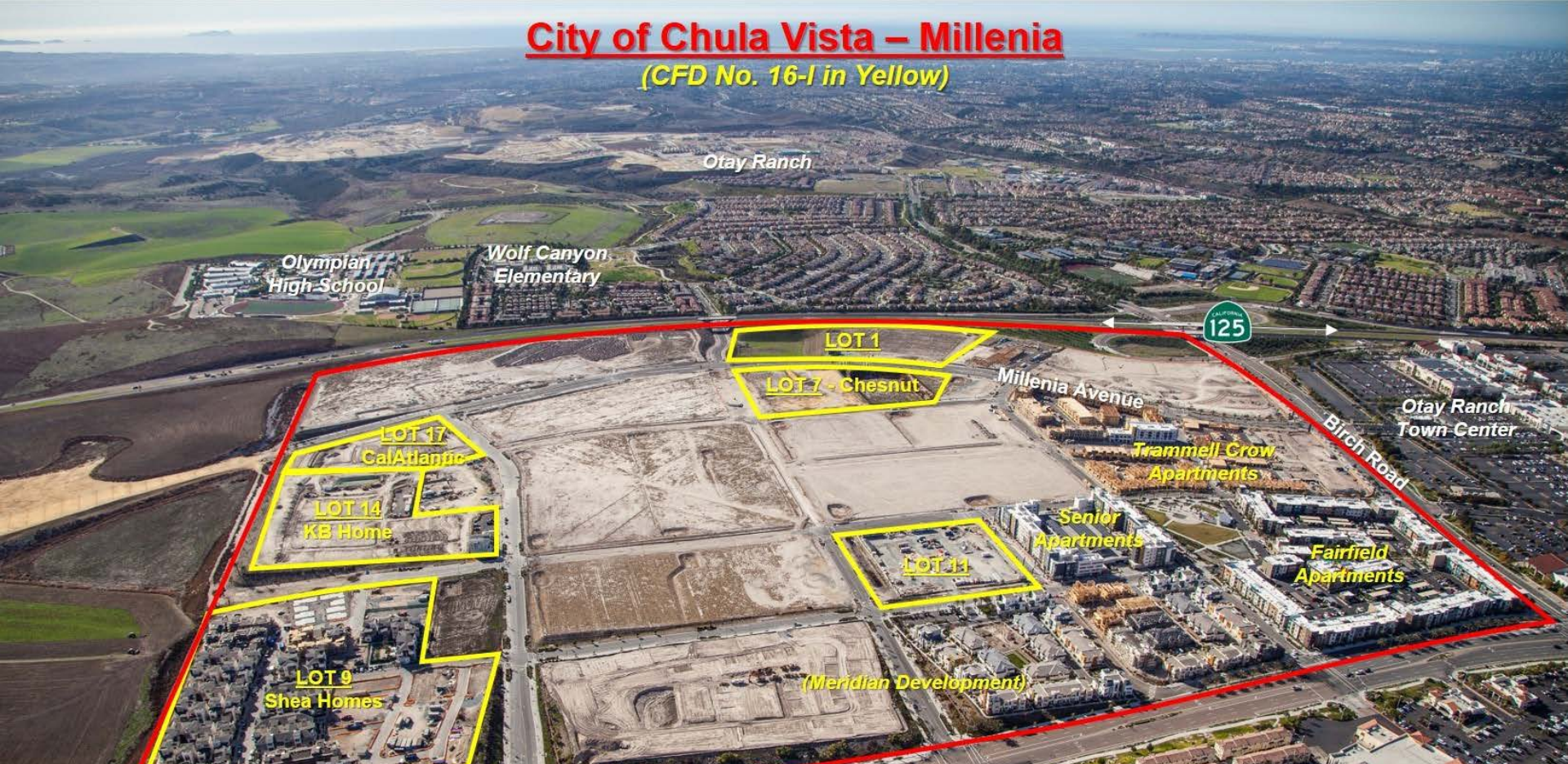


# City of Chula Vista – Millenia

(CFD No. 16-I in Yellow)



## MARKET ABSORPTION ANALYSIS

*Chula Vista CFD 16-I (Millenia IA No. 1)*

## CONTACT INFORMATION

This market analysis was prepared by Meyers Research, a market research and consulting firm specializing in the real estate industry. It has been commissioned by the City of Chula Vista.

Peter Dennehy served as Project Director and oversaw all aspects of this assignment. Alexis Wilmot managed the engagement on a day-to-day basis. Follow-up questions should be directed to Peter Dennehy at (858) 381-4380 or [pdennehy@meyersllc.com](mailto:pdennehy@meyersllc.com).

## OBJECTIVE

The objective of this analysis is to provide an independent analysis of the residential and commercial market in the San Diego County and Chula Vista area to determine relevant market trends and to provide conclusions relevant to the Millenia IA No. 1 development plan and the absorption potential for the planned residential units and commercial space. The report will be used in conjunction with the sale of bonds for CFD No. 16-I (Improvement Area No. 1).

## LIMITING CONDITIONS

The master developer and builders are responsible for representations about its development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results.

There will usually be differences between projections described in this report and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

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# Residential Market Analysis

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*Millenia Master Plan, Chula Vista, CA*

# Key Findings

The Millenia master plan is an active mixed-use project in the South County submarket of San Diego County. Improvement Area No. 1 comprises a portion of the Millenia master planned community that is expected to include over 2,500 for-sale and rental units and over 1.8 million square feet of commercial space at buildout. The Improvement Area No. 1 development will consist of 393 residential units and just over 1.0 million square feet of office in the “Think” (318,000 SF) and “Invent” (700,000 SF) projects. **Of the 393 Millenia residential units that are included in Improvement Area No. 1, 120 units are released and 98 units are sold at the end of January 2018, with 53 units having closed escrow.**

The sale of for-sale products in the overall Millenia master plan started in mid 2016 with +/-217 units at Evo, Metro and Trio (which are not included in Improvement Area No. 1) and additional projects by Shea Homes, KB Home and CalAtlantic/Lennar in Improvement Area No. 1 (sales have started for the Shea and KB Home projects and the CalAtlantic/Lennar project will start sales later in 2018). There are also completed and in-development rental projects (market-rate and affordable), a hotel and retail development in Millenia (but not in Improvement Area No. 1). A significant office project is planned in Improvement Area No. 1, with campus office space targeted to the technology, life sciences and medical sectors (discussed starting at Slide 19).

The Millenia project is elevated and offers views of the surrounding area, mountains and distant lake/ocean. Some areas of the site will offer orientations to canyon and open space areas. Millenia is located right off a major north-south freeway (the 125 Toll Road) and is close to a wide array of existing services, retail, schools, parks, etc.

There is good demand potential in the South County market for ownership housing options, particularly those targeted to family households of all ages and to empty nester/retirees. South County new home sales increased in 2017 to +/-1,000 units per year and market capture of County new home sales jumped to 30%. Going forward, South County, which has in the past decade had more active home building operations, is likely to see increased development and market capture in a region with quite limited residential land options elsewhere. The majority of active new homes are selling in the \$300,000 to \$700,000 price categories that are largely unavailable elsewhere in the region and new projects are selling well.

Development of the 393 residential units in the Improvement Area No. 1 began in late 2016 and 84 units had sold by the end of 2017 (and 98 units had sold at the end of January 2018). The remaining units in Improvement Area No. 1 are projected to be largely absorbed by early 2021, with current pricing ranging from the high \$300,000s to the mid \$600,000s.

# Residential and Office Absorption Summary

Our research indicates that the buildout and absorption of residential units within Improvement Area No. 1 of Millenia could occur by early 2021, as shown on the table below (the numbers for 2016 and 2017 are **ACTUAL**, the 2018+ numbers are **PROJECTED**). **In the period with the most concurrent product offerings from 2017 to 2020, annual absorption averages 93 units/year** (there were 77 sales with 3 products in 2017, and a 4<sup>th</sup> product type is expected to be added in 2018).

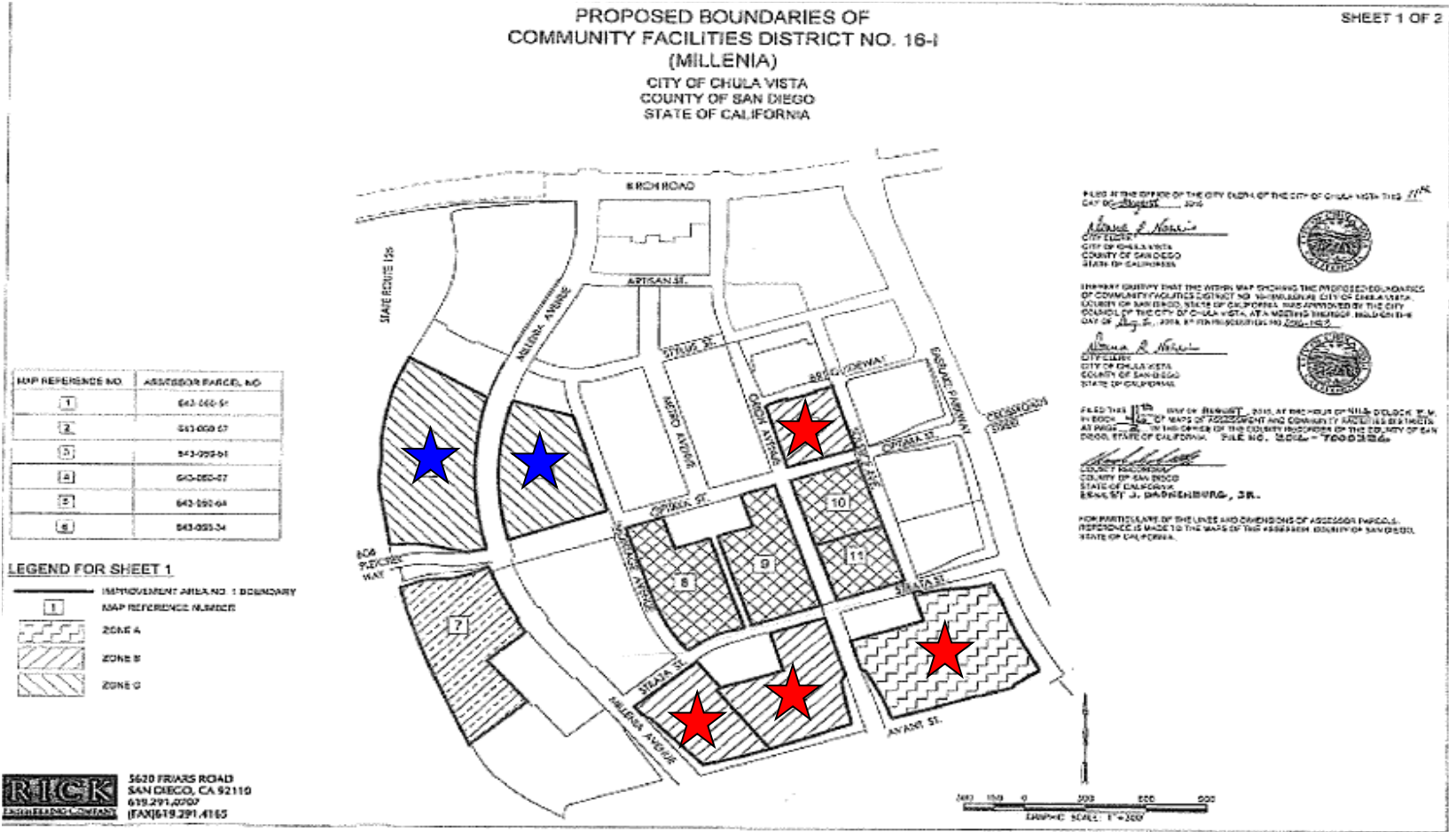
HYPOTHETICAL COMMUNITY SELL OUT				2016	2017	2018	2019	2020	2021
Project/Subdivision	Type	Configuration	# of Units						
Z at Millenia	Townhomes	ATT	106	2	33	42	29		
Element at Millenia	Single Family	2,000	70	5	41	24			
Skylar at Millenia	Single Family	3,250	79		3	30	30	16	
Boulevard at Millenia	Townhomes	ATT	78			18	36	24	
Boulevard at Millenia II	Townhomes	ATT	60				12	36	12
COMMUNITY SUMMARY			393	7	77	114	107	76	12

Our research indicates that the 1.018 million square feet of office space planned within Improvement Area No. 1 of Millenia (the sum of the 318,000 square foot Think campus and the 700,000 square foot Invent campus) could reasonably be absorbed by 2028.

Year	Total Office Demand & Suggested Absorption (SF) at Improvement Area No. 1. of Millenia												TOTAL
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Total Office Demand (SF)	77,197	77,197	77,197	77,197	77,197	90,225	90,225	90,225	90,225	93,295	93,295	93,295	<b>1,026,770</b>

# Boundaries of CFD No. 16-I (Millenia, Improvement Area No. 1)

The Millenia master plan is actively in development, with residential, rental, retail and commercial developments underway. The areas that are included in Improvement Area 1 are noted below, with Residential areas marked with a **RED** star and Commercial areas marked with a **BLUE** star.



