. As these conditions are alleviated in the mid-term, KMA believes that the Plan Area represents an excellent opportunity for a new mixed-use development.

The Plan Area is unique in that the market conditions along the two main corridors, Commercial Street and Imperial Avenue, are vastly different. Commercial Street is dominated by industrial uses and automotive-related businesses. Imperial Avenue boasts a variety of ethnic retail and eating and drinking establishments along with an eclectic mix of single-family and multi-family residential units. KMA believes that with assistance from the City and community, the Imperial Avenue corridor can become a Hispanic shopping district, similar to the 4th Street District in Santa Ana.

The following summarizes KMA's key findings:

- The Plan Area (or 1-mile radius from the intersection of Commercial and 28th Streets) contains a younger population, with a median age of 28, while the City and San Diego County (County) population is about 35 years of age.
- Approximately 81 percent of the population in the 1-mile area is of Hispanic decent. In terms of racial distribution, the population is largely comprised of White (51 percent) and Persons of Another Race (35 percent).
- Within a 1-mile radius of the Plan Area, the median income is approximately \$31,300 which is about 46 percent lower than that of the City (\$58,200). Approximately 22 percent of households within the 1-mile radius earn an annual income of less than \$15,000.
- Large household sizes and the young population in the Plan Area (or 1-mile radius) indicate that households are largely made up of families with children. The household size in the 1-mile trade area is 3.5 persons per household, which is higher than the City and County (2.6 and 2.8, respectively).
- The following summarizes the demographics found in the 1-mile area as compared to the City:

Demographic Summary	Plan Area (1-Mile)	City
Households:		
Number of Households	13,126	487,221
Average Household Size	3.49	2.62
Income:		
Median Household Income	\$31,276	\$58,173
Families Below Poverty	34.1%	9.8%
Families Below Poverty with Children	30.1%	7.7%
Population of Hispanic Ethnicity	80.7%	29.5%
Language Spoken at Home:		
English Only Spoken at Home	25.6%	60.6%
Other Spoken at Home	74.4%	39.4%
Educational Attainment:		
Less Than High School Graduate	51.1%	14.6%
High School Graduate (or GED)	20.7%	16.9%
Some College – No Degree	13.1%	20.9%
Completed Degree	15.1%	47.6%

Source: Claritas, Inc.

- The largest employment sector in the 3-mile trade area is government with 32.4 percent, followed by professional and business services of 15.8 percent, and retail trade (12.4 percent).
- The 1-mile area contains more multi-family units than single-family. About 64 percent of the residential housing inventory is comprised of multi-family units, significantly different than the City (53 percent multi-family) and County (44 percent multi-family). Approximately 80 percent of the residential units in the 1-mile area are renter-occupied.
- Industrial development in the Plan Area is concentrated along Commercial Street with the majority of buildings constructed prior to 1980.
- Retail and restaurant space in the Plan Area is predominately located along Imperial Avenue and is largely targeted to the Hispanic population.
- Office space, while minimal, is also mainly located along Imperial Avenue.
- The following summarizes the amount of commercial and industrial square footage and asking lease rates in the Plan Area:

Land Use	Total Square Feet (SF)	Average Asking Lease Rate (1)
Office	25,500 SF	N/A
Industrial	710,000 SF	\$0.85/SF (NNN)
Retail/Restaurant	188,000 SF	\$1.25/SF (NNN)

(1) Triple net (NNN) is defined as a type of rental rate in which the tenant assumes the cost for taxes, insurance, and maintenance in addition to the base rental rate.

Source: CoStar Group, Inc.

- Retail sales have decreased in nearly all retail categories within the Southeastern Community Plan Area (CPA), City, and County. The retail sales import/export (leakage) model for the CPA indicates a net import of approximately \$34 million per year. KMA believes that the net import of retail sales is derived from the 217,000-SF Imperial Marketplace shopping center. Categories in the CPA that contain retail sales leakage are: Convenience Goods (\$18 million), Automotive Outlets (\$4.4 million), and Eating and Drinking (\$4 million).
- The following presents a summary of KMA's space demand analysis for each land use:

Demand by Land Use	Low	High
Office	27,000 SF	53,000 SF
Retail/Restaurant	16,500 SF	35,000 SF
Residential	530 Units	1,100 Units

- Any new industrial development should remain along Commercial Street adjacent to existing industrial space inventory.
- Retail/restaurant space should be located along Imperial Avenue unless residential development is constructed along Commercial Street at which point, retail space can then be supported.
- Any new office space should be constructed in the form of "flex" space, as opposed to traditional office space, which can be adapted should the market dictate a more viable use of the space.
- Based on the demographics and market conditions found in Southeastern San Diego CPA and the Plan Area, KMA assessed the market support for each land use in the near-, mid-, and long-term. These rankings are summarized as follows:

Market Support by Land Use	Retail/ Restaurant	Office	Residential	Industrial
Near Term (0-5 years)	Weak	Weak	Weak	Moderate
Mid-Term (5 to 10 years)	Moderate	Weak	Moderate	Moderate
Long-Term (10 to 15+ years)	Moderate	Moderate	Moderate	Moderate

III. MARKET AND ECONOMIC CONDITIONS

A. Demographic Overview

This section reviews various demographic factors, as provided by Claritas, Inc., for a 1-, 2-, and 3-mile radius from the center point of the Plan Area (at 28th Street between Commercial Street and Imperial Avenue) and compares them to the City of San Diego and County of San Diego. It should be noted that the 1-mile radius only extends slightly into the East Village area of downtown San Diego. KMA does not believe that the demographics of the 1-mile area are impacted by the portion of East Village captured within the 1-mile ring.

According to Claritas, Inc., the 1-mile radius is growing much slower than the 2- and 3-mile radii, City, and County. Generally, households within the 1- and 2-mile areas yield lower household and per capita incomes than the City or County, have larger household sizes, and are younger in age. Key demographic and economic trends impacting the area encompassing the Plan Area are discussed below.

Population and Households

Over the last decade, population in the 1-mile radius experienced extraordinarily minor average annual growth of 0.07 percent, or an increase of 339 people. The 2- and 3-mile radii increased at about the same rate, 0.68 and 0.69 percent, respectively. The City experienced slightly higher growth (0.85 percent) while the County outpaced the City at 1.09 percent.

According to Claritas, Inc. the 1-mile radius contains a population of about 47,000. Over the next five years, the 1-mile area is projected to increase at a slower rate than the 2- and 3-mile areas. The City and County are expected to increase between 5 percent and 6 percent.

Population	1-Mile	2-Mile	3-Mile	City	County
2011 Estimate	47,207	107,911	217,420	1,320,817	3,103,053
2016 Forecast	48,784	112,650	227,727	1,389,384	3,283,639
Percent Increase	3.34%	4.39%	4.74%	5.19%	5.82%

Source: Claritas, Inc.

There are currently an estimated 13,000 households in the 1-mile radius. Over the next five years, the number of households in the 1-mile radius is expected to have a much lower increase in households compared to the 2- and 3-mile areas, City, and County. The City and County are expected to increase by about 6 percent through 2016. The average size of households in the 1-mile area is significantly larger than those of the 1- and 3-mile area, City, and County. The 2- and 3-mile radii range between 2.6 and 2.7 persons per household while the City contains an average household size of 2.6 and the County at 2.8.

Households	1-Mile	2-Mile	3-Mile	City	County
2011 Estimate	13,126	34,502	76,805	487,221	1,089,831
2016 Forecast	13,648	37,000	81,874	516,711	1,158,934
Percent Increase	3.98%	7.24%	6.60%	6.05%	6.34%

Source: Claritas, Inc.

Age Distribution

The large sized households and young population are indicators that the area is generally made up of families with young children. The 1-mile area has a relatively young population when compared to the City and County. According to Claritas, Inc., the current median age for the 1-mile area is 28 years of age, while the City and County hover at about 35 years of age. The 1-mile radius has a significantly higher proportion of population under the age of 17 (approximately 33 percent), when compared to the 2-mile and 3-mile areas, City, and County, which range between 23 percent and 25 percent.

Race and Ethnicity

According to Claritas, Inc., one-half of the population in the 1-mile radius is made up of White population (51 percent) followed by Persons of Some Other Race Alone (35 percent). The 1-mile area also contains an approximately 81 percent Hispanic population.

Population in the 2- and 3-mile areas have a slightly higher proportion of Asian and African American residents and a lower proportion of Hispanic residents than the 1-mile area. The City and County have similar demographics, with the largest amount of White population (58 to 63 percent) and a Hispanic population ranging between 30 to 32 percent.

Income

Residents within the 1-mile radius of the Plan Area have a median household income of about \$31,000, which is approximately 46 percent lower than the median income for the City (\$58,000) and 48 percent lower than the median income in the County (\$60,000). Per capita income in the 1-mile area (\$12,000) is substantially lower than the City (\$29,800) and County (\$28,700). Approximately 22 percent of households in the 1-mile radius earn annual incomes of \$15,000 or less. By comparison, the proportion of households in the City and County earning less than \$15,000 is lower than the 1-mile area and ranges between 9 and 11 percent, respectively.

Overall, 88 percent of households in the 1-mile radius earn below \$75,000 in annual income. The 2- and 3-mile areas have a slightly lower proportion of households earning less than \$75,000.

Household Income	1-Mile	2-Mile	3-Mile	City	County
Less Than \$15,000	21.8%	22.1%	18.4%	10.7%	9.3%
Less Than \$75,000	87.7%	82.3%	78.8%	62.4%	61.5%
Median Household Income	\$31,267	\$32,924	\$37,958	\$58,173	\$60,140

Source: Claritas, Inc.

Employment

KMA evaluated employment by industry (place of work), as provided by Claritas, Inc., for the 3-mile radius as compared to the County. As of 2010, the 3-mile radius contains a total of 188,992 jobs. Based on the current population, the 3-mile area's jobs to resident ratio was 0.87, as compared to 0.39 in the County. It should be noted that the 3-mile employment figure captures downtown San Diego in its entirety which is evident by the large number of jobs. The survey of employment by industry finds that the largest employment sector within the 3-mile radius to be in government (32.4 percent), followed by professional and business services (15.8 percent), retail trade (12.4 percent), and leisure and hospitality (8.8 percent).

According to the California Employment Development Department, 2010 closed with the County having 1.2 million jobs. The largest employment sectors in the County are government (18.5 percent), professional and business services (17 percent), leisure and hospitality (12.7 percent), and retail trade (10.7 percent). Since 2000, the County has added 26,000 jobs. The largest increase in jobs was in the leisure and hospitality sector, which may be attributable to several key developments including the expansion of the San Diego Convention Center, development of PETCO Park, and construction of more than 4,000 hotel rooms in downtown San Diego. The largest decreases in employment occurred in manufacturing (30,200 jobs), financing, insurance, and real estate (14,700 jobs), and construction (14,200 jobs).

B. Residential Market Overview

From 2006 forward, the national housing market has suffered substantial declines in pricing and sales activity. As a result, new ownership housing development slowed considerably. As the economy begins to slowly improve and mortgage interest rates remain at historically low levels, the for-sale housing market has begun to experience slight increases in home sales.

Likewise, demand in the national apartment and rental housing market is expected to strengthen, due in part to stricter single-family and condominium lending standards. In the long-term, there are strong fundamentals supporting attached housing development in in-fill locations. Scarcity of land, rising housing costs, and the increase in non-family households will continue to generate demand for townhomes and condominiums. One trend that is expected to continue in the multi-family housing market is affordable housing due to the financial benefits (such as tax credits and other financing vehicles) that it offers developers. However, due to the

state of the current economy and fiscal crisis locally and Statewide, sources of financial assistance are limited and/or highly competitive.

Similar to the national housing market, the Southern California housing market seemed to have hit bottom and the recovery is expected to be sluggish. According to the real estate brokerage firm of Grubb & Ellis, development will continue to be slow due to the scarcity of developable land, high construction costs, and underwriting difficulties. However, a modest increase in new home construction, mainly for single-family homes, is expected.

Local Market Conditions

During the housing boom preceding the current downturn, new housing production in San Diego County was concentrated in Downtown San Diego, eastern Chula Vista, and the State Route (S.R.) 56 communities in the City of San Diego. The San Diego housing 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.

About 60 percent of the remaining vacant residential acres in Southeastern San Diego is reserved for multi-family development. SANDAG’s 2009 estimate of vacant acres for residential development for Southeastern San Diego is 54.4 acres, distributed as 21.7 for single-family development and 32.7 acres for multi-family. This assessment includes parcels that are not developed, are not under construction, and currently do not have any plans for development.

The 1-mile area has about 14,000 residential units. Based on the residential inventory in the 1-mile radius, the majority of residential housing units are multi-family, with 36 percent of the housing inventory as single-family. 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 housing boom five years ago.

Housing Inventory	1-Mile	2-Mile	3-Mile	City	County
Single-Family	36.1%	30.2%	32.8%	46.3%	51.8%
Multi-Family	63.6%	69.5%	66.4%	52.5%	44.3%
Other (1)	0.3%	0.3%	0.8%	1.2%	3.9%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%
Median Year Built	1959	1967	1966	1975	1977

(1) Includes mobile homes.

Source: Claritas, Inc.

Based on the tenure of occupied housing units in the 1-mile area, it appears that the Plan Area contains a high concentration of renters. The City seems to be split about 50/50, half owner-occupied and half renter-occupied, while the County has a larger proportion of owner-occupied units.

