MARKET DEMAND ANALYSIS AND EVALUATION OF POTENTIAL IMPACTS OF COLLOCATION UNIVERSITY COMMUNITY PLAN UPDATE

Prepared for:

City of San Diego

Prepared by:

Keyser Marston Associates, Inc.

July 2019

TABLE OF CONTENTS

I. INTRODUCTION

A. Objective

In accordance with our Master Services Subconsultant Agreement with Dudek (Prime Consultant) dated December 19, 2018, Keyser Marston Associates, Inc. (KMA) has prepared: (a) a market demand analysis for employment and retail uses, and (b) an evaluation of potential impacts of collocation between residential and industrial uses for the City of San Diego's (City's) University Community Plan Area (CPA).

B. Background

The University Community Plan was adopted in July 1987. The City is currently undertaking a Community Plan Update (CPU) for the University CPA. The CPU will address growth until a horizon year of 2050. In particular, the CPU will address issues pertaining to residential, retail, and employment growth, with respect to Citywide and community-wide goals. In response to these efforts to update the Community Plan, the City engaged KMA to provide evaluations of: (1) employment and retail use market demand and (2) potential impacts of collocation within the CPA.

The focus of the KMA market demand analysis was to evaluate current and future market trends and the potential development of employment and retail uses throughout the CPA. For this analysis, KMA reviewed historical and anticipated future market factors to better understand absorption trends for the CPA. Preparation of the market demand analysis included: (a) a review of demographic and real estate market trends; (b) absorption projections for the employment and retail use categories; and (c) a comparison of remaining development capacity to estimated market demand.

To further complement the market demand analysis, KMA also evaluated the potential impacts of collocation between residential and industrial uses. This evaluation involved the following work tasks: (a) a review of case studies and industry literature; (b) outreach and interviews with stakeholders; (b) preparation of a strengths, weaknesses, opportunities, and threats (SWOT) analysis; (c) identification of prerequisites for successful collocation; and (d) an evaluation of collocation within the University Collocation focus area.

C. Report Organization

This report is organized as follows:

- Section II presents the KMA key findings.
- Section III presents an overview of demographic and economic trends.
- Section IV presents the KMA analysis of market demand.
- Section V presents an evaluation of factors impacting collocation.
- Section VI details limiting conditions pertaining to this report.

II. KEY FINDINGS

A. Remaining Development Capacity

Table II-1 presents the estimated remaining development capacity for the University CPA. Under the current Community Plan, the CPA can accommodate up to 8.3 million square feet (SF) of employment (office, industrial, flex/research and development [flex/R&D]) space and approximately 1.7 million SF of retail space. For purposes of this study, employment space is categorized as follows:

- *Office* – primary intended use is to house employees of companies that produce a product or service primarily for support services such as administration, accounting, marketing, information processing and dissemination, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services

- *Industrial* – buildings adapted for a combination of uses such as assemblage, processing, and/or manufacturing products from raw materials or fabricated parts; additional uses include warehousing, distribution, and maintenance facilities; self-storage facilities are also tracked as an industrial type

- *Flex/R&D* – buildings designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses

Table II-1: Remaining Development Capacity, University CPA (1)

	Existing Development	***Total Development Capacity***	***Remaining Development Capacity***
Employment (SF) (2)	18,000,000 SF	26,300,000 SF	**8,300,000 SF**
Retail (SF) (3)	3,950,000 SF	5,610,000 SF	**1,660,000 SF**

(1) Based on data provided by the City of San Diego and SANDAG.
(2) Includes office, industrial, and scientific research and development uses.
(3) Includes arterial commercial, shopping centers, discount stores, furniture stores, restaurants, and supermarkets.

B. Market Demand Projection

KMA prepared low and high market absorption forecasts for employment and retail development for a horizon year of 2050. 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. While KMA considers these projections reasonable for planning purposes, it

is the nature of forecasting 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.

Table II-2 presents the KMA projection for the University CPA for each use in aggregate SF and on a SF per year basis. Demand for employment uses is projected to total between 8.4 million and 13.7 million SF, or between 271,000 SF and 442,000 SF per year. Additionally, demand for retail uses is projected to total between 590,000 SF and 1.3 million SF, or between 19,000 SF and 41,000 SF per year.

Table II-2: Demand Projections by Use

University CPA		
Use	***Low Projection (Rounded)***	***High Projection (Rounded)***
Employment *SF Per Year*	8,400,000 SF *271,000 SF*	13,700,000 SF *442,000 SF*
Retail *SF Per Year*	590,000 SF *19,000 SF*	1,270,000 SF *41,000 SF*

C. Surplus/(Deficit) of Remaining Development Capacity.

By comparing the remaining development capacity to the high/low market demand projections above, KMA was able to determine whether the CPA will experience a surplus or (deficit) with respect to available land area for each of the two uses through the horizon year of 2050.

Table II-3 presents the surplus/(deficit) of remaining development capacity with respect to the University CPA. KMA projects a (deficit) of 100,000 SF to 5.4 million SF for employment uses. By comparison, retail uses are projected to experience a surplus of 390,000 SF to 1.1 million SF based on the current market demand forecast.

Table II-3: Surplus/(Deficit) of Remaining Development Capacity

University CPA					
		Low Projection (Rounded)		***High Projection (Rounded)***	
	Remaining Development Capacity	***Demand Through 2050***	***Surplus/ (Deficit)***	***Demand Through 2050***	***Surplus/ (Deficit)***
Employment (SF)	8,300,000 SF	8,400,000 SF	(100,000) SF	13,700,000 SF	(5,400,000) SF
Retail (SF)	1,660,000 SF	590,000 SF	1,070,000 SF	1,270,000 SF	390,000 SF

D. Evaluation of Potential Impacts of Collocation

In addition to the market demand analysis, KMA was tasked with evaluating the potential impacts of collocation between industrial and residential uses for the University Collocation focus area. In particular, KMA evaluated the market support/land use compatibility for multi-family and/or mixed-use development within the focus area. The following metrics were used as part of this evaluation: "strong" meaning highly likely to occur, "moderate" meaning likely to occur, and "weak" meaning unlikely to occur. In Table II-4, KMA estimates that the focus area has moderate potential for multi-family and/or mixed-use in the near-term. Keeping pace, the focus area is expected to experience strong potential for multi-family and/or mixed-use in the mid- to long-term.

Table II-4: Market Support/Land Use Compatibility for Multi-Family and/or Mixed-Use by Focus Area

	Near-Term (0 to 5 years)	***Mid-Term (5 to 10 years)***	***Long-Term (10+ years)***
University CPA			
University Collocation Focus Area	Moderate	Strong	Strong

III. OVERVIEW OF DEMOGRAPHIC AND ECONOMIC TRENDS

KMA reviewed key demographic and economic trends in the County of San Diego (County), the City, the University CPA, and adjacent submarkets. The demographic and economic factors reviewed include population, households, household income, and employment. Our detailed findings are presented in Appendix A, Tables A-1 through A-10, and summarized in this section.

A. Demographics

As shown in Table III-1, in 2019 the University CPA contained 69,830 of the City's 1,414,461 residents. With respect to households, the University CPA contained 27,501 of the City's 523,755 households.

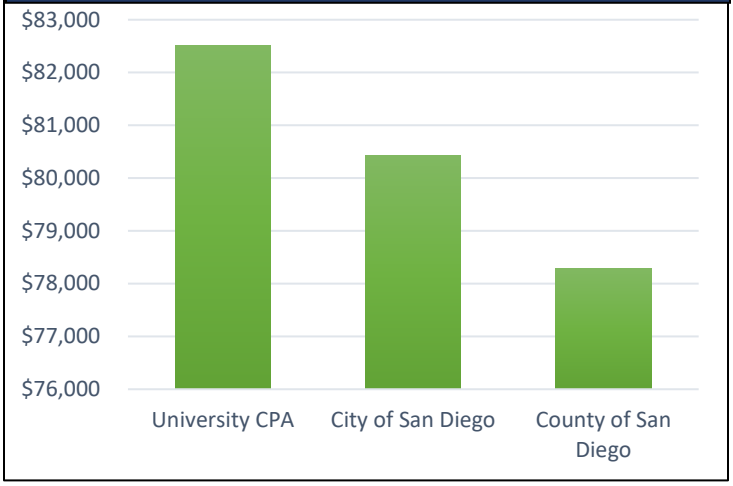
Table III-1: Overview of Key Demographic Factors, 2019 (1)

	University CPA	***City of San Diego***	***County of San Diego***
Population	69,830	1,414,461	3,371,481
Households	27,501	523,755	1,180,609
Average Household Size	2.21	2.60	2.77
Median Age	29.92	36.1	36.5
Median Household Income	$82,521	$80,424	$78,294

(1) Source: Environics Analytics, 2019.

The median household income was slightly higher in the University CPA ($82,521) when compared to the City ($80,424) and County ($78,294), as illustrated in Exhibit III-1.

Exhibit III-1: Median Household Income, 2019



The University CPA also experiences a smaller average household size (2.21) than the City (2.60) and County (2.77), as shown in Exhibit III-2.

Exhibit III-2: Average Household Size, 2019

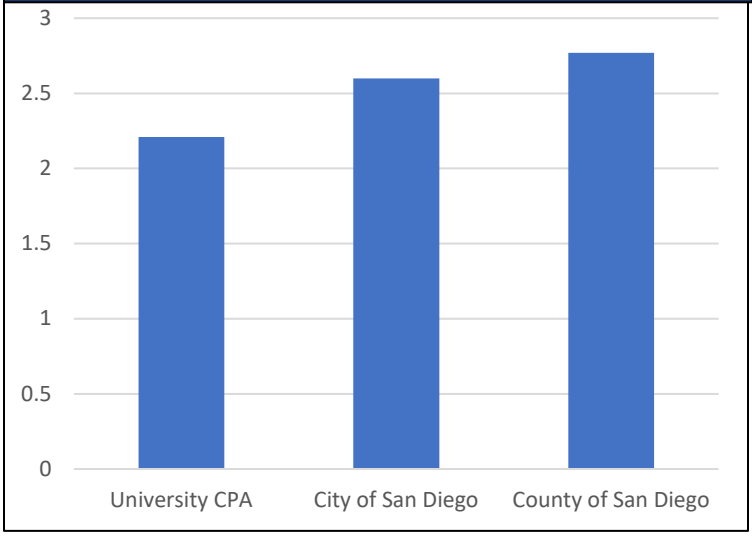


Table III-2 summarizes population growth trends for the University CPA, the City, and County based on data provided by the U.S. Census Bureau. As indicated in the table, the University CPA has experienced a higher average annual growth rate, at 2.5% per year, when compared to the City (1.3% per year) and County (1.6% per year).

Table III-2: Historic Average Annual Population Growth (1)

	Average Annual Growth (1980-2016)	
	Population/Year	***Percent***
University CPA	1,126	2.5%
City of San Diego	14,337	1.3%
County of San Diego	39,628	1.6%

(1) U.S. Census Bureau.

B. Employment

Table III-3 presents employment trends by North American Industry Classification System (NAICS) Industry Sector for San Diego County. The timespans illustrated in the table display the growth rates for pre- and post-Great Recession (2007-2009) periods. Between 1990 and 2017, the County experienced annual growth rates ranging from 0.2% to 2.5%. Additionally, average annual employment growth from 2000-2017 was 1.1%.

Table III-3: Average Annual Employment Trends by NAICS Industry Sector, San Diego County (1)				
NAICS Industry Sector	***1990-2000***	***2000-2010***	***2010-2017***	***2000-2017***
Retail Trade	1.5%	-0.3%	1.9%	0.6%
Professional and Business Services	4.7%	0.2%	2.0%	0.9%
Educational and Health Services	3.2%	3.2%	3.2%	3.2%
Finance, Insurance, and Information	2.1%	-1.5%	0.9%	-0.5%
Leisure and Hospitality	2.1%	1.8%	3.5%	2.5%
Transportation, Warehousing, and Wholesale	2.1%	-0.2%	2.2%	0.8%
Manufacturing	-0.2%	-2.3%	1.9%	-0.6%
Construction	1.4%	-2.3%	5.3%	0.8%
Natural Resources and Mining	-6.7%	2.9%	-4.0%	0.0%
Other Services	2.2%	0.9%	2.5%	1.5%
Total Employment	**2.2%**	**0.2%**	**2.5%**	**1.1%**
(1) Source: State of California Employment Development Department – Labor Market Information Division.				

To further analyze employment trends, KMA reviewed third-party broker data provided by Voit Real Estate Services (Voit). Voit is the largest privately held, broker-owned Southern California-based commercial real estate firm that provides quarterly market reports for industrial, office, flex/R&D, and retail uses. The discussion below presents the Voit submarkets within the University CPA in comparison to the larger submarket and the County for industrial, office, and flex/R&D uses. Submarkets are building type-specific, non-over-lapping, and contiguous geographic areas that contain a certain number of properties sufficient to provide meaningful information for aggregate statistics. As a result, submarkets vary between retail, industrial, office, and flex/R&D uses. Maps of each submarket by use are presented in Attachments A, B, and C of this report. The submarket factors analyzed for each use include rentable SF, vacancy rate, and average asking lease rate (per SF per month). Indicators of market strengths include low vacancy rates and high average asking lease rates.

Industrial

Table III-4 presents the industrial space market factors for fourth quarter 2018 within the University CPA, the larger Central County submarket (which includes the University CPA), and the County. The University CPA contains the Torrey Pines/University Towne Centre (UTC) submarket. The Torrey Pines/UTC submarket contains only 104,448 rentable SF of the County's 144.2 million rentable SF. The Central County Submarket contains 40.5 million SF with a vacancy rate of 2.60%, much lower than the County. Average asking lease rates in the Central County Submarket are also 21% higher when compared to the County as a whole.

Table III-4: Industrial Space Market Factors, 4th Quarter 2018 (1)				
	Rentable SF	**SF Vacant**	**Vacancy Rate**	**Average Asking Lease Rate (Per SF Per Month)** (2)
University CPA				
Torrey Pines/UTC	104,448	0	0.00%	---
Central County Submarket (includes University CPA)	40,487,355	1,050,854	2.60%	$1.21 MG
San Diego County	144,197,901	6,260,885	4.34%	$1.00 MG

(1) Source: Voit Real Estate Services.
(2) Rents reflect industrial gross, a type of Modified Gross (MG) lease where the tenant pays one or more of the expenses in addition to the rent.

Office

Table III-5 presents the office space market factors for fourth quarter 2018 within the University CPA, the North City submarket (which includes the University CPA), and the County. As shown, the University CPA contains the Torrey Pines/Sorrento Valley, UTC, and Governor Park submarkets. When compared to the County, the Torrey Pines and Governor Park submarkets experience a lower vacancy rate, while the UTC submarket contains a higher vacancy rate. The Torrey Pines and UTC submarkets currently experience average asking lease rates that are between 18% and 43% higher than the County, while the Governor Park submarket experiences a slightly lower average asking lease rate.