# Millenia IA No. 1 Product Array

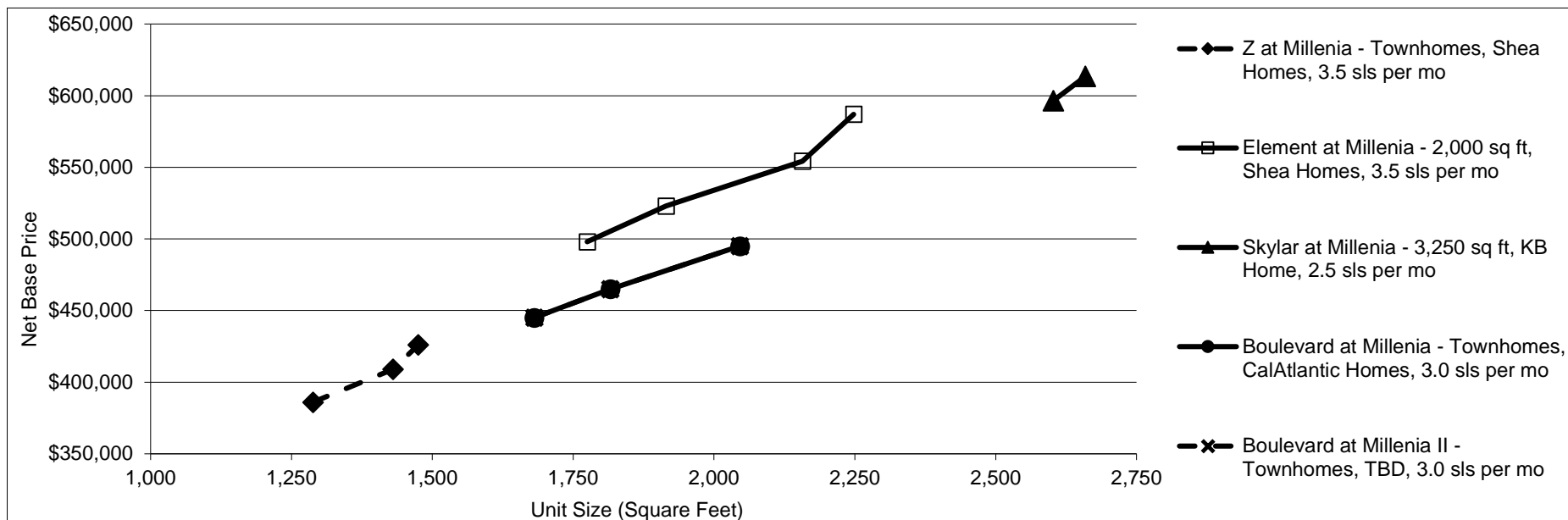
The detailed floorplan pricing for the Millenia Improvement Area IA No. 1 product array is outlined below. For the active projects (Z, Element and Skylar) – the pricing is based on actual sales prices offered by the respective builders. For the upcoming Boulevard project, pricing indicated is our projection based on the other market comparables in Millenia and the overall South County market.

COMMUNITY SPECIFICS				FLOORPLANS				ACTUAL/EXPECTED PRICING																
Subject Property Name				Mix	Size SF	Bed	Bath	Level	Pkg	Mo Sales Pace	Base Price	Base Price/SF	Incentives		Net Base Price (\$ Impacting)	Net Base Price/SF	Assumptions			Total Price/SF	Payment Assumptions			80.0%
Location		Sales Summary											Options / Upgrades	Price Reduction			Options / Estimated Upgrades	Total Price	Monthly HOA		Base Tax Rate	Add Assess.	4.0%	
<b>Z at Millenia</b>		<b>Shea Homes</b>		14	1,288	2	2.5	3	2	3.5	\$386,000	\$300	\$0	\$0	\$386,000	\$300	\$15,000	\$0	\$401,000	\$311	\$327	1.14%	0.75%	\$2,364
<b>Chula Vista</b>		<b>Millenia</b>		44	1,430	3	2.5	3	2		\$409,000	\$286	\$0	\$0	\$409,000	\$286	\$15,000	\$0	\$424,000	\$297	\$327	1.14%	0.75%	\$2,481
Product:	Townhomes	Total Units:	106	48	1,475	2	2.5	3	2		\$426,000	\$289	\$0	\$0	\$426,000	\$289	\$15,000	\$0	\$441,000	\$299	\$327	1.14%	0.75%	\$2,567
Configuration:	ATT	Units Sold:	41																					
Lot Dimensions:	ATT	3 Months Sold:	7																					
Lot 9		Units Remaining:	65																					
		% Remaining:	61%																					
Summary Statistics:				1,432						3.5	\$413,660	\$289	\$0	\$0	\$413,660	\$289	\$15,000	\$0	\$428,660	\$299	\$327	1.14%	0.75%	\$2,504
<b>Element at Millenia</b>		<b>Shea Homes</b>		18	1,775	2	2.5	3	2	3.5	\$498,000	\$281	\$0	\$0	\$498,000	\$281	\$20,000	\$10,000	\$528,000	\$297	\$210	1.14%	0.75%	\$2,892
<b>Chula Vista</b>		<b>Millenia</b>		16	1,915	3	3.5	3	2		\$523,000	\$273	\$0	\$0	\$523,000	\$273	\$20,000	\$10,000	\$553,000	\$289	\$210	1.14%	0.75%	\$3,019
Product:	Single Family	Total Units:	70	18	2,157	3	3.5	3	2		\$554,246	\$257	\$0	\$0	\$554,246	\$257	\$20,000	\$10,000	\$584,246	\$271	\$210	1.14%	0.75%	\$3,178
Configuration:	2,000	Units Sold:	48	18	2,248	4	3.5	3	2		\$587,000	\$261	\$0	\$0	\$587,000	\$261	\$20,000	\$10,000	\$617,000	\$274	\$210	1.14%	0.75%	\$3,344
Lot Dimensions:	n/a	3 Months Sold:	0																					
Lot 9		Units Remaining:	22																					
		% Remaining:	31%																					
Summary Statistics:				2,027						3.5	\$541,063	\$267	\$0	\$0	\$541,063	\$267	\$20,000	\$10,000	\$571,063	\$282	\$210	1.14%	0.75%	\$3,111
<b>Skylar at Millenia</b>		<b>KB Home</b>		39	2,602	3	3.5	3	2	2.5	\$596,490	\$229	\$0	\$0	\$596,490	\$229	\$35,000	\$7,500	\$638,990	\$246	\$146	1.14%	0.75%	\$3,392
<b>Chula Vista</b>		<b>Millenia</b>		40	2,659	3	3.5	3	2		\$613,490	\$231	\$0	\$0	\$613,490	\$231	\$35,000	\$7,500	\$655,990	\$247	\$146	1.14%	0.75%	\$3,478
Product:	Single Family	Total Units:	79																					
Configuration:	3,250	Units Sold:	9																					
Lot Dimensions:	n/a	3 Months Sold:	9																					
Lot 14		Units Remaining:	70																					
		% Remaining:	89%																					
Summary Statistics:				2,631						2.5	\$605,098	\$230	\$0	\$0	\$605,098	\$230	\$35,000	\$7,500	\$647,598	\$246	\$146	1.14%	0.75%	\$3,435
<b>Boulevard at Millenia</b>		<b>CalAtlantic Homes</b>		24	1,681	3	3.0	3	2	3.0	\$444,990	\$265	\$0	\$0	\$444,990	\$265	\$15,000	\$8,900	\$468,890	\$279	\$327	1.14%	0.75%	\$2,709
<b>Chula Vista</b>		<b>Millenia</b>		26	1,816	3	3.0	3	2		\$464,990	\$256	\$0	\$0	\$464,990	\$256	\$15,000	\$9,300	\$489,290	\$269	\$327	1.14%	0.75%	\$2,812
Product:	Townhomes	Total Units:	78	28	2,046	3	3.0	3	2		\$494,990	\$242	\$0	\$0	\$494,990	\$242	\$15,000	\$9,900	\$519,890	\$254	\$327	1.14%	0.75%	\$2,968
Configuration:	ATT	Units Sold:	0																					
Lot Dimensions:	ATT	3 Months Sold:	0																					
Lot 17		Units Remaining:	78																					
		% Remaining:	100%																					
Summary Statistics:				1,857						3.0	\$469,605	\$253	\$0	\$0	\$469,605	\$253	\$15,000	\$9,392	\$493,997	\$266	\$327	1.14%	0.75%	\$2,836
<b>Boulevard at Millenia II</b>		<b>TBD</b>		20	1,681	3	3.0	3	2	3.0	\$444,990	\$265	\$0	\$0	\$444,990	\$265	\$15,000	\$4,450	\$464,440	\$276	\$327	1.14%	0.75%	\$2,686
<b>Chula Vista</b>		<b>Millenia</b>		20	1,816	3	3.0	3	2		\$464,990	\$256	\$0	\$0	\$464,990	\$256	\$15,000	\$4,650	\$484,640	\$267	\$327	1.14%	0.75%	\$2,789
Product:	Townhomes	Total Units:	60	20	2,046	3	3.0	3	2		\$494,990	\$242	\$0	\$0	\$494,990	\$242	\$15,000	\$4,950	\$514,940	\$252	\$327	1.14%	0.75%	\$2,943
Configuration:	ATT	Units Sold:	0																					
Lot Dimensions:	ATT	3 Months Sold:	0																					
Lot 11		Units Remaining:	60																					
		% Remaining:	100%																					
Summary Statistics:				1,848						3.0	\$468,323	\$253	\$0	\$0	\$468,323	\$253	\$15,000	\$4,683	\$488,007	\$264	\$327	1.14%	0.75%	\$2,806



# Millenia IA No. 1 Product Array

The detailed floorplan pricing for the Millenia Improvement Area IA No. 1 product array is outlined below.



Project/Subdivision	Type	Configuration	# of Units	Est % of Total Units	Average Unit Size	BASE PRICE			NET BASE PRICE		\$ ASSUMPTIONS		AVERAGE PRICE		
						Base Price	\$/SF	Price Impacting Incentives	Net Base Price	\$/SF	Options	Premiums	Average Price	\$/SF	Estimated Sales/Month
Z at Millenia	Townhomes	ATT	106	27%	1,432	\$413,660	\$289	\$0	\$413,660	\$289	\$15,000	\$0	\$428,660	\$299	3.50
Element at Millenia	Single Family	2,000	70	18%	2,027	\$541,063	\$267	\$0	\$541,063	\$267	\$20,000	\$10,000	\$571,063	\$282	3.50
Skylar at Millenia	Single Family	3,250	79	20%	2,631	\$605,098	\$230	\$0	\$605,098	\$230	\$35,000	\$7,500	\$647,598	\$246	2.50
Boulevard at Millenia	Townhomes	ATT	78	20%	1,857	\$469,605	\$253	\$0	\$469,605	\$253	\$15,000	\$9,392	\$493,997	\$266	3.00
Boulevard at Millenia II	Townhomes	ATT	60	15%	1,848	\$468,323	\$253	\$0	\$468,323	\$253	\$15,000	\$4,683	\$488,007	\$264	3.00
<b>COMMUNITY SUMMARY</b>			<b>393</b>	<b>100%</b>	<b>1,927</b>	<b>\$494,284</b>	<b>\$261</b>	<b>\$0</b>	<b>\$494,284</b>	<b>\$261</b>	<b>\$19,911</b>	<b>\$5,868</b>	<b>\$520,063</b>	<b>\$274</b>	<b>15.50</b>

# Millenia IA No. 1 Projected Absorption

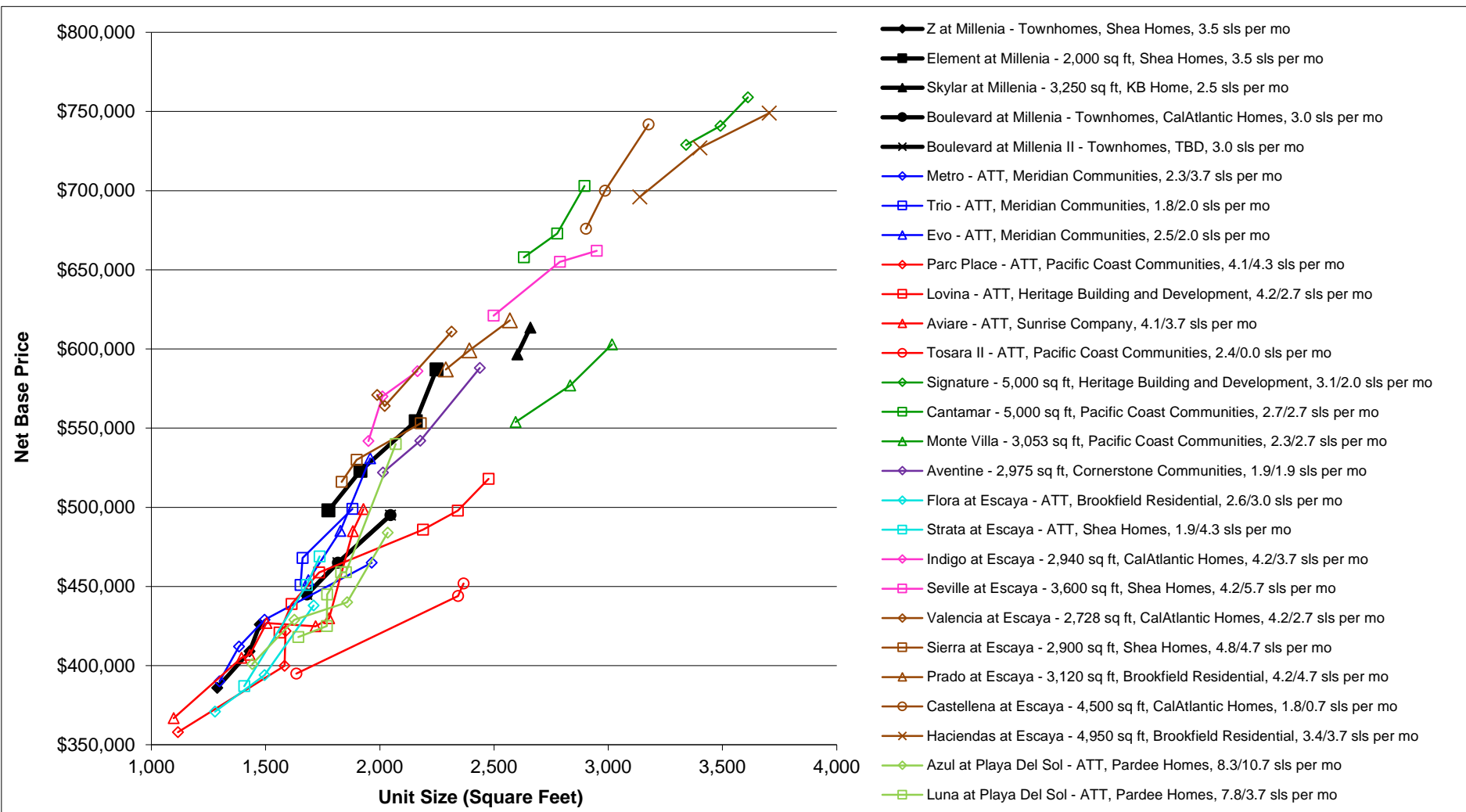
The projected absorption for the Millenia Improvement Area IA No. 1 product array is outlined below.