Household Tenure	1-Mile	2-Mile	3-Mile	City	County
Owner-Occupied	20.1%	22.5%	27.6%	49.5%	56.1%
Renter-Occupied	79.9%	77.5%	72.4%	50.5%	43.9%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Claritas, Inc.

According to DataQuick, the current median home price for a resold single-family detached home in the Central San Diego submarket (as of April 2011) is \$385,000. The Plan Area is divided between both the 92102 and 92113 zip codes. The north side of Imperial Avenue is 92102 and the south side of Imperial Avenue is 92113. Single-family homes within the 92102 zip code contain a median home value of \$354,000 while the 92113 zip code contains median home value of \$150,000. The 92113 zip code contains the lowest median home value in the Central San Diego submarket and has experienced an overall decrease in median home value of 63 percent since 2005. Single-family homes in the 92102 zip code have decreased in value by 17.8 percent since 2005, while the Central San Diego submarket decreased by approximately 29 percent.

In terms of condominium resales, the current median home price in the Central San Diego submarket is \$250,000. Both the 92102 and 92113 zip codes are the lowest in the Central San Diego submarket, with median home values ranging between \$81,500 and \$94,500. Since 2005, median home prices for condominiums in these communities decreased by 71 percent (92102) and 77 percent (92113). The Central San Diego submarket decreased by approximately 41 percent during the same time period.

According to a survey conducted by MarketPointe Realty Advisors, the Southeastern San Diego community has an average monthly rent of \$1,044, approximately 28 percent lower than the County's average. Vacancy in Southeastern San Diego is at 4.9 percent, slightly lower than the County (5.1 percent).

Area	Monthly Rent	SF	Rent Per SF	Vacancy	Number of Units
Southeastern San Diego (1)	\$1,044	818 SF	\$1.30	4.9%	1,066 Units
San Diego County	\$1,335	869 SF	\$1.54	5.1%	118,009 Units

(1) Includes the communities of Golden Hill, Lincoln Park, Mount Hope, Paradise Hills, Southcrest, and Southeastern San Diego, as defined by MarketPointe Realty Advisors, Inc.

Source: MarketPointe Realty Advisors, Inc.

A survey from CoStar Comps, Inc. reveals that apartment building sales from January 2009 to the present yield a median value of \$87,500 per residential unit. Cap rates generally range between 6.0 and 9.0 percent, with a median cap rate of 7.1 percent. 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 \$41,000 and \$310,000 per unit. The highest sale occurred in January 2010 for a development built in 2008 in the Barrio Logan neighborhood. Based on the survey, the majority of the apartment buildings are older in age (average 1956) and built prior to 1990.

The Southeastern Economic Development Corporation (SEDC) was created in 1981 by the City of San Diego to manage all redevelopment and economic development activities within the southeastern San Diego community, and more specifically four projects areas and one study area. The Plan Area is encompassed within the Dells Imperial Redevelopment Study Area.

Currently, there is only one proposed residential project in the Plan Area. The City of San Diego and its 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 abide by 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 21st Street to Harrison Avenue.

COMM22 is currently proposed as a mixed-use transit-oriented development that will contain 130 family rental apartments, 70 senior rental apartments, 5,500-SF child care facility, 13,000 SF of commercial space, market-rate live-work loft space, and 17 for-sale rowhomes. The proposed development will also contain a significant amount of infrastructure improvements including partial street vacation, realignments, and upgrades to storm drains, water and sewer lines, and undergrounding of electrical utilities.

C. Office Market Overview

The national residential market downturn likely contributed to decreased office space demand from related users, e.g., mortgage, title, escrow companies, lenders, and investors. While the residential downturn was likely the initial cause of the decreased demand for office space, the recession that followed was a major contributing factor for increased vacancies in office space as many businesses downsized or shut their doors permanently. As businesses downsized or closed, the inventory of sublease space put additional downward pressure on rental rates for Class A and B office space. (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.) Regardless of the rental rate decreases, many firms are avoiding major expenditures in regards to long-term space.

Local Market Conditions

According to Cushman and Wakefield, the San Diego County office market comprises approximately 72.6 million SF of space. The County office market is the weakest it has been in more than a decade, with an overall vacancy of 16.8 percent and negative absorption. The Downtown office market comprises about 15 percent 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 each ranging from four million to nine million SF.

Construction of office development in the County is nominal – Rancho Bernardo is the only submarket in the County currently constructing office space (83,000 SF). The real estate brokerage firm of Cushman and Wakefield reported at the end of the 1st quarter 2011 that the County had an average asking rental rate of \$2.17 per SF 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, finds there to be approximately 86,000 SF of office space for lease in the Southeastern San Diego area. The average asking lease rate is \$1.50 per SF per month. Due to the limited number of office building sales in the Southeastern San Diego area, KMA's survey included the City of National City which has comparable office space to the Southeastern San Diego area. According to CoStar Group, Inc., office building sales in Southeastern San Diego and National City from January 2010 to the present ranged between \$76 and \$163 per SF of building area. There were no office building sales in Southeastern San Diego in 2009.

As identified by the CoStar Group, Inc., there is currently about 25,500 SF of office space in the Plan Area. Due to the lack of available office space, asking lease rates are not available for the Plan Area. Office space is scattered throughout the Plan Area but mainly along Imperial Avenue. The three largest employment sectors in a 3-mile radius of the Plan Area are government, professional and business services, and retail trade.

SANDAG's 2009 estimate of vacant acres for employment development for the Southeastern San Diego community is six (6) acres. Employment land is defined as land designated for light and heavy industrial, warehousing, public storage, wholesale trade, or office space. This assessment includes parcels that have zoning and entitlements in place but do not have any infrastructure improvements to the property.

The Southeastern San Diego Area 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 Plan Area does not have any traditional format office space. The most recent commercial building constructed in the Plan Area was at 28th 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.

D. Industrial Market Overview

Similar to the office market, the national residential market downturn likely contributed to decreased industrial space demand from related users, e.g., homebuilders, textile industry, home furnishings. The nation's economy is expected to make a healthy recovery after these difficult years. The industrial sector is anticipated to recover stronger than the other real estate sectors as employment and demand rises which will lead to manufacturing output and growth in the shipment of goods. Vacancy rates are projected to decrease as demand rises and there is little to no new construction of industrial space.

Local Market Conditions

According to Cushman and Wakefield, the San Diego County industrial market contains 55.2 million SF of research and development (R&D) space and 137.4 million of manufacturing/warehouse space for a total of 192.6 million SF. As of the 1st quarter of 2011, the County had an average asking rental rate of \$0.84 per SF triple net (NNN). The vacancy rate was measured at 11.5 percent. The largest submarkets for industrial space in the County are Miramar, Kearny Mesa, and Otay Mesa. Approximately 29 percent 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.

A survey of asking lease rates for industrial properties in Southeastern San Diego reveals that there is approximately 326,000 SF of industrial space available with an average asking lease rate of \$0.71 per SF. According to CoStar Group, Inc., industrial buildings in Southeastern San Diego and the adjacent City of National City between January 2009 and the present sold for a low of \$79 to a high of \$313 per SF of building. The median price per SF of building was \$118.

According to CoStar Group, Inc., there is currently about 710,000 SF of industrial space in the Plan Area. Asking lease rates are at \$0.85 per SF per month (NNN). Industrial space in the Plan Area is concentrated along the entire Commercial Street corridor.

Area	SF	Rent Per SF	Vacancy
Plan Area	710,000 SF	\$0.85	7.1%
San Diego County	192,671,000 SF	\$0.84	11.5%

Source: Cushman and Wakefield; CoStar Group, Inc.

As referenced in the office market section, SANDAG's 2009 estimate of vacant acres for employment development for the Southeastern San Diego community is a mere 6 acres. The majority of industrial space was constructed prior to 1980 and contains a large number of manufacturing, auto-repair, and recycling businesses. The CEM-CORP building at 31st and Commercial Streets was constructed in 1990 and contains approximately 47,000 SF. In 2000 and 2001, two more single-tenant industrial buildings were constructed: (1) 2,500 SF at Evans Street between Imperial Avenue and Commercial Street and (2) 4,500 SF at 22nd and Imperial Avenue. Both buildings occupy auto-service type businesses.

E. Retail/Restaurant Market Overview

Commercial real estate markets are experiencing a high level of uncertainty, dysfunction and lack of confidence due to the national recession and credit crisis. Problems originally concentrated in the housing market have spread to other land use sectors, with new real estate development of all types grinding to a halt. The retail sector is particularly impacted, with consumer spending at its lowest level in years, and retail landlords struggling to find or retain tenants. Given the current and anticipated near-term economic climate, it is difficult to be optimistic about demand for new real estate development within a reasonable planning horizon. However, many regional economists project the beginning of a market turnaround in Southern California within the next two years.

Local Market Conditions

Overall, San Diego experienced the impact of the economic downturn first-hand as evidenced by the closings of The Sharper Image, Mervyn's, Linens 'n' Things, Circuit City, and various Starbucks locations. Even as corporate retailers have scaled back or shuttered a number of their stores, small "mom & pop" stores have been able to take advantage of the current market conditions. The current vacancy rates and lower rents have provided them with leasing opportunities in markets that were previously inaccessible. Similarly, even amidst the challenging economy, Wal-Mart, dollar stores and other discount retailers are doing quite well and have been able to capture market share from their upscale competitors.

The growth in baby boomer, senior, and immigrant populations is increasing the demand for mixed-use destinations with active pedestrian environments that offer specialty stores, eating and drinking and entertainment destinations. In order to capitalize on this demand, regional retail centers are being re-positioned as "lifestyle centers" emphasizing apparel, home goods,

books and music stores in combination with restaurants and entertainment in an open-air, “main street” environment. Locally, many of the regional malls throughout the County are undergoing expansion, renovation and re-tenanting to remain competitive.

The San Diego County retail market contains a total of 68.7 million SF. CB Richard Ellis reported at the end of the 1st quarter 2011 that the County had an average asking rental rate of \$1.96 per SF triple net (NNN). The vacancy rate was measured at 7.1 percent. 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.

A survey of asking lease rates for retail space in Southeastern San Diego reveals that there is approximately 49,000 SF of retail space available 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 2009 and the present sold for a low of \$85 to a high of \$499 per SF building. The median price per SF of building was \$209.

Area	SF	Rent Per SF	Vacancy
Plan Area	188,000 SF	\$1.25	5.0%
San Diego County	68,674,000 SF	\$1.96	7.1%

Source: CB Richard Ellis; CoStar Group, Inc.

Based on data from the CoStar Group, Inc., there is approximately 188,000 SF of retail/restaurant space in the Plan Area. Asking lease rates are at \$1.25 per SF per month (NNN). KMA surveyed retail establishments throughout the Plan Area and found there to be approximately 53,000 SF of space that provides local-serving grocery, alcohol, and convenience goods. KMA also found there to be approximately 16,000 SF of eating and drinking retail establishments in the Plan Area. These retailers comprise 36.5 percent of the total retail inventory in the Plan Area.

The markets and restaurants in the Plan Area are generally targeted to serve the large Hispanic population that resides in the area and are local-serving “mom and pop” type tenants. Residents need to travel outside of the community for regular grocery items, pharmaceuticals, and household goods.

Taxable Retail Sales

KMA evaluated the strength of sales exhibited by retail uses for the Southeastern San Diego Community Plan Area (CPA) from 2005 to 2010 in comparison to the taxable retail sales for the City and County. Retail sales categories analyzed include:

Retail Category	Definition
General Merchandise	Variety stores, department stores, and general merchandise
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

Due to the limited amount of retail establishments in the CPA and the State Board of Equalization's minimum threshold requirements for release of sales tax information, the following retail categories were combined: General Merchandise, Comparison Goods, and Home Improvement. For purposes of KMA's analysis, these categories are referenced as Aggregated Confidential within the technical analysis.

Due to economic conditions, retail sales have decreased in nearly all retail categories within the CPA, City, and County. In 2010, the population in the CPA spent approximately 38.4 percent of their per capita income on retail goods and services. By comparison, population in the City and County spent about 46 to 47 percent of their per capita income on retail goods and services. Retail sales on a per person basis in the CPA are significantly lower than those of the City and County. This is likely due to the lack of retail shops and services within the CPA. The retail sales generated in the CPA equate to 1.9 percent of the City's total retail sales.

Area	Sales Per Person (2010)	Sales as Percent of Per Capita Income
Southeastern San Diego CPA	\$4,906	38.4%
San Diego City	\$11,120	47.1%
San Diego County	\$10,576	46.1%

IV. SUPPORTABLE DEMAND BY LAND USE

A. Retail/Restaurant Demand Analysis

Demand from Existing Residents (Retail Sales Leakage Analysis)

Based on the low amount of sales on a per person basis, it is evident that the Southeastern San Diego CPA is experiencing a leakage (or export) of retail sales. Leakage refers to purchases made by residents in the CPA outside of the CPAs boundaries; the sales are “leaked” out to other communities. Based on this analysis, it appears that there is a net import in retail sales of approximately \$33.8 million per year from the CPA. KMA believes that the net import, which is mainly from the Aggregated Confidential sales category (General Merchandise, Comparison Goods, and Home Improvement) is caused by the 217,000-SF Imperial Marketplace development. The Imperial Marketplace development is located on Imperial Avenue directly west of Interstate 805. Imperial Marketplace contains an approximately 126,000-SF Home Depot and 99 Cents Only store, which are large sales tax generators and likely draw patrons from outside of the CPA boundary.