Table III-5: Office Space Market Factors, 4th Quarter 2018 (1)				
	Rentable SF	**SF Vacant**	**Vacancy Rate**	**Average Asking Lease Rate (Per SF Per Month)** (2)
University CPA				
Torrey Pines	3,018,906	101,327	3.36%	$3.98 FSG
UTC	8,629,064	960,353	11.13%	$3.29 FSG
Governor Park	889,275	82,335	9.26%	$2.75 FSG
North City Submarket (includes University CPA)	25,946,611	2,528,968	9.75%	$2.80 FSG
San Diego County	103,595,616	10,963,371	10.58%	$2.78 FSG

(1) Source: Voit Real Estate Services.
(2) Rents reflect full-service gross (FSG), a commercial lease where the tenant pays a base rent and the landlord pays for all operating expenses.

Flex/Research & Development

Table III-6 presents the flex/R&D space market factors for fourth quarter 2018 within the University CPA, the Central submarket (includes the University CPA), and the County. The University CPA contains the Torrey Pines/UTC submarket. The Torrey Pines/UTC submarket and larger Central submarket, which includes the University CPA, currently experience vacancies that are lower than the County; in addition,

average asking lease rates in both submarkets are between 51% and 163% higher than the County average.

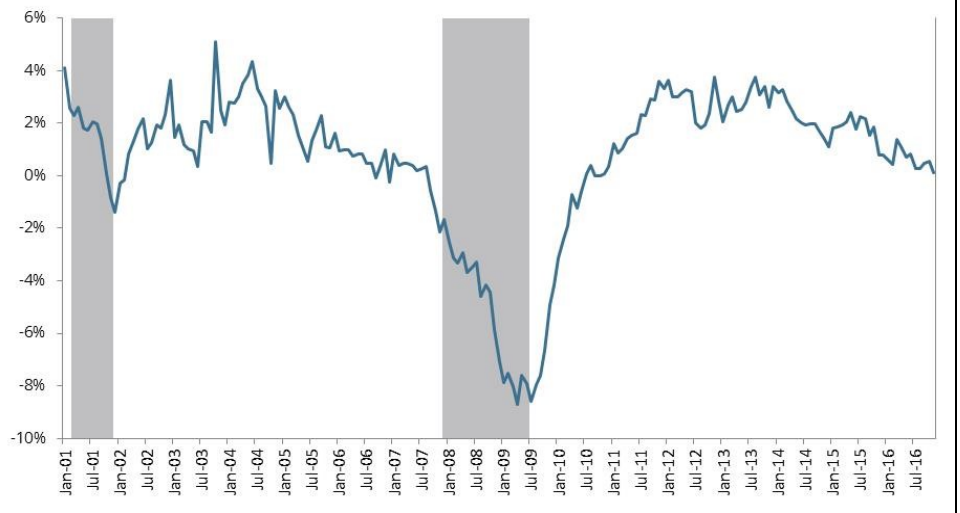
Table III-6: Flex/R&D Space Market Factors, 4th Quarter 2018 (1)				
	Rentable SF	**SF Vacant**	**Vacancy Rate**	**Average Asking Lease Rate (Per SF Per Month)** (2)
University CPA				
Torrey Pines/UTC	6,174,807	405,512	6.57%	$4.15 NNN
Central Submarket (includes University CPA)	26,702,942	2,030,934	7.61%	$2.39 NNN
San Diego County	48,579,022	3,160,698	6.51%	$1.58 NNN

(1) Source: Voit Real Estate Services.
(2) Rents reflect triple-net (NNN), a lease in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

C. Retail

According to the California Employment Development Department (EDD) Labor Market Indicators, retail trade employment in the County has been experiencing a slow growth since stabilization in 2013. Historically, County employment in retail trade has remained below the pre-Great Recession peak in 2004, as shown in Exhibit III-1.

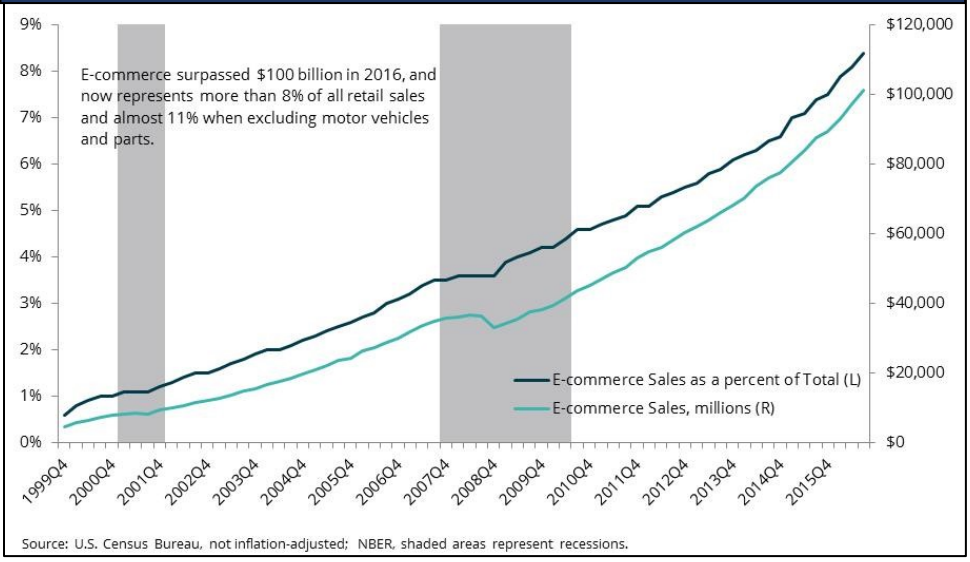
Exhibit III-1: Retail Trade Employment, San Diego County, 2001-2016



Source: CA EDD Labor Market Indicators, not seasonally adjusted; NBER, shaded areas represent recessions.

Slow growth in retail trade employment in the County is likely attributed to the growing presence of e-commerce. As shown in Exhibit III-2, according to the U.S. Census Bureau, as of 2016, e-commerce represented more than 8% of all retail sales in the U.S., and almost 11% when excluding motor vehicles and parts.

Exhibit III-2: U.S. E-Commerce Sales Relative to Total Retail Sales



Source: U.S. Census Bureau, not inflation-adjusted; NBER, shaded areas represent recessions.

To further evaluate City- and County-wide retail expenditure trends, KMA analyzed the most recent data available from the California State Board of Equalization (BOE) with respect to taxable retail and food service expenditures. By adjusting for taxable sales, KMA was able to estimate total gross retail and food services expenditures per capita. As shown in Table III-7, retail expenditure per capita is estimated to be $10,805, or 27.7% of per capita income, for the City. Comparatively, retail expenditure per capita is estimated to be $10,308 (or 28.4% of per capita income) for the County.

Table III-7: Estimated Gross Retail Sales, City vs. County (1)

	City of San Diego			County of San Diego		
Population (2018)	***1,419,845***			***3,337,456***		
	Total Sales ($000s)	***Per Capita***	***% of Per Capita Income Spent on Retail***	***Total Sales ($000s)***	***Per Capita***	***% of Per Capita Income Spent on Retail***
Shopper Goods (GAFO) (2)	$7,214,000	$5,081	13.0%	$17,639,000	$5,285	14.6%
Convenience Goods	$7,119,000	$5,014	12.8%	$14,021,000	$4,201	11.6%
Heavy Commercial Goods	$1,009,000	$711	1.8%	$2,744,000	$822	2.3%
Total Gross Retail and Food Services	**$15,342,000**	**$10,805**	**27.7%**	**$34,404,000**	**$10,308**	**28.4%**

(1) Based on data provide by the California State Board of Equalization (BOE) for calendar year 2016. Adjusted by KMA to reflect gross sales.
(2) Reflects General Merchandise, Apparel and Accessories, Furniture and Other Sales (GAFO).

Table III-8 presents the retail space market factors for fourth quarter 2018 within the Central North submarket (which includes the University CPA) and the County. The Central North submarket contains 17.4 million rentable SF with a vacancy rate of 5.43%, higher than the County. In addition, the average asking lease rate is 40% higher in the Central North submarket than the County.

Table III-8: Retail Space Market Factors, 4th Quarter 2018 (1)

	Rentable SF	SF Vacant	Vacancy Rate	Average Asking Lease Rate (Per SF Per Month) (2)
Central North Submarket (includes University CPA)	17,445,403	948,143	5.43%	$2.84 NNN
San Diego County	140,347,776	5,379,702	3.83%	$2.03 NNN

(1) Source: Voit Real Estate Services.
(2) Rents reflect triple-net (NNN), a lease in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

IV. MARKET DEMAND ANALYSIS

KMA evaluated market conditions with respect to employment (office, industrial, flex/R&D) and retail use categories. This evaluation involved:

- Review of regional and economic trends in land use and development
- Collection and review of third-party market data related to inventory, absorption, vacancy, and rental rates
- Review of major development proposals planned or under construction within or adjacent to the University CPA
- Telephone interviews with key stakeholders

The KMA evaluation of market conditions for the above categories is extensively detailed in Appendix A and summarized below. Based on this evaluation, KMA prepared a long-term market demand forecast for employment and retail use categories as presented in Appendix B and summarized in the following sections.

A. Employment Uses

Market Overview

As of March 2019, the State unemployment rate was 4.4%. By comparison, the County and City unemployment rates are 3.5% and 3.3%. County unemployment rates have continued to decrease since the high unemployment rate in 2010. According to the EDD, the County gained nearly 26,000 jobs between November 2017 and November 2018. This gain includes nearly 16,500 professional and business services jobs, and 6,000 manufacturing jobs.

The University CPA employment profile is characterized by the presence of the University of California, San Diego (UCSD); the major regional commercial center, UTC; and flex/R&D, corporate headquarters, and medical centers. As of 2015, the University CPA contained approximately 77,000 jobs. A majority of jobs in the University CPA are comprised of professional and business services; educational and health services; finance, insurance, and information; and retail trade. According to a review of literature published by various industry sources, including the Urban Land Institute's Emerging Trends in Real Estate, San Diego Regional Economic Development Corporation, and the U.S. Census Bureau – growth has been, and will continue to remain, strong in a majority of these sectors. Notable growth sectors include Professional, Scientific, and Technical Services – where Science, Technology, Engineering, and Mathematics (STEM) jobs are projected to grow at a rate 73% faster than the broader job market through 2026. Conversely, retail trade has experienced slower growth due to the rise of e-commerce retailers.

To further analyze trends in employment uses with respect to the University CPA, KMA reviewed current market reports (4th Quarter 2018) published by Voit. Table IV-1 and IV-2 present market factors with respect to rentable SF, vacancy, and average asking lease rate for the University CPA and the County. More detail regarding the Voit market reports is presented in Appendix A, Tables A-7 through A-10.

As shown in Table IV-1, the University CPA contains 18.8 million SF (6.3%) of the County's 296.3 million SF of industrial, office, and flex/R&D uses. The University CPA has a higher vacancy at 8.23% when compared to the County's 6.88%. University CPA rents are significantly higher in industrial, office, and flex/R&D uses, indicating a market strength for employment uses within the University CPA.

Table IV-1: Market Factors for Employment Uses (4th Quarter 2018) (1)

	Rentable SF	*Vacancy Rate*	*Average Asking Lease Rate (Per SF Per Month)* (2)
University CPA			
Industrial			
Torrey Pines/UTC	104,448	0.00%	---
Office			
Torrey Pines	3,018,906	3.36%	$3.98/FSG
UTC	8,629,064	11.13%	$3.29/FSG
Governor Park	889,275	9.26%	$2.75/FSG
Flex/R&D			
Torrey Pines/UTC	6,174,807	6.57%	$4.15/NNN
Total Employment Uses – University CPA	**18,816,500**	**8.23%**	**$2.75 - $4.15**
County			
Industrial	144,197,901	4.34%	$1.00/MG
Office	103,595,616	10.58%	$2.78/FSG
Flex/R&D	48,579,022	6.51%	$1.58/NNN
Total Employment Uses – County	**296,372,539**	**6.88%**	**$1.00 - $2.78**

(1) Source: Voit Market Reports, 4th Quarter 2018.

(2) As noted, rents reflect: full-service gross (FSG), a commercial lease where the tenant pays a base rent and the landlord pays for all operating expenses; triple-net (NNN) rents, a lease in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building; or Modified Gross (MG), a lease where the tenant pays one or more of the expenses in addition to the rent.

KMA also conducted an in-depth focus on the Life Science industry sector in the University CPA. Specifically, KMA reviewed a market overview (1st Quarter 2019) of the Life Science real estate market. This data was provided by CBRE Group, Inc., a U.S. commercial real estate services and investment firm. Notable Life Science organizations within the University CPA include Illumina, UCSD, and Pfizer. As shown in Table IV-2, the Torrey Pines and UTC submarkets are located within the University CPA. Notably, these submarkets, taken in combination, comprise 61% of the total Life Science market in the

County. The Torrey Pines and UTC Life Science submarkets experience a lower vacancy than the County. UTC currently experiences a slightly lower average asking lease rate than the County; by comparison, Torrey Pines exhibits an 8% higher average asking lease rate than the County. In sum, the University CPA contains a substantial concentration of the Life Science uses within the County, and commands high average asking lease rates, indicating the CPA's dominance in this real estate sector.

Table IV-2: Life Science Space Market Factors, 1st Quarter 2019

	Rentable SF	SF Vacant	Vacancy Rate	Average Asking Lease Rate (Per SF Per Month) (2)
University CPA				
Torrey Pines	5,891,966	380,209	6.5%	$4.40 NNN
UTC	3,367,010	141,965	4.2%	$3.99 NNN
San Diego County	15,194,452	1,037,277	6.8%	$4.06 NNN

(1) Source: CBRE Group, Inc.
(2) Rents reflect triple-net (NNN), a lease in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

Demand Projection

Based on the above evaluation, KMA formulated a projection of employment growth within the University CPA to Year 2050. In order to project employment growth, KMA applied an average annual growth rate to each employment sector. The average annual growth rate for each sector was determined through a review of industry literature and data, with respect to historical patterns, current employment profile, and growth forecasts for each industry. Upon review of data provided by the EDD's Labor Market Information Division, KMA determined historical growth rates for each NAICS industry sector in the County from 1990 to 2017. KMA analyzed this time period in 10-year increments to account for highs and lows in the shifting economy. KMA determined that total employment growth rates within these time periods ranged from 0.2% to 2.5%. KMA also analyzed data provided by the State of California's EDD. These data reflect year-on-year change in NAICS industry sectors in the County from 2010 to 2018. An analysis of these data revealed average annual growth rates ranging from *negative* 0.9% in slower growth sectors (i.e., Information, Ship & Boat Building, Computer & Electronic Manufacturing) to 5.4% in high growth sectors (i.e., Manufacturing, Aerospace Product & Parts Manufacturing, Construction). As a result of this review, KMA was then able to formulate assumptions regarding potential growth rates for each industry within the University CPA. For industries with both a high concentration in the University CPA and strong growth forecasts, KMA applied low/high growth rates ranging from 1.5% to 3.5%. Conversely, for industries expected to experience slow growth, KMA applied low/high growth rates ranging from 0.0% to 1.5%. KMA then estimated the number of new employees within each industry likely to require office, industrial, and flex/R&D space, ranging from 5% to 75%. Current trends, such as co-working and telecommuting, have been factored into these estimates. The projected growth in office, industrial, flex/R&D employees was then translated to demand for new employment space. As shown in Table IV-3, it is projected that total demand for

employment SF in the CPA will range from 8.4 million to 13.7 million SF by Year 2050. While KMA considers these projections reasonable for planning purposes, it is the nature of forecasting 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.