- Z, Element (Shea) and Skylar (KB Home) are open and selling as of early 2018, with +/-84 of the 255 planned units **sold at the end of 2017** and remaining units sold-out in the first half of 2020. **At the end of January 2018, the sold total was 98 units, with 53 units closed.**
- Boulevard at Millenia (Lot 17) is expected to start sales with 78 units in mid 2018 and is projected to sell-out in 2020 (based on that start date). It is planned to offer 3-story row townhomes and will be developed by CalAtlantic/Lennar.
- Boulevard II (Lot 11) will be similar to the Boulevard product and will come online when that area is largely absorbed.
- Per product absorptions of 2.50 to 3.50 units per month are assumed given the performance to-date of the currently selling programs and expected market conditions. The actively selling attached and detached projects in South County are typically selling in the +/-3.0 sales per month range.

HYPOTHETICAL COMMUNITY SELL OUT										
Project/Subdivision	Type	Configuration	# of Units		2016	2017	2018	2019	2020	2021
Z at Millenia	Townhomes	ATT	106		2	33	42	29		
Element at Millenia	Single Family	2,000	70		5	41	24			
Skylar at Millenia	Single Family	3,250	79			3	30	30	16	
Boulevard at Millenia	Townhomes	ATT	78				18	36	24	
Boulevard at Millenia II	Townhomes	ATT	60					12	36	12
COMMUNITY SUMMARY			393		7	77	114	107	76	12

# Millenia Product Conclusion: Base Prices

The base pricing of the Millenia Improvement Area No. 1 residential products is in-line with other new housing products in the Otay Ranch and general South San Diego County market area.

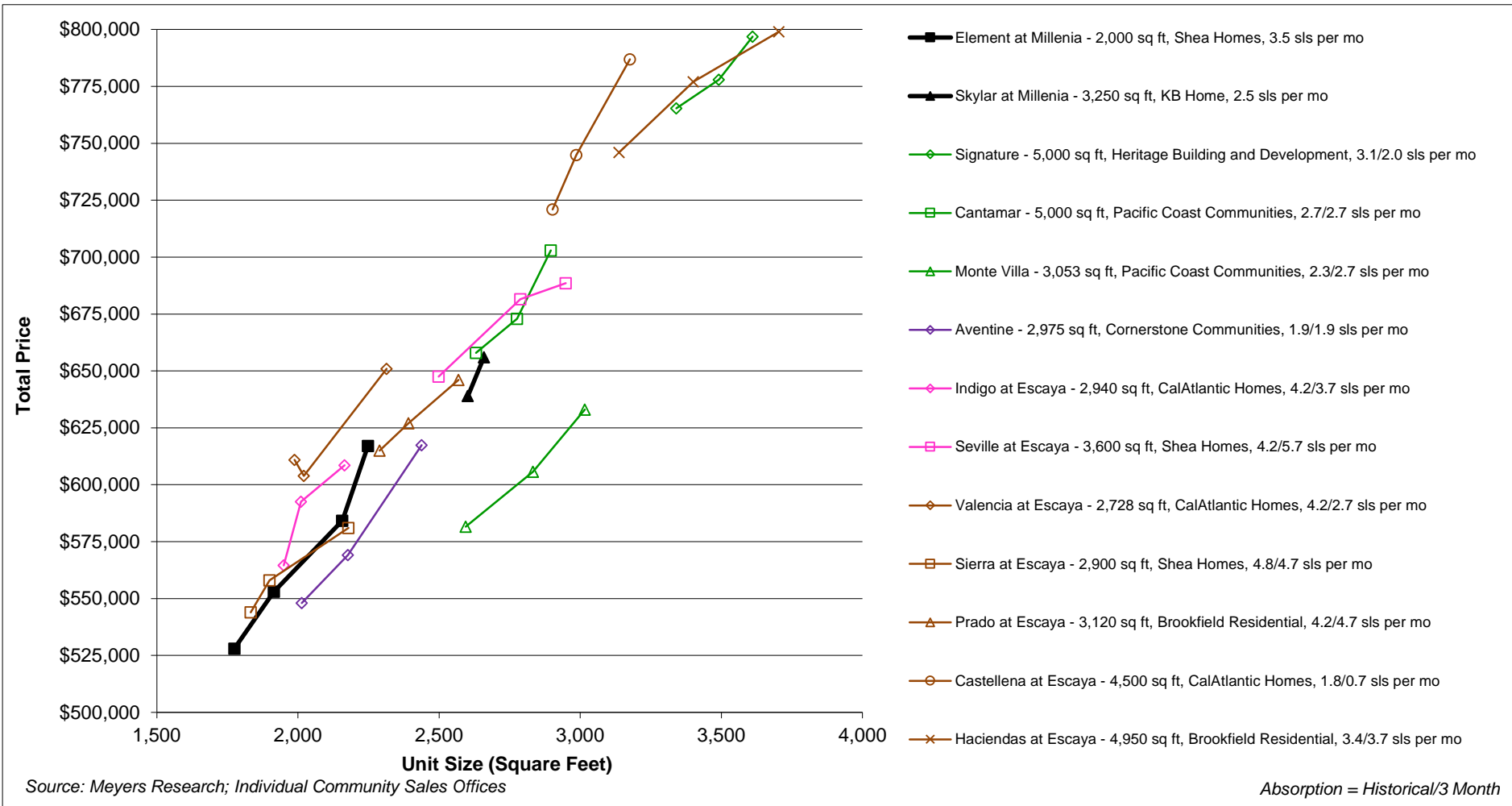


Source: Meyers Research; Individual Community Sales Offices

Absorption = Historical/3 Month

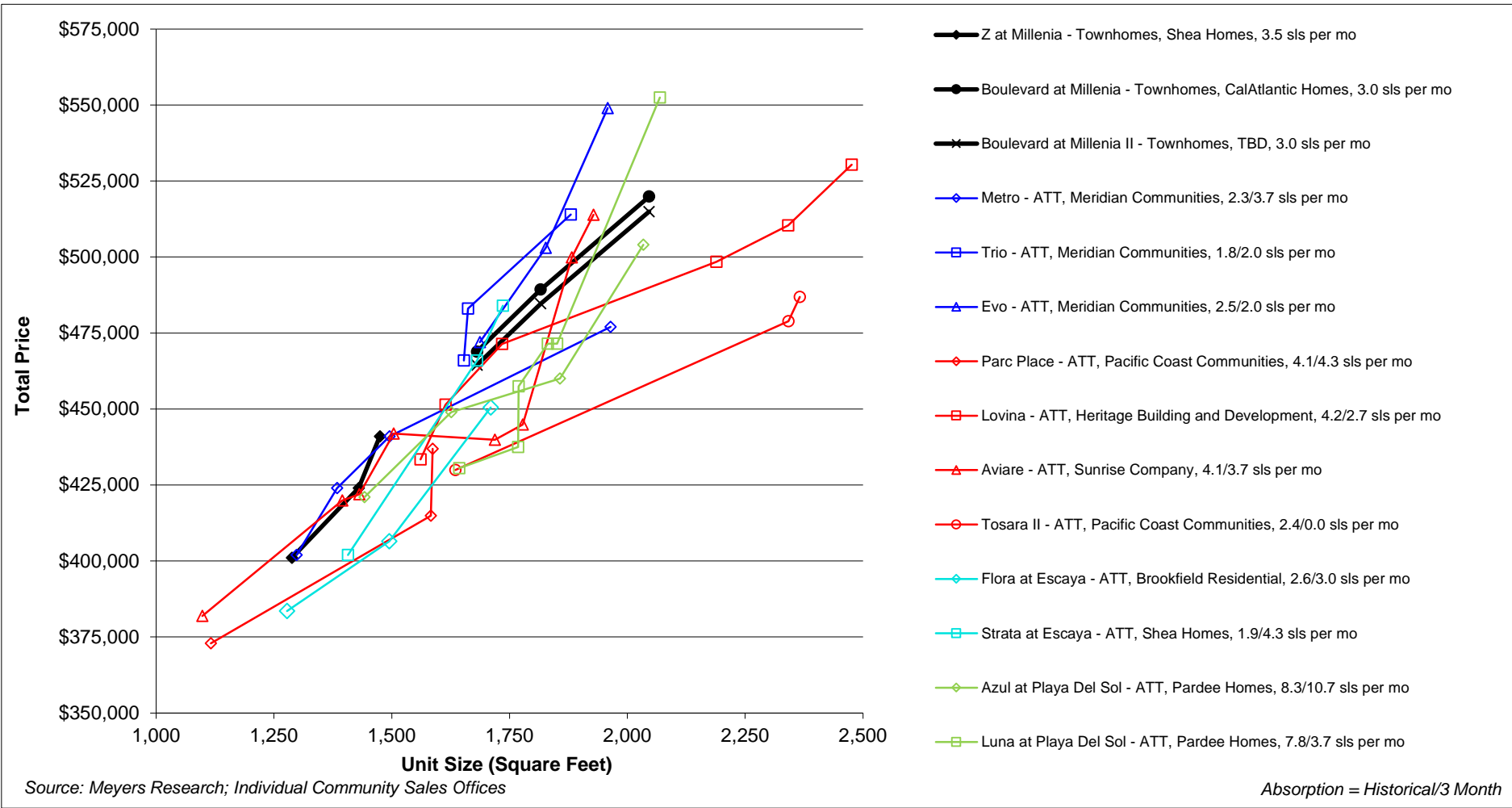
# Millenia Product Conclusion: Total Prices (SFD Only)

Looking at just the detached product types, the Subject's total pricing is in-line with other new construction detached for-sale products in the market. Millenia's detached products are relatively high-density 3-story detached for-sale products that are selling well in the competitive market.



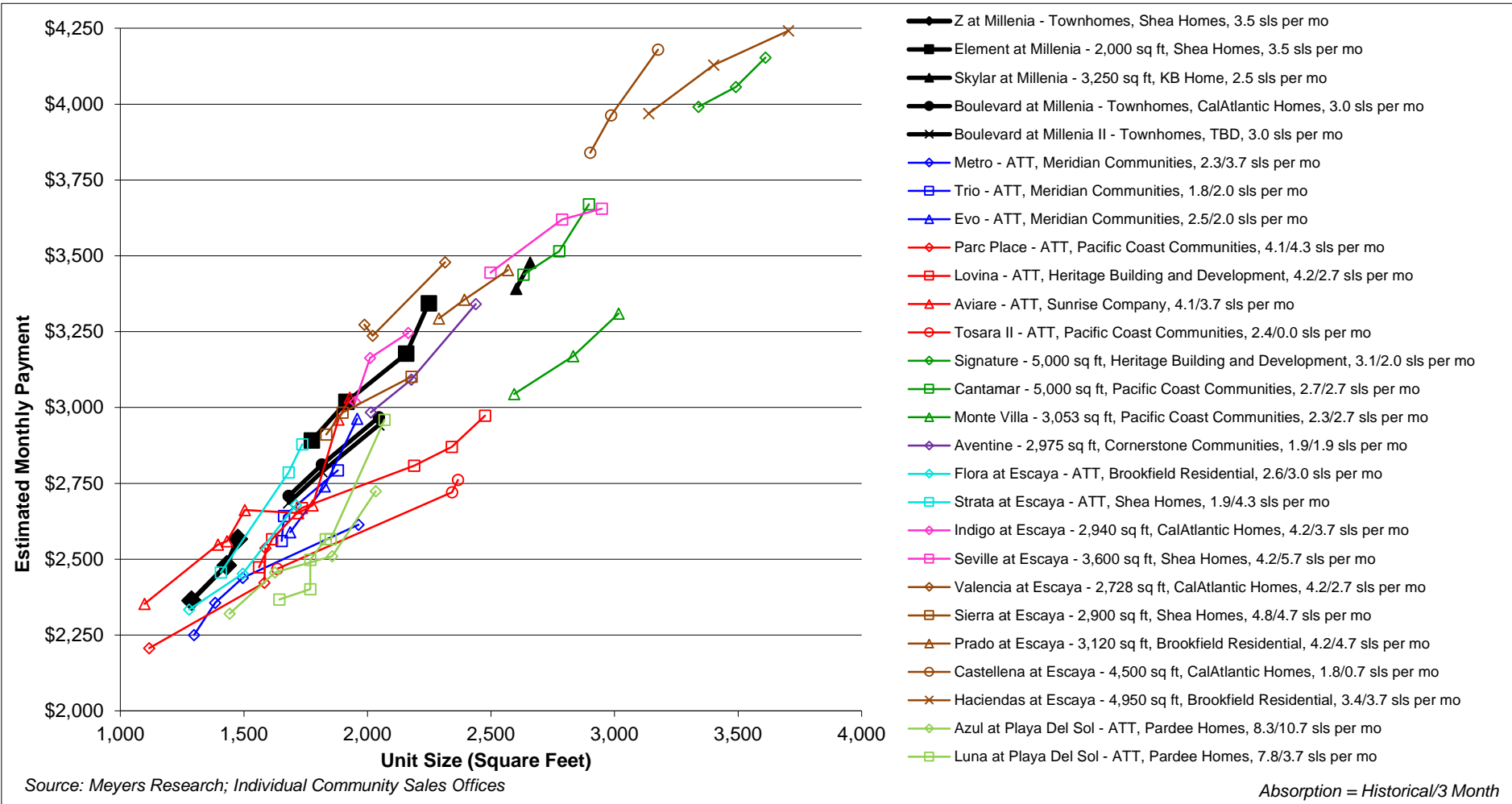
# Millenia Product Conclusion: Total Prices (ATT Only)

Looking at the attached products, the Millenia products are positioned in-line with other new construction 2 and 3-story attached projects in the Otay Ranch and South County market. Attached units in the high \$300,000s to low \$500,000s are selling well as an affordable product alternative in a market where new detached options are generally \$550,000+.



# Millenia Product Conclusion: Monthly Prices

Looking at monthly housing costs with additional special taxes and HOA fees factored in, the Millenia product pricing is in the upper range of Otay Ranch area pricing. Millenia offers an established, high-quality urban style master plan with a unique mixed-use land plan and proximity to the Toll Road and retail/dining. Active new home projects are achieving premium pricing with this location.