KMA prepared a retail sales import/export (leakage) model for the CPA to determine how much in retail/restaurant space can be recaptured in the CPA and further recaptured in the Plan Area. Essentially, the methodology employed consists of estimating the total potential retail expenditures of the CPA’s population, and then deducting the actual retail sales achieved within the CPA.

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 2010 retail sales for each retail category as provided by MuniServices to the City of San Diego

Based upon KMA’s estimated capture rates for the Plan Area, KMA finds that approximately 1,500 to 3,900 SF of retail/restaurant space can be recaptured within the Plan Area.

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 Plan Area possesses a competitive advantage in capturing demand growth due to the lack of existing national credit retailers, younger population, larger families, and accessibility to transit. The largest disadvantages for the Plan Area are the lower income households and the lack of daytime population.

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

- Claritas, Inc.'s projection of population growth within a 3-mile radius of the Plan Area (further projected by KMA to 2030) and the average per capita income for 2011 provide the basic inputs into the demand forecast. With an increase of 42,000 residents through 2030 and an average per capita income of approximately \$20,700, the increase in personal income within the 3-mile radius of the Plan Area is estimated to be \$865 million through 2030.
- To determine the low and high scenarios of estimated personal spending within the Plan Area, KMA applied the following:
 - KMA estimated per capita income to spending by retail category based upon the percent of retail sales for each category for the CPA and City in 2010.
 - KMA estimated capture rates ranging between of 5.0 to 10.0 percent for the Convenience Goods category in the Plan Area to determine estimated annual spending. Capture rates of 5.0 to 10.0 percent were also used to estimate annual spending in restaurants. The capture rates were based on the one-mile area's percent share of retail sales as a percent of the three-mile area's total retail sales in 2010.
- 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 has estimated sales productivity levels of \$400 per SF.

KMA estimates that the Plan Area is able to support additional retail development in the range of 10,800 to 21,600 SF from new residents through 2030. In addition, KMA estimates that the Plan Area can also support between 3,200 to 6,500 SF of restaurant space through 2030.

Demand from New Office Workers

KMA also analyzed projections of new office workers and their potential spending within the Plan Area to determine additional office-worker supported retail and restaurant space within the Plan Area through 2030.

KMA estimates that new office workers the Plan Area are able to support additional retail and restaurant development in the range of 900 to 2,700 SF to 2030, of which 700 SF to 2,100 SF is for retail and 200 SF to 600 SF is for restaurant space.

Summary of Retail/Restaurant Space Demand

The following presents a summary of the retail space demand analysis as described above:

Retail Space Demand	Low	High
Existing Residents	1,400 SF	3,600 SF
New Residents	10,800 SF	21,600 SF
New Office Workers	700 SF	2,100 SF
Total Retail Space Through 2030	12,900 SF	27,300 SF

The following presents a summary of the restaurant space demand analysis:

Restaurant Space Demand	Low	High
Existing Residents	100 SF	300 SF
New Residents	3,200 SF	6,500 SF
New Office Workers	200 SF	600 SF
Total Restaurant Space Through 2030	3,600 SF	7,700 SF

B. Office Demand Analysis

KMA estimated office space demand within the Plan Area based on the estimated number of new employees and potential capture of future office space for the 3-mile radius. The steps taken are summarized as follows:

- KMA estimated the growth of new employees within the 3-mile radius based on average annual growth rates by industry in San Diego County between 2000 and 2010. A total of approximately 189,000 employees will work within the 3-mile radius by 2030, representing a growth of an estimated 38,000 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 2030. The results show that approximately 21,000 new employees within the 3-mile radius will need office space.
- To estimate the amount of office square footage needed to accommodate the increase in new office users in the 3-mile radius, KMA estimates that each new office user will need 250 SF of office space. A total of approximately 5.3 million SF of space is needed within the 3-mile radius.

- KMA estimates that the Plan Area could potentially capture 1 to 2 percent of the 3-mile radius' new office space demand through 2030, as the Plan area becomes a more mixed-use environment due to new development, enhanced amenities, access, and services.

Based on the methodology described above, projected office space demand for the Plan Area is estimated to range between 27,000 SF (low) and 53,000 SF (high) of office space demand through 2030.

C. 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 629,500 housing units through 2030, an increase of about 160,000 new units from 2000, or 0.98 percent annually.

The total number of housing units in the 1-mile area represents 2.7 percent of the City's total housing units. Based on the historically low annual growth rate in the Plan Area, KMA estimates the Plan Area will capture 0.5 percent (low) to 1.0 percent (high) of the City's 160,000 new housing units. On this basis, KMA anticipates that the Plan Area can support a total of approximately 530 to 1,100 units through 2030.

D. Industrial Demand Analysis

While KMA believes there is demand for light industrial development, it is difficult to project demand for industrial development in the Plan Area. The demand for industrial development is a function of several variables that are inherently different from the variables that affect market demand for residential or commercial uses. Commercial uses are driven primarily by demographics and the population's purchasing habits. Industrial markets, on the other hand, are linked to cost factors, such as land, capital, and access to supporting industry (i.e., goods and services sometimes considered "clustering" or sometimes parts of the supply-chain).

As industrial development sites are built-out in Southeastern San Diego and industrial businesses located in downtown San Diego and along the San Diego Bay are forced into surrounding communities, the demand for industrial space will become greater. KMA believes any new industrial development should be focused along Commercial Street, and adjacent to the existing industrial inventory.

V. ASSESSMENT OF MARKET POTENTIAL

This section summarizes the Plan Area's key strengths and weaknesses with respect to the market potential, supply, and demand for a range of land uses. The KMA assessment is based on review of demographic and economic trends and market support factors for retail/restaurant, office, residential, and industrial uses.

A. Strengths

- *Redevelopment Study Area:* Located within the Dells Imperial Redevelopment Study Area, SEDC and or the Agency may be able to provide financial assistance.
- *Transportation:* Accessibility to various types of transportation including Interstate 5 and Interstate 15 freeways and San Diego Trolley Orange line are benefits to office workers and appealing to residents.
- *Location:* Located directly east of downtown San Diego. As downtown San Diego is developed and availability of residential, commercial, and industrial land becomes scarce, redevelopment opportunities will arise in neighboring communities, such as in the Plan Area.
- *Ethnic Retail:* Strong ethnic retail base with limited vacancies along Imperial Avenue.
- *Demographics:* Higher proportion of young population and large family households can assist in attracting new retailers to the Plan Area.

B. Weaknesses

- *Development Costs:* High cost of construction and site assembly is only supportable where buyers/renters are willing to pay a premium for urban living, which is unlikely in the near-term given the current demographics (i.e., lower incomes) in the Plan Area. Other factors affecting development costs are as follows:
 - *Environmental Mitigation* – Due to the enormous amount of industrial, manufacturing, and auto-related uses along Commercial Street, it is anticipated that many of the sites in the Plan Area have been affected by hazardous materials or other soil contaminants. The cost of environmental mitigation will impact financial feasibility of future development.

- Site Assembly and/or Relocation – There is a lack of available vacant developable sites in the Plan Area. Therefore, future development will likely require assembly of multiple properties which can be costly. Moreover, businesses that have existed in the Plan Area may be reluctant to relocate and consequently will require a higher value for the acquisition of their property.
- Utilities – Undergrounding of electrical line and upgrades to storm drains, water, and sewer lines will impact development costs.
- Infrastructure – The Plan Area lacks proper infrastructure that is required by new development such as sidewalks and repaving of roads that have become damaged over time. The amount of infrastructure required will depend on the property.
- *Market Rents/Values:* Current market rents will make new development highly infeasible considering the cost of construction and acquisition of improved properties.
- *Quality of Life:* Existing industrial development will deter new residential development along Commercial Street. Air quality, noise, and aesthetics may discourage residential developers and individuals from locating to the Plan Area.
- *Demographics:* Low household incomes in the Plan Area are a disincentive for many new retailers and retail developers. Household income and spending potential for households within the 1-mile radius is weak relative to the City and County medians.

C. Development Opportunities and Constraints by Land Use

Due to the national credit crisis, all real estate markets are experiencing a high level of uncertainty, dysfunction, and lack of confidence. Problems originally concentrated in the housing market have spread to other land use sectors, with new real estate development of all types grinding to a halt. The retail sector is particularly impacted, with consumer spending at its lowest level in years, and retail landlords struggling to find or retain tenants. Given the current and anticipated near-term economic climate, it is difficult to be optimistic about demand for new real estate development within a reasonable planning horizon. However, many regional economists project the beginning of a market turnaround in Southern California within the next two years. In the mid- to long-term, KMA remains confident that housing demand will once again outpace construction. Additionally, housing and mixed-use development in urban locations can be expected to appeal to a number of market segments.

Exhibit 1 presents KMA's findings related to opportunities and constraints by land use.

EXHIBIT 1

**OVERVIEW OF DEVELOPMENT OPPORTUNITIES AND CONSTRAINTS BY LAND USE
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

RETAIL/RESTAURANT	OFFICE SPACE	RESIDENTIAL	INDUSTRIAL
A. POTENTIAL DEVELOPMENT OPPORTUNITIES			
<ul style="list-style-type: none"> • Creation of an ethnic shopping district along Imperial Avenue with the western part of the Imperial Avenue serving as the entrance into the district • Re-use currently vacant Farmer's Market building as a catalyst development • Type V construction (Type V) served by surface parking is the most cost-efficient type of construction • Retail services to support residential development at the 25th and 32nd and Commercial Street transit stations • Retail uses will likely not be stand-alone format rather located on the ground floor of mixed-use buildings 	<ul style="list-style-type: none"> • Development of local-serving employment uses to meet the needs of the current and projected population, and to provide jobs for local residents • Potential tenant/user types could include: <ul style="list-style-type: none"> - financial services - real estate - insurance - medical/dental • Office space will likely be located on the ground floor of mixed-use buildings and should be constructed in the form of small-suite "flex" space in order to be adapted to other commercial uses should the market dictate better use of the space 	<ul style="list-style-type: none"> • Affordable and/or mixed-income rental developments • Residential development at the 25th and 32nd and Commercial Street transit stations • Several financing mechanisms available to finance affordable housing (Low Income Housing Tax Credits, Redevelopment Agency assistance, etc.) 	<ul style="list-style-type: none"> • Concentrate new industrial development along eastern area of Commercial Street • Industrial development in the form of small-suite "flex" space would be more desirable in an urban mixed-use format; which allows space to be adapted to other commercial uses should the market dictate better use of the space
B. DEVELOPMENT CONSTRAINTS			
<ul style="list-style-type: none"> • Current market rents for retail development do not support cost of new construction • Retail space along Commercial Street will only be viable with support from new residential development • Low household incomes within the Plan Area is a disincentive for some new retailers and retail developers due to the populations limited discretionary income • Potentially high cost of environmental remediation for industrial sites on Commercial Street 	<ul style="list-style-type: none"> • Countywide there is no new office construction south of Interstate 8; and Plan Area is not recognized as an office node to attract large amounts of office • Current rents/values for office development do not support cost of new construction • High vacancy factors throughout the County are discouraging • Potentially high acquisition costs for improved properties • Potentially high cost of environmental remediation for industrial sites on Commercial Street 	<ul style="list-style-type: none"> • Due to the housing downturn many development proposals and entitlements have been put on hold • Current home values for for-sale housing do not support cost of new construction • Apartment building sales in Southeastern San Diego average a per-unit value of approximately \$88,000, well below replacement cost even for garden-style product • Due to the state of the current economy and fiscal crisis locally and Statewide, sources of financial assistance are limited and/or highly competitive • Potentially high cost of environmental remediation for industrial sites on Commercial Street 	<ul style="list-style-type: none"> • Potentially high cost of environmental remediation for industrial sites on Commercial Street

VI. 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.

attachments

IV. 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.

attachments

TECHNICAL APPENDIX
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

Appendix A Demographic Overview

Table A-1	Overview of Demographic Conditions
Table A-2	Distribution of Population by Age Group and Area, 2011 Estimate
Table A-3	Racial/Ethnic Distribution by Area, 2011 Estimate
Table A-4	Household Income Distribution by Area, 2011 Estimate
Table A-5	Employment Profile by Industry and Area, 2010

Appendix B Residential Market Overview

Table B-1	Housing Inventory by Unit Type and Area, 2011 Estimate
Table B-2	Distribution of Household Tenure by Area, 2011 Estimate
Table B-3	Comparative Overview of Median Home Prices - Single-Family, April 2011
Table B-4	Comparative Overview of Median Home Prices - Condominiums, April 2011
Table B-5	Historical Median Home Prices, Encanto Neighborhood, 2005-2011
Table B-6	Survey of Apartment Rental Rates
Table B-7	Survey of Apartment Building Sales

Appendix C Office Market Overview

Table C-1	Office Profile by Submarket, 1st Quarter 2011
Table C-2	Office Market Trends, Plan Area, 2006-2011
Table C-3	Office Asking Lease Rates
Table C-4	Survey of Office Building Sales

Appendix D Industrial Market Overview

Table D-1	Industrial Profile by Submarket, 1st Quarter 2011
Table D-2	Industrial Market Trends, Plan Area, 2006-2011
Table D-3	Industrial Asking Lease Rates
Table D-4	Survey of Industrial Building Sales