Table IV-3: Projected Employment Space Demand		
University CPA		
	Low Projection	***High Projection***
Number of Employees, 2015 (1)	76,953	76,953
Projected Average Annual Employment Growth Rate, All Industries	2.1%	3.0%
Estimated Total Number of Employees, 2050	160,282	215,636
Added Employees by 2050	83,329	138,683
Portion Using Office, Industrial, Flex/R&D Space	32.0%	32.0%
Net New Office, Industrial, Flex/R&D Users	26,965	44,183
SF Per Employee	350	350
Estimated Employment SF Demand, 2015-2050	9,438,000	15,464,000
(Less) Estimated SF Demand from 2015 to 2019	(1,079,000)	(1,767,000)
Projected Employment SF Demand, 2019-2050 ***Annual Employment SF Demand***	**8,359,000** ***271,000***	**13,697,000** ***442,000***
(1) Source: U.S. Census Bureau OnTheMap; reflects primary (public and private-sector) employment by place of work.		

B. Retail Uses

Market Overview

According to Voit, the County contains 140.3 million SF of rentable retail SF. Within the County submarkets, the University CPA is located in the Central North submarket. The Central North submarket contains nearly 17.4 million SF (12.4%) of the County's retail inventory. The types of retail inventory are defined as follows:

- *General Retail* – single tenant freestanding general purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they do not meet any of the more detailed use code descriptions

- *Malls* – combined retail center types of Lifestyle Center, Regional Mall, and Super Regional Mall

- *Power Centers* – typically consists of several freestanding anchors and only a minimum amount of small specialty tenants, dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers," i.e., stores that offer tremendous selection in a particular merchandise category at low prices

- *Shopping Centers* – combined retail center types of Community Center, Neighborhood Center, and Strip Center

- *Specialty Centers* – combined retail center types of Airport Retail, Outlet Center, and Theme/Festival Center

A comparison of the retail inventory of the Central North submarket and the County is presented in Table IV-4.

Table IV-4: Market Factors for Employment Uses (4th Quarter 2018) (1)

	Rentable SF	***Vacancy Rate***	***Average Asking Lease Rate (Per SF Per Month)*** (2)
Central North Submarket			
General Retail	7,096,865	3.53%	$3.23 NNN
Malls	1,454,387	22.81%	---
Power Centers	2,094,287	0.65%	---
Shopping Centers	6,567,197	4.35%	$2.71 NNN
Specialty Centers	232,667	28.82%	$1.75 NNN
Total, Central North Submarket	**17,445,403**	**5.43%**	**$2.84 NNN**
County			
General Retail	55,380,908	2.89%	$2.21 NNN
Malls	15,036,047	3.99%	$2.53 NNN
Power Centers	12,059,961	1.75%	$3.85 NNN
Shopping Centers	55,909,348	5.14%	$1.91 NNN
Specialty Centers	1,961,512	4.65%	$2.34 NNN
Total, County	**140,347,776**	**3.83%**	**$2.03 NNN**

(1) Source: Voit Real Estate Services.
(2) Rents reflect triple-net (NNN), a lease in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

The University CPA is contained within the Central North submarket. The Central North submarket has a higher vacancy rate and commands higher rent than the County as a whole. Similar to the City, the Central North submarket is primarily comprised of General Retail and Shopping Centers.

Retail uses in the University CPA are concentrated along La Jolla Village Drive, Governor Drive, and Genesee Avenue. There are four (4) major shopping centers located in the CPA; these include Westfield UTC, a regional shopping center, Costa Verde Center, The Shops at La Jolla Village, and La Jolla Village Square. Together, these major shopping centers total 1.9 million SF with over 249 stores. The major tenants within these shopping centers include Macy's, Nordstrom, ArcLight Cinemas, 24 Hour Fitness, Whole Foods Market, Ralphs, and Best Buy.

Demand Projection

The discussion below presents the methodology used to project retail demand within the University CPA. Further details regarding the KMA retail demand analysis is presented in Appendix B, Tables B-3 through B-13.

KMA first estimated gross sales surplus/(leakage) for the University CPA based on retail market data provided by Esri. Esri is an international supplier of web Geographic Information System (GIS) software and geodatabase management applications. Esri collects retail sales and expenditure data from a variety of sources, including the U.S. Department of Labor Bureau of Labor Statistics (BLS), the U.S. Census Bureau's Non-employer Statistics (NES) division, the Census Bureau's Monthly Retail Trade (MRT) survey, and the BLS' Consumer Expenditure Surveys (CEX).

KMA assumed a 4.0-mile trade ring (University Trade Ring) as the CPA's retail trade area. The trade area boundary limits were determined by evaluating the location of competitive retail centers (i.e., Del Mar Highlands Town Center, Balboa Mesa Shopping Center, and Mira Mesa Mall) located in surrounding communities around the CPA. A map of the University Trade Ring with respect to the competitive retail centers is presented in Exhibit IV-1.

Exhibit IV-1: Map of University Trade Ring

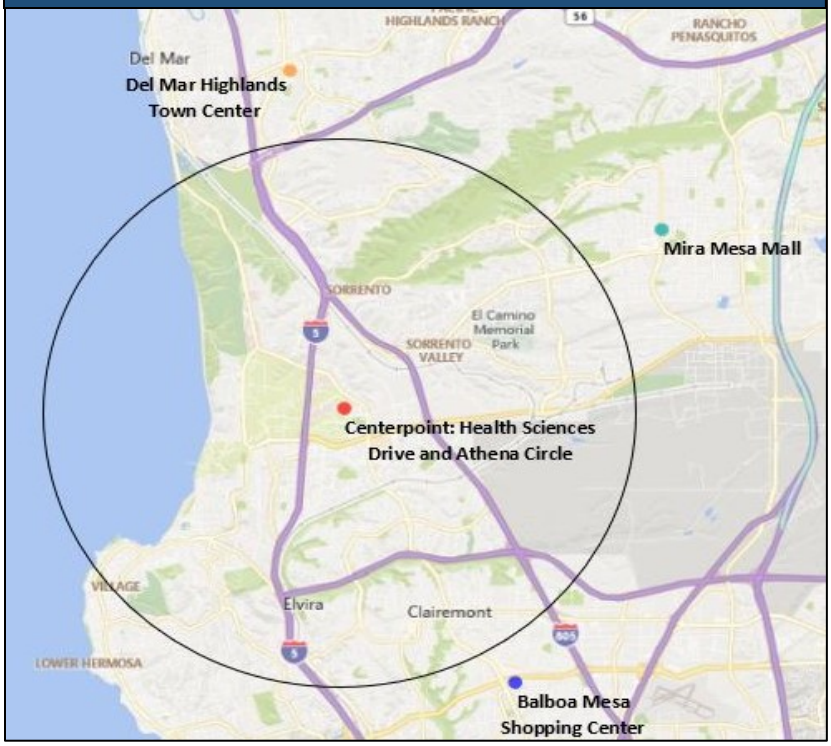


Table IV-5 presents the surplus/(leakage) for the University Trade Ring. A positive value indicates a retail surplus, where consumers are drawn in from outside the University Trade Ring. A negative value indicates a retail leakage, where residents are traveling outside the University Trade Ring for shopping and services. The University Trade Ring is currently experiencing a surplus of $428 million, primarily in Clothing and Clothing Accessories, Electronics & Appliance, and Furniture & Home Furnishing Stores.

Table IV-5: Gross Sales Surplus/(Leakage), University Trade Ring (1)

	Demand (Retail Expenditure)	***Supply (Retail Sales)***	***Retail Surplus/ (Leakage)***
General Merchandise	$426 M	$326 M	($100 M)
Electronics & Appliance	$95 M	$225 M	$130 M
Food Services & Drinking	$286 M	$324 M	$38 M
Sporting Goods, Hobby, Musical Instrument	$82 M	$86 M	$3.9 M
Clothing & Clothing Accessories	$189 M	$354 M	$165 M
Furniture & Home Furnishing	$96 M	$206 M	$110 M
Miscellaneous Store Retailers	$95 M	$117 M	$22 M
Building Materials, Garden Equipment & Supply	$150 M	$139 M	($12 M)
Health & Personal Care	$172 M	$303 M	$130 M
Food & Beverage	$410 M	$349 M	($60 M)
Total	**$2,001 M**	**$2,429 M**	**$428 M**

(1) Source: Esri Business Analyst Online.

As shown in Table IV-6, the current estimated sales leakage for the University Trade Ring is $172.0 million. A retail sales leakage occurs in General Merchandise; Building Materials, Garden Equipment & Supply; and Food & Beverage stores.

Table IV-6: Current Estimated Sales Leakage, University Trade Ring (1)	
	Current Estimated Sales Leakage
General Merchandise	($100 M)
Building Materials, Garden Equipment & Supply	($12 M)
Food & Beverage	($60 M)
Total	($172 M)
(1) Source: Esri Business Analyst Online.	

Based on the estimated sales leakage above, KMA calculated potential low and high recapture of retail sales – and the resulting increase in necessary retail space – for the University CPA. Recapture refers to the probability that developers will introduce new retail formats and tenancies to respond to unmet demand. The KMA estimates are presented in Table IV-7. To account for potential competition from on-line retailers, the KMA recapture rates are conservative. The University CPA is projected to recapture between 116,000 and 159,000 SF of retail space from potential recapture of estimated sales export.

Table IV-7: Recapture of Retail Space from Sales Leakage, University Trade Ring						
	Current Estimated Sales Leakage	***Assumed Sales Productivity Per SF Per Year*** (1)	***Low***		***High***	
			Recapture Rate	***Potential Recapture of Retail Space (SF)***	***Recapture Rate***	***Potential Recapture of Retail Space (SF)***
General Merchandise	($100 M)	$350/SF	30%	86,000	40%	115,000
Building Materials, Garden Eqmt. & Supply	($12 M)	$400/SF	10%	3,000	15%	4,000
Food & Beverage Stores	($60 M)	$450/SF	20%	27,000	30%	40,000
Total	**($172 M)**			**116,000**		**159,000**
(1) KMA assumption. Based on industry standard for each retail sales category.						

In addition to the recapture potential above, KMA estimated low/high captures of retail space supported by projected population/housing growth, as presented in Table IV-8. To estimate this retail demand, KMA first projected the Countywide demand for housing units based on population growth. Assuming a low/high capture of County housing units within the University CPA, KMA then projected that the CPA will capture between 9,000 and 18,300 new residential units. Based on potential household income required to purchase or rent new housing units, KMA projected potential annual

income spent on retail expenditures. Of this income expenditure projection, KMA projected a capture within the University CPA and converted this capture into SF, assuming a retail sales productivity level of $450 per SF per year. More detail regarding these projections are presented in Appendix B, Tables B-7 through B-12. Retail demand from population/housing units is projected to total between 231,000 SF and 626,000 SF.

Table IV-8: Retail Space Supported by Residential Growth, University CPA		
	Low ***9,000 Units***	***High*** ***18,300 Units***
Total Annual Aggregate Income	$924 M	$1,878 M
% Spent on Retail Expenditures	25%	30%
Annual Income Spent on Retail Expenditures	$231 M	$564 M
% Captured in the University CPA	45%	50%
Spending Captured in University CPA	$104 M	$282 M
Estimated Sales Productivity per SF per Year	$450/SF	$450/SF
Estimate of Retail Space Supported by New Households	**231,000 SF**	**626,000 SF**

Finally, KMA estimated retail space demand from the projected new employees working in new employment space. Based on the KMA projections of employment growth, KMA estimated the total annual retail expenditures anticipated from these additional new employees. By applying a sales per SF factor and capture within the University CPA, KMA was able to project employee-generated retail space demand for the University CPA. As shown in Table IV-9, demand for retail space as a result of new employees working in the University CPA is projected to total between 188,000 SF and 371,000 SF.

Table IV-9: Retail Space Supported by Employment Growth, University CPA		
	Low *26,965 Employees*	***High*** *44,183 Employees*
Estimated Employee Retail Expenditures Per Year (1)	$6,990	$6,990
Total Annual Retail Expenditures by New Employees	$188 M	$309 M
Estimated Retail Sales Productivity per SF per Year	$500/SF	$500/SF
Capture in University CPA	50%	60%
Total Retail Space Demand from New Employees	**188,000 SF**	**371,000 SF**
(1) Based on data provided by ICSC Office Worker Retail Spending report, 2011. Adjusted by KMA to reflect 2019 dollars.		

In sum, KMA estimates that retail demand for the University CPA will be between 589,000 SF and 1.3 million SF through Year 2050 as shown in Table IV-10. This retail demand is a result of existing residents' retail expenditure recapture, demand from new residents and employees, and anticipated demand from beyond the University Trade Ring.

Table IV-10: Estimate of Retail Space Demand by Source

	Low	***High***
Recapture of Retail Sales Leakage	116,000 SF	159,000 SF
Demand from New Residents	231,000 SF	626,000 SF
Demand from New Employees	188,000 SF	371,000 SF
Subtotal – Estimated Retail Space Demand	535,000 SF	1,156,000 SF
Add: Estimate of Demand from Beyond Trade Ring @ 10%	54,000 SF	116,000 SF
Total Estimated Retail Space Demand, 2019 – 2050	**589,000 SF**	**1,272,000 SF**

V. EVALUATION OF POTENTIAL IMPACTS OF COLLOCATION

A. Objective

In addition to the market demand analysis, KMA was tasked with providing a high-level qualitative assessment of potential impacts resulting from the introduction of residential uses (employee housing) within or adjacent to prime industrial land within the University CPA. As background, the City is evaluating one (1) focus area for potential collocation within the University CPA – the University Collocation area. To evaluate the potential impacts of collocation in this focus area, KMA reviewed various case studies; prepared an analysis of strengths, weaknesses, opportunities, and threats (SWOT); and identified best practices with respect to successful collocation of residential and prime industrial uses.