# Millenia Product Comparison vs. Competitive Projects

The active competitive projects in South County are again expanding with new development, but are generally selling well with new home sales in this submarket increasing 108% from 2016 to 2017 and market capture of County new home sales increasing from 20% in 2015/2016 to 30% in 2017 and matches the peak capture of County sales seen in 2001. **South County's market capture is now once again expanding considerably because it is the only area of the County with large amounts of developable residential land and able to offer relatively affordable new home products.**

COMMUNITY	BUILDER / DEVELOPER	CITY	LOT SIZE	UNIT COUNT SUMMARY					SALES PACE		AVERAGE			MONTHLY		
				TOTAL	RLSD	SOLD	AVAIL.	REMAIN	ALL	3 MO.	SF	NET PRICE	\$/SF	HOA	TAX	PAYMENT
Z at Millenia	Shea Homes	Chula Vista	ATT	106	-	41	-	65	3.5	--	1,432	\$428,660	\$299	\$327	1.89%	\$2,504
Element at Millenia	Shea Homes	Chula Vista	2,000	70	-	48	-	22	3.5	--	2,027	\$571,063	\$282	\$210	1.89%	\$3,111
Skylar at Millenia	KB Home	Chula Vista	3,250	79	-	9	-	70	2.5	--	2,631	\$647,598	\$246	\$146	1.89%	\$3,435
Boulevard at Millenia	CalAtlantic Homes	Chula Vista	ATT	78	-	0	-	78	3.0	--	1,857	\$493,997	\$266	\$327	1.89%	\$2,836
Boulevard at Millenia II	TBD	Chula Vista	ATT	60	-	0	-	60	3.0	--	1,857	\$489,353	\$264	\$327	1.89%	\$2,813
Metro	Meridian Communities	Chula Vista	ATT	70	36	36	N/Av	36	2.3	3.7	1,535	\$436,000	\$284	\$299	1.65%	\$2,415
Trio	Meridian Communities	Chula Vista	ATT	81	35	34	N/Av	37	1.8	2.0	1,732	\$487,667	\$282	\$299	1.55%	\$2,665
Evo	Meridian Communities	Chula Vista	ATT	66	51	47	N/Av	26	2.5	2.0	1,824	\$508,000	\$279	\$299	1.55%	\$2,764
Parc Place	Pacific Coast Communi	Chula Vista	ATT	175	48	36	N/Av	139	4.1	4.3	1,429	\$408,233	\$286	\$285	2.00%	\$2,388
Lovina	Heritage Building and D	Chula Vista	ATT	78	58	44	N/Av	39	4.2	2.7	1,986	\$482,567	\$243	\$240	2.00%	\$2,726
Aviare	Sunrise Company	Chula Vista	ATT	171	171	170	N/Av	3	4.1	3.7	1,592	\$445,525	\$280	\$385	2.00%	\$2,681
Tosara II	Pacific Coast Communi	Chula Vista	ATT	99	99	74	N/Av	74	2.4	0.0	2,114	\$465,233	\$220	\$253	2.00%	\$2,650
Signature	Heritage Building and D	Chula Vista	5,000	79	27	23	N/Av	58	3.1	2.0	3,481	\$780,045	\$224	\$48	2.00%	\$4,067
Cantamar	Pacific Coast Communi	Chula Vista	5,000	93	14	8	N/Av	89	2.7	2.7	2,768	\$677,900	\$245	\$48	2.00%	\$3,541
Monte Villa	Pacific Coast Communi	Chula Vista	3,053	72	26	23	N/Av	52	2.3	2.7	2,814	\$606,795	\$216	\$48	2.00%	\$3,175
Aventine	Cornerstone Communiti	Chula Vista	2,975	100	11	10	N/Av	95	1.9	1.9	2,210	\$578,190	\$262	\$160	2.00%	\$3,139
Flora at Escaya	Brookfield Residential	Chula Vista	ATT	107	16	12	N/Av	98	2.6	3.0	1,494	\$413,500	\$277	\$358	2.00%	\$2,489
Strata at Escaya	Shea Homes	Chula Vista	ATT	72	18	15	N/Av	59	1.9	4.3	1,608	\$450,667	\$280	\$385	2.00%	\$2,707
Indigo at Escaya	CalAtlantic Homes	Chula Vista	2,940	111	41	28	N/Av	83	4.2	3.7	2,042	\$588,600	\$288	\$110	2.00%	\$3,143
Seville at Escaya	Shea Homes	Chula Vista	3,600	135	37	30	N/Av	107	4.2	5.7	2,745	\$672,500	\$245	\$108	2.00%	\$3,573
Valencia at Escaya	CalAtlantic Homes	Chula Vista	2,728	118	39	29	N/Av	90	4.2	2.7	2,108	\$621,900	\$295	\$125		\$3,329
Sierra at Escaya	Shea Homes	Chula Vista	2,900	122	43	33	N/Av	90	4.8	4.7	1,970	\$561,000	\$285	\$108	2.00%	\$2,999
Prado at Escaya	Brookfield Residential	Chula Vista	3,120	130	39	28	N/Av	102	4.2	4.7	2,417	\$629,333	\$260	\$125	2.00%	\$3,368
Castellena at Escaya	CalAtlantic Homes	Chula Vista	4,500	76	27	16	N/Av	64	1.8	0.7	3,021	\$750,900	\$249	\$125	2.00%	\$3,994
Haciendas at Escaya	Brookfield Residential	Chula Vista	4,950	76	29	24	N/Av	53	3.4	3.7	3,414	\$774,000	\$227	\$125	2.00%	\$4,113
Azul at Playa Del Sol	Pardee Homes	San Diego	ATT	121	115	110	N/Av	18	8.3	10.7	1,740	\$458,500	\$264	\$275	1.46%	\$2,503
Luna at Playa Del Sol	Pardee Homes	San Diego	ATT	96	96	93	N/Av	2	7.8	3.7	1,822	\$470,167	\$258	\$275	1.56%	\$2,560
NEW HOME AVERAGE:				2,248	1,076	923		1,414	3.6	3.4	2,176	\$557,601	\$261	\$204	1.89%	\$3,045

# Buildout of South County Projects

The projected buildout of the active new home projects in South San Diego County is shown below. There are 1,671 units left in active master plans, with quarterly absorption of +/-236 units. The active projects will largely sell out in the 2018-2020 period. There are +/-162 units remaining in infill projects, with most units selling out in 2018. There were +/-1,000 new homes sold in the submarket in 2017 and +/-890 sales projected in the active projects excluding the +/-111 units in Millenia Improvement Area No. 1 – putting the South County submarket on pace for +/-1,000 new home sales in 2018.

Project Name	Builder	Master Plan	Type	Total Units	Units Sold	Left	Sales/Mo	Sales/Q	2018				2019				2020				2021			
									Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Projects in Master Plans</b>																								
Flora at Escaya	Brookfield Residential	Escaya at Otay Ranch	ATT	107	12	95	2.54	8	5	8	8	8	8	8	8	8	8	8	8	8	8	2		
Haciendas at Escaya	Brookfield Residential	Escaya at Otay Ranch	SFD	76	24	52	3.41	10	7	10	10	10	10	5										
Prado at Escaya	Brookfield Residential	Escaya at Otay Ranch	SFD	130	28	102	3.51	11	7	11	11	11	11	11	11	11	11	7						
Seville at Escaya	Shea Homes	Escaya at Otay Ranch	SFD	135	30	105	3.76	11	8	11	11	11	11	11	11	11	11	9						
Sierra at Escaya	Shea Homes	Escaya at Otay Ranch	SFD	122	33	89	4.14	12	8	12	12	12	12	9										
Strata at Escaya	Shea Homes	Escaya at Otay Ranch	ATT	72	15	57	1.85	6	4	6	6	6	6	6	6	6	6	5						
Indigo at Escaya	CalAtlantic Homes	Escaya at Otay Ranch	SFD	111	28	83	3.59	11	7	11	11	11	11	11	11	10								
Valencia at Escaya	CalAtlantic Homes	Escaya at Otay Ranch	SFD	118	29	89	3.73	11	7	11	11	11	11	11	11	5								
Castellena at Escaya	CalAtlantic Homes	Escaya at Otay Ranch	SFD	76	16	60	2.01	6	4	6	6	6	6	6	6	6	6	2						
Vista Del Cielo	Shea Homes	Bella Lago	SFD	52	20	32	3.04	9	6	9	9	8												
Metro	Meridian Communities	Millenia	ATT	70	36	34	2.08	6	4	6	6	6	6	6										
Trio	Meridian Communities	Millenia	ATT	150	34	116	1.80	8	5	8	8	8	8	8	8	8	8	8	8	8	8	8		
Evo	Meridian Communities	Millenia	ATT	66	47	19	2.36	7	5	7	7													
Azul at Playa Del Sol	Pardee Homes	Ocean View Hills	SFD	121	114	7	8.37	25	7															
Parc Place	Pacific Coast Communities	Otay Ranch	ATT	175	36	139	3.48	10	7	10	10	10	10	10	10	10	10	10	10	10	10	10		
Cantamar	Pacific Coast Communities	Otay Ranch	SFD	111	8	103	2.56	8	5	8	8	8	8	8	8	8	8	8	8	8	8	8		
Signature	Heritage Building and Development	Otay Ranch	SFD	79	23	56	3.05	9	6	9	9	9	9	5										
Lovina	Heritage Building and Development	Otay Ranch	ATT	78	44	34	3.87	12	8	12	12	2												
Monte Villa	Pacific Coast Communities	Otay Ranch	SFD	72	23	49	2.23	7	4	7	7	7	3											
Aventine	Cornerstone Communities	Otay Ranch	SFD	100	10	90	2.51	8	5	8	8	8	8	8	8	8	8	5						
Anacapa	Otay Ranch New Homes	Otay Ranch	SFD	54	35	19	0.43	1	1	2	2	2	2	2	2	2	2							
Presidio V2	Otay Ranch New Homes	Otay Ranch	SFD	47	45	2	0.55	2	1	1														
Aviare	Sunrise Company	Otay Ranch	ATT	201	170	31	3.96	12	8	12	11													
Tosara I & II	Pacific Coast Communities	Otay Ranch	ATT	173	99	74	2.41	7	5	7	7	7	7	7	7	7	6							
Maravilla at Vista Del Sur	Cornerstone Communities	Vista Del Sur	ATT	129	118	11	3.56	11	7	4														
Tesoro at Vista Del Sur	Cornerstone Communities	Vista Del Sur	ATT	134	11	123	3.00	9	6	9	9	9	9	9	9	9	9	9	9	9	9	9		
				2,759	1,088	1,671		236	157	205	199	170	160	155	140	127	99	87	59	48	37	29	9	0
<b>Infill Projects</b>																								
Norfolk at Bayside Landing	Beazer Homes		ATT	119	68	51	6.54	20	13	20	18													
Hampshire at Bayside Landing	Beazer Homes		ATT	75	45	30	4.42	13	9	13	8													
Blu Strand	Shea Homes		SFD	84	76	8	3.88	12	8															
Sea Glass	Shea Homes		SFD	91	79	12	3.94	12	8	4														
Vista Mar	City Ventures		ATT	87	63	24	9.46	28	19	5														
Parkview Terrace	KB Home		SFD	37	0	37	3.00	9	6	9	9	9	4											
				493	331	162		94	62	51	35	9	4	0	0	0	0	0	0	0	0	0	0	



# Projected New Home Supply & Demand

While the amount of development in the South San Diego market is increasing, the demand for housing still outstrips the housing being produced. The projected demand for housing in the 2018 to 2022 period is 950 to 1,400 units per year, but projected delivery is in the +/-1,000 units per year for 2018 and drops off in 2019 and beyond (although new units will be added in Millenia and other active and entitled MPCs as active projects sell out).

## PROJECTED NEW HOME SUPPLY & DEMAND SAN DIEGO MSA & SOUTH COUNTY SUBMARKET: 2008-2022

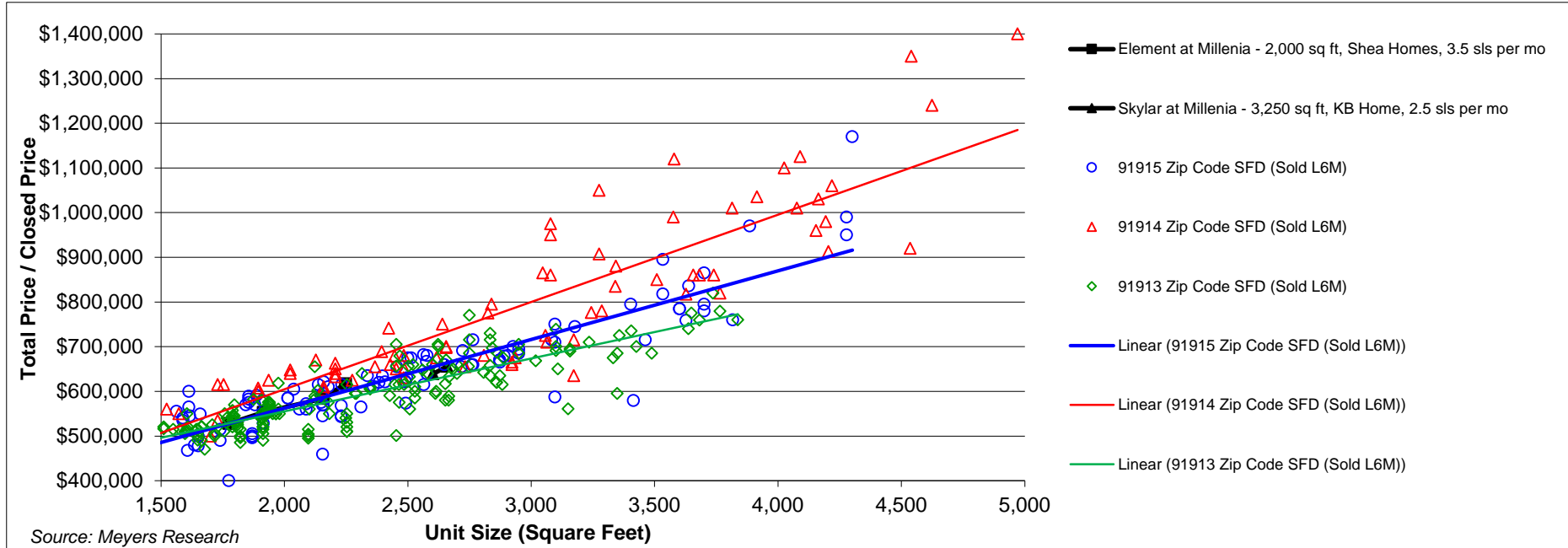
DEMAND PROJECTION	ACTUAL HISTORICAL SALES										PROJECTED NEW HOME SALES DEMAND				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018P	2019P	2020P	2021P	2022P
<b>New Home Sales (1)</b>															
San Diego MSA	2,775	2,755	2,277	2,041	2,785	2,340	1,939	2,441	2,323	3,132	3,250	3,500	3,750	4,000	4,250
South County % Capture of MSA	19.4%	20.6%	15.1%	27.1%	22.3%	18.8%	15.4%	19.7%	19.8%	30.5%	31.0%	32.0%	33.0%	34.0%	35.0%
South County Submarket (Forecast based on historical share)	538	567	343	553	620	441	299	482	460	955	1,008	1,120	1,238	1,360	1,488
Less: Estimated 5% for Sales in Misc. Neighborhoods	(27)	(28)	(17)	(28)	(31)	(22)	(15)	(24)	(23)	(48)	(50)	(56)	(62)	(68)	(74)
Potential Absorption for MPC's in South County Submarket	511	539	326	525	589	419	284	458	437	907	957	1,064	1,176	1,292	1,413
<b>SUPPLY PROJECTION (2)</b>															
	ACTIVE PROJECTS INVENTORY										ESTIMATED SALES OF REMAINING UNITS				
<b>ACTIVE PROJECTS WITHIN MASTER PLANNED PROJECTS</b>	Total Units			Sold (6)			Remaining (2)				2018P	2019P	2020P	2021P	2022P
Escaya at Otay Ranch	947			215			732				315	315	100	2	
Bella Lago	52			20			32				32	0	0	0	0
Millenia (excludes Improvement Area No. 1)	286			117			169				70	44	32	23	
Ocean View Hills	950			200			750				150	200	200	200	
Otay Ranch-V2 (Montecito)	1,090			493			597				253	187	125	32	
Vista Del Sur	263			129			134				44	36	36	18	
<b>Total Inventory and Future Sales within Active South County Master Planned Projects</b>	<b>3,588</b>			<b>1,174</b>			<b>2,414</b>				<b>864</b>	<b>782</b>	<b>493</b>	<b>275</b>	<b>0</b>
<b>Over Supply / (Under Supply) of Projected Demand</b>											<b>(93)</b>	<b>(282)</b>	<b>(683)</b>	<b>(1,017)</b>	<b>(1,413)</b>
<i>Cumulative Over Supply / (Under Supply) before Future Proposed Projects Add units to the Market</i>											<i>(93)</i>	<i>(375)</i>	<i>(1,058)</i>	<i>(2,075)</i>	<i>(3,488)</i>
<b>PROPOSED PROJECTS WITH POTENTIAL HOME SALES IN 2018+ (3)</b>	Planned (2)		SF	MF											
Otay Ranch-V13 (4)	1,938		1,881	57											
Otay Ranch-V8 West (5)	2,050		331	1,719											
Otay Ranch-V4	350		350	0											
Otay Ranch-V10 (4)	1,740		695	1,045											
Otay Ranch-V8 East (4)	3,560		943	2,617											
Otay Ranch-V9 (5)	4,000		166	3,834											
Aggregate Estimate of Otay Mesa Future Projects	8,443		1,625	6,818											
<b>Total Estimated Proposed / Future Projects with Potential Market Entry by 2018</b>	<b>22,081</b>		<b>5,991</b>	<b>16,090</b>											