TECHNICAL APPENDIX
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

Appendix E Retail Market Overview

Table E-1	Retail Profile by Submarket, 1st Quarter 2011
Table E-2	Retail Market Trends, Plan Area, 2006-2011
Table E-3	Summary of Convenience Goods and Eating and Drinking Establishments, Plan Area
Table E-4	Retail Asking Lease Rates
Table E-5	Survey of Retail Building Sales
Table E-6	Retail Building Sales Trends, 2005-2011
Table E-7	Total Retail Sales, Southeastern San Diego and Encanto CPA, 2005-2010
Table E-8	Total Retail Sales, City of San Diego, 2010
Table E-9	Total Retail Sales, County of San Diego, 2010
Table E-10	Retail Sales Import/Export Analysis, 2010

Appendix F Supportable Demand by Land Use

Table F-1	Retail Sales Import/Export Analysis, 2010
Table F-2	Estimate of Retail/Restaurant Space Demand, 2011-2030
Table F-3	Estimate of Retail/Restaurant Space Demand from New Office Workers, 2011-2030
Table F-4	Summary of Retail/Restaurant Space Demand, 2011-2030
Table F-5	Estimate of Office Space Demand, 2011-2030
Table F-6	Summary of Office Space Demand, 2011-2030
Table F-7	Total Housing Unit Demand Analysis, 2011-2030
Table F-8	Total Space Demand, 2011-2030

Appendix A

Demographic Overview

TABLE A-1

**OVERVIEW OF DEMOGRAPHIC CONDITIONS
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	Radius (1)			City of San Diego	County of San Diego
	1-Mile	2-Mile	3-Mile		
<u>Population</u>					
2011 Estimate	47,207	107,911	217,420	1,320,817	3,103,053
2016 Forecast	48,784	112,911	227,727	1,389,384	3,283,639
<u>Average Annual Rate</u>					
Historical Population Growth, 2000-2011	0.07%	0.69%	0.68%	0.85%	1.09%
Forecasted Population Growth, 2011-2016	0.66%	0.91%	0.93%	1.02%	1.14%
<u>Households</u>					
2011 Estimate	13,126	34,502	76,805	487,221	1,089,831
2016 Forecast	13,648	37,000	81,874	516,711	1,158,934
Average Household Size	3.49	2.73	2.60	2.62	2.76
Median Age (years)	28.4	31.7	33.1	35.2	35.0
Per Capita Income (PCI)	\$11,996	\$17,944	\$20,675	\$29,814	\$28,675
Aggregate Personal Income	\$566.3 Million	\$1.9 Billion	\$4.5 Billion	\$39.4 Billion	\$89.0 Billion
Median Household Income	\$31,276	\$32,924	\$37,958	\$58,173	\$60,140

(1) From the intersection of Commercial and 28th Street.

TABLE A-2

**DISTRIBUTION OF POPULATION BY AGE AND AREA, 2011 ESTIMATE
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

Geography	17 and Under	18-24	25-44	45-64	65 and Older	Total
1-Mile Radius (1)	33.2%	10.9%	32.6%	17.9%	5.4%	100.0%
2-Mile Radius (1)	25.0%	13.2%	33.5%	20.5%	7.8%	100.0%
3-Mile Radius (1)	24.5%	11.6%	32.9%	21.5%	9.6%	100.0%
City of San Diego	23.0%	10.4%	31.0%	24.4%	11.2%	100.0%
County of San Diego	24.5%	10.5%	28.6%	24.7%	11.7%	100.0%

(1) From the intersection of Commercial and 28th Street.

TABLE A-3

DISTRIBUTION OF POPULATION BY RACE AND ETHNICITY BY AREA, 2011 ESTIMATE
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

Geography	Race (1)								Ethnicity (2)
	White	African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Persons of Other Race Alone	Persons of Two or More Races	Total	Hispanic
1-Mile Radius (3)	51.0%	6.0%	1.3%	1.3%	0.3%	35.1%	4.9%	100.0%	80.7%
2-Mile Radius (3)	53.7%	8.1%	1.2%	3.9%	0.4%	27.5%	5.2%	100.0%	60.3%
3-Mile Radius (3)	52.0%	8.5%	1.0%	6.1%	0.4%	26.6%	5.3%	100.0%	53.4%
City of San Diego	58.4%	6.3%	0.7%	14.8%	0.5%	13.8%	5.5%	100.0%	29.5%
County of San Diego	62.9%	4.9%	0.9%	10.2%	0.5%	15.2%	5.5%	100.0%	31.8%

(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.

(3) From the intersection of Commercial and 28th Street.

TABLE A-3

**DISTRIBUTION OF POPULATION BY RACE AND ETHNICITY BY AREA, 2011 ESTIMATE
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Geography	Race (1)								Ethnicity (2)
	White	African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Persons of Other Race Alone	Persons of Two or More Races	Total	Hispanic
1-Mile Radius (1)	51.0%	6.0%	1.3%	1.3%	0.3%	35.1%	4.9%	100.0%	80.7%
2-Mile Radius (1)	53.7%	8.1%	1.2%	3.9%	0.4%	27.5%	5.2%	100.0%	60.3%
3-Mile Radius (1)	52.0%	8.5%	1.0%	6.1%	0.4%	26.6%	5.3%	100.0%	53.4%
City of San Diego	58.4%	6.3%	0.7%	14.8%	0.5%	13.8%	5.5%	100.0%	29.5%
County of San Diego	62.9%	4.9%	0.9%	10.2%	0.5%	15.2%	5.5%	100.0%	31.8%

(1) From the intersection of Commercial and 28th Street.

(2) 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.

(3) 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, 2011 ESTIMATE
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Geography	Less than \$15,000	\$15,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$124,999	\$125,000 to \$149,000	\$150,000 or More	Total
1-Mile Radius (1)	21.8%	18.5%	15.4%	18.5%	13.5%	5.9%	2.6%	1.3%	2.5%	100.0%
2-Mile Radius (1)	22.1%	17.2%	13.5%	15.6%	13.9%	7.0%	4.2%	1.9%	4.6%	100.0%
3-Mile Radius (1)	18.4%	15.1%	13.3%	16.0%	15.9%	8.9%	4.7%	2.4%	5.1%	100.0%
City of San Diego	10.7%	9.3%	9.8%	14.1%	18.4%	12.9%	8.8%	5.2%	10.8%	100.0%
County of San Diego	9.3%	8.8%	9.8%	14.3%	19.3%	13.4%	9.2%	5.3%	10.6%	100.0%

(1) From the intersection of Commercial and 28th Street.

Source: Claritas, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: D&B-Commercial and Imperial;8/5/2011;ema

TABLE A-5

EMPLOYMENT PROFILE BY INDUSTRY AND AREA, 2010 ⁽¹⁾
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

	<u>3-Mile Radius ⁽²⁾</u>		<u>San Diego County</u>		
	<u>Total</u>	<u>% of Total</u>	<u>Total</u>	<u>% of Total</u>	<u>Average Annual 2000-2010</u>
Transportation and Warehousing	8,048	4.3%	27,500	2.3%	-0.8%
Retail Trade	23,389	12.4%	130,000	10.7%	-0.3%
Wholesale Trade	3,120	1.7%	39,200	3.2%	0.0%
Professional and Business Services	29,873	15.8%	208,000	17.0%	0.5%
Manufacturing	15,579	8.2%	92,400	7.6%	-2.8%
Educational Services	6,422	3.4%	26,600	2.2%	3.9%
Healthcare and Social Services	11,398	6.0%	120,600	9.9%	2.2%
Finance, Insurance, and Real Estate	9,251	4.9%	92,300	7.6%	-1.5%
Government	61,307	32.4%	226,000	18.5%	0.9%
Construction	2,681	1.4%	55,500	4.5%	-2.3%
Other Services	1,320	0.7%	47,200	3.9%	1.1%
Leisure and Hospitality	16,599	8.8%	154,600	12.7%	1.8%
Natural Resources and Mining	5	0.0%	400	0.0%	2.9%
Total Employment	188,992	100.0%	1,220,300	100.0%	0.2%

(1) Reflects non-farm employment by place of work, as of December 2010.

(2) From the intersection of Commercial and 28th Street.

Appendix B

Residential Market Overview

TABLE B-1

**HOUSING INVENTORY BY UNIT TYPE AND AREA, 2011 ESTIMATE
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Single-Family (detached)</u>		<u>Multi-Family (attached)</u>		<u>Other (includes mobile homes)</u>		<u>Totals</u>		<u>Median Year Built</u>
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	
1-Mile Radius (1)	5,067	36.1%	8,939	63.6%	43	0.3%	14,049	100.0%	1959
2-Mile Radius (1)	11,297	30.2%	25,941	69.5%	111	0.3%	37,349	100.0%	1967
3-Mile Radius (1)	26,840	32.8%	54,308	66.4%	649	0.8%	81,797	100.0%	1966
City of San Diego	236,972	46.3%	268,559	52.5%	6,299	1.2%	511,830	100.0%	1975
County of San Diego	596,080	51.8%	509,428	44.3%	45,073	3.9%	1,150,581	100.0%	1977

(1) From the intersection of Commercial and 28th Street.

Source: Claritas, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: D&B-Commercial and Imperial\8/5/2011;ema

TABLE B-2**DISTRIBUTION OF HOUSEHOLD TENURE BY AREA, 2011 ESTIMATE
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Owner-Occupied</u>		<u>Renter-Occupied</u>		<u>Total Occupied Units</u>		<u>Total Vacant Units</u>	
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
1-Mile Radius (1)	2,635	20.1%	10,491	79.9%	13,126	100.0%	923	6.6%
2-Mile Radius (1)	7,779	22.5%	26,723	77.5%	34,502	100.0%	2,847	3.5%
3-Mile Radius (1)	21,186	27.6%	55,619	72.4%	76,805	100.0%	4,992	1.0%
City of San Diego	241,397	49.5%	245,824	50.5%	487,221	100.0%	24,609	4.8%
County of San Diego	610,979	56.1%	478,852	43.9%	1,089,831	100.0%	60,750	5.3%

(1) From the intersection of Commercial and 28th Street.

Source: Claritas, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: D&B-Commercial and Imperial\8/5/2011;ema

TABLE B-3

**COMPARATIVE OVERVIEW OF MEDIAN HOME PRICES - SINGLE-FAMILY RESALES APRIL 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Place</u>	<u>Zip Code</u>	<u>Median Home Price Single-Family</u>
La Jolla	92037	\$1,425,000
Coronado	92118	\$1,008,750
Ocean Beach	92107	\$767,750
Scripps Ranch	92131	\$726,250
Mission Beach/Pacific Beach	92109	\$710,000
Sorrento Valley	92121	\$700,000
Point Loma	92106	\$690,000
University City	92122	\$644,500
Hillcrest/Mission Hills	92103	\$638,500
Morena	92110	\$525,000
Tierrasanta	92124	\$490,000
North Park	92104	\$460,000
Kensington/Normal Heights	92116	\$421,500
Clairemont	92117	\$417,000
San Carlos	92119	\$402,500
Allied Gardens/Del Cerro	92120	\$397,500
Mira Mesa	92126	\$363,500
Linda Vista	92111	\$358,750
Serra Mesa	92123	\$355,000
Golden Hill	92102	\$353,500
College	92115	\$334,000
Paradise Hills	92139	\$254,500
Encanto	92114	\$230,000
City Heights	92105	\$187,500
Logan Heights	92113	\$149,500
Downtown	92101	N/A
Mission Valley	92108	N/A
Total, Central San Diego	N/A	\$385,000

TABLE B-4

**COMPARATIVE OVERVIEW OF MEDIAN HOME PRICES - CONDOMINIUM RESALES, APRIL 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Place</u>	<u>Zip Code</u>	<u>Median Home Price Condominium</u>
Coronado	92118	\$875,000
La Jolla	92037	\$480,000
Ocean Beach	92107	\$403,000
Downtown	92101	\$400,000
Mission Beach/Pacific Beach	92109	\$365,000
Sorrento Valley	92121	\$355,000
Scripps Ranch	92131	\$300,000
Tierrasanta	92124	\$298,000
Hillcrest/Mission Hills	92103	\$288,500
Point Loma	92106	\$274,000
Serra Mesa	92123	\$241,295
Linda Vista	92111	\$240,000
University City	92122	\$238,500
Mission Valley	92108	\$205,000
Clairemont	92117	\$199,000
Mira Mesa	92126	\$186,500
Morena	92110	\$177,500
Allied Gardens/Del Cerro	92120	\$175,000
Kensington/Normal Heights	92116	\$165,000
North Park	92104	\$165,000
Encanto	92114	\$162,500
San Carlos	92119	\$144,000
Paradise Hills	92139	\$128,000
College	92115	\$114,000
City Heights	92105	\$105,000
Golden Hill	92102	\$94,500
Logan Heights	92113	\$81,500
Total, Central San Diego	N/A	\$250,000

TABLE B-5

**HISTORICAL MEDIAN HOME PRICES, 2005 TO PRESENT
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (1)	<u>Change, 2005 to 2011</u>	
								<u>Absolute</u>	<u>Percent</u>
<u>Single-Family Homes</u>									
92102	\$430,000	\$390,000	\$562,500	\$164,500	\$162,000	\$200,000	\$353,500	(\$76,500)	-17.8%
92113	\$404,500	\$377,500	\$309,250	\$139,500	\$135,000	\$160,500	\$149,500	(\$255,000)	-63.0%
Central San Diego	\$540,000	\$527,500	\$488,000	\$345,000	\$355,000	\$390,000	\$385,000	(\$155,000)	-28.7%
<u>Condominiums</u>									
92102	\$327,500	\$261,250	\$177,500	\$138,250	\$132,500	\$126,500	\$94,500	(\$233,000)	-71.1%
92113	\$347,000	N/A	\$136,000	\$119,500	\$67,000	\$86,500	\$81,500	(\$265,500)	-76.5%
Central San Diego	\$420,500	\$399,500	\$350,000	\$228,250	\$250,000	\$258,000	\$250,000	(\$170,500)	-40.5%

(1) As of 1st quarter 2011.