B. KMA Approach

In completing this assignment, KMA undertook the following principal work tasks:

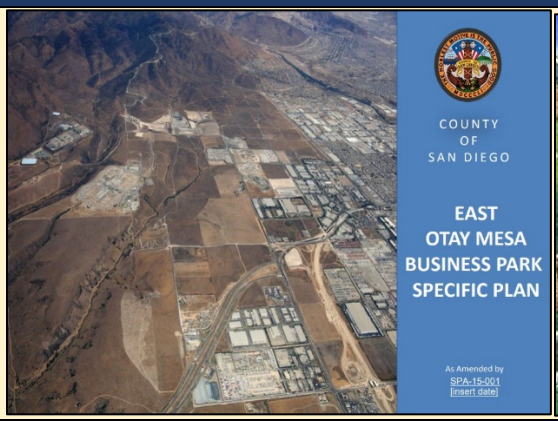
- Reviewed four (4) case studies with respect to collocation of industrial and residential uses
- Prepared a SWOT analysis based on a review of industry literature, case studies, and interviews with stakeholders
- Identified prerequisites and potential approaches for successful collocation
- Assessed the potential for successful collocation within the focus area

C. Collocation Case Studies

The following tables present case studies of industrial and residential mixed-use development policies and programs of four (4) cities/counties: County of San Diego, California; San José, California; Glendale, California; and Atlanta, Georgia. As shown, the cities/counties intend to create mixed-use environments within or in close proximity to industrial uses. Each city/county has acknowledged their need to maintain, expand, and attract industrial uses – with policies that promote walkable urban environments without entirely impeding on existing industrial land use designations. A profile of each city's/county's program is presented below.

Table V-1 presents the County of San Diego's adopted amendment to the East Otay Mesa Business Park Specific Plan, revised to include 3,158 residential units, 78,000 square feet (SF) of commercial, and approximately 765,000 SF of employment uses.

Table V-1: Case Study – County of San Diego, East Otay Mesa Business Park Specific Plan Amendment



City/Region	County of San Diego, California
Program(s)	• Otay 250 Sunroad – East Otay Mesa Business Park Specific Plan Amendment (July 2018)
Goals/ Objectives	• Contribute to the Specific Plan goals of promoting a well-organized, international industrial and business district to attract and accommodate forecasted growth by providing a Mixed-Use Village Core. The Mixed-Use Village Core would permit a variety of residential uses at higher densities, in addition to light industrial/technology, office, and commercial uses
Key Policies	• Specific Plan Amendment (SPA) to the East Otay Mesa Business Park Specific Plan to establish a new Mixed-Use Village Core area within the Specific Plan Area, which would allow for the construction of a mix of employment, retail, and residential uses
Strengths/ Opportunities	• Introduction of initial infrastructure and public facilities to the area • Attraction of retail, food service, and other amenities • May supply more quality of life amenities to the area
Weaknesses/ Challenges	• May generate negative effects due to potential land use conflicts (e.g., noise, traffic, hazardous materials, pollution) that may arise between future residents and owners/operators of heavy industrial/tech businesses and manufacturing facilities • May negatively impact the marketing and branding identity of the business park
Stakeholder Comments	• *"Gone are the days where we had green field development like Mira Mesa, Peñasquitos, Rancho Bernardo when you could build thousands of homes because you had all raw land. Now people have got to go in and carve it out to make sure that they fit in the community and I think they try very hard to do that."* - Jerry Sanders, President and CEO of the San Diego Regional Chamber of Commerce. Sanders said the region needs more housing to support an expanding workforce in a healthy economy.

Table V-2 presents the City of San José's North Area Development Policy, which encourages the attraction of 80,000 high-quality jobs and the development of up to 32,000 new residential units. In 2017, there were approximately 8,000 units built in North San José.

Table V-2: Case Study – City of San José, North San José Area Development Policy	
 	
City/Region	City of San José, California
Program(s)	• North San José Area Development Policy (1988, Updated 2005, Amended 2017) • North San José Neighborhoods Plan (2008) • Proposed Mega Village (2019)
Goals/ Objectives	• North San José Area Development Policy – development of the area as an important employment center and desirable location for high-tech corporations. This policy's goals are as follows: o *Promote economic activity* – create up to 80,000 new jobs o *Promote livability* – add new housing and retail in close proximity to new jobs, amenities, and transit infrastructure o *Promote long-term vitality* – establish infrastructure/new development funding • North San José Neighborhoods Plan – advance the City's vision for North San José as an international center for innovation, a key employment area, and an excellent place where work, home, and community are fully integrated
Key Policies	• Transit/Employment Residential Overly (TERO) – allows for expansion of supporting residential and commercial uses to promote livability o Provides for the development of up to 32,000 new residential units o Intended to provide housing in close proximity to jobs • Core Area – reserves nearly 60% of industrial development capacity for new projects. Supports commercial uses and restricted provisions for residential uses
Strengths/ Opportunities	• Provides employee housing in close proximity to employers • Encourages the use of existing and planned transit infrastructure • Creates desirability for high-quality employers • Provides services/amenities needed for new employees and residents
Weaknesses/ Challenges	• Requires residential development be managed or reserved for use by industrial property owners • Existing street grid is composed of superblocks and does not encourage pedestrian activity • Underutilized, wide thoroughfares
Stakeholder Comments	• *"The conversion of industrial land to residential use is in conflict with the City's goal of promoting the North San José Policy area as an important employment center for the City. Conversion of industrial land to residential use diminishes the opportunity for new residential development and can lead to incompatibility issues with regards to land use. The Policy, however, recognizes that the conversion of some industrial*

Table V-2: Case Study – City of San José, North San José Area Development Policy	
	land to residential use within the Policy area is acceptable in order to reduce the impact upon regional traffic conditions caused by additional industrial development." - North San José Area Development Policy, Land Use Policies • *"There's so much opportunity to accommodate new growth in areas like this and put together all the pieces that make a complete community."* - Michele Beasley, representative of the San Francisco planning group Greenbelt Alliance • *"The plan allows for nearly 27 million SF of office, research and development, and retail space, within close proximity to 32,000 new housing units. Ideally this will allow people to live, shop, and play near where they work, making transit or walking preferable to driving."* - Dennis Korabiak, Program Manager at former San Jose Redevelopment Agency

Table V-3 presents the City of Glendale's Industrial/Commercial-Residential Mixed-Use designation (IMU-R), which encourages a mix of commercial, industrial, and residential uses.

Table V-3: Case Study – City of Glendale, Industrial/Commercial-Residential Mixed-Use (IMU-R)	
	 
City/Region	City of Glendale, California
Program(s)	• Industrial/Commercial-Residential Mixed-Use (IMU-R) • Tropico Center Plan • Rezone of 10 properties adjacent to Tropico Center Plan from Industrial to IMU-R • Griffith Apartments by Mill Creek (220 units in close proximity to employment)
Goals/ Objectives	• IMU-R is applied to areas appropriate for a mix of commercial, industrial, and residential activities and provides for a full range of goods and services to the community which is located along portions of industrial/commercial thoroughfares • Encourage more intensified development of industrial areas • Provide for an expanded industrial base by providing areas for compatible industries to relocate to the City • Provide for a variety of residential opportunities in the City through zoning of sufficient land with a range of densities

Table V-3: Case Study – City of Glendale, Industrial/Commercial-Residential Mixed-Use (IMU-R)	
Key Policies	• Permitted uses (permitted, conditional, or administrative) include accessory buildings, structures, and uses; institutional uses; recreation; manufacturing and processing; residential; mixed-use; retail trade; service; and office • 35 to 100 dwelling units per acre, depending on adjacent zoning • 3 and 6 stories, depending on adjacent zoning • Landscaping for a minimum of 10% lot area • 15 feet to 25 feet minimum setback requirement, depending on adjacent zoning
Strengths/ Opportunities	• Allows for a full range of goods and services near large employment centers • Maintains the City's strong industrial base by providing compatibility between uses • Promotes pedestrian- and transit-oriented activity • Permits heavy and light manufacturing, soundstages, research and development, offices, auto repair, building supplies sales, and wholesaling
Weaknesses/ Challenges	• Amendments of existing industrial require Council approval • Does not permit the following industrial uses: incidental outdoor storage, recycling operations, emergency shelters, and non-emergency heliports
Stakeholder Comments	• *"Whether our residents work in Glendale or make the seven-mile trip to downtown L.A., this is an ideal spot. Link that with the walkability of the neighborhood and all the nearby attractions, and it's easy to understand why this is becoming such a desirable area to live, work and play."* - Michael Genthe, Managing Director at Mill Creek Residential • *"Our residents will have a multitude of options, whether their desire is to stay within the neighborhood or commute to the key employment centers and entertainment districts across the metro area. With our prime location and top-of-the-line amenity package, we believe The Griffith will offer an unmatched living experience in the area."* - Samuel Simone, Senior Managing Director at Mill Creek Residential

Table V-4 presents the City of Atlanta's proposed Industrial Mixed-Use District (I-MIX) land use designation, which permits a mix of industrial and non-industrial uses.

Table V-4: Case Study – City of Atlanta, Industrial Mixed-Use District	
	
City/Region	City of Atlanta, Georgia
Program(s)	• Industrial Mixed-Use District (I-MIX) (Proposed July 2018, ongoing discussion)
Goals/ Objectives	• Permit a mix of industrial and non-industrial uses in areas previously used for industrial, high-density commercial, or office institutional purposes • Planned development to become the City's quality of life districts created to accommodate residential and non-residential growth without losing land zoned for industrial uses • Target "New Economy" clean industrial uses – including design standards that support compatibility of mixed and adjacent uses
Key Policies	• At least 30% of the total floor area on a site shall be used for industrial uses • Any floor area that is not used for industrial uses may be used for either exclusively residential uses, or exclusively non-residential uses, or any combination of the two • Areas not otherwise defined as floor area by this district, such as parking or exterior spaces, shall not be counted towards this requirement • Large blocks with freeway access, transitioning to smaller blocks for other uses • Retail/showrooms fronting on major pedestrian streets • Focus on businesses that benefit from proximity to urban resources • Include key stakeholders in drafting of legal covenants to reduce conflicts • Apply tools such as deed restrictions, community land trusts, and inclusionary zoning
Strengths/ Opportunities	• Discourages the loss of industrial-zoned property • Supports compatibility of industrial and non-industrial uses • Attracts "New Economy" clean industrial uses such as microbreweries, wineries, distribution centers, manufacturing, and wholesaling
Weaknesses/ Challenges	• Promotes low-intensity industrial uses • Requires stakeholder outreach and participation

Table V-4: Case Study – City of Atlanta, Industrial Mixed-Use District	
Stakeholder Comments	• *"Recommendations to develop a Mixed-Use Industrial District that will allow for industrial, commercial and residential uses to provide dense industrial and mixed-use new development targeting "New Economy" clean industrial uses."* - Legislation to create I-MIX zoning (July 2018) • *"The intent of an I-MIX district is to accommodate residential and non-residential growth without losing land zoned for industrial uses in the process; and to ensure that industrial and non-industrial uses in the same development are planned in a unified manner."* - I-MIX Ordinance (August 2018)

D. Collocation SWOT Analysis

Based on review of industry literature and the case studies, KMA prepared a SWOT analysis with respect to collocating industrial and mixed-use residential uses within the University CPA. Table V-5 presents the KMA SWOT analysis.

Table V-5: Collocation SWOT Analysis	
Strengths	***Weaknesses***
• Mix of heavy and light industrial uses • Close proximity to freeway • Existing presence of high-quality employment • Planned mixed-use development in close proximity • Existing Transit Priority Area (TPA) • Adjacency to existing residential amenities, including retail, parks, and schools • Actively involved business community	• Presence of heavy industrial uses • Auto-oriented community (includes heavy presence of cars and trucks) • Existing superblock street grids and wide thoroughfares
Opportunities	***Threats***
• Provide employee housing in close proximity to high-quality employers • Encourage the use of planned transit infrastructure • Attract younger employees who seek all-inclusive live/work/play environment • Include key stakeholders in drafting of legal covenants, deed restrictions, and related documents to reduce future land use conflicts	• Potential land use conflicts (e.g., noise, traffic, hazardous materials, pollution) • Can be viewed as a threat to heavy industrial uses • Potential loss of land supply for prime industrial uses (i.e., as land is converted to multi-family or mixed-use) • Introduction of new residents can bring to light existing and new land use conflicts

E. Collocation Best Practices

Based on a review of case studies, planning articles, and outreach to office and industrial real estate brokers, KMA compiled a set of best practices with respect to planning for, and implementing, collocation of industrial and mixed-use residential development. The table below presents prerequisites and potential approaches for implementing successful collocation.

Table V-6: Prerequisites and Potential Approaches for Successful Collocation	
Prerequisites for Successful Collocation	• Existing/growing industrial base sectors • Presence of underdeveloped properties • Strong concentration of light/clean industrial uses • Presence of public transit facilities • Close proximity to residential, neighborhood goods and services, high quality school districts, and leisure/lifestyle amenities • Regional need for housing units
Potential Approaches to Implementing Collocation	• Identify strong and weak concentrations of industrial land – allow weak concentrations to become a zoning buffer and transitional areas where appropriate • Identify small blocks and/or large block candidates for consolidation for potential mixed-use/pedestrian-oriented urban opportunities • Identify sub-areas for each use – mixed-use villages, exclusively multi-family, and exclusively prime industrial – within each area being considered for collocation • Determine, where appropriate, multi-family only developments are allowed versus mixed-use (which requires retail and multi-family) • Market to, and attract, light industrial users that will benefit from close proximity to urban resources. • Create a target percent of industrial to maintain when introducing new development to an existing development parcel • Encourage interaction (such as drafting collaborative easements, legal covenants, deed restrictions, community land trusts, and inclusionary zoning policies) between existing users and potential developers

F. Potential for Collocation by Focus Area

The City is considering one (1) focus area for collocation within the University CPA – the University Collocation area. With respect to the above prerequisites, KMA determined factors for successful collocation as presented in Table V-7.

Table V-7: Factors for Successful Collocation by Focus Area	
	University Collocation Area
Less than 60% of the land area is designated as prime industrial	**Yes**
Existing presence of non-prime Industrial uses	**Somewhat**
Proximity to existing or planned transit	**Somewhat**
Potential for small blocks to encourage walkability	**Somewhat**
Proximity to high quality schools in the region	**Yes**
Proximity to open space – i.e., trails, parks, view corridors	**Yes**
Proximity to amenities/CPA retail core	**Yes**
Potential to capture employee housing demand	**Yes**

A brief description of KMA's evaluation is presented below.