### Footnotes

- 1) Actual Existing and New Home sales through 2017 per Meyers; projected sales for 2018-2022 per Meyers Research.
- 2) Remaining Active supply includes for-sale units in active projects only, some MPCs have future unit count
- 3) Unit Counts within Future Projects are Estimates Only - Actual Timing is dependent upon variety of factors including: efforts of Applicant, City/Agency Approvals, and capital resources
- 4) Per materials provided by builder.
- 5) Per builder.
- 6) Sold through 2/4/2018 per sales offices

# Millenia Product Recommendation: Otay Ranch SFD Resales

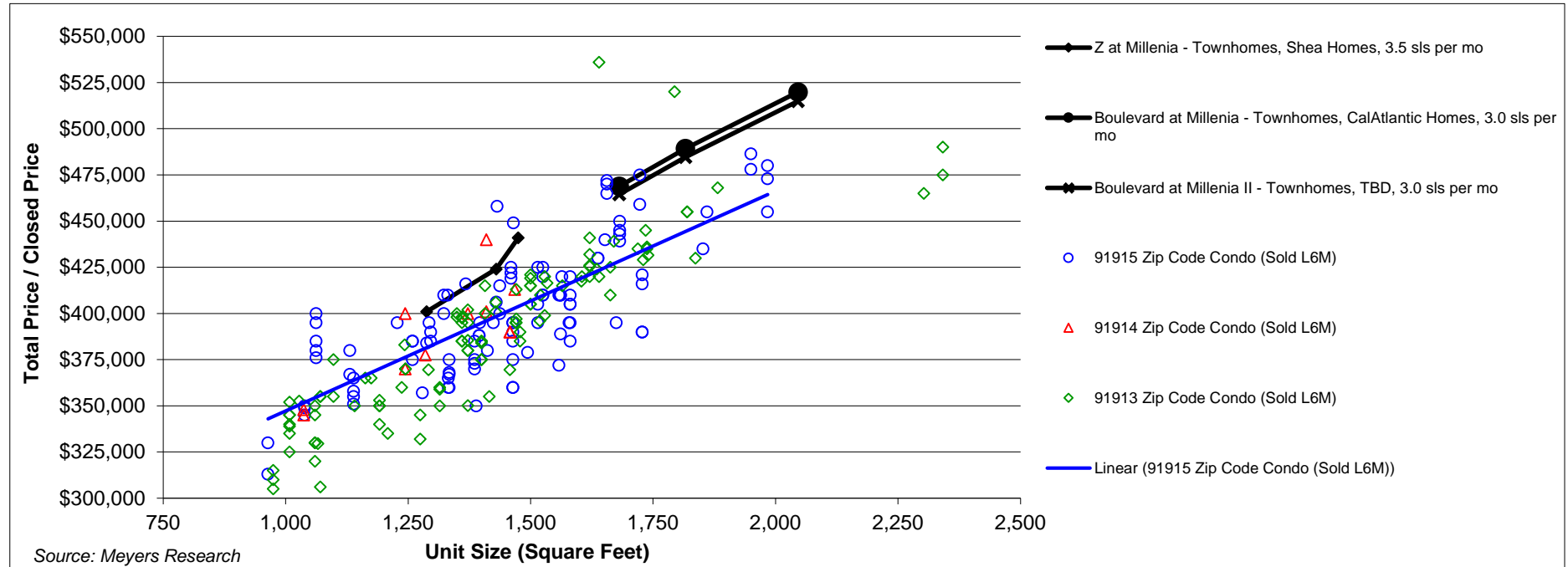
The Subject's detached pricing is in-line with the recent detached sales trendline for "newer" (built since 2000) single-family homes in the Millenia zip code (91915) and with sales for similar sized homes in surrounding Otay Ranch areas (91914 – the more upscale Rolling Hills Ranch, Eastlake Woods and San Miguel Ranch neighborhoods and 91913 – the areas of Otay Ranch to the west of the 125 Toll Road and south of Olympic Parkway).



REFERENCE AREA	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
				ALL	3 MO.	SF	NET PRICE	\$/SF
91915 Zip Code SFD (Sold L6M)	2004	6,040	113	19.2	16.0	2,386	\$621,532	\$260
91914 Zip Code SFD (Sold L6M)	2004	9,673	79	13.8	10.3	2,893	\$779,288	\$269
91913 Zip Code SFD (Sold L6M)	2006	5,064	174	29.4	24.7	2,299	\$590,642	\$257
<b>RESALE MARKET AVERAGE:</b>			<b>122</b>	<b>20.8</b>	<b>17.0</b>	<b>2,526</b>	<b>\$663,821</b>	<b>\$262</b>

# Millenia Product Recommendation: Otay Ranch ATT Resales

The Subject's attached pricing is in the upper range of existing attached resale values in the nearby areas of Otay Ranch. With a location right off the Toll Road in the premier Millenia mixed-use community, new construction townhomes such as those proposed can achieve this premium market position.



REFERENCE AREA	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
				ALL	3 MO.	SF	NET PRICE	\$/SF
91915 Zip Code Condo (Sold L6M)	2008		105	18.1	13.0	1,453	\$401,160	\$276
91914 Zip Code Condo (Sold L6M)	2006		11	2.0	2.0	1,311	\$388,591	\$296
91913 Zip Code Condo (Sold L6M)	2007		111	18.8	16.3	1,402	\$388,282	\$277
<b>RESALE MARKET AVERAGE:</b>			<b>76</b>	<b>13.0</b>	<b>10.4</b>	<b>1,389</b>	<b>\$392,677</b>	<b>\$283</b>

# Commercial Market Analysis

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*Millenia Master Plan, Chula Vista, CA*

# Millenia's Locational Attributes Create Desirable Office Development

Millenia is a mixed-use, urban oriented community located at Birch Road and SR-125 in Chula Vista, California. The location is proximate to established residential communities of Eastlake and Otay Ranch as well as parks, schools and retail options—the Otay Ranch Town Center is located just north of the Millenia Site and offers several Class A restaurant and retail tenants (Best Buy, Macy's, H&M, Cheesecake Factory, PF Chang's). Further, the Otay border crossing is just 5 miles to the south, and Downtown San Diego is 18 miles to the north.



# Millenia Calls For Office, Retail and Residential Uses

Millenia consists of multiple parcels in an integrated design concept. Plans call for multifamily units, office space, retail/hospitality, civic and mixed-use projects. In addition there will be six themed urban parks and a variety of tree-lined promenades, gathering places, bikeways and plazas. The three planned office phases are outlined below, the first of which is Think, which will include two office buildings totaling 318,000 leasable square feet as well as a parking structure and amenity building. **Only “Think” and “Invent” are in Improvement Area No. 1.**



**Think – Campus 001:** Two buildings totaling 318,000 Sq. Ft. designed to facilitate a new generation of higher education, a collaborative of multiple domestic and international universities.

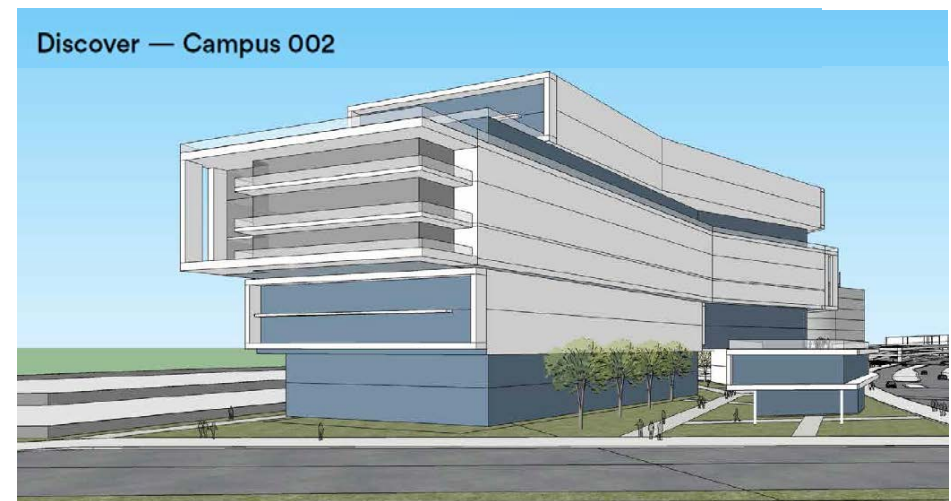
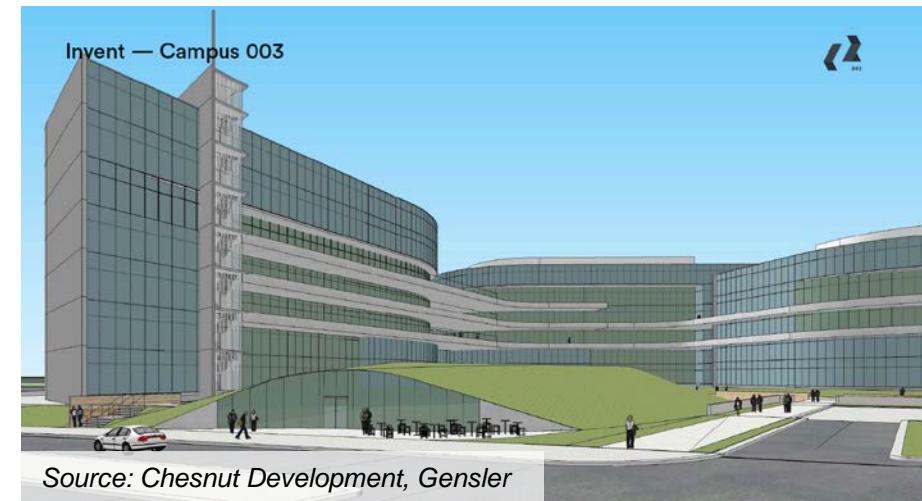
**Invent – Campus 003:** With four buildings totaling 700,000 Sq. Ft. and the ability to expand to 1,000,000 Sq. Ft., Invent is the largest campus at Millenia Office.

**Discover – Campus 002:** One building of over 400,000 Sq. Ft., programmed for research and life science.

Source: Chesnut Development, Gensler

# Millenia Planned for Three Phases of Office Development

Images of the design concepts for the Think, Invent and Discover campuses are below. Think consists of two office buildings of 150,000 and 168,000 square feet, an amenity building with a cafe and fitness center, and a 1,373-car parking garage. The Think campus is targeting LEED Platinum certification, and also a Gold Rating under the new WELL Building Standard which places emphasis on increasing well-being, health, and ultimately productivity of the people inside the space.