TABLE B-6

SURVEY OF RENTAL APARTMENT DEVELOPMENTS, SOUTHEASTERN SAN DIEGO⁽¹⁾
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

Apartment Development	Weighted Averages			Ranges			Vacancy		Community
	Rent	SF	\$/SF	Rent	SF	\$/SF	Units	Rate	
Creekside Villas	\$1,250	903	\$1.38	\$1,109 \$1,569	750 1,250	\$1.26 \$1.48	144	2.8%	Chollas View
Bridgeview Apartments	\$872	558	\$1.56	\$750 \$1,300	450 1,010	\$1.29 \$1.67	94	5.3%	Golden Hill
Casa Bonita	\$994	755	\$1.32	\$825 \$1,350	508 1,021	\$1.21 \$1.62	27	3.7%	Golden Hill
Gaslight Manor Apartments	\$975	726	\$1.34	\$750 \$1,200	480 880	\$1.29 \$1.56	28	10.7%	Golden Hill
Golden Pacific	\$1,346	751	\$1.79	\$1,170 \$1,735	613 1,080	\$1.61 \$1.91	54	3.7%	Golden Hill
Greenbrier	\$979	781	\$1.25	\$650 \$1,200	500 950	\$1.23 \$1.30	40	5.0%	Golden Hill
Greenbrier West	\$1,022	711	\$1.44	\$925 \$1,400	650 950	\$1.42 \$1.47	49	0.0%	Golden Hill
Palm Terrace	\$926	570	\$1.62	\$825 \$950	570 570	\$1.45 \$1.67	47	0.0%	Golden Hill
Arbor Village	\$956	860	\$1.11	\$750 \$1,250	750 1,000	\$1.00 \$1.25	112	3.6%	Lincoln Park
Kingston Estates/49th Imperial Gardens	\$975	750	\$1.30	\$975 \$975	750 750	\$1.30 \$1.30	41	4.9%	Lincoln Park
Villa Hermosa I	\$850	850	\$1.00	\$850 \$850	850 850	\$1.00 \$1.00	27	11.1%	Lincoln Park
Villa Hermosa II	\$850	850	\$1.00	\$850 \$850	850 850	\$1.00 \$1.00	31	6.5%	Lincoln Park
Hillside Apartments	\$825	700	\$1.18	\$825 \$825	700 700	\$1.18 \$1.18	41	9.8%	Mount Hope
Mayberry Townhomes	\$1,025	996	\$1.03	\$950 \$1,100	936 1,056	\$1.01 \$1.04	70	8.6%	Southcrest
Town and Country Village	\$1,208	945	\$1.28	\$1,141 \$1,354	819 1,200	\$1.13 \$1.39	145	4.8%	Southcrest
Garden View - 2	\$950	779	\$1.22	\$850 \$1,050	700 900	\$1.17 \$1.27	28	10.7%	Southeastern San Diego
Garden View - 3	\$1,006	809	\$1.24	\$775 \$1,150	700 900	\$1.11 \$1.35	28	7.1%	Southeastern San Diego
Harbor View Villas	\$998	982	\$1.02	\$943 \$1,034	765 1,280	\$0.81 \$1.23	60	3.3%	Southeastern San Diego
Southeastern San Diego (2)	\$1,044	818	\$1.30	\$650 \$1,735	450 1,280	\$0.81 \$1.91	1,066	4.9%	
SAN DIEGO COUNTY TOTALS	\$1,335	869	\$1.54	\$500 \$4,995	318 2,858	\$0.77 \$3.48	118,009	5.1%	

(1) As of March 2011.

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

TABLE B-7

**APARTMENT BUILDING SALES, JANUARY 2009 TO PRESENT⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Sale Date	Address	Zip Code	Sale Price	Acres	Saleable Building		Residential Units		Cap Rate	Year Built
					SF	\$/SF	Units	\$/Unit		
11/16/10	617-621 N. 61st St.	92114	\$525,000	0.36	4,560	\$115	6	\$87,500	N/A	1950
10/25/10	5411-5425 Santa Margarita St.	92114	\$6,615,000	3.10	63,376	\$104	49	\$135,000	N/A	1987
06/24/10	3326 Logan Ave.	92113	\$950,000	0.50	5,625	\$169	5	\$190,000	N/A	N/A
06/09/10	2120 W. Island Ave.	92102	\$525,000	0.08	2,742	\$191	6	\$87,500	N/A	N/A
05/07/10	2171-2175 Logan Ave.	92113	\$652,000	0.16	12,084	\$54	16	\$40,750	N/A	1915
02/17/10	730-732 S. 47th St.	92113	\$250,000	0.29	2,574	\$97	5	\$50,000	N/A	1958
01/20/10	811-831 S. 47th St.	92113	\$1,812,500	0.67	21,366	\$85	23	\$78,804	N/A	1984
01/14/10	2475 G St.	92102	\$560,000	0.16	2,375	\$236	4	\$140,000	N/A	1908
01/04/10	1702-1710 National Ave.	92113	\$4,340,000	0.32	20,960	\$207	14	\$310,000	N/A	2008
05/05/09	740-746 S. 36th St.	92113	\$7,000,000	1.98	57,403	\$122	N/A	N/A	N/A	1981
01/12/09	349-355 Euclid Ave.	92114	\$1,250,000	0.46	11,356	\$110	24	\$52,083	N/A	1950
02/27/09	4150 National Ave.	92113	\$1,640,000	0.67	12,150	\$135	37	\$44,324	10.0%	1968
07/12/10	3525-3260 Greeley Ave.	92113	\$800,000	0.28	6,240	\$128	8	\$100,000	9.9%	N/A
08/23/10	4396 Delta St.	92113	\$1,340,560	0.86	12,672	\$106	18	\$74,476	9.5%	1960
05/28/10	534-550 Sicard St.	92113	\$513,500	0.10	4,792	\$107	8	\$64,188	8.8%	1915
09/23/09	2404-2408 J St.	92102	\$1,100,000	0.29	9,396	\$117	11	\$100,000	8.7%	1989
04/20/10	8170-8176 Dodie St.	92114	\$657,500	0.40	5,750	\$114	7	\$93,929	8.5%	1980
01/29/09	2787 G St.	92102	\$715,000	0.25	4,446	\$161	6	\$119,167	8.5%	1981
04/21/10	3080 Martin Ave.	92113	\$500,000	0.16	5,802	\$86	7	\$71,429	8.2%	1980
10/18/10	510 Dodson St.	92102	\$432,000	0.11	3,693	\$117	6	\$72,000	7.8%	1920
02/09/11	1875 Julian Ave.	92113	\$650,000	0.16	4,023	\$162	8	\$81,250	7.5%	1958
04/06/10	1013-1023 28th St.	92102	\$1,050,000	0.29	14,032	\$75	12	\$87,500	7.5%	1952
08/20/10	4388-4394 Delta St.	92113	\$2,409,090	0.78	25,705	\$94	31	\$77,713	7.4%	1988
10/07/09	1702 Una St.	92113	\$450,000	0.10	2,656	\$169	8	\$56,250	7.1%	1940
03/11/10	2470 C St.	92102	\$2,500,000	0.32	20,740	\$121	27	\$92,593	7.0%	1968
10/05/10	2038-2042 F St.	92102	\$880,000	0.22	5,670	\$155	8	\$110,000	6.9%	1910
02/06/09	470 20th St.	92102	\$2,625,000	0.11	10,630	\$247	28	\$93,750	6.9%	1908
01/31/11	2619-2621 C St.	92102	\$749,000	0.16	4,063	\$184	7	\$107,000	6.6%	1990
01/15/10	2231-2233 Broadway	92102	\$895,000	0.11	5,373	\$167	10	\$89,500	6.6%	1921
11/09/10	1129-1133 26th St.	92102	\$550,000	0.09	2,401	\$229	5	\$110,000	6.4%	1916
03/17/10	225-235 Willie James Jones Ave.	92102	\$1,200,000	0.39	8,500	\$141	12	\$100,000	6.2%	1988
12/09/09	2528 C St.	92102	\$938,000	0.16	5,640	\$166	11	\$85,273	6.1%	1935
08/13/10	926-928 S. 45th St.	92113	\$1,312,500	N/A	12,000	\$109	24	\$54,688	5.7%	1982
11/17/09	1213-1247 21st St.	92102	\$1,342,500	0.35	6,720	\$200	16	\$83,906	4.9%	1951
04/19/10	3137 Boston Ave.	92113	\$550,000	0.15	4,550	\$121	7	\$78,571	4.4%	N/A
04/13/11	4850-4856 Market St.	92102	\$725,000	0.17	4,500	\$161	7	\$103,571	4.3%	1952
		Minimum	\$250,000	0.08	2,375	\$54	4	\$40,750	4.3%	1908
		Maximum	\$7,000,000	3.10	63,376	\$247	49	\$310,000	10.0%	2008
		Median	\$887,500	0.28	5,776	\$125	8	\$87,500	7.1%	1958
		Average	\$1,416,782	0.42	11,293	\$141	14	\$94,935	7.3%	1956

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

Appendix C

Office Market Overview

TABLE C-1

**OFFICE MARKET PROFILE, 1ST QUARTER 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 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)
Torrey Pines	1,053,863	21.7%	0	\$3.75
Sabre Springs	471,180	2.9%	0	\$3.35
Del Mar Heights	4,420,985	19.5%	0	\$3.12
La Jolla	1,201,603	13.7%	0	\$2.78
Solana Beach	553,486	14.3%	0	\$2.77
Point Loma/Ocean Beach	458,090	11.4%	0	\$2.75
Encinitas	805,378	12.5%	0	\$2.48
Del Mar	319,029	15.3%	0	\$2.47
UTC	4,336,750	23.6%	0	\$2.46
San Marcos	910,340	18.1%	0	\$2.41
Otay Mesa	125,367	31.8%	0	\$2.31
Chula Vista	1,548,487	32.7%	0	\$2.24
Scripps Ranch	2,136,872	38.5%	0	\$2.23
Carlsbad	5,165,830	23.8%	0	\$2.22
Downtown	11,111,733	19.1%	0	\$2.17
Mission Valley	7,048,793	15.5%	0	\$2.10
Carmel Mountain Ranch	259,374	35.8%	0	\$2.08
Escondido	1,161,334	18.0%	0	\$2.08
Uptown	1,151,248	8.0%	0	\$2.07
Governor Park	625,804	16.8%	0	\$2.05
Spring Valley	124,506	24.9%	0	\$2.05
Rancho Bernardo	3,666,275	9.6%	83,000	\$2.02
Coronado	122,347	2.8%	0	\$2.00
Sorrento Mesa	6,462,904	9.2%	0	\$1.99
Old Town	525,864	7.3%	0	\$1.93
Poway	580,048	12.4%	0	\$1.85
National City	382,927	55.9%	0	\$1.80
Oceanside	840,632	18.7%	0	\$1.77
Sorrento Valley	375,558	14.4%	0	\$1.72
Bonita	100,264	9.2%	0	\$1.70
Kearny Mesa	8,831,271	10.8%	0	\$1.70
Sports Arena/Airport	592,723	3.9%	0	\$1.70
Morena	384,192	2.7%	0	\$1.68
Vista	620,829	16.2%	0	\$1.64
Miramar	1,417,000	13.4%	0	\$1.62
La Mesa	764,161	11.3%	0	\$1.50
Rose Canyon	320,018	18.1%	0	\$1.44
El Cajon	638,934	6.6%	0	\$1.42
Santee	188,863	37.2%	0	\$1.32
Lemon Grove	45,292	16.6%	0	\$1.28
Mission Gorge	293,747	16.4%	0	\$1.24
Highway 56 Corridor	466,236	0.0%	0	-
Total, San Diego County	72,610,137	16.8%	83,000	\$2.17

(1) All leases are full-service gross.

TABLE C-2

**OFFICE MARKET TRENDS, PLAN AREA, 2006 TO 2011
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (1)	<u>Change, 2006 to 2011</u>	
							<u>Absolute</u>	<u>Percent</u>
Total Inventory	25,501	25,501	25,501	25,501	25,501	25,501	0	0.0%
Vacancy Rate	9.8%	0.0%	9.1%	0.0%	13.7%	0.0%	-9.8%	N/A
Average Asking Lease Rate (FSG)	N/A	N/A	\$2.30	\$2.00	N/A	N/A	N/A	N/A

(1) As of 1st quarter 2011.

Source: CoStar, Inc.

Prepared by: Keyser Marston Associates, Inc.