- *University Collocation Area:* Approximately 55% of the area is designated as Prime Industrial land. The area maintains strong prime industrial/high quality employment users in finance, biotechnology, and pharmaceutical industries. The northwest and southeast corners are within a TPA. The area is dominated by large blocks that would likely need to be consolidated to create a mixed-use walkable district. The focus area benefits from open space at the center and the surrounding areas. The focus area has strong potential to capture employee housing based on the area's existing employers and proximity to community amenities along La Jolla Village Drive.

Based on the above evaluation, KMA assessed the market support/land use compatibility for multi-family and/or mixed-use in the University Collocation focus area in the near-, mid-, and long-term. As shown in Table V-8, KMA projects moderate potential for the focus area in the near-term. The focus area is expected to advance to strong potential in the mid- to long-term, primarily due to its strong employment base sectors and proximity to open space, transit, and quality of life amenities.

For this focus area, KMA recommends a range of employee housing types:

- On the low end, a three-story townhome/rowhome product and/or up to a five-story Type V wrap product.
- Conversely, on the high end, KMA recommends a five- to seven-story Type V or III over podium product.
- KMA believes, in some cases, Type I mid-rise/high-rise may be applicable.

Table V-8: Market Support/Land Use Compatibility for Multi-Family and/or Mixed-Use by Focus Area			
	Near-Term (0 to 5 years)	***Mid-Term (5 to 10 years)***	***Long-Term (10+ years)***
University Collocation Area	Moderate	Strong	Strong

MATERIALS REFERENCED

1. *Otay 250 – Sunroad East Otay Mesa Business Park Specific Plan Amendment, County of San Diego –* https://www.sandiegocounty.gov/content/sdc/pds/Current_Projects/Otay-250-Sunroad.html
2. *Supervisors Approve Zoning Changes to Spur More Housing Development, County of San Diego -* https://www.kusi.com/supervisors-approve-zoning-changes-to-spur-more-housing-development/
3. *North San José Area Development Policy, City of San José* http://www.sanjoseca.gov/DocumentCenter/View/43619
4. *North San José Area Development Policy – Neighborhood Plan, City of San José -* http://www.sanjoseca.gov/DocumentCenter/View/2778
5. *Developer eyes huge project with thousands of homes, 1.5 million square feet of commercial space in North San José, City of José -* https://www.bizjournals.com/sanjose/news/2018/03/26/north-san-jose-development-seely-ave-siliconsage.html
6. *Residential Mixed-Use Opportunities, City of Glendale -* https://www.glendaleca.gov/government/departments/community-development/planning-division/services/residential-mixed-use-opportunities
7. *Mill Creek Breaks Ground on The Griffith Apartments in Glendale, City of Glendale -* https://millcreekplaces.com/2016/01/mill-creek-breaks-ground-on-the-griffith-apartments-in-glendale/
8. *Tropico Center Plan, City of Glendale -* https://www.glendaleca.gov/home/showdocument?id=42074
9. *Create New Zoning Chapter 16A Entitled "I-MIX" Industrial Mixed-Use District, City of Atlanta -* http://npuv.org/wp-content/uploads/2018/08/Z-18-83-IMIX-Fact-Sheet.pdf
10. *Putting Atlanta Back to Work: Integrating Light Industry Into Mixed-Use Development, City of Atlanta -* http://stip.gatech.edu/wp-content/uploads/2012/10/STIP-Dan-Cotter.pdf
11. *Putting Urban Housing into a Transforming Industrial Area -* https://urbanland.uli.org/industry-sectors/mixed-use/putting-urban-housing-transforming-industrial-area/
12. *Can traditional zoned commercial/industrial areas coexist with mixed-use and Chapter 40B projects? -* http://nerej.com/can-traditional-zoned-commercial-industrial-areas-coexist-with-mixed-use-and-chapter-40b-projects
13. *Zoning Buffers: Solution or Panacea? -* https://www.planning.org/pas/reports/report133.htm

VI. LIMITING CONDITIONS

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.

2. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.

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. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.

5. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.

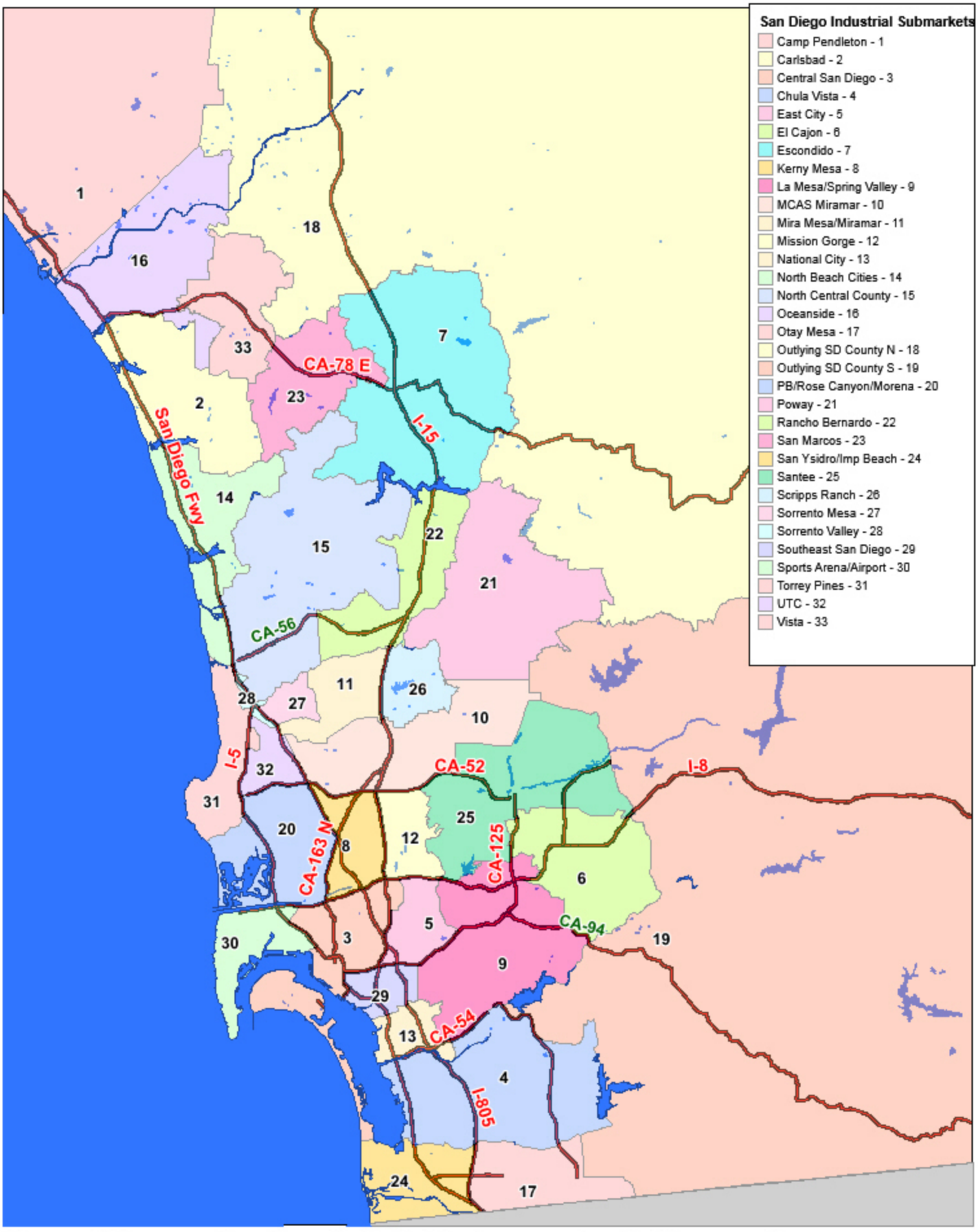
6. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development 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.

7. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).

8. KMA is not acting as a Municipal Advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA’s work product.

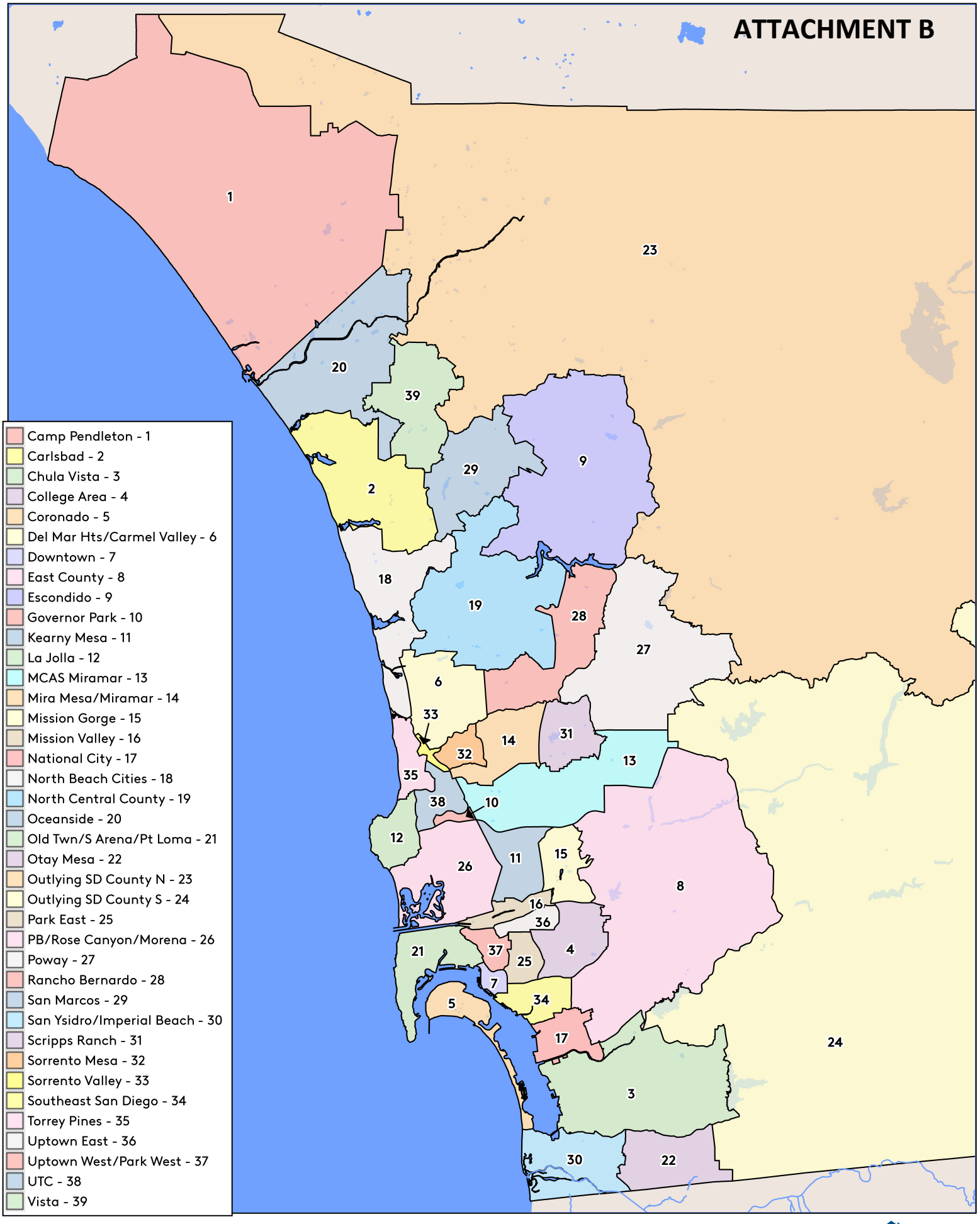
9. The City shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own Municipal Advisors, that it deems appropriate before acting on the information and material.

ATTACHMENT A



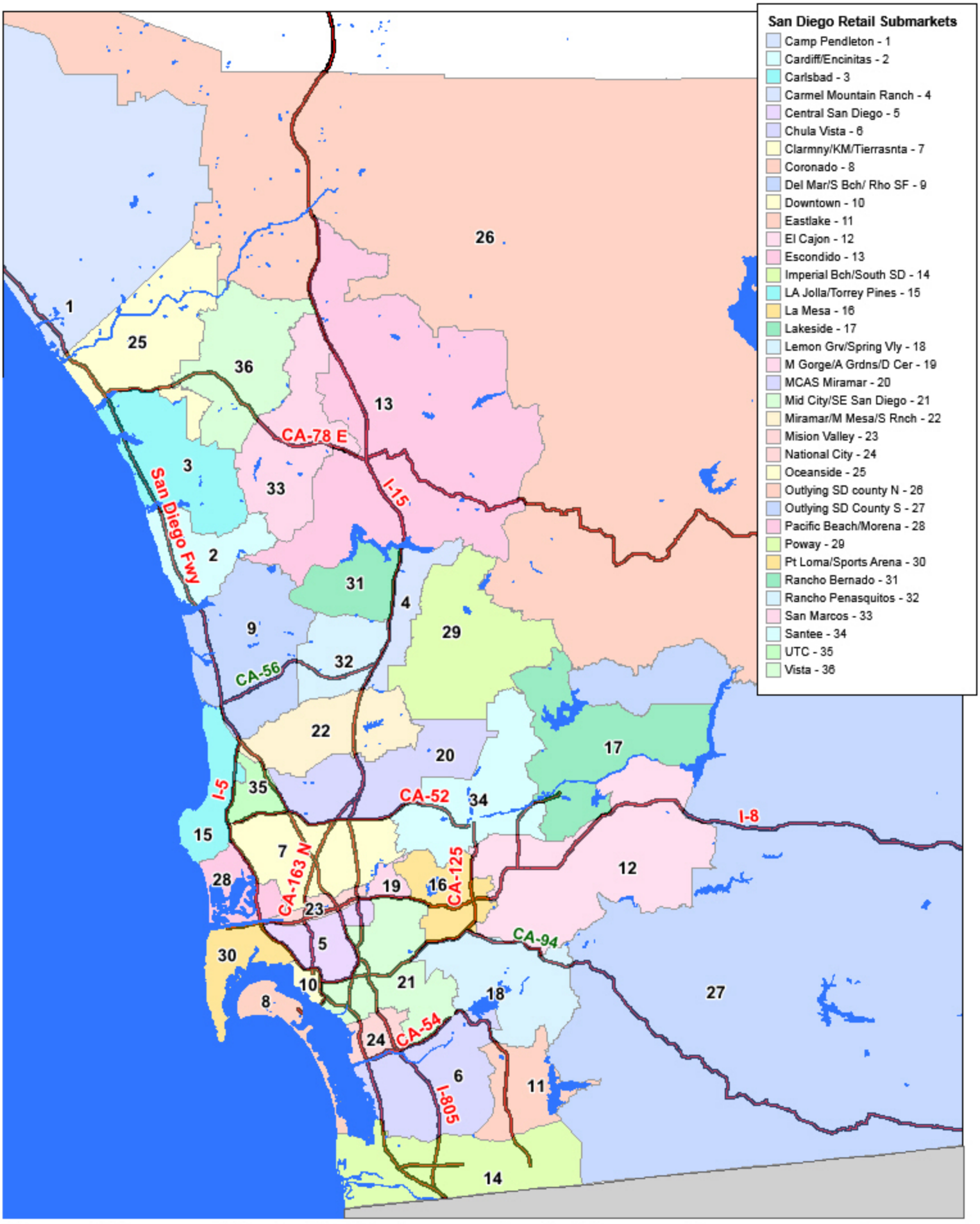
San Diego Industrial Submarket Overview

ATTACHMENT B



- Camp Pendleton - 1
- Carlsbad - 2
- Chula Vista - 3
- College Area - 4
- Coronado - 5
- Del Mar Hts/Carmel Valley - 6
- Downtown - 7
- East County - 8
- Escondido - 9
- Governor Park - 10
- Kearny Mesa - 11
- La Jolla - 12
- MCAS Miramar - 13
- Mira Mesa/Miramar - 14
- Mission Gorge - 15
- Mission Valley - 16
- National City - 17
- North Beach Cities - 18
- North Central County - 19
- Oceanside - 20
- Old Twn/S Arena/Pt Loma - 21
- Otay Mesa - 22
- Outlying SD County N - 23
- Outlying SD County S - 24
- Park East - 25
- PB/Rose Canyon/Morena - 26
- Poway - 27
- Rancho Bernardo - 28
- San Marcos - 29
- San Ysidro/Imperial Beach - 30
- Scripps Ranch - 31
- Sorrento Mesa - 32
- Sorrento Valley - 33
- Southeast San Diego - 34
- Torrey Pines - 35
- Uptown East - 36
- Uptown West/Park West - 37
- UTC - 38
- Vista - 39