# Key Conclusions

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*Millenia Office and Residential Analysis, Chula Vista, CA*



# Millenia Phase 1 Office Could Be Absorbed in Four Years, Land Value of \$30-\$40/SF

Based on our research, including visits to the site and new/ existing office projects, market trends, broker interviews and supply-demand analysis, the proposed office development at Millenia appears supportable as planned. The following paragraphs summarize the key conclusions from our office analysis:

- **Market conditions are tight for office space in San Diego County and the South Bay.** Countywide average office lease rates have increased recently, to a high of \$2.67 per square foot per month in the most recent quarter, exceeding the previous high of \$2.60 per square foot per month during 2008—it should be noted that vacancy was much higher in 2008 (14.4%). The vacancy rate has trended downward as well, from 15.2% in 2009 to 9.6% in the most recent quarter, which represents a relatively strong office market. San Diego office market absorption has outpaced deliveries in seven out of the past eight years, with very strong gains in absorption in 2016 in particular (1.487 million square feet absorbed versus only 308,000 square feet delivered). In fact, absorption has nearly doubled new deliveries since 2010, with a combined 10.8 million square feet of absorption versus 5.6 million square feet of deliveries—this indicates a supply constrained office market that can support additional new office space.
- **Office inventory in Chula Vista and the South Bay has not increased in recent years.** Office inventory in the South Bay market has been at just over 10.9 million square feet for the past five years. During this time, there has been minimal increase in inventory in recent years and actually a decrease of inventory in 2016 and 2017 (likely due to teardowns of older product or office buildings repurposed for other uses). Office market trends are strong in the South Bay, as average office lease rates have increased in the most recent quarters, to a high of \$2.23 per square foot per month in Q4 2017. The vacancy rate has decreased from 9.1% in Q1 2014 to a low of 5.0% in late 2017, which is a very low office vacancy rate and indicates a supply constrained market. Annual net absorption has fluctuated as compared to completions in recent years—2016 was particularly strong, with over 245,000 square feet absorbed versus no new deliveries (per CoStar data). This data indicates that leasing activity was predominantly existing space that was vacant. Last year (2017) has continued to deliver little to no new completions coupled with 141,000 square feet of positive net absorption.
- **Locational characteristics for Millenia are very strong for office development.** The location is proximate to established residential communities of Eastlake and Otay Ranch as well as parks, schools and retail options—the Otay Ranch Town Center is located just north of the Millenia Site and offers several Class A restaurant and retail tenants (Best Buy, Macy's, H&M, Cheesecake Factory, PF Chang's). Further, the Otay border crossing is just 5 miles to the south, and Downtown San Diego is 18 miles to the north.
- **Developer expectations for office space absorption and lease rates are reasonable and inline with demand and the office market.** Millenia is planned for a minimum of 1.425 million square feet among three phases. Our realistic demand model supports an average of 87,800 square feet of office space at the Subject Project annually, for a total of 1.492 million square feet through 2033. Further, the initial Think office campus is planned for a total of 318,000 square feet of absorbed office space, which could reasonably be absorbed within a +/-4 year timeframe from project completion—a timeline that is consistent with the lease-up expectations of LMC Millenia Investment Company, LLC. Finally, the 1.018 million square feet of office space planned within Improvement Area No. 1 of Millenia (the sum of the 318,000 square foot Think campus and the 700,000 square foot Invent campus) could reasonably be absorbed by the end of 2028.
- **We estimate land values to be in the \$30.00 to \$40.00 per square foot range.** Commercial land sales transactions average \$20.08 per square foot in the South Bay, and land in Chula Vista has traded at an average of \$21.42 per square foot, with the highest price land among these comparables is a small infill site in Chula Vista, which traded at \$76.52 per square foot. It is important to note that there is an inverse relationship between land size and price per square foot—the previously mentioned infill site that commanded the highest price per square foot is only 1.26 acres, while two of the largest sites commanded the lowest price per square foot (Ocean View Hills Pkwy and an 8th Street site). Commercial land asking prices near Millenia are \$30.00 per square foot. There are two key locations with commercial land for sale in Chula Vista: The District at Eastlake, a business park that can accommodate a number of commercial uses (office, hotel, flex, medical, technology, showroom retail) and Auto Park Place, which are parcels dedicated to auto dealership uses. Both of these locations have asking prices for finished commercial lots of \$30.00 per square foot. Given the strong locational attributes and design of Millenia, we believe it could command land values upwards of \$30.00 per square foot.

# Demand Indicates Millenia Office SF Could be Absorbed in +/-17 Years

The tables below represent realistic demand (average CalTrans job projections and Woods & Poole job projections) for office space annually over the next 20 years. Millenia is planned for a total of 1.425 million square feet among three phases. Our realistic demand model supports an average of 87,800 square feet of office space at the Subject Project annually, for a total of 1.492 million square feet through 2033. Further, the initial Think office campus is planned for a total of 318,000 square feet of office space, which could reasonably be absorbed within a +/-4 year timeframe—this is consistent with the lease-up expectations of the Project Developer and commercial brokers that are active in the local market. Finally, the **1.018 million square feet of office space planned within Improvement Area No. 1 of Millenia (the sum of the 318,000 square foot Think campus and the 700,000 square foot Invent campus) could reasonably be absorbed by the end of 2028.**

MEYERS <u>Realistic</u> Buildout for MILLENIA (Avg. of CalTrans, Woods & Poole Proj.) - Office Size and Demand (SF)				
Year	San Diego MSA Office Demand (SF)	South Bay Demand (SF)	Total Office Demand (SF) SUBJECT	Sum of Five-Year Demand (SF)
2017	1,575,449	153,606	77,197	385,985
2018	1,575,449	153,606	77,197	
2019	1,575,449	153,606	77,197	
2020	1,575,449	153,606	77,197	
2021	1,575,449	153,606	77,197	454,196
2022	1,702,363	178,748	90,225	
2023	1,702,363	178,748	90,225	
2024	1,702,363	178,748	90,225	
2025	1,702,363	178,748	90,225	466,324
2026	1,702,363	178,748	93,295	
2027	1,680,983	184,908	93,295	
2028	1,680,983	184,908	93,295	
2029	1,680,983	184,908	93,295	186,291
2030	1,680,983	184,908	93,295	
2031	1,680,983	184,685	93,146	
2032	1,605,960	184,685	93,146	
2033	1,605,960	184,685	93,146	
<b>AVERAGE:</b>	<b>1,647,406</b>	<b>173,851</b>	<b>87,812</b>	<b>373,199</b>
<b>TOTAL:</b>	<b>28,005,897</b>	<b>2,955,461</b>	<b>1,492,796</b>	<b>1,492,796</b>

Four Year total = 308,000 SF

Four Year total = 1.028 M SF

# Office Demand Analysis

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*Millenia Office and Residential Analysis, Chula Vista, CA*

# Office Demand Analysis – Methodology and Data Sources

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Our employment-based demand model considers employment in the San Diego MSA employment by industry including current and employment growth over time. We consider two data sources for this demand: the California Department of Transportation (CalTrans), and Woods & Poole, a national data source that provides economic data and projections for metro areas throughout the US.

Our experience using these data sources is that CalTrans tends to be conservative in terms of existing jobs and projections, while Woods & Poole tends to be optimistic in their baseline of jobs and projections. Accordingly, we use the average of both data sources and demand models to reach a conclusion of job growth and demand for additional office square footage in the MSA and at Millenia specifically.

Note: a local source based in San Diego (SANDAG) provides some data and projections related to job growth, but has limitations: 1) the data is somewhat outdated, with a baseline of 2012 and no jobs by industry are reported in 2012; and 2) projections are in very limited timeframes of 2020, 2035 and 2050 only. For these reasons, we elected to use the CalTrans and Woods & Poole data sources since the data is more complete and more recent (published in 2017 and 2018).

# Woods & Poole Demand Indicates Millenia Office SF Could be Absorbed in +/-13 Years

The demand analysis below is based on job growth projections per Woods & Poole by industry for the San Diego MSA, then refined by applying low and high capture (%) estimates for the appropriate submarkets, and ultimately for the Subject Project. The tables below represent demand (average of low and high capture %) for office space annually over the next 20 years. **Our Woods & Poole based demand model supports an average of 117,782 square feet of office space at the Subject Project annually, for a total of 1.531 million square feet during a 13 year timeframe.**

**MEYERS Optimistic Buildout for MILLENIA (Woods & Poole Projections) - Office Size and Demand (SF) Capture Rates**

Year	Estimated Annual Capture: SOUTH BAY (%)		Estimated Annual Capture: MILLENIA (SUBJECT) (%)	
	Low	High	Low	High
2017 - 2022	9.5%	10.0%	40.0%	60.0%
2022 - 2027	10.0%	11.0%	40.0%	60.0%
2027 - 2032	10.5%	11.5%	40.0%	60.0%
2032 - 2037	11.0%	12.0%	40.0%	60.0%
2037 - 2042	11.5%	12.5%	40.0%	60.0%

**Assumptions/ Rationale:**

Market:	Capture increases over time, as this is an emerging location and an office market in the "path of growth", likely to increase over time.
Subject:	Capture as a percentage of the South Bay Market is intentionally aggressive (40%-60%) since Millenia's concept and design is unique, location is excellent and is a compelling opportunity to capture a large share of South Bay office demand.

**For Perspective:**

South Bay Market share of MSA - Costar	9.5%
Average Annual Deliveries in MSA (1982 - 2017) - Costar	2,180,556
Average Annual Deliveries in MSA (2000 - 2017) - Costar	1,694,444
Average Absorption in MSA (2008 - 2017) - Costar	1,013,095
Average Absorption in MSA (2014 - 2017) - Costar	1,218,230
Avg. Annual Deliveries in South Bay Market (2014 - 2017) - Costar	3,987
Avg. Absorption in South Bay Market (2014 - 2017) - Costar	131,044

Source: Meyers Research, Woods & Poole, CoStar

**MEYERS Optimistic Buildout for MILLENIA (Woods & Poole Projections) - Office Size and Demand (SF)**

Year	San Diego MSA Office Demand (SF)	South Bay Demand (SF)	Total Office Demand (SF) SUBJECT	Sum of Five-Year Demand (SF)
2017	2,137,226	208,380	104,724	523,620
2018	2,137,226	208,380	104,724	
2019	2,137,226	208,380	104,724	
2020	2,137,226	208,380	104,724	
2021	2,137,226	208,380	104,724	
2022	2,293,860	240,855	121,575	616,612
2023	2,293,860	240,855	121,575	
2024	2,293,860	240,855	121,575	
2025	2,293,860	240,855	121,575	
2026	2,293,860	240,855	130,313	
2027	2,347,988	258,279	130,313	390,940
2028	2,347,988	258,279	130,313	
2029	2,347,988	258,279	130,313	
<b>AVERAGE:</b>	<b>2,246,107</b>	<b>232,385</b>	<b>117,782</b>	<b>510,391</b>
<b>TOTAL:</b>	<b>29,199,394</b>	<b>3,021,010</b>	<b>1,531,172</b>	<b>1,531,172</b>

# CalTrans Demand Indicates Millenia Office SF Could be Absorbed in +/-27 Years

The demand analysis below is based on job growth projections per the California Department of Transportation (CalTrans) by industry for the San Diego MSA, then refined by applying low and high capture (%) estimates for the appropriate submarkets, and ultimately for the Subject Project. The tables below represent demand (average of low and high capture %) for office space annually over the next 27 years. Our CalTrans-based demand model supports an average of 53,623 square feet of office space at the Subject Project annually, for a total of 1.447 million square feet during a 27 year timeframe. It is important to note that CalTrans job projections are conservative, and we have considered a demand model based on Woods & Poole projections as well (see the following page).

MEYERS <u>Conservative</u> Buildout for MILLENIA (CalTrans Projections) - Office Size and Demand (SF) Capture Rates				
Year	Estimated Annual Capture: SOUTH BAY (%)		Estimated Annual Capture: MILLENIA (SUBJECT) (%)	
	Low	High	Low	High
2017 - 2022	9.5%	10.0%	40.0%	60.0%
2022 - 2027	10.0%	11.0%	40.0%	60.0%
2027 - 2032	10.5%	11.5%	40.0%	60.0%
2032 - 2037	11.0%	12.0%	40.0%	60.0%
2037 - 2042	11.5%	12.5%	40.0%	60.0%
2042 - 2047	12.0%	13.0%	40.0%	60.0%

**Assumptions/ Rationale:**

Market:	Capture increases over time, as this is an emerging location and an office market in the "path of growth", likely to increase over time.
Subject:	Capture as a percentage of the South Bay Market is intentionally aggressive (40%-60%) since Millenia's concept and design is unique, location is excellent and is a compelling opportunity to capture a large share of South Bay office demand.

**For Perspective:**

South Bay Market share of MSA - Costar	9.5%
Average Annual Deliveries in MSA (1982 - 2017) - Costar	2,180,556
Average Annual Deliveries in MSA (2000 - 2017) - Costar	1,694,444
Average Absorption in MSA (2008 - 2017) - Costar	1,013,095
Average Absorption in MSA (2014 - 2017) - Costar	1,218,230
Avg. Annual Deliveries in South Bay Market (2014 - 2017) - Costar	3,987
Avg. Absorption in South Bay Market (2014 - 2017) - Costar	131,044

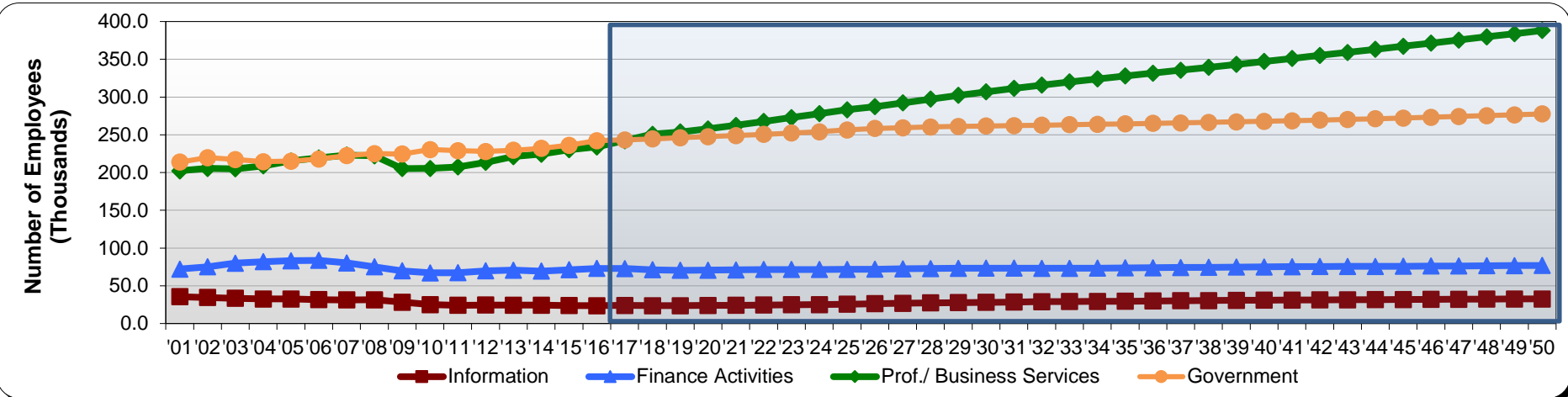
Source: Meyers Research, CA DOT, CoStar

MEYERS <u>Conservative</u> Buildout for MILLENIA (CalTrans Projections) - Office Size and Demand (SF)				
Year	San Diego MSA	South Bay	Total Office Demand	Sum of Five-Year Demand (SF)
	Office Demand (SF)	Demand (SF)	(SF) SUBJECT	
2017	1,013,671	98,833	49,670	248,349
2018	1,013,671	98,833	49,670	
2019	1,013,671	98,833	49,670	
2020	1,013,671	98,833	49,670	
2021	1,013,671	98,833	49,670	
2022	1,110,867	116,641	58,876	291,780
2023	1,110,867	116,641	58,876	
2024	1,110,867	116,641	58,876	
2025	1,110,867	116,641	58,876	
2026	1,110,867	116,641	56,276	
2027	1,013,979	111,538	56,276	276,078
2028	1,013,979	111,538	56,276	
2029	1,013,979	111,538	56,276	
2030	1,013,979	111,538	56,276	
2031	1,013,979	101,070	50,974	
2032	878,870	101,070	50,974	254,872
2033	878,870	101,070	50,974	
2034	878,870	101,070	50,974	
2035	878,870	101,070	50,974	
2036	878,870	101,070	50,974	
2037	877,649	105,318	53,098	265,489
2038	877,649	105,318	53,098	
2039	877,649	105,318	53,098	
2040	877,649	105,318	53,098	
2041	877,649	105,318	53,098	
2042	883,011	110,376	55,630	111,259
2043	883,011	110,376	55,630	