Filename: D&B-Commercial and Imperial\8/5/2011; ema

TABLE C-3

**OFFICE ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO (1)
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 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>
2984 National Ave.	2nd-story office space	4,880	3,000	\$0.85	NNN	61%	N/A	C
446 26th St.	Medical office space in 6-story building	72,000	50,000	\$1.50	Modified Gross	69%	1973	N/A
1660 Logan Ave.	East Village Creative Office	20,238	10,633 4,550 5,055	\$1.25 \$1.40 \$1.75	Modified Gross	100%	1966	B
2436 Market St.	N/A	4,456	4,456	\$1.25	Modified Gross	100%	1923	N/A
995 Gateway Center Way	Gateway Medical Center	39,878	3,720 4,510	\$1.85 \$2.15	Modified Gross	21%	1989	B
	Minimum	4,456	3,000	\$0.85		21%	1923	
	Maximum	72,000	50,000	\$2.15		100%	1989	
	Median	20,238	4,530	\$1.45		69%	1970	
	Average	28,290	10,741	\$1.50		70%	1963	
	Total	141,452	85,924			61%		

(1) As of May 31, 2011. Survey represents the following zip codes: 92102, 92113, and 92114.

TABLE C-4

**OFFICE BUILDING SALES, JANUARY 2010 TO PRESENT ⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>City</u>	<u>Zip Code</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>
11/30/10	1005 Euclid Ave.	San Diego	92114	\$200,000	0.15	\$30	1,575	\$127	N/A	Class C office building
06/09/10	3636 Gteway Center Ave.	San Diego	92102	\$15,785,500	6.53	\$55	131,720	\$120	1987	Class B R&D building
04/30/10	1615 E. Plaza Blvd.	National City	91950	\$650,000	N/A	N/A	5,300	\$123	1974	Class C office building
03/03/10	2780 Imperial Ave.	San Diego	92102	\$380,000	0.10	\$83	2,332	\$163	N/A	Class C office building
02/23/10	135 Civic Center Dr.	National City	91950	\$665,000	0.20	\$76	8,712	\$76	1985	Class C office building (renovated in 2005)
			Minimum	\$200,000	0.10	\$30	1,575	\$76	1974	
			Maximum	\$15,785,500	6.53	\$83	131,720	\$163	1987	
			Median	\$650,000	0.18	\$66	5,300	\$123	1985	
			Average	\$3,536,100	1.75	\$61	29,928	\$122	1982	

(1) Survey represents sales of office buildings within the following zip codes: 91950, 92102, 92113, and 92114.

Appendix D

Industrial Market Overview

TABLE D-1

**INDUSTRIAL MARKET PROFILE, 1ST QUARTER 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>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&D</u>	<u>Manufacturing / Warehouse</u>	<u>Total</u>			
Torrey Pines	4,981,851	0	4,981,851	9.0%	0	\$2.97
Downtown	806,055	2,315,641	3,121,696	11.5%	0	\$2.71
Santee	56,738	2,669,911	2,726,649	6.5%	0	\$1.68
Eastgate/Campus Point	3,892,975	0	3,892,975	20.4%	0	\$1.63
UTC	1,164,283	0	1,164,283	23.2%	0	\$1.50
Sorrento Valley	2,684,651	883,621	3,568,272	9.0%	0	\$1.47
Mission Valley	278,673	169,673	448,346	5.8%	0	\$1.35
Carmel Mountain Ranch	1,537,494	528,464	2,065,958	19.2%	0	\$1.20
Sorrento Mesa	9,509,065	3,146,561	12,655,626	13.3%	0	\$1.12
Lemon Grove	0	511,338	511,338	10.1%	0	\$1.04
Scripps Ranch	1,290,283	748,152	2,038,435	18.9%	0	\$1.00
Rancho Bernardo	3,861,449	3,451,093	7,312,542	19.2%	0	\$0.98
Carlsbad	6,625,387	7,456,404	14,081,791	14.6%	176,000	\$0.95
Sabre Springs	455,713	0	455,713	23.7%	0	\$0.95
Kearny Mesa	5,621,931	10,198,449	15,820,380	6.2%	0	\$0.91
Rose Canyon	0	1,171,693	1,171,693	5.6%	0	\$0.91
Mission Gorge	310,670	1,558,500	1,869,170	12.7%	0	\$0.86
Sports Arena/Airport	118,359	1,158,803	1,277,162	8.2%	0	\$0.84
Miramar	4,667,824	12,295,237	16,963,061	13.7%	0	\$0.80
Escondido	268,237	7,214,725	7,482,962	6.5%	26,340	\$0.78
La Mesa	25,000	375,154	400,154	13.8%	0	\$0.78
Lakeside	0	709,535	709,535	7.0%	0	\$0.74
El Cajon	330,034	8,284,224	8,614,258	7.6%	0	\$0.69
Vista	626,226	12,638,041	13,264,267	9.9%	0	\$0.67
East City	179,745	2,466,079	2,645,824	5.8%	0	\$0.65
Poway	2,910,104	5,706,995	8,617,099	3.5%	0	\$0.65
South City	265,375	3,777,862	4,043,237	5.2%	0	\$0.64
National City	143,873	3,698,198	3,842,071	6.0%	0	\$0.62
Oceanside	927,991	7,196,327	8,124,318	17.3%	0	\$0.62
Chula Vista	922,709	9,750,992	10,673,701	6.3%	0	\$0.55
Spring Valley	0	959,630	959,630	10.3%	0	\$0.54
San Marcos	282,488	8,676,257	8,958,745	7.7%	0	\$0.53
San Ysidro	0	1,618,840	1,618,840	10.9%	0	\$0.53
Otay Mesa	148,767	14,869,075	15,017,842	22.3%	0	\$0.49
Governor Park	293,763	0	293,763	15.7%	0	N/A
Morena	0	1,118,276	1,118,276	5.9%	0	N/A
North Park	0	119,310	119,310	0.0%	0	N/A
Solana Beach	40,624	0	40,624	3.6%	0	N/A
Total, San Diego County	55,228,337	137,443,060	192,671,397	11.5%	202,340	\$0.84

(1) All leases are triple-net.
 Source: Cushman and Wakefield
 Prepared by: Keyser Marston Associates, Inc.
 Filename: D&B-Commercial and Imperial\8/5/2011; ema

TABLE D-2

**INDUSTRIAL MARKET TRENDS, PLAN AREA, 2006 TO 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (1)	<u>Change, 2006 to 2011</u>	
							<u>Absolute</u>	<u>Percent</u>
Total Inventory	709,893	709,893	709,893	709,893	709,893	709,893	0	0.0%
Vacancy Rate	0.9%	1.5%	0.0%	1.4%	7.6%	7.1%	6.2%	N/A
Average Asking Lease Rate (NNN)	N/A	N/A	N/A	N/A	\$0.85	\$0.85	N/A	N/A

(1) As of 1st quarter 2011.

TABLE D-3

**INDUSTRIAL ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 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>
1709 Main St.	Refrigerated/cold storage (sublease)	50,275	50,275	\$0.69	Industrial Gross	100%
3440 Main St.	Warehouse space	22,000	13,500	\$0.55	NNN	61%
3460 Main St.	Warehouse space	26,000	11,000	\$0.65	NNN	42%
3004 Commercial St.	Warehouse space	21,000	21,000	\$0.45	FSG	100%
2870 Main St.	Manufacturing space	20,000	5,000	\$0.90	Industrial Gross	25%
2675 Boston Ave.	Warehouse space	11,500	5,000	\$0.72	Modified Gross	43%
1961 Main St.	Manufacturing space	5,000	5,000	\$0.85	Industrial Gross	100%
789 Gateway Center Way	Warehouse space	27,460	4,720	\$0.65	NNN	17%
3959 Lockridge St.	Distribution warehouse	50,000	28,000	\$0.74	NNN	56%
2001 Commercial St.	Urban office/showroom/warehouse space	29,478	17,478 6,000	\$0.80 \$1.00	Industrial Gross	80%
885 Gateway Center Way	Distribution warehouse	40,000	40,000	\$0.69	NNN	100%
3937 Lockridge St.	Warehouse space	50,000	28,000	\$0.75	NNN	56%
2191 Main St.	Distribution warehouse	52,500	28,600	\$0.50	Industrial Gross	54%
675 Gateway Center Dr.	Warehouse space	58,258	58,258	\$0.59	NNN	100%
3140 Market St.	Warehouse space	4,300	3,000	\$1.15	N/A	70%
	Minimum	4,300	3,000	\$0.45		17%
	Maximum	58,258	58,258	\$1.15		100%
	Median	27,460	15,489	\$0.71		61%
	Average	31,185	20,302	\$0.73		67%
	Total	467,771	324,831			69%

(1) As of May 31, 2011. Survey represents the following zip codes: 92102, 92113, and 92114.

TABLE D-4

**INDUSTRIAL BUILDING SALES, 2009 TO PRESENT ⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>City</u>	<u>Zip Code</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>
03/15/11	1925 Wilson Ave.	National City	91950	\$380,000	0.13	\$68	4,300	\$88	1990	Class C warehouse building
02/18/11	3960 Home Ave.	San Diego	92105	\$825,000	0.39	\$48	10,000	\$83	1971	Class C food processing building
02/15/11	221 W. 33rd St.	National City	91950	\$754,000	0.39	\$44	8,400	\$90	1970	Class C warehouse building
01/25/11	1211 S. 32nd St.	San Diego	92113	\$1,300,000	1.12	\$27	6,230	\$209	N/A	Class C industrial building
12/09/10	1636 Wilson Ave.	National City	91950	\$1,147,500	0.26	\$100	8,500	\$135	1978	Class C manufacturing building
11/23/10	6144 Federal Blvd.	San Diego	92114	\$2,400,000	2.08	\$26	11,583	\$207	1973	Class B warehouse building
10/29/10	24 21st St.	San Diego	92102	\$1,100,000	0.70	\$36	10,000	\$110	1971	Class C warehouse building
10/28/10	905 Hoover Ave.	National City	91950	\$100,000	0.08	\$29	838	\$119	N/A	Class C auto service building
07/30/10	2627-2635 Boston Ave.	San Diego	92113	\$912,500	0.32	\$65	8,897	\$103	2004	Class C industrial building
05/28/10	415 W. 30th St.	National City	91950	\$2,225,000	1.63	\$31	7,100	\$313	1980	Class C manufacturing building
04/29/10	3056 Imperial Ave.	San Diego	92102	\$150,000	0.16	\$21	785	\$191	N/A	Class C service building
01/29/10	789 Gateway Center Way	San Diego	92102	\$2,169,340	1.50	\$33	27,460	\$79	1987	Class C warehouse building
12/30/09	3626 Main St.	San Diego	92113	\$615,000	0.16	\$88	7,000	\$88	1960	Class C warehouse building
12/22/09	2000 McKinley Ave.	National City	91950	\$2,450,000	1.66	\$34	23,000	\$107	1969	Class C manufacturing building
10/19/09	3376 Main St.	San Diego	92113	\$1,650,000	0.56	\$68	15,900	\$104	1932	Class C warehouse building
10/16/09	1900 Wilson Ave.	National City	91950	\$700,000	0.13	\$127	6,000	\$117	1988	Class C warehouse building
07/25/09	1645 47th St.	San Diego	92102	\$320,000	0.25	\$29	2,800	\$114	1968	Class C auto service building
07/17/09	500 West 16th St.	National City	91950	\$2,300,000	0.98	\$54	16,000	\$144	N/A	Class C manufacturing building
04/02/09	1805 Newton Ave.	San Diego	92113	\$1,000,000	0.16	\$143	5,910	\$169	1961	Class C manufacturing building
03/29/09	3101 Hoover Ave.	National City	91950	\$900,000	0.54	\$38	6,780	\$133	1973	Class C warehouse building
03/10/09	1221-1251 S. 26th St.	San Diego	92113	\$975,000	0.48	\$46	8,000	\$122	1981	Class C manufacturing building
02/25/09	864 34th St.	San Diego	92102	\$1,430,000	0.84	\$39	6,452	\$222	1980	Class C manufacturing building
			Minimum	\$100,000	0.08	\$21	785	\$79	1932	
			Maximum	\$2,450,000	2.08	\$143	27,460	\$313	2004	
			Median	\$987,500	0.44	\$42	7,550	\$118	1973	
			Average	\$1,172,879	0.66	\$54	9,179	\$138	1974	

(1) Survey represents the following zip codes: 91950, 92102, 92113, and 92114.