San Diego Office Submarket Overview



San Diego Retail Submarket Overview

CoStar

APPENDIX A

DEMOGRAPHIC AND ECONOMIC TRENDS

UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

TABLE A-1

SUMMARY OF KEY DEMOGRAPHIC FACTORS, 2019 (1)
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	University Community Plan Area	City of San Diego	County of San Diego
Population	69,830	1,414,461	3,371,481
Households	27,501	523,755	1,180,609
Average Household Size	2.21	2.60	2.77
Median Age	29.92	36.1	36.5
Median Household Income	$82,521	$80,424	$78,294

(1) Source: EnvironicsAnalytics, 2019.

TABLE A-2

HISTORIC POPULATION GROWTH TRENDS
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	1980	1990	2000	2010	2016	Average Annual Growth 1980-2016 Number	Percent
I. County	1,862,000	2,513,000	2,813,833	3,095,313	3,288,612	39,628	1.6%
II. City	875,538	1,118,000	1,223,400	1,301,617	1,391,676	14,337	1.3%
III. University CPA	28,868	42,870	49,701	62,731	69,397	1,126	2.5%
% of County	*1.6%*	*1.7%*	*1.8%*	*2.0%*	*2.1%*	*2.8%*	
% of City	*3.3%*	*3.8%*	*4.1%*	*4.8%*	*5.0%*	*7.9%*	

Source: U.S. Census Bureau.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE A-3

EMPLOYMENT TRENDS BY INDUSTRY, SAN DIEGO-CARLSBAD MSA, 1990-2017
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	San Diego - Carlsbad MSA (San Diego County)											
									Average Annual Change			
North American Industry Classification System (NAICS) Industry Sector	1990 Total	% of Total	2000 Total	% of Total	2010 Total	% of Total	2017 Total	% of Total	1990-2000	2000-2010	2010-2017	2000-2017
Retail Trade	116,100	14.5%	134,300	13.5%	130,700	12.9%	148,700	12.3%	1.5%	-0.3%	1.9%	0.6%
Professional and Business Services	126,000	15.8%	199,000	20.0%	203,000	20.1%	233,500	19.4%	4.7%	0.2%	2.0%	0.9%
Educational and Health Services	87,500	11.0%	119,500	12.0%	164,500	16.3%	204,500	17.0%	3.2%	3.2%	3.2%	3.2%
Finance, Insurance, and Information	87,700	11.0%	107,500	10.8%	92,500	9.1%	98,500	8.2%	2.1%	-1.5%	0.9%	-0.5%
Leisure and Hospitality	105,000	13.2%	129,300	13.0%	154,500	15.3%	196,400	16.3%	2.1%	1.8%	3.5%	2.5%
Transportation, Warehousing, and Wholesale	57,000	7.1%	70,400	7.1%	68,800	6.8%	80,100	6.6%	2.1%	-0.2%	2.2%	0.8%
Manufacturing	123,500	15.5%	120,900	12.2%	95,600	9.5%	109,000	9.0%	-0.2%	-2.3%	1.9%	-0.6%
Construction	60,600	7.6%	69,800	7.0%	55,400	5.5%	79,300	6.6%	1.4%	-2.3%	5.3%	0.8%
Natural Resources and Mining	600	0.1%	300	0.0%	400	0.0%	300	0.0%	-6.7%	2.9%	-4.0%	0.0%
Other Services	34,100	4.3%	42,300	4.3%	46,100	4.6%	54,900	4.6%	2.2%	0.9%	2.5%	1.5%
Total Employment	**798,100**	**100.0%**	**993,300**	**100.0%**	**1,011,500**	**100.0%**	**1,205,200**	**100.0%**	**2.2%**	**0.2%**	**2.5%**	**1.1%**

Source: Employment Development Department - Labor Market Information Division.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE A-4

YEAR-ON-YEAR EMPLOYMENT CHANGE BY KEY INDUSTRY, SAN DIEGO COUNTY, 2010-2018
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

North American Industry Classification System (NAICS) Industry Sectors/Subsectors	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average Annual 2010-2018	Strong Presence within the CPA
Construction	-5.9%	1.8%	5.8%	7.4%	4.9%	11.6%	7.1%	3.1%	-2.3%	3.7%	
Manufacturing	1.9%	1.0%	2.7%	0.7%	4.0%	2.8%	1.3%	1.7%	4.2%	2.3%	
Computer & Electronic Product Manufacturing	-4.1%	-1.2%	-0.8%	-1.2%	4.0%	3.5%	4.1%	2.9%	0.0%	0.8%	✓
Aerospace Product & Parts Manufacturing	10.1%	9.2%	11.6%	2.8%	6.4%	0.9%	0.0%	5.1%	2.4%	5.4%	
Ship & Boat Building	-5.6%	-7.4%	0.0%	-4.8%	15.0%	15.9%	-6.3%	-8.0%	-1.4%	-0.3%	
Retail Trade	0.4%	3.3%	2.9%	3.4%	1.1%	0.2%	0.8%	-0.1%	-0.5%	1.3%	✓
Information	-5.0%	-0.4%	0.8%	0.4%	-2.0%	-1.6%	0.8%	0.0%	-0.8%	-0.9%	✓
Software Publishers	2.4%	0.0%	-4.7%	2.4%	-4.8%	5.0%	2.4%	9.3%	4.3%	1.8%	✓
Real Estate & Rental & Leasing	1.2%	-0.4%	2.3%	2.3%	0.4%	1.5%	0.0%	1.8%	1.8%	1.2%	
Real Estate	2.4%	-0.5%	2.8%	2.3%	-0.9%	0.0%	0.0%	2.3%	0.4%	1.0%	
Professional, Scientific & Technical Services	0.4%	0.4%	2.2%	3.5%	2.0%	2.0%	1.4%	3.8%	4.4%	2.2%	✓
Scientific Research & Development Services	-7.6%	-9.3%	3.5%	4.9%	7.2%	1.0%	2.7%	1.3%	5.1%	1.0%	✓
Employment Services	2.9%	-16.0%	17.4%	0.7%	2.1%	3.1%	-5.0%	4.9%	4.0%	1.6%	
Health Care & Social Assistance	0.9%	1.9%	4.3%	3.5%	3.8%	4.3%	3.5%	2.3%	3.4%	3.1%	✓
Leisure & Hospitality	1.9%	1.8%	4.4%	5.4%	4.3%	3.4%	4.9%	0.0%	0.4%	2.9%	

Source: State of California Employment Development Department, March 2019.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE A-5

ESTIMATED GROSS RETAIL SALES, CITY OF SAN DIEGO VS. SAN DIEGO COUNTY, 2016
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	City of San Diego			County of San Diego		
I. Population (1)	1,419,845			3,337,456		
II. Per Capita Income (2)	$39,033			$36,291		
III. Retail and Food Service Sales (3)	**Total (000's)**	**Per Capita**	**% of Per Capita Income**	**Total (000's)**	**Per Capita**	**% of Per Capita Income**
A. Shopper Goods (GAFO)						
Apparel	$1,850,000	$1,303	3.3%	$3,573,000	$1,071	2.9%
General Merchandise	$1,446,000	$1,018	2.6%	$4,306,000	$1,290	3.6%
Home Furnishings/Appliances	$1,227,000	$864	2.2%	$2,556,000	$766	2.1%
Other (4)(5)	$2,691,000	$1,895	4.9%	$7,204,000	$2,159	5.9%
Subtotal Shopper Goods	$7,214,000	$5,081	13.0%	$17,639,000	$5,285	14.6%
B. Convenience Goods						
Food (Supermarket/Liquor) (6)	$2,986,000	$2,103	5.4%	$6,647,000	$1,992	5.5%
Eating and Drinking	$4,133,000	$2,911	7.5%	$7,374,000	$2,209	6.1%
Subtotal Convenience Goods	$7,119,000	$5,014	12.8%	$14,021,000	$4,201	11.6%
C. Heavy Commercial Goods (7)	$1,009,000	$711	1.8%	$2,744,000	$822	2.3%
D. Total Gross Retail and Food Services	**$15,342,000**	**$10,805**	**27.7%**	**$34,404,000**	**$10,308**	**28.4%**

(1) Source: California Department of Finance, January 1, 2018.
(2) Source: Esri Business Analyst Online, 2018 estimate.
(3) Source: Taxable Sales per State of California Board of Equalization, calendar year 2016.
(4) Includes Pharmacies and Drug Stores; Health and Personal Care Stores; Sporting Goods Stores; Hobby, Toy and Musical Instrument Stores; Florists; Other Miscellaneous Store Retailers; and Nonstore Retailers.
(5) Assumes 65.0% of sales at Pharmacies and Drug Stores are taxable.
(6) Assumes 35.0% of sales at Food Stores (Supermarket/Liquor) are taxable.
(7) Includes Building/Hardware/Farming.

TABLE A-6

RETAIL SPACE MARKET FACTORS, 4TH QUARTER 2018, SAN DIEGO COUNTY
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	Rentable Square Feet (SF)	SF Under Construction	SF Vacant	Vacancy Rate	Average Asking Lease Rate	YTD Absorption
I. Central South						
General Retail	19,878,096	2,640	507,551	2.55%	$2.39	14,161
Malls	4,696,527	0	199,360	4.24%	---	(5,724)
Power Centers	3,570,236	0	56,321	1.58%	$3.85	(1,244)
Shopping Centers	11,154,560	0	375,859	3.37%	$2.09	68,772
Specialty Centers	294,915	0	18,609	6.31%	$5.83	2,179
Subtotal/Average - Central South	39,594,334	2,640	1,157,700	2.92%	$2.29	78,144
II. East County						
General Retail	7,374,870	0	178,715	2.42%	$1.43	(30,063)
Malls	2,816,104	0	48,256	1.71%	---	(45,763)
Power Centers	1,702,163	0	22,203	1.30%	---	(4,953)
Shopping Centers	8,295,410	15,834	471,124	5.68%	$1.71	(82,331)
Specialty Centers	34,558	0	0	0.00%	---	0
Subtotal/Average - East County	20,223,105	15,834	720,298	3.56%	$1.63	(163,110)
III. I-15 Corridor						
General Retail	1,648,380	0	17,759	1.08%	$2.63	(6,201)
Malls	0	0	0	0.00%	---	0
Power Centers	566,418	0	4,914	0.87%	---	0
Shopping Centers	4,287,899	0	181,340	4.23%	$3.01	34,749
Specialty Centers	0	0	0	0.00%	---	0
Subtotal/Average - I-15 Corridor	6,502,697	0	204,013	3.14%	$2.97	28,548
IV. North County						
General Retail	11,439,889	78,696	471,715	4.12%	$2.13	(146,185)
Malls	3,176,626	0	13,303	0.42%	---	(6,385)
Power Centers	3,101,378	0	107,064	3.45%	---	(9,857)
Shopping Centers	15,148,957	132,094	988,735	6.53%	$1.59	77,911
Specialty Centers	363,588	0	1,210	0.33%	---	(1,210)
Subtotal/Average - North County	33,230,438	210,790	1,582,027	4.76%	$1.72	(85,726)
V. Central North (1)						
General Retail	7,096,865	11,409	250,483	3.53%	$3.23	(46,539)
Malls	1,454,387	0	331,711	22.81%	---	(149,211)
Power Centers	2,094,287	21,300	13,529	0.65%	---	103,791
Shopping Centers	6,567,197	11,849	285,366	4.35%	$2.71	(85,663)
Specialty Centers	232,667	0	67,054	28.82%	$1.75	(18,974)
Subtotal/Average - Central North	17,445,403	44,558	948,143	5.43%	$2.84	(196,596)
VI. South County						
General Retail	5,874,893	12,377	126,451	2.15%	$1.80	3,806
Malls	2,746,513	0	3,591	0.13%	---	21,860
Power Centers	1,025,479	0	7,400	0.72%	---	0
Shopping Centers	9,181,948	104,493	536,445	5.84%	$2.01	25,376
Specialty Centers	780,784	0	4,357	0.56%	$3.02	(1,167)
Subtotal - South County	19,609,617	116,870	678,244	3.46%	$1.99	49,875
VII. Outlying Areas						
General Retail	2,067,915	0	50,079	2.42%	$1.82	(4,265)
Malls	145,890	0	3,930	2.69%	---	7,070
Power Centers	0	0	0	0.00%	---	0
Shopping Centers	1,273,377	0	35,268	2.77%	$1.71	17,322
Specialty Centers	255,000	0	0	0.00%	---	0
Subtotal - Outlying Areas	3,742,182	0	89,277	2.39%	$1.76	20,127
VIII. San Diego County						
General Retail	55,380,908	105,122	1,602,753	2.89%	$2.21	(215,286)
Malls	15,036,047	0	600,151	3.99%	$2.53	(178,153)
Power Centers	12,059,961	21,300	211,431	1.75%	$3.85	87,737
Shopping Centers	55,909,348	264,270	2,874,137	5.14%	$1.91	56,136
Specialty Centers	1,961,512	0	91,230	4.65%	$2.34	(19,172)
Subtotal - San Diego County	140,347,776	390,692	5,379,702	3.83%	$2.03	(268,738)

(1) Includes Cardiff/Encinitas, Del Mar Heights, La Jolla/Torrey Pines, Miramar, and UTC.