<b>AVERAGE:</b>	<b>971,896</b>	<b>106,566</b>	<b>53,623</b>	<b>267,314</b>
<b>TOTAL:</b>	<b>26,241,202</b>	<b>2,877,283</b>	<b>1,447,827</b>	<b>1,447,827</b>

# CalTrans Projections for Office Based Employment Segments

The Government and Professional Business Services sectors represent the largest office-oriented employment base in San Diego County (485,000 jobs combined). In total, jobs in office oriented fields total 582,000 jobs as of 2017 (Projected), a net increase of 58,000 jobs since 2001 (0.7% annual average increase). Going forward, CalTrans projects a net increase of 87,700 office-oriented jobs in San Diego County through 2030 (a 1.1% annual average increase).



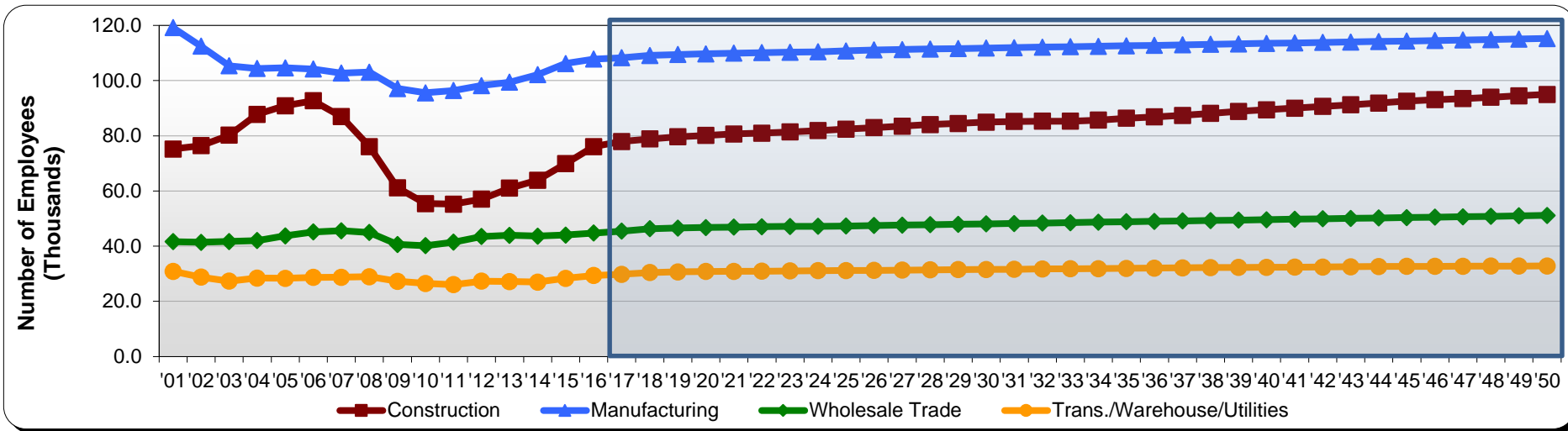
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
<b>Information</b>	35.59	34.43	33.41	32.50	32.56	31.68	31.27	31.40	28.21	25.08	24.21	24.50	24.34	24.42	23.76	23.64	23.90	23.67	23.65	23.93	24.26	24.56	24.90	25.12	25.62
<b>Finance Activities</b>	72.17	75.07	79.91	81.94	83.22	83.70	80.29	75.23	69.75	67.13	67.39	69.78	70.78	69.43	71.16	73.00	72.81	71.26	70.45	70.71	71.02	71.55	71.61	71.62	71.75
<b>Prof./ Business Services</b>	202.21	205.38	204.95	208.84	215.39	219.32	223.17	222.24	205.34	205.46	207.35	213.43	221.09	224.32	230.23	234.01	242.14	250.79	253.76	257.89	262.53	267.58	272.77	278.01	283.24
<b>Government</b>	213.80	219.69	217.28	214.31	215.11	217.94	222.38	225.12	224.53	230.47	228.96	227.83	229.48	231.92	236.16	242.12	243.28	244.56	246.04	247.43	249.01	250.63	252.39	253.86	256.42
<b>% Change Information</b>	-	-3.3%	-3.0%	-2.7%	0.2%	-2.7%	-1.3%	0.4%	-10.2%	-11.1%	-3.5%	1.2%	-0.7%	0.3%	-2.7%	-0.5%	1.1%	-1.0%	-0.1%	1.2%	1.4%	1.2%	1.4%	0.9%	2.0%
<b>% Change Finance Activities</b>	-	4.0%	6.4%	2.5%	1.6%	0.6%	-4.1%	-6.3%	-7.3%	-3.8%	0.4%	3.5%	1.4%	-1.9%	2.5%	2.6%	-0.3%	-2.1%	-1.1%	0.4%	0.4%	0.7%	0.1%	0.0%	0.2%
<b>% Change Prof./Bus Services</b>	-	1.6%	-0.2%	1.9%	3.1%	1.8%	1.8%	-0.4%	-7.6%	0.1%	0.9%	2.9%	3.6%	1.5%	2.6%	1.6%	3.5%	3.6%	1.2%	1.6%	1.8%	1.9%	1.9%	1.9%	1.9%
<b>% Change Government</b>	-	2.8%	-1.1%	-1.4%	0.4%	1.3%	2.0%	1.2%	-0.3%	2.6%	-0.7%	-0.5%	0.7%	1.1%	1.8%	2.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%	1.0%

	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42	'43	'44	'45	'46	'47	'48	'49	'50
<b>Information</b>	26.24	26.86	27.33	27.74	28.13	28.48	29.02	29.13	29.31	29.49	29.89	30.26	30.47	30.76	31.02	31.20	31.36	31.51	31.59	31.83	32.04	32.26	32.41	32.52	32.60
<b>Finance Activities</b>	71.88	72.49	72.82	73.24	73.33	73.35	73.12	73.11	73.43	73.64	73.94	74.25	74.52	74.76	75.02	75.26	75.44	75.62	75.72	75.89	76.21	76.16	76.49	76.79	77.00
<b>Prof./ Business Services</b>	287.30	292.31	297.30	302.16	306.89	311.47	315.86	320.07	324.05	327.83	331.64	335.48	339.35	343.25	347.17	351.13	355.12	359.14	363.19	367.27	371.38	375.52	379.70	383.91	388.15
<b>Government</b>	258.45	259.35	260.27	260.97	261.57	262.14	262.74	263.34	263.93	264.51	265.10	265.71	266.36	267.04	267.77	268.54	269.38	270.27	271.22	272.19	273.21	274.26	275.35	276.46	277.58
<b>% Change Information</b>	2.4%	2.4%	1.8%	1.5%	1.4%	1.2%	1.9%	0.4%	0.6%	0.6%	1.4%	1.2%	0.7%	1.0%	0.8%	0.6%	0.5%	0.5%	0.3%	0.7%	0.7%	0.7%	0.5%	0.3%	0.2%
<b>% Change Finance Activities</b>	0.2%	0.9%	0.5%	0.6%	0.1%	0.0%	-0.3%	0.0%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.2%	0.4%	-0.1%	0.4%	0.4%	0.3%
<b>% Change Prof./Bus Services</b>	1.4%	1.7%	1.7%	1.6%	1.6%	1.5%	1.4%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
<b>% Change Government</b>	0.8%	0.3%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%

Source: CA Department of Transportation

# CalTrans Projections for Industrial Based Employment Segments

Manufacturing is the largest industrial oriented sector in San Diego County, though that sector has lost 10,900 jobs since 2001. CalTrans projects the construction sector to expand the most over the next decade, with 7,000 jobs expected to be added through 2030. Wholesale Trade and Trade/ Transportation/Warehouse/Utilities has been flat since 2001 and is not projected to experience significant gains going forward.



	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
<b>Construction</b>	75.20	76.44	80.24	87.81	90.91	92.70	86.96	76.09	61.20	55.43	55.24	57.03	61.02	63.93	69.92	76.08	77.97	78.88	79.66	80.14	80.68	80.95	81.40	81.90	82.44
<b>Manufacturing</b>	119.23	112.47	105.38	104.40	104.64	104.19	102.75	103.10	97.13	95.59	96.42	98.23	99.44	102.17	106.22	107.82	108.31	109.13	109.47	109.70	109.94	110.16	110.30	110.43	110.79
<b>Wholesale Trade</b>	41.66	41.43	41.68	42.02	43.73	45.15	45.59	44.98	40.63	40.18	41.45	43.48	43.92	43.66	44.04	44.75	45.46	46.30	46.57	46.76	46.93	47.05	47.15	47.22	47.29
<b>Trans./Warehouse/Utilities</b>	30.86	28.78	27.33	28.43	28.35	28.70	28.75	28.95	27.28	26.52	26.08	27.31	27.20	27.00	28.37	29.39	29.81	30.44	30.70	30.82	30.89	30.94	31.01	31.10	31.17
<b>% Change Construction</b>	--	1.6%	5.0%	9.4%	3.5%	2.0%	-6.2%	-12.5%	-19.6%	-9.4%	-0.3%	3.2%	7.0%	4.8%	9.4%	8.8%	2.5%	1.2%	1.0%	0.6%	0.7%	0.3%	0.6%	0.6%	0.7%
<b>% Change Manufacturing</b>	--	-5.7%	-6.3%	-0.9%	0.2%	-0.4%	-1.4%	0.3%	-5.8%	-1.6%	0.9%	1.9%	1.2%	2.7%	4.0%	1.5%	0.5%	0.8%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.3%
<b>% Change Wholesale Trade</b>	--	-0.6%	0.6%	0.8%	4.1%	3.2%	1.0%	-1.3%	-9.7%	-1.1%	3.2%	4.9%	1.0%	-0.6%	0.9%	1.6%	1.6%	1.9%	0.6%	0.4%	0.4%	0.3%	0.2%	0.1%	0.1%
<b>% Trans./Warehouse/Utilities</b>	--	-6.7%	-5.0%	4.0%	-0.3%	1.2%	0.2%	0.7%	-5.8%	-2.8%	-1.7%	4.7%	-0.4%	-0.7%	5.1%	3.6%	1.4%	2.1%	0.8%	0.4%	0.2%	0.2%	0.2%	0.3%	0.2%

	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42	'43	'44	'45	'46	'47	'48	'49	'50
<b>Construction</b>	82.95	83.52	84.11	84.50	84.98	85.22	85.30	85.31	85.70	86.40	86.88	87.41	88.14	88.87	89.42	90.03	90.64	91.26	91.87	92.58	93.09	93.49	93.99	94.52	94.99
<b>Manufacturing</b>	111.13	111.29	111.45	111.63	111.79	111.96	112.13	112.30	112.46	112.64	112.81	112.98	113.15	113.32	113.49	113.67	113.84	114.02	114.19	114.37	114.54	114.72	114.90	115.08	115.26
<b>Wholesale Trade</b>	47.48	47.62	47.77	47.93	48.08	48.24	48.39	48.54	48.69	48.85	49.00	49.15	49.31	49.46	49.61	49.76	49.92	50.07	50.22	50.38	50.53	50.68	50.83	50.99	51.14
<b>Trans./Warehouse/Utilities</b>	31.25	31.34	31.43	31.52	31.58	31.61	31.74	31.83	31.86	31.94	32.03	32.15	32.24	32.30	32.36	32.42	32.44	32.53	32.62	32.68	32.70	32.73	32.76	32.79	32.82
<b>% Change Construction</b>	0.6%	0.7%	0.7%	0.5%	0.6%	0.3%	0.1%	0.0%	0.5%	0.8%	0.6%	0.6%	0.8%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.6%	0.4%	0.5%	0.6%	0.5%
<b>% Change Manufacturing</b>	0.3%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.15%	0.15%	0.16%	0.15%	0.15%	0.16%
<b>% Change Wholesale Trade</b>	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
<b>% Trans./Warehouse/Utilities</b>	0.3%	0.3%	0.3%	0.3%	0.2%	0.1%	0.4%	0.3%	0.1%	0.3%	0.3%	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%

Source: CA Department of Transportation



# Office Demand Growth From 2017 to 2022 (CalTrans Projections)

Our employment-based demand model, below, considers employment growth projections in the San Diego MSA (per CalTrans) in the near term and current employment by industry, and translates this growth into additional supportable space by 2022, concluding that approximately 49,670 square feet of office space will be demanded *annually* at the Subject.