Appendix E

Retail Market Overview

TABLE E-1

**RETAIL MARKET PROFILE, 1ST QUARTER 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 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	1,580,439	6.8%	\$3.42
Del Mar/Solana Beach/Rancho Santa Fe	1,756,784	3.3%	\$3.21
Cardiff/Encinitas/Luecadia	2,328,191	3.8%	\$2.70
Carlsbad/La Costa	1,881,688	7.2%	\$2.68
Santee/Lakeside	1,971,569	4.6%	\$2.59
Rancho Bernardo	637,424	7.9%	\$2.54
Mira Mesa/Scripps Ranch	2,213,428	2.9%	\$2.25
Downtown/Hillcrest/Old Town	640,655	1.8%	\$2.24
Sports Arena/Point Loma	1,952,772	5.1%	\$2.10
Pacific Beach/Morena	577,075	2.4%	\$2.09
Golden Triangle	1,087,948	2.9%	\$2.07
Chula Vista/Bonita	3,591,578	3.2%	\$2.01
Mission Gorge/Del Cerro/Allied Gardens	586,919	2.2%	\$2.00
Murrieta	4,259,333	11.1%	\$1.95
Clairemont/Kearny Mesa/Tierrasanta	3,790,108	7.7%	\$1.93
Fallbrook	525,886	3.8%	\$1.87
Escondido	3,658,689	9.8%	\$1.87
San Marcos	3,151,712	7.4%	\$1.87
Mission Valley	1,439,744	3.0%	\$1.76
Temecula	4,766,915	13.5%	\$1.72
Oceanside	4,960,240	11.3%	\$1.71
Rancho Penasquitos/Poway	1,963,129	4.4%	\$1.70
Mid City/El Cajon Boulevard	2,504,675	5.4%	\$1.69
National City/Paradise Hills	1,530,607	7.3%	\$1.65
Vista	2,641,794	10.5%	\$1.55
La Mesa/San Carlos	2,659,552	7.1%	\$1.53
East Chula Vista	2,195,824	5.7%	\$1.45
Miramar	880,614	14.0%	\$1.42
El Cajon	2,936,088	6.0%	\$1.37
Imperial Beach/South San Diego	2,227,493	3.5%	\$1.37
Lemon Grove/Spring Valley/Rancho San Diego	1,286,647	5.1%	\$1.16
Ramona	362,425	8.7%	\$1.16
La Jolla	125,829	0.0%	-
Total, San Diego County (2)	68,673,774	7.1%	\$1.96
(Less) Cities of Murrieta and Temecula	<u>9,026,248</u>		
Adjusted, San Diego County	77,700,022		

(1) All leases are triple-net.

(2) CB Richard Ellis includes the Cities of Murrieta and Temecula.

Source: CB Richard Ellis

Prepared by: Keyser Marston Associates, Inc.

Filename: D&B-Commercial and Imperial\8/5/2011; ema

TABLE E-2

**RETAIL MARKET TRENDS, PLAN AREA, 2006 TO 2011
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> (1)	<u>Change, 2006 to 2011</u>	
							<u>Absolute</u>	<u>Percent</u>
Total Inventory (2)	188,260	188,260	188,260	188,260	188,260	188,260	0	0.0%
Vacancy Rate	8.6%	1.2%	2.0%	2.7%	5.4%	5.0%	-3.6%	N/A
Average Asking Lease Rate (NNN)	N/A	N/A	N/A	\$1.25	\$1.25	\$1.25	N/A	N/A

(1) As of 1st quarter 2011.

(2) Modified by KMA to remove residential portions of buildings, generally located on second story.

TABLE E-3

**SUMMARY OF CONVENIENCE GOODS AND EATING AND DRINKING ESTABLISHMENTS, PLAN AREA
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Retailer</u>	<u>Address</u>	<u>Building SF</u> ⁽¹⁾
<u>Convenience Goods</u> ⁽²⁾		
R&V Products	2118 Imperial Avenue	5,932 SF
Bottle and Basket	2289 Imperial Avenue	2,179 SF
La Palapa General Merchandise	2483 Imperial Avenue	3,290 SF ⁽³⁾
Arrow Market	2638 Imperial Avenue	17,000 SF
Grace Discount Mart	2751-2755 Imperial Avenue	2,456 SF
Imperial Market	2765 Imperial Avenue	1,930 SF
Dulceria y Fruteria Laurita	2876 Imperial Avenue	500 SF ⁽³⁾
La Tapatia 99 Cents	2877 Imperial Avenue	1,233 SF
Rancho Market	2970 Imperial Avenue	2,537 SF
Bruno's Market	2988 Imperial Avenue	6,865 SF
Mullen's Market and Liquor	3011 Imperial Avenue	4,743 SF
Lew's Market	3302 Imperial Avenue	<u>3,906</u> SF
Total Convenience Goods		52,571 SF
<u>Eating and Drinking</u>		
La Fachada	20 25th Street	1,800 SF
El Faro	2249 Imperial Avenue	3,345 SF
Mariscos el Golosito	2275 Imperial Avenue	886 SF
Gabriel's Tortilleia	2480 Imperial Avenue	2,856 SF
Churros el Tigre	2483 Imperial Avenue	500 SF ⁽³⁾
Tacos El Paisa	2494 Imperial Avenue	1,518 SF
Tacos El Guero	2709 Imperial Avenue	800 SF ⁽³⁾
Casa de Pepe	2822 Imperial Avenue	1,662 SF
El Salvadoreno	2845 Imperial Avenue	800 SF
Su Casita Mexicana	2851 Imperial Avenue	800 SF
Sister Pee Wee's Soul Food	2971 Imperial Avenue	<u>1,244</u> SF
Total Eating and Drinking		16,211 SF
Total Convenience Goods and Eating and Drinking		68,782 SF
% of Total Retail Inventory in Plan Area		36.5%

(1) Approximate square footages. Source: CoStar Group, Inc., MetroScan, KMA Internet and field research.

(2) Convenience Goods are defined as follows: food stores, grocery stores with or without alcohol, drug stores, and packaged liquor stores.

(3) KMA estimate.

TABLE E-4

**RETAIL ASKING LEASE RATES, SOUTHEASTERN SAN DIEGO⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 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⁽²⁾</u>	<u>Percent Vacant</u>	<u>Year Built</u>
3140 Market St.	Commercial building	2,800	2,800	\$1.25	100%	N/A
212-220 Euclid Ave.	Euclid Plaza neighborhood center	23,368	6,372	\$1.00	27%	1991
4284 Market St.	Free standing retail building	3,300	3,300	\$1.49	100%	1952
5825 Imperial Ave.	St. Stephen's Cathedral retail space	8,591	8,591	N/A	100%	1960
3582 National Ave.	Fornaca Center Phase I strip center	26,830	1,286	N/A	5%	2006
3280 Main St.	Retail strip center	9,500	1,725	N/A	18%	1989
2100 Imperial Ave.	Farmer's Market	15,000	15,000	N/A	100%	N/A
2850 National Ave.	Fornaca Center Phase II strip center	3,610	1,025	N/A	28%	2008
2973 Market St.	Market Plaza street level retail	6,248	1,300	\$1.75	21%	N/A
6821 Imperial Ave.	Street level retail	750	750	\$1.59	100%	1921
3500-3600 National Ave.	Otto Plaza neighborhood center	19,300	3,000 1,300	\$1.45 \$2.00	22%	N/A
2184 Logan Ave.	Former Porkyland retail/restaurant building	8,000	3,000	\$1.18	38%	1930
	Minimum	750	750	\$1.00	5%	1921
	Maximum	26,830	15,000	\$2.00	100%	2008
	Median	8,296	2,800	\$1.47	33%	1975
	Average	10,608	3,804	\$1.46	55%	1970
	Total	127,297	49,449		39%	

(1) As of May 31, 2011. Survey represents the following zip codes: 92102, 92113, and 92114.

(2) All leases are triple-net (NNN).

TABLE E-5

**RETAIL BUILDING SALES, JANUARY 2009 TO PRESENT ⁽¹⁾
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Sale Date</u>	<u>Address</u>	<u>City</u>	<u>Zip Code</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>
04/22/11	4196 Market St.	San Diego	92102	\$220,000	0.23	\$22	707	\$311	N/A	Auto repair building
11/04/10	1701-1705 National Ave.	San Diego	92113	\$840,000	0.32	\$60	3,000	\$280	1925	General freestanding retail building
09/10/10	2415 W. 18th St.	National City	91950	\$540,000	0.23	\$53	1,320	\$409	N/A	General freestanding retail building
08/31/10	1845 Logan Ave.	San Diego	92113	\$707,500	0.21	\$78	3,393	\$209	1955	Retail storefront building
08/19/10	2440 Highland Ave.	National City	91950	\$290,000	0.14	\$48	1,950	\$149	N/A	Retail storefront/office building
05/10/10	1338 Roosevelt Ave.	National City	91950	\$300,000	0.25	\$28	1,102	\$272	1965	General freestanding retail building
04/27/10	2804 Main St.	San Diego	92113	\$1,435,000	0.45	\$73	2,873	\$499	1984	Fast food restaurant
04/05/10	2940 National City Blvd.	National City	91950	\$2,400,000	1.57	\$35	16,955	\$142	N/A	Auto dealership building
01/19/10	1111 E. Plaza Blvd.	National City	91950	\$750,000	0.46	\$38	3,096	\$242	1981	Plaza Towne shopping center
11/04/09	2161-2163 Logan Ave.	San Diego	92113	\$555,000	0.14	\$88	3,080	\$180	1924	Retail storefront building
09/30/09	2134-2136 National Ave.	San Diego	92113	\$309,500	0.16	\$44	1,463	\$212	N/A	General freestanding retail building
07/02/09	8450 Jamacha Rd.	San Diego	92114	\$1,420,000	1.30	\$25	7,952	\$179	1964	General freestanding retail building
07/01/09	25 W. 11th St.	National City	91950	\$865,000	0.14	\$142	2,922	\$296	N/A	Auto repair building
06/22/09	701 National City Blvd.	National City	91950	\$2,000,000	0.68	\$68	11,500	\$174	N/A	Retail storefront/parking garage
06/15/09	1220 E. Plaza Blvd.	National City	91950	\$3,200,000	4.50	\$16	37,650	\$85	1983	Community center
06/12/09	1827-1835 Logan Ave.	San Diego	92113	\$710,000	0.32	\$51	2,576	\$276	N/A	General freestanding retail building
05/13/09	1802-1816 Logan Ave.	San Diego	92113	\$1,300,000	2.07	\$14	7,625	\$170	1958	Two general freestanding retail buildings
04/27/09	214 National City Blvd.	National City	91950	\$800,000	0.40	\$46	7,350	\$109	1975	Restaurant building
03/24/09	4689 Market St.	San Diego	92102	\$345,000	0.28	\$28	1,125	\$307	1960	Service station
03/02/09	539-541 Highland Ave.	National City	91950	\$540,000	0.09	\$138	3,675	\$147	1957	Retail storefront building
02/05/09	4676-4696 Market St.	San Diego	92102	\$4,840,000	3.13	\$35	25,635	\$189	1991	Loma Vista shopping center
			Minimum	\$220,000	0.09	\$14	707	\$85	1924	
			Maximum	\$4,840,000	4.50	\$142	37,650	\$499	1991	
			Median	\$750,000	0.32	\$46	3,080	\$209	1964	
			Average	\$1,160,333	0.81	\$54	6,998	\$230	1963	

(1) Survey represents sales of retail buildings in the following zip codes: 91950, 92102, 92113, and 92114. Excludes service stations.

TABLE E-6

**OVERVIEW OF KMA RETAIL GROUPINGS
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

KMA Retail Category	Definition
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

TABLE E-7

**TOTAL RETAIL SALES, SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREA, 2005-2010
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Retail Categories (\$000s) (1)	2005	2010	Average Annual Rate	2010		
				Sales Per Capita (2)	Sales As % of Per Capita Income (3)	Sales As % of Citywide Sales
Aggregated Confidential (4)	\$220,544	\$174,283	-4.6%	\$2,906	22.7%	3.8%
Convenience Goods (5)	\$71,103	\$58,659	-3.8%	\$978	7.7%	1.9%
Eating and Drinking	\$21,812	\$19,122	-2.6%	\$319	2.5%	0.8%
Automotive Outlets	\$42,647	\$33,943	-4.5%	\$566	4.4%	1.1%
Other Retail Stores	<u>\$10,469</u>	<u>\$8,280</u>	<u>-4.6%</u>	<u>\$138</u>	<u>1.1%</u>	<u>0.4%</u>
Total Retail Sales	\$366,574	\$294,287	-4.3%	\$4,906	38.4%	1.9%

(1) Excludes All Other Outlets.

(2) Based on SANDAG's 2010 estimate of total population of 59,983 for the Southeastern San Diego Community Planning Area.

(3) Based on Claritas, Inc.'s 2010 estimate of per capita income for the 1-mile radius surrounding the Plan Area of \$12,772.

(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, General Merchandise, and Packaged Liquor. 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-8

**TOTAL RETAIL SALES, CITY OF SAN DIEGO, 2010
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Retail Categories (\$000s)</u> (1)	<u>2010</u>	<u>2010 Sales Per Capita</u> (2)	<u>Sales As % of Per Capita Income</u> (3)
General Merchandise	\$1,769,730	\$1,286	5.4%
Other Comparison Goods			
Apparel	\$1,073,812	\$780	3.3%
Home Furnishings & Appliances	<u>\$806,876</u>	<u>\$586</u>	<u>2.5%</u>
Subtotal Comparison Goods	\$1,880,688	\$1,367	5.8%
Convenience Goods (4)	\$3,167,870	\$2,302	9.8%
Eating and Drinking	\$2,505,842	\$1,821	7.7%
Home Improvement	\$910,267	\$661	2.8%
Automotive Outlets	\$3,042,317	\$2,211	9.4%
Other Retail Stores	<u>\$2,026,465</u>	<u>\$1,473</u>	<u>6.2%</u>
Total Retail Sales	\$15,303,180	\$11,120	47.1%

(1) Excludes All Other Outlets.

(2) Based on SANDAG's 2010 estimate of total population of 1,376,173 for the City.

(3) Based on Claritas, Inc.'s 2010 estimate of Per Capita Income (PCI) of \$23,608 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.