Source: Voit Real Estate Services.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE A-7

INDUSTRIAL SPACE MARKET FACTORS, 4TH QUARTER 2018, SAN DIEGO COUNTY
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	Rentable Square Feet (SF)	SF Under Construction	SF Vacant	Vacancy Rate	Average Asking Lease Rate	YTD Absorption
I. Central County						
Central City	1,441,347	0	8,353	0.58%	$1.31	35,297
East City	965,347	0	0	0.00%	---	0
Southeast City	4,297,936	0	79,366	1.85%	$1.06	(12,906)
Kearny Mesa	9,826,536	0	215,081	2.19%	$1.41	58,182
Mission Gorge	1,841,686	0	40,386	2.19%	$1.43	(61,786)
Rose Canyon/Morena	2,496,676	0	15,823	0.63%	$1.31	17,490
Sports Arena/Airport	1,635,200	0	9,227	0.56%	$1.22	7,169
Miramar	13,224,864	0	469,936	3.55%	$1.16	(14,359)
Sorrento Mesa	3,732,690	0	180,926	4.85%	$1.16	(152,753)
Sorrento Valley	920,625	0	31,756	3.45%	$1.48	42,043
Torrey Pines/UTC	104,448	0	0	0.00%	---	0
Subtotal/Average - Central County	40,487,355	0	1,050,854	2.60%	$1.21	(81,623)
II. East County						
El Cajon	9,005,325	17,060	61,144	0.68%	$1.00	(30,285)
La Mesa/Spring Valley	2,641,117	0	91,855	3.48%	$1.34	(54,031)
Santee/Lakeside	3,684,324	0	179,441	4.87%	$0.94	(137,809)
Outlying SD County South	762,629	0	0	0.00%	$0.75	1,000
Subtotal/Average - East County	16,093,395	17,060	332,440	2.07%	$1.05	(221,125)
III. North County						
Escondido	7,516,284	0	147,389	1.96%	$0.98	155,726
Oceanside	9,020,819	277,793	389,369	4.32%	$0.90	26,543
San Marcos	7,937,350	9,000	621,992	7.84%	$0.91	190,032
Vista	12,768,326	77,725	557,865	4.37%	$0.92	(12,717)
Carlsbad	8,782,556	417,478	1,241,875	14.14%	$1.08	179,909
North Beach Cities	257,017	0	0	0.00%	---	0
Outlying SD County North	955,420	0	6,708	0.70%	$1.11	26,694
Subtotal/Average - North County	47,237,772	781,996	2,965,198	6.28%	$0.96	566,187
IV. I-15 Corridor						
Poway	7,246,533	82,742	136,037	1.88%	$1.06	320,692
Rancho Bernardo	3,110,636	0	234,128	7.53%	$1.47	(4,530)
Scripps Ranch	703,806	0	92,619	13.16%	$1.22	(4,615)
Subtotal/Average - I-15 Corridor	11,060,975	82,742	462,784	4.18%	$1.21	311,547
V. South County						
Chula Vista	8,325,018	163,000	174,064	2.09%	$0.89	(107,065)
National City	3,822,916	0	43,725	1.14%	$1.22	11,709
Otay Mesa	15,757,655	398,960	1,194,499	7.58%	$0.71	403,628
San Ysidro/Imperial Beach	1,412,815	0	37,321	2.64%	$0.93	19,702
Subtotal/Average - South County	29,318,404	561,960	1,449,609	4.94%	$0.78	327,974
VI. San Diego County Total	144,197,901	1,443,758	6,260,885	4.34%	$1.00	902,960

Source: Voit Real Estate Services.

TABLE A-8

OFFICE SPACE MARKET FACTORS, 4TH QUARTER 2018, SAN DIEGO COUNTY
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	Rentable Square Feet (SF)	SF Under Construction	SF Vacant	Vacancy Rate	Average Asking Lease Rate	YTD Absorption
I. Downtown						
Downtown	12,707,968	372,000	1,933,732	15.22%	$2.79	(417,990)
Subtotal/Average - Downtown	12,707,968	372,000	1,933,732	15.22%	$2.79	(417,990)
II. Central						
City Heights/University	1,216,139	0	31,102	2.56%	$2.47	13,430
Coronado	124,831	0	6,313	5.06%	$3.82	8,898
Kearny Mesa	10,886,898	0	815,331	7.49%	$2.31	(224,354)
Mission Gorge	588,430	0	9,929	1.69%	$1.87	4,118
Mission Valley	7,273,767	0	761,533	10.47%	$2.49	68,603
Old Town/Point Loma	2,534,694	0	141,629	5.59%	$2.62	2,292
Park East	273,122	0	6,763	2.48%	$2.26	(497)
Rose Canyon/Morena	1,190,226	0	62,357	5.24%	$1.93	(21,444)
Uptown/Hillcrest	2,217,559	0	103,597	4.67%	$2.58	5,309
Subtotal/Average - Central	26,305,666	0	1,938,554	7.37%	$2.40	(143,645)
III. I-15 Corridor						
Escondido	1,968,765	0	196,272	9.97%	$2.12	4,890
Poway	1,323,600	0	36,415	2.75%	$2.33	35,040
Rancho Bernardo	6,827,091	0	749,270	10.97%	$3.02	91,769
Scripps Ranch	2,730,671	158,994	490,245	17.95%	$2.49	(109,417)
Subtotal/Average - I-15 Corridor	12,850,127	158,994	1,472,202	11.46%	$2.77	22,282
IV. North County Coastal						
Carlsbad	6,592,303	231,646	1,183,495	17.95%	$2.54	314,628
Del Mar Heights/Carmel Valley	4,759,218	0	808,865	17.00%	$4.29	(64,442)
North Beach Cities	2,536,525	24,000	189,035	7.45%	$3.54	(37,776)
Subtotal/Average - North County Coastal	13,888,046	255,646	2,181,395	15.71%	$3.35	212,410
V. North City						
Governor Park	889,275	0	82,335	9.26%	$2.75	(11,775)
La Jolla	1,375,264	0	105,257	7.65%	$3.18	(11,727)
Miramar	1,591,313	0	135,402	8.51%	$1.79	26,440
Sorrento Mesa	9,633,835	0	1,069,089	11.10%	$2.76	173,944
Sorrento Valley	808,954	0	75,205	9.30%	$2.42	(8,610)
Torrey Pines	3,018,906	0	101,327	3.36%	$3.98	174,429
UTC	8,629,064	150,000	960,353	11.13%	$3.29	36,288
Subtotal - North City	25,946,611	150,000	2,528,968	9.75%	$2.80	378,989
VI. Southern & Eastern Areas						
Chula Vista	2,905,034	0	233,348	8.03%	$2.49	19,777
National City	528,472	0	994	0.19%	$2.69	15,267
Otay Mesa	319,824	0	4,290	1.34%	$2.24	7,054
Southeast San Diego	479,269	0	59,698	12.46%	$2.35	8,870
East County	3,680,725	0	139,964	3.80%	$2.01	(315)
Subtotal/Average - Southern & Eastern Areas	7,913,324	0	438,294	5.54%	$2.34	50,653
VII. Highway 78 Corridor						
Oceanside	1,350,464	0	145,920	10.81%	$2.06	(8,047)
San Marcos	1,394,870	0	104,882	7.52%	$2.39	23,891
Vista	1,238,540	0	219,424	17.72%	$1.79	(9,594)
Subtotal/Average - Highway 78 Corridor	3,983,874	0	470,226	11.80%	$2.03	6,250
VIII. San Diego County Total	103,595,616	936,640	10,963,371	10.58%	$2.78	108,949

Source: Voit Real Estate Services.

TABLE A-9

FLEX/RESEARCH AND DEVELOPMENT SPACE MARKET FACTORS, 4TH QUARTER 2018, SAN DIEGO COUNTY
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	Rentable Square Feet (SF)	SF Under Construction	SF Vacant	Vacancy Rate	Average Asking Lease Rate	YTD Absorption
I. Central						
Central City	172,281	0	3,737	2.17%	$2.25	5,705
East City	26,892	0	0	0.00%	$0.00	0
Southeast City	225,469	0	3,000	1.33%	$1.44	(3,000)
Kearny Mesa	5,586,435	0	443,883	7.95%	$1.59	69,635
Mission Gorge	279,740	0	15,483	5.53%	$1.57	(4,103)
Rose Canyon/Morena	609,335	0	47,958	7.87%	$1.41	(28,368)
Sports Arena/Airport	380,720	0	840	0.22%	$1.25	6,160
Miramar	4,771,548	130,000	229,886	4.82%	$1.55	193
Sorrento Mesa	6,149,033	28,000	677,575	11.02%	$2.36	(118,488)
Sorrento Valley	2,326,682	0	203,060	8.73%	$2.02	(46,688)
Torrey Pines/UTC	6,174,807	251,221	405,512	6.57%	$4.15	408,800
Subtotal/Average - Central	26,702,942	409,221	2,030,934	7.61%	$2.39	289,846
II. East County						
El Cajon	867,524	0	16,932	1.95%	$0.98	(15,262)
La Mesa/Spring Valley	293,035	0	1,425	0.49%	$1.10	19,735
Santee/Lakeside	554,061	0	7,670	1.38%	$1.38	(4,362)
Outlying SD County S	77,930	0	0	0.00%	$0.00	0
Subtotal/Average - East County	1,792,550	0	26,027	1.45%	$1.13	111
III. North County						
Escondido	747,932	0	21,602	2.89%	$1.07	(3,834)
Oceanside	984,170	0	20,906	2.12%	$0.95	12,057
San Marcos	1,094,862	0	57,762	5.28%	$1.23	789
Vista	1,393,694	0	42,903	3.08%	$1.11	6,311
Carlsbad	6,218,935	146,109	423,868	6.82%	$1.31	118,057
North Beach Cities	164,051	0	8,391	5.11%	$2.09	(7,536)
Outlying SD County North	137,615	0	703	0.51%	$1.15	618
Subtotal/Average - North County	10,741,259	146,109	576,135	5.36%	$1.27	126,462
IV. I-15 Corridor						
Poway	1,830,757	0	34,169	1.87%	$1.20	(3,179)
Rancho Bernardo	4,664,276	0	276,779	5.93%	$1.69	81,356
Scripps Ranch	749,217	0	42,428	5.66%	$1.15	(39,843)
Subtotal/Average - I-15 Corridor	7,244,250	0	353,376	4.88%	$1.60	38,334
V. South County						
Chula Vista	1,511,380	0	136,358	9.02%	$1.47	(87,241)
National City	333,628	0	3,425	1.03%	$1.11	4,343
Otay Mesa	166,652	0	34,443	20.67%	$0.75	0
San Ysidro/Imperial Beach	86,361	0	0	0.00%	$0.00	1,200
Subtotal/Average - South County	2,098,021	0	174,226	8.30%	$1.12	(81,698)
VI. San Diego County Total	48,579,022	555,330	3,160,698	6.51%	$1.58	373,055

Source: Voit Real Estate Services.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE A-10

HISTORIC OCCUPIED BUILDING AREA FOR SELECT SUBMARKETS BY LAND USE, 2004-2018
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	2004			2018			2004-2018	
							Average Annual Change in Occupied SF	
	Net Rentable SF	*Vacant SF*	*Occupied SF*	*Net Rentable SF*	*Vacant SF*	*Occupied SF*	*SF*	*%*
I. Office								
A. University CPA								
Torrey Pines/Sorrento Valley	3,438,702	374,134	3,065,000	3,827,760	176,532	3,651,000	42,000	1.3%
UTC	7,753,310	770,911	6,982,000	8,629,064	960,353	7,669,000	49,000	0.7%
Governor Park	857,999	110,444	748,000	889,275	82,335	807,000	4,000	0.5%
Total University CPA	12,050,011	1,255,489	10,795,000	12,456,824	1,136,885	11,320,000	95,000	0.3%
B. San Diego County	78,390,777	7,410,523	70,980,000	103,595,616	10,963,371	92,632,000	1,547,000	1.9%
II. Industrial								
A. University CPA								
Torrey Pines/UTC	323,110	0	323,000	104,448	0	104,000	(16,000)	-7.8%
Total University CPA	323,110	0	323,000	104,448	0	104,000	(16,000)	-7.8%
B. San Diego County	131,207,395	8,073,462	123,134,000	144,197,901	6,260,885	137,937,000	1,057,000	0.8%
III. Research and Development								
A. University CPA								
Torrey Pines/UTC	562,975	132,721	430,000	6,174,807	405,512	5,769,000	381,000	20.4%
Total University CPA	562,975	132,721	430,000	6,174,807	405,512	5,769,000	381,000	20.4%
B. San Diego County	34,676,633	3,608,677	31,068,000	48,579,022	3,160,699	45,418,000	1,025,000	2.7%
IV. Total Employment Uses								
A. University CPA	**12,936,096**	**1,388,210**	**11,548,000**	**18,736,079**	**1,542,397**	**17,193,000**	**460,000**	**2.9%**
B. San Diego County	**244,274,805**	**19,092,662**	**225,182,000**	**296,372,539**	**20,384,955**	**275,987,000**	**3,629,000**	**1.5%**

Source: Voit Real Estate Services.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

APPENDIX B

MARKET DEMAND ANALYSIS

UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

TABLE B-1

ESTIMATE OF ADDITIONAL EMPLOYMENT SPACE NEEDED THROUGH 2050 - LOW
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	University CPA Number of Employees 2015	% of Total	Average Annual Rate 2015-2050 (1)	Number of Employees 2050	% of Total	Number of Employees Added/(Lost)	Portion Using Employment Space (2)	Number of New Employment Users	
Retail Trade	7,284	9.5%	1.5%	12,265	7.7%	4,981	0%	0	
Professional and Business Services	20,365	26.5%	2.5%	48,330	30.2%	27,965	75%	20,974	
Educational and Health Services	29,021	37.7%	2.5%	68,873	43.0%	39,852	5%	1,993	
Finance, Insurance, and Information	8,090	10.5%	1.5%	13,623	8.5%	5,533	35%	1,937	
Transportation, Warehousing, and Wholesale	2,885	3.7%	1.0%	4,087	2.5%	1,202	75%	902	
Manufacturing	1,297	1.7%	1.0%	1,837	1.1%	540	75%	405	
Construction	2,121	2.8%	1.0%	3,005	1.9%	884	5%	44	
Natural Resources and Mining	197	0.3%	0.0%	197	0.1%	0	5%	0	
Other Services	5,693	7.4%	1.0%	8,065	5.0%	2,372	30%	712	
Total Employment	76,953	100.0%	2.1%	160,282	100.0%	83,329	32%	26,965	Employees
Number of SF Per Employee								350	SF (3)
Total Employment Demand, 2015-2050								9,438,000	SF
(Less) Demand from 2015 to 2019								(1,079,000)	SF (4)
Total Employment Demand, 2019-2050								**8,359,000**	**SF**

(1) KMA estimate based on review of annual growth rates in San Diego County for each employment category.
(2) KMA assumption.
(3) KMA assumption. Reflects weighted average industry standard employment for office, industrial, and research and development uses with respect to current supply in the CPA.
(4) Reflects projected average annual growth rate over a 4-year period.