TABLE E-9

**TOTAL RETAIL SALES, COUNTY OF SAN DIEGO, 2010
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Retail Categories (\$000s)</u> (1)	<u>2010</u>	<u>2010 Sales Per Capita</u> (2)	<u>Sales As % of Per Capita Income</u> (3)
General Merchandise	\$4,607,254	\$1,429	6.2%
Other Comparison Goods			
Apparel	\$2,069,423	\$642	2.8%
Home Furnishings & Appliances	\$1,451,131	\$450	2.0%
Subtotal Comparison Goods	\$3,520,554	\$1,092	4.8%
Convenience Goods (4)	\$7,587,164	\$2,353	10.3%
Eating and Drinking	\$4,657,220	\$1,444	6.3%
Home Improvement	\$2,218,557	\$688	3.0%
Automotive Outlets	\$7,587,335	\$2,353	10.3%
Other Retail Stores	\$3,924,412	\$1,217	5.3%
Total Retail Sales	\$34,102,494	\$10,576	46.1%

(1) Excludes All Other Outlets.

(2) Based on SANDAG's 2010 estimate of total population of 3,224,432 for the County.

(3) Based on Claritas, Inc.'s 2010 estimate of Per Capita Income (PCI) of \$22,926 for the County.

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

TABLE E-10

**RETAIL SALES IMPORT/EXPORT ANALYSIS, SOUTHEASTERN SAN DIEGO COMMUNITY PLANNING AREA, 2010
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

<u>Retail Category</u>	<u>Expenditure Potential As % of PCI</u>	<u>Total Potential (000's)</u> (1)	<u>Actual 2010 (000's)</u>	<u>% of Actual to Total Potential</u>	<u>Import/ (Export) (000's)</u>
Aggregated Confidential (2)	15.0%	\$114,915	\$174,283	152%	\$59,368
Convenience Goods (3)	10.0%	\$76,610	\$58,659	77%	(\$17,952)
Eating and Drinking	3.0%	\$22,983	\$19,122	83%	(\$3,861)
Automotive Outlets	5.0%	\$38,305	\$33,943	89%	(\$4,362)
Other Retail Stores (4)	1.0%	\$7,661	\$8,280	108%	\$619
Total	34.0%	\$260,475	\$294,287	113%	\$33,812

(1) Based on the total Southeastern San Diego CPA population (59,983) and the per capita income of the 1-mile radius surrounding the Plan Area (\$12,772).

(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.

Appendix F

Commercial Space Demand

TABLE F-1

**SALES EXPORT RECAPTURE POTENTIAL, PLAN AREA
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Retail Category	Export (000's)	Estimated Recapture Rate in CPA		Assumed Sales Productivity Per SF Per Year	Estimated Recapture of Retail Space in CPA (SF)		Estimated Recapture Rate in Plan Area		Estimated Recapture of Retail Space in Plan Area (SF)	
		Low	High		Low	High	Low	High	Low	High
Convenience Goods(2)	(\$17,952)	60%	80%	\$400	27,000	36,000	5.0%	10.0%	1,400	3,600
Eating and Drinking	(\$3,861)	50%	60%	\$400	4,800	5,800	5.0%	10.0%	200	600
Totals	(\$21,813)	58%	76%	\$399	31,800	41,800	5.0%	10.0%	1,600	4,200

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

(2) Includes food and drug stores.

TABLE F-2

ESTIMATE OF RETAIL/RESTAURANT SPACE DEMAND, 3-MILE RING, 2011-2030 (1)
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO

Projected Total Population, 2030	259,261 (2)
Total Population Growth, 2011-2030	41,841
Average Per Capita Income, 2011	\$20,675
Increase in Aggregate Personal Income, 2011-2030	\$865,056,000

	Allocation of Per Capita Income to Spending (3)	Assumed Capture Rate within Plan Area (4)		Estimated Spending		Sales Productivity Per SF (5)	Retail Space Demand (SF)	
		Low	High	Low	High		Low	High
		I. Growth Generated Demand						
A. Retail Space								
Convenience Goods	10.0%	5.0%	10.0%	\$4,325,000	\$8,651,000	\$400	10,800 SF	21,600 SF
Subtotal Retail							10,800 SF	21,600 SF
B. Restaurant Space								
Eating and Drinking	3.0%	5.0%	10.0%	\$1,298,000	\$2,595,000	\$400	3,200 SF	6,500 SF

(1) From the intersection of Commercial and 28th Street.
(2) Based on Claritas, Inc.'s forecasted annual escalation from 2011 through 2016 for the 3-mile radius.
(3) Based on the percent of total taxable sales for Southeastern San Diego CPA.
(4) Based on the Southeastern San Diego CPA's percent share of Citywide taxable retail sales for each category.
(5) Industry standards and KMA assumption.

TABLE F-3

**RETAIL/RESTAURANT SPACE DEMAND FROM OFFICE WORKERS
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Number of New Office Workers - 3-Mile Radius		
Number of New Office Workers through 2030 (1)	21,217	21,217
Plan Area Capture @	0.5% (2)	1.0% (2)
Subtotal - New Office Workers, Plan Area, through 2030	106	212
II. Annual Office Worker Spending - Plan Area		
Estimate of Annual Office Worker Spending - Retail (3)	\$6,633	\$6,633
Estimate of Annual Office Worker Spending - Restaurant (3)	\$2,037	\$2,037
Spending by Plan Area Office Workers - Retail	\$704,000	\$1,407,000
Spending by Plan Area Office Workers - Restaurant	\$216,000	\$432,000
Estimated Capture in Plan Area	40% (4)	60% (4)
Estimated Spending in Plan Area - Retail	\$282,000	\$844,000
Estimated Spending in Plan Area - Restaurant	\$86,000	\$259,000
Estimated Sales Productivity (Sales/SF)	\$400 (4)	\$400 (4)
III. Total Office Worker-Supported Retail Space Demand through 2030	700 SF	2,100 SF
Total Office Worker-Supported Restaurant Space Demand through 2030	200 SF	600 SF

(1) See Table F-4.

(2) KMA assumption.

(3) Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted by KMA to reflect 2011 dollars as follows:

	<u>2003</u>	<u>2011</u>
Shopper Goods	\$3,115	\$3,946
Convenience Goods	\$2,121	\$2,687
Subtotal - Retail	\$5,236	\$6,633
Lunches	\$1,080	\$1,368
Dinner/Drinks	\$528	\$669
Subtotal - Restaurant	\$1,608	\$2,037

Escalation Factor @	3.0%
---------------------	------

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

(4) KMA assumption.

TABLE F-4

**SUMMARY OF RETAIL/RESTAURANT SPACE DEMAND, 2011-2030
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Estimated Retail Space Demand		
Existing Residents (Export) (Table F-1)	1,400 SF	3,600 SF
New Residents (Table F-2)	10,800 SF	21,600 SF
New Office Workers (Table F-3)	<u>700</u> SF	<u>2,100</u> SF
Total Retail Space Demand through 2030	12,900 SF	27,300 SF
II. Estimated Restaurant Space Demand		
Existing Residents (Export) (Table F-1)	200 SF	600 SF
New Residents (Table F-2)	3,200 SF	6,500 SF
New Office Workers (Table F-3)	<u>200</u> SF	<u>600</u> SF
Total Restaurant Space Demand through 2030	3,600 SF	7,700 SF

TABLE F-5

**ESTIMATE OF ADDITIONAL OFFICE SPACE NEEDED THROUGH 2030, 3-MILE RING
MARKET AND ECONOMIC ANALYSIS
COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
DYETT & BHATIA / CITY OF SAN DIEGO**

	Number of Employees 2010 (1)	Average Annual Rate 2010-2030 (2)	Number of Employees 2030	Number of Employees Added/(Lost)	Portion Using Office Space (3)	Number of New Office Users	# of SF Per Person @ 250 (4)
Transportation and Warehousing	8,048	0.0%	8,048	0	0%	0	0 SF
Retail Trade	23,389	1.0%	28,256	4,867	5%	243	61,000 SF
Wholesale Trade	3,120	0.0%	3,120	0	0%	0	0 SF
Professional and Business Services	29,873	0.5%	32,554	2,681	50%	1,341	335,000 SF
Manufacturing	15,579	0.0%	15,579	0	0%	0	0 SF
Educational Services	6,422	3.0%	11,261	4,839	75%	3,629	907,000 SF
Healthcare and Social Services	11,398	3.0%	19,986	8,588	75%	6,441	1,610,000 SF
Finance, Insurance, and Real Estate	9,251	2.0%	13,477	4,226	75%	3,169	792,000 SF
Government	61,307	1.0%	74,066	12,759	50%	6,379	1,595,000 SF
Construction	2,681	0.5%	2,947	266	5%	13	3,000 SF
Other Services	1,320	0.0%	1,320	0	0%	0	0 SF
Leisure and Hospitality	16,599	0.0%	16,599	0	0%	0	0 SF
Natural Resources and Mining	5	0.0%	5	0	0%	0	0 SF
Total	188,992	N/A	227,219	38,227	56%	21,217	5,303,000 SF

(1) Source: Claritas, Inc. Reflects employment by place of work within a 3-mile ring from the intersection of Commercial and 28th Street.

(2) KMA estimate for 3-mile ring based on review of annual growth rates in San Diego County for each employment category between 2000 and 2010. See Table A-5.

(3) KMA assumption.

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

TABLE F-6

**SUMMARY OF OFFICE SPACE DEMAND, PLAN AREA
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

I. Estimated Office Demand	Low	High
Office Space Need through 2030 - 3-Mile Ring (1)	5,303,000 SF	5,303,000 SF
Plan Area Capture @	0.5% (2)	1.0% (2)
Total Office Space Demand through 2030 - Plan Area	27,000 SF	53,000 SF

(1) From the intersection of Commercial and 28th Street.

(2) KMA assumption.

TABLE F-7

**TOTAL HOUSING UNIT DEMAND ANALYSIS, PLAN AREA, 2011-2030
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

Year	City of San Diego Projected Total Housing Units			Plan Area Capture of Projected Citywide Growth (2)			
	Annual Increase		Total Inventory (1)	0.5%	Low	1.0%	High
	Percent	Absolute					
2000			469,689				
2001	0.98%	4,607	474,296				
2002	0.98%	4,652	478,948				
2003	0.98%	4,698	483,646				
2004	0.98%	4,744	488,389				
2005	0.98%	4,790	493,180				
2006	0.98%	4,837	498,017				
2007	0.98%	4,885	502,902				
2008	0.98%	4,933	507,834				
2009	0.98%	4,981	512,815				
2010	0.98%	5,030	517,845				
2011	0.98%	5,079	522,924		14,049 (3)	51	14,049 (3)
2012	0.98%	5,129	528,053	26	14,075	51	14,100
2013	0.98%	5,179	533,232	26	14,101	52	14,152
2014	0.98%	5,230	538,463	26	14,127	52	14,204
2015	0.98%	5,281	543,744	26	14,153	53	14,257
2016	0.98%	5,333	549,077	27	14,180	53	14,311
2017	0.98%	5,386	554,463	27	14,207	54	14,364
2018	0.98%	5,438	559,901	27	14,234	54	14,419
2019	0.98%	5,492	565,393	27	14,261	55	14,474
2020	0.98%	5,546	570,938	28	14,289	55	14,529
2021	0.98%	5,600	576,538	28	14,317	56	14,585
2022	0.98%	5,655	582,193	28	14,345	57	14,642
2023	0.98%	5,710	587,903	29	14,374	57	14,699
2024	0.98%	5,766	593,670	29	14,403	58	14,756
2025	0.98%	5,823	599,493	29	14,432	58	14,815
2026	0.98%	5,880	605,373	29	14,461	59	14,873
2027	0.98%	5,938	611,310	30	14,491	59	14,933
2028	0.98%	5,996	617,306	30	14,521	60	14,993
2029	0.98%	6,055	623,361	30	14,551	61	15,053
2030	0.98%	6,114	629,475	31	14,582	61	15,115
Total		159,786		533		1,116	

(1) Based on actual number of housing units in 2000 and SANDAG's projection of total housing units in 2030.

(2) KMA estimation of low and high capture rates based on 1-mile radius' share of the City's total number of residential units.

(3) Total number of housing units within a 1-mile radius of the intersection of Commercial and 28th Street.

TABLE F-8

**TOTAL SPACE DEMAND, PLAN AREA, 2011-2030
 MARKET AND ECONOMIC ANALYSIS
 COMMERCIAL STREET AND IMPERIAL AVENUE CORRIDOR MASTER PLAN
 DYETT & BHATIA / CITY OF SAN DIEGO**

	<u>Low</u>		<u>High</u>	
I. Demand by Commercial Use				
A. Retail Space	12,900 SF	29.7%	27,300 SF	31.0%
B. Restaurant Space	<u>3,600</u> SF	<u>8.3%</u>	<u>7,700</u> SF	<u>8.8%</u>
Subtotal - Retail/Restaurant	16,500 SF	37.9%	35,000 SF	39.8%
C. Office Space	<u>27,000</u> SF	<u>62.1%</u>	<u>53,000</u> SF	<u>60.2%</u>
II. Total Commercial Space Demand, 2011-2030	43,500 SF	100.0%	88,000 SF	100.0%
III. Total Housing Unit Demand, 2011-2030	533 Units		1,116 Units	