Source: U.S. Census - OnTheMap Work Area Profile.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE B-2

ESTIMATE OF ADDITIONAL EMPLOYMENT SPACE NEEDED THROUGH 2050 - HIGH
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	University CPA Number of Employees 2015	% of Total	Average Annual Rate 2015-2050 (1)	Number of Employees 2050	% of Total	Number of Employees Added/(Lost)	Portion Using Employment Space (2)	Number of New Employment Users	
Retail Trade	7,284	9.5%	2.5%	17,286	8.0%	10,002	0%	0	
Professional and Business Services	20,365	26.5%	3.5%	67,889	31.5%	47,524	75%	35,643	
Educational and Health Services	29,021	37.7%	3.5%	96,744	44.9%	67,723	5%	3,386	
Finance, Insurance, and Information	8,090	10.5%	2.0%	16,179	7.5%	8,089	35%	2,831	
Transportation, Warehousing, and Wholesale	2,885	3.7%	1.0%	4,087	1.9%	1,202	75%	902	
Manufacturing	1,297	1.7%	1.5%	2,184	1.0%	887	75%	665	
Construction	2,121	2.8%	1.0%	3,005	1.4%	884	5%	44	
Natural Resources and Mining	197	0.3%	0.0%	197	0.1%	0	5%	0	
Other Services	5,693	7.4%	1.0%	8,065	3.7%	2,372	30%	712	
Total Employment	76,953	100.0%	3.0%	215,636	100.0%	138,683	32%	44,183	Employees
Number of SF Per Employee								**350**	SF (3)
Total Employment Demand, 2015-2050								15,464,000	SF
(Less) Demand from 2015 to 2019								(1,767,000)	SF (4)
Total Employment Demand, 2019-2050								**13,697,000**	**SF**

(1) KMA estimate based on review of annual growth rates in San Diego County for each employment category.
(2) KMA assumption.
(3) KMA assumption. Reflects weighted average industry standard employment for office, industrial, and research and development uses with respect to current supply in the CPA.
(4) Reflects projected average annual growth rate over a 4-year period.

Source: U.S. Census - OnTheMap Work Area Profile.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE B-3

RETAIL SURPLUS/LEAKAGE - 2-MILE TRADE RING
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	2-Mile Trade Ring (1)
I. Population	61,035

II. Retail Surplus/(Leakage)	**Demand (Retail Expenditure)** (2)	**Supply (Retail Sales)** (3)	**Retail Surplus/(Leakage)**	
General Merchandise Stores	$170,299,000	$171,618,000	$1,319,000	
Electronics & Appliance Stores	$36,740,000	$85,179,000	$48,439,000	
Food Services & Drinking Places	$114,450,000	$135,198,000	$20,748,000	
Sporting Goods, Hobby, Musical Instrument Stores	$32,270,000	$42,944,000	$10,674,000	
Clothing & Clothing Accessories Stores	$74,670,000	$225,896,000	$151,226,000	
Furniture & Home Furnishing Stores	$36,996,000	$90,518,000	$53,522,000	
Miscellaneous Store Retailers	$37,333,000	$45,513,000	$8,180,000	
Building Materials, Garden Equipment & Supply Stores	$52,286,000	$31,778,000	($20,508,000)	
Health & Personal Care Stores	$66,911,000	$187,051,000	$120,140,000	
Food & Beverage Stores	$165,171,000	$210,415,000	$45,244,000	
Total (4)	**$787,126,000**	**$1,226,110,000**	**$438,984,000**	**56% Surplus**
Per Capita	**$13,000**	**$20,000**	**$7,000**	

(1) Reflects a 2-mile radius from Health Sciences Drive and Athena Circle.
(2) Reflects the expected amount spent by consumers at retail establishments.
(3) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
(4) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.

Source: Esri, Business Analyst Online.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE B-4

RETAIL SURPLUS/LEAKAGE - 4-MILE TRADE RING
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	4-Mile Trade Ring (1)
I. Population	134,477

II. Retail Surplus/(Leakage)	**Demand (Retail Expenditure)** (2)	**Supply (Retail Sales)** (3)	**Retail Surplus/(Leakage)**	
General Merchandise Stores	$426,161,000	$325,940,000	($100,221,000)	
Electronics & Appliance Stores	$94,884,000	$224,755,000	$129,871,000	
Food Services & Drinking Places	$285,730,000	$324,464,000	$38,734,000	
Sporting Goods, Hobby, Musical Instrument Stores	$82,035,000	$85,922,000	$3,887,000	
Clothing & Clothing Accessories Stores	$188,663,000	$353,790,000	$165,127,000	
Furniture & Home Furnishing Stores	$96,203,000	$206,266,000	$110,063,000	
Miscellaneous Store Retailers	$94,769,000	$117,214,000	$22,445,000	
Building Materials, Garden Equipment & Supply Stores	$150,420,000	$138,891,000	($11,529,000)	
Health & Personal Care Stores	$172,368,000	$302,651,000	$130,283,000	
Food & Beverage Stores	$409,858,000	$349,381,000	($60,477,000)	
Total (4)	**$2,001,091,000**	**$2,429,274,000**	**$428,183,000**	**21% Leakage**
Per Capita	**$15,000**	**$18,000**	**$3,000**	

(1) Reflects a 4-mile radius from Health Sciences Drive and Athena Circle.
(2) Reflects the expected amount spent by consumers at retail establishments.
(3) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
(4) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.

Source: Esri, Business Analyst Online.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE B-5

RETAIL SURPLUS/LEAKAGE - 6-MILE TRADE RING
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	6-Mile Trade Ring (1)
I. Population	332,245

II. Retail Surplus/(Leakage)	**Demand (Retail Expenditure)** (2)	**Supply (Retail Sales)** (3)	**Retail Surplus/(Leakage)**	
General Merchandise Stores	$1,057,547,000	$759,349,000	($298,198,000)	
Electronics & Appliance Stores	$235,957,000	$371,841,000	$135,884,000	
Food Services & Drinking Places	$709,476,000	$746,115,000	$36,639,000	
Sporting Goods, Hobby, Musical Instrument Stores	$203,678,000	$196,445,000	($7,233,000)	
Clothing & Clothing Accessories Stores	$469,192,000	$452,664,000	($16,528,000)	
Furniture & Home Furnishing Stores	$239,463,000	$314,937,000	$75,474,000	
Miscellaneous Store Retailers	$235,762,000	$231,091,000	($4,671,000)	
Building Materials, Garden Equipment & Supply Stores	$378,307,000	$381,866,000	$3,559,000	
Health & Personal Care Stores	$429,734,000	$506,060,000	$76,326,000	
Food & Beverage Stores	$1,017,740,000	$788,107,000	($229,633,000)	
Total (4)	**$4,976,856,000**	**$4,748,475,000**	**($228,381,000)**	**-5% Leakage**
Per Capita	**$15,000**	**$14,000**	**($1,000)**	

(1) Reflects a 6-mile radius from Health Sciences Drive and Athena Circle.
(2) Reflects the expected amount spent by consumers at retail establishments.
(3) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
(4) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.

Source: Esri, Business Analyst Online.

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/San Diego_Mira Mesa University_Market Analysis_v5_07 11 19;7/11/2019;mdt

TABLE B-6

SALES EXPORT RECAPTURE POTENTIAL
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

	Current Estimated Sales Export (1)	Estimated Recapture Rate		Assumed Sales Productivity Per SF Per Year	Potential Recapture of Retail Space	
I. 4-Mile Trade Ring		**Low**	**High**		**Low**	**High**
General Merchandise Stores	($100,221,000)	30%	40%	$350 /SF	86,000 SF	115,000 SF
Building Materials, Garden Equipment & Supply Store	($11,529,000)	10%	15%	$400 /SF	3,000 SF	4,000 SF
Food & Beverage Stores	($60,477,000)	20%	30%	$450 /SF	27,000 SF	40,000 SF
Total	($172,227,000)				116,000 SF	159,000 SF

(1) Source: Esri, Business Analyst Online.

TABLE B-7

AGGREGATE ANNUAL INCOME FROM PROJECTED RESIDENTIAL DEVELOPMENT - LOW
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

		Projected Residential Development, Through 2050		
		Single-Family Households	**Multi-Family For-Sale Households**	**Multi-Family Rental Households**
I.	**Number of Households**			
	Number of Units (1)	0	3,600	5,400
	Average Occupancy Rate	94.0%	94.0%	94.0%
	Number of Occupied Households	0	3,384	5,076
II.	**Home Value**			
	Market Value Per Unit	$800,000	$500,000	---
	Monthly Rent	---	---	$3,200
III.	**Minimum Income Required (Rounded)** (2)	$166,000	$108,000	$110,000
IV.	**Aggregate Annual Income**	**$0**	**$365,472,000**	**$558,360,000**

(1) KMA estimate based on historic population growth trends in Table A-2.
(2) KMA estimate of minimum household income required, assumes:

% of Income Spent on Housing Costs	35%	
Housing Costs to include:		
Monthly Mortgage Payment @		
Down payment	10%	
Interest Rate	4.5%	
Term (Years)	30	
Property Tax	1.25%	of Value
HOA Fees (Per Month)	$350	/Month

TABLE B-8

RETAIL SPACE SUPPORTED BY PROJECTED RESIDENTIAL DEVELOPMENT - LOW
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

I.	Total Annual Aggregate Income			
	Single-Family Households		$0	
	Multi-Family For-Sale Households		$365,472,000	
	Multi-Family Rental Households		$558,360,000	
	Total Annual Aggregate Income		$923,832,000	
II.	Aggregate Annual Income Spent on Retail Expenditures (1)	25%	$230,958,000	
III.	Spending Captured in University CPA	45%	$103,931,000	
IV.	Estimated Sales Productivity per SF per Year		$450	/SF
V.	**Estimate of Retail Space Supported by New Households**		**231,000**	**SF**

(1) KMA estimate, based on review of current and historical retail expenditure patterns, relative to personal income, in the City and County.

TABLE B-9

AGGREGATE ANNUAL INCOME FROM PROJECTED RESIDENTIAL DEVELOPMENT - HIGH
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

		Projected Residential Development, Through 2050		
		Single-Family Households	**Multi-Family For-Sale Households**	**Multi-Family Rental Households**
I.	**Number of Households**			
	Number of Units (1)	0	7,320	10,980
	Average Occupancy Rate	94.0%	94.0%	94.0%
	Number of Occupied Households	0	6,881	10,321
II.	**Home Value**			
	Market Value Per Unit	$800,000	$500,000	---
	Monthly Rent	---	---	$3,200
III.	**Minimum Income Required (Rounded)** (2)	$166,000	$108,000	$110,000
IV.	**Aggregate Annual Income**	**$0**	**$743,148,000**	**$1,135,310,000**

(1) KMA estimate based on historic population growth trends in Table A-2.
(2) KMA estimate of minimum household income required, assumes:

% of Income Spent on Housing Costs	35%
Housing Costs to include:	
Monthly Mortgage Payment @	
Down payment	10%
Interest Rate	4.5%
Term (Years)	30
Property Tax	1.25% of Value
HOA Fees (Per Month)	$350 /Month

TABLE B-10

RETAIL SPACE SUPPORTED BY PROJECTED RESIDENTIAL DEVELOPMENT - HIGH
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

I.	Total Annual Aggregate Income			
	Single-Family Households		$0	
	Multi-Family For-Sale Households		$743,148,000	
	Multi-Family Rental Households		$1,135,310,000	
	Total Annual Aggregate Income		$1,878,458,000	
II.	Aggregate Annual Income Spent on Retail Expenditures (1)	30%	$563,537,000	
III.	Spending Captured in University CPA	50%	$281,769,000	
IV.	Estimated Sales Productivity per SF per Year		$450	/SF
V.	**Estimate of Retail Space Supported by New Households**		**626,000**	**SF**

(1) KMA estimate, based on review of current and historical retail expenditure patterns, relative to personal income, in the City and County.

TABLE B-11

RETAIL SPACE SUPPORTED BY NEW EMPLOYEES - LOW
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

I.	Total New Employees (Table B-1)	26,965	Employees
II.	Estimated Employee Retail Expenditures per Year (1)	$6,990	
III.	Total Annual Retail Expenditures by New Employees	$188,487,000	
	Estimated Sales Per SF	$500	/SF
	Capture in University CPA @	50%	
IV.	**Total Retail Space Demand from New Employees**	**188,000**	**SF**

(1) Based on data provided by ICSC Office Worker Retail Spending report, 2011. Adjusted by KMA to reflect 2019 dollars.

TABLE B-12

RETAIL SPACE SUPPORTED BY NEW EMPLOYEES - HIGH
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

I.	Total New Employees (Table B-2)	44,183	Employees
II.	Estimated Employee Retail Expenditures per Year (1)	$6,990	
III.	Total Annual Retail Expenditures by New Employees	$308,838,000	
	Estimated Sales Per SF	$500	/SF
	Capture in University CPA @	60%	
IV.	**Total Retail Space Demand from New Employees**	**371,000**	**SF**

(1) Based on data provided by ICSC Office Worker Retail Spending report, 2011. Adjusted by KMA to reflect 2019 dollars.

TABLE B-13

ESTIMATE OF RETAIL SPACE DEMAND, THROUGH 2050
UNIVERSITY COMMUNITY PLAN UPDATE
CITY OF SAN DIEGO

		Low	High
I. Estimated Retail Space Demand by Source			
Recapture of Retail Sales Leakage		116,000 SF	159,000 SF
Demand from New Residents		231,000 SF	626,000 SF
Demand from New Employees		188,000 SF	371,000 SF
Subtotal - Estimated Retail Space Demand		535,000 SF	1,156,000 SF
Add: Estimate of Demand from Beyond City as % of Locally Supported Demand @	10%	54,000 SF	116,000 SF
II. Total Estimated Retail Space Demand, 2019-2050		**589,000 SF**	**1,272,000 SF**