Industry	2017			2022			2017 to 2022	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	72,810	75%	54,608	71,548	75%	53,661	(947)	(189,376)
Information	23,904	50%	11,952	24,560	50%	12,280	328	65,674
Professional/Business Services	242,143	75%	181,608	267,583	75%	200,687	19,080	3,815,910
Education/Health Services	201,498	25%	50,375	211,362	25%	52,840	2,466	493,190
Leisure/Hospitality	192,349	15%	28,852	202,211	15%	30,332	1,479	295,836
Other Services	55,818	20%	11,164	60,250	20%	12,050	887	177,302
Government	243,283	20%	48,657	250,625	20%	50,125	1,468	293,680
<b>Non-Traditional Office Users</b>								
Mining	277	5%	14	273	5%	14	(0)	(38)
Construction	77,970	5%	3,898	80,952	5%	4,048	149	29,827
Manufacturing	108,311	5%	5,416	110,164	5%	5,508	93	18,530
Wholesale Trade	45,457	5%	2,273	47,051	5%	2,353	80	15,941
Retail Trade	149,442	5%	7,472	153,495	5%	7,675	203	40,537
Transportation/Utilities	29,807	5%	1,490	30,942	5%	1,547	57	11,344
<b>Total</b>	<b>1,443,069</b>	<b>24%</b>	<b>407,778</b>	<b>1,511,016</b>	<b>24%</b>	<b>433,119</b>	<b>25,342</b>	<b>5,068,356</b>
<b>Annual Average</b>								<b>1,013,671</b>

**Notes:**

- 1/ Per the CA Dept of Transportation and BLS
- 2/ Meyers Research Estimate
- 3/ Per the CA Dept of Transportation projections
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>		<b>9.5% - 10.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>		<b>96,299 - 101,367</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>		<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>		<b>38,520 - 60,820</b>
<b>Annual Average (SF):</b>		<b>49,670</b>

# Office Demand Growth From 2022 to 2027 (CalTrans Projections)

According to CalTrans data, by 2027 our employment-based demand model yields supportable space of approximately 58,876 square feet of office space demanded *annually* at Improvement Area 1. Demand increases slightly versus the previous demand model due to more aggressive capture rate estimate for the submarket in the 2022 to 2027 timeframe, as this area evolves and becomes more desirable for office users to locate to the planned office space at Millenia.

Industry	2022			2027			2022 to 2027	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	71,548	75%	53,661	72,493	75%	54,370	709	141,794
Information	24,560	50%	12,280	26,858	50%	13,429	1,149	229,739
Professional/Business Services	267,583	75%	200,687	292,313	75%	219,234	18,547	3,709,455
Education/Health Services	211,362	25%	52,840	223,449	25%	55,862	3,022	604,335
Leisure/Hospitality	202,211	15%	30,332	211,339	15%	31,701	1,369	273,858
Other Services	60,250	20%	12,050	64,508	20%	12,902	851	170,290
Government	250,625	20%	50,125	259,346	20%	51,869	1,744	348,838
<b>Non-Traditional Office Users</b>								
Mining	273	5%	14	268	5%	13	(0)	(47)
Construction	80,952	5%	4,048	83,524	5%	4,176	129	25,711
Manufacturing	110,164	5%	5,508	111,291	5%	5,565	56	11,275
Wholesale Trade	47,051	5%	2,353	47,623	5%	2,381	29	5,716
Retail Trade	153,495	5%	7,675	156,435	5%	7,822	147	29,395
Transportation/Utilities	30,942	5%	1,547	31,339	5%	1,567	20	3,977
<b>Total</b>	<b>1,511,016</b>	<b>24%</b>	<b>433,119</b>	<b>1,580,785</b>	<b>24%</b>	<b>460,891</b>	<b>27,772</b>	<b>5,554,334</b>
<b>Annual Average</b>								<b>1,110,867</b>

**Notes:**

- 1/ Per the CA Dept of Transportation and BLS
- 2/ Meyers Research Estimate
- 3/ Per the CA Dept of Transportation projections
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>	<b>10.0% - 11.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>	<b>111,087 - 122,195</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>	<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>	<b>44,435 - 73,317</b>
<b>Annual Average (SF):</b>	<b>58,876</b>

# Office Demand Growth From 2027 to 2032 (CalTrans Projections)

According to CalTrans data, by 2032 our employment-based demand model yields supportable space of approximately 56,276 square feet of office space demanded *annually* at the Subject (Improvement Area 1).

Industry	2027			2032			2027 to 2032	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	72,493	75%	54,370	73,120	75%	54,840	470	94,035
Information	26,858	50%	13,429	29,023	50%	14,512	1,083	216,561
Professional/Business Services	292,313	75%	219,234	315,858	75%	236,894	17,659	3,531,840
Education/Health Services	223,449	25%	55,862	236,319	25%	59,080	3,217	643,495
Leisure/Hospitality	211,339	15%	31,701	219,430	15%	32,914	1,214	242,709
Other Services	64,508	20%	12,902	68,124	20%	13,625	723	144,670
Government	259,346	20%	51,869	262,745	20%	52,549	680	135,934
<b>Non-Traditional Office Users</b>								
Mining	268	5%	13	271	5%	14	0	29
Construction	83,524	5%	4,176	85,299	5%	4,265	89	17,757
Manufacturing	111,291	5%	5,565	112,130	5%	5,606	42	8,383
Wholesale Trade	47,623	5%	2,381	48,388	5%	2,419	38	7,655
Retail Trade	156,435	5%	7,822	158,722	5%	7,936	114	22,869
Transportation/Utilities	31,339	5%	1,567	31,735	5%	1,587	20	3,957
<b>Total Annual Average</b>	<b>1,580,785</b>	<b>24%</b>	<b>460,891</b>	<b>1,641,163</b>	<b>24%</b>	<b>486,240</b>	<b>25,349</b>	<b>5,069,894 1,013,979</b>

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>		<b>10.5% - 11.5%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>		<b>106,468 - 116,608</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>		<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>		<b>42,587 - 69,965</b>
<b>Annual Average (SF):</b>		<b>56,276</b>

- Notes:**
- 1/ Per the CA Dept of Transportation and BLS
  - 2/ Meyers Research Estimate
  - 3/ Per the CA Dept of Transportation projections
  - 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
  - 5/ Reflects estimated capture rate of the South Bay capture of office inventory

# Office Demand Growth From 2032 to 2037 (CalTrans Projections)

According to CalTrans, by 2037 our employment-based demand model yields supportable space of approximately 50,974 square feet of office space demanded *annually* at Improvement Area 1.

Industry	2032			2037			2032 to 2037	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	73,120	75%	54,840	74,250	75%	55,688	848	169,506
Information	29,023	50%	14,512	30,265	50%	15,132	621	124,113
Professional/Business Services	315,858	75%	236,894	335,482	75%	251,612	14,718	2,943,615
Education/Health Services	236,319	25%	59,080	249,359	25%	62,340	3,260	652,015
Leisure/Hospitality	219,430	15%	32,914	226,166	15%	33,925	1,011	202,104
Other Services	68,124	20%	13,625	71,255	20%	14,251	626	125,236
Government	262,745	20%	52,549	265,712	20%	53,142	593	118,695
<b>Non-Traditional Office Users</b>								
Mining	271	5%	14	274	5%	14	0	29
Construction	85,299	5%	4,265	87,412	5%	4,371	106	21,129
Manufacturing	112,130	5%	5,606	112,976	5%	5,649	42	8,466
Wholesale Trade	48,388	5%	2,419	49,153	5%	2,458	38	7,644
Retail Trade	158,722	5%	7,936	160,484	5%	8,024	88	17,627
Transportation/Utilities	31,735	5%	1,587	32,152	5%	1,608	21	4,172
<b>Total Annual Average</b>	<b>1,641,163</b>	<b>24%</b>	<b>486,240</b>	<b>1,694,941</b>	<b>24%</b>	<b>508,212</b>	<b>21,972</b>	<b>4,394,351 878,870</b>

**Notes:**

- 1/ Per the CA Dept of Transportation and BLS
- 2/ Meyers Research Estimate
- 3/ Per the CA Dept of Transportation projections
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>	<b>11.0% - 12.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>	<b>96,676 - 105,464</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>	<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>	<b>38,670 - 63,279</b>
<b>Annual Average (SF):</b>	<b>50,974</b>

# Office Demand Growth From 2037 to 2042 (CalTrans Projections)

According to CalTrans, by 2042 our employment-based demand model yields supportable space of approximately 53,098 square feet of office space demanded *annually* at Improvement Area 1.

Industry	2037			2042			2037 to 2042	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	74,250	75%	55,688	75,436	75%	56,577	889	177,811
Information	30,265	50%	15,132	31,359	50%	15,679	547	109,444
Professional/Business Services	335,482	75%	251,612	355,119	75%	266,339	14,728	2,945,550
Education/Health Services	249,359	25%	62,340	262,625	25%	65,656	3,317	663,315
Leisure/Hospitality	226,166	15%	33,925	231,891	15%	34,784	859	171,729
Other Services	71,255	20%	14,251	74,044	20%	14,809	558	111,548
Government	265,712	20%	53,142	269,378	20%	53,876	733	146,644
<b>Non-Traditional Office Users</b>								
Mining	274	5%	14	277	5%	14	0	29
Construction	87,412	5%	4,371	90,642	5%	4,532	162	32,301
Manufacturing	112,976	5%	5,649	113,843	5%	5,692	43	8,669
Wholesale Trade	49,153	5%	2,458	49,917	5%	2,496	38	7,644
Retail Trade	160,484	5%	8,024	161,548	5%	8,077	53	10,633
Transportation/Utilities	32,152	5%	1,608	32,445	5%	1,622	15	2,926
<b>Total</b>	<b>1,694,941</b>	<b>24%</b>	<b>508,212</b>	<b>1,748,523</b>	<b>24%</b>	<b>530,153</b>	<b>21,941</b>	<b>4,388,245</b>
<b>Annual Average</b>								<b>877,649</b>

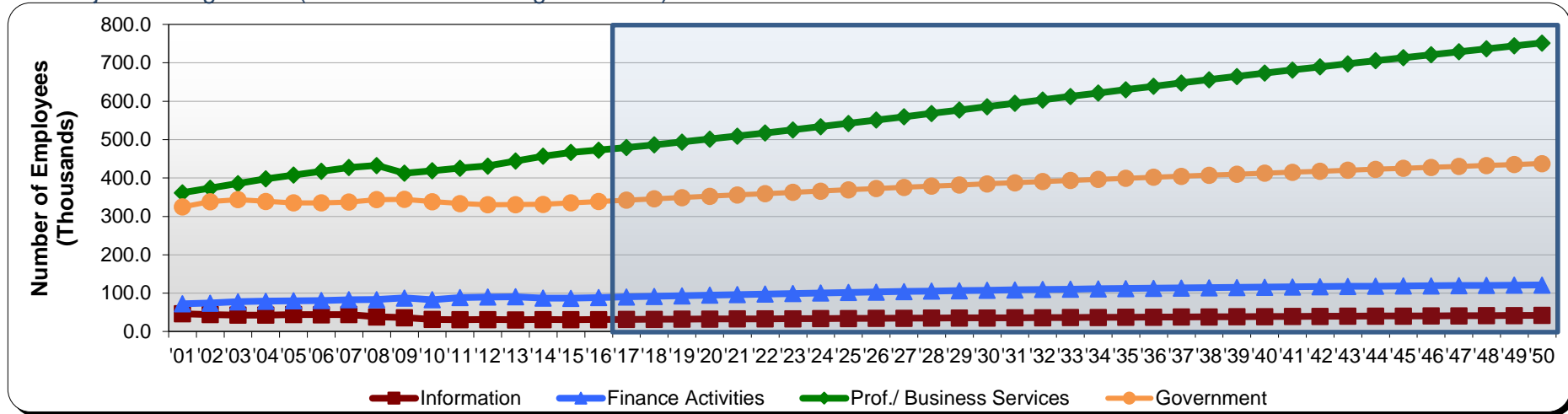
**Notes:**

- 1/ Per the CA Dept of Transportation and BLS
- 2/ Meyers Research Estimate
- 3/ Per the CA Dept of Transportation projections
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>		<b>11.5% - 12.5%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>		<b>100,930 - 109,706</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>		<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>		<b>40,372 - 65,824</b>
<b>Annual Average (SF):</b>		<b>53,098</b>

# Woods & Poole Projections for Office Based Employment Segments

According to Woods & Poole, the Government and Professional Business Services sectors represent the largest office-oriented employment base in San Diego County, with 821,000 jobs combined. In total, jobs in office oriented fields total 943,000 jobs as of 2017 (Projected), a net increase of 138,000 jobs since 2001 (1.0% annual average increase). Going forward, Woods & Poole projects a net increase of 170,000 office-oriented jobs through 2030 (a 1.3% annual average increase).



	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
<b>Information</b>	46.48	44.28	43.11	42.85	44.43	43.94	44.50	38.39	36.49	31.71	31.03	31.27	30.60	31.42	31.18	31.48	31.79	32.09	32.39	32.70	33.00	33.31	33.62	33.93	34.24
<b>Finance Activities</b>	72.38	74.26	77.72	79.17	80.28	80.89	82.96	83.35	87.51	83.14	88.75	90.11	90.68	87.26	87.03	88.67	90.29	91.88	93.43	94.95	96.43	97.87	99.26	100.60	101.90
<b>Prof./ Business Services</b>	361.63	373.54	385.53	397.77	407.91	417.45	427.62	432.69	412.76	419.07	425.54	431.46	444.49	456.96	466.74	472.94	479.57	486.59	493.92	501.52	509.36	517.40	525.59	533.93	542.41
<b>Government</b>	324.86	338.56	343.84	339.20	335.27	335.22	337.32	343.97	344.35	338.50	333.76	330.39	330.89	331.60	335.31	338.81	342.30	345.77	349.23	352.66	356.07	359.44	362.77	366.05	369.30
<b>% Change Information</b>	--	-4.7%	-2.6%	-0.6%	3.7%	-1.1%	1.3%	-13.7%	-5.0%	-13.1%	-2.1%	0.8%	-2.2%	2.7%	-0.8%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>% Change Finance Activities</b>	--	2.6%	4.7%	1.9%	1.4%	0.8%	2.6%	0.5%	5.0%	-5.0%	6.8%	1.5%	0.6%	-3.8%	-0.3%	1.9%	1.8%	1.8%	1.7%	1.6%	1.6%	1.5%	1.4%	1.4%	1.3%
<b>% Change Prof/Bus Services</b>	--	3.3%	3.2%	3.2%	2.5%	2.3%	2.4%	1.2%	-4.6%	1.5%	1.5%	1.4%	3.0%	2.8%	2.1%	1.3%	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
<b>% Change Government</b>	--	4.2%	1.6%	-1.3%	-1.2%	0.0%	0.6%	2.0%	0.1%	-1.7%	-1.4%	-1.0%	0.2%	0.2%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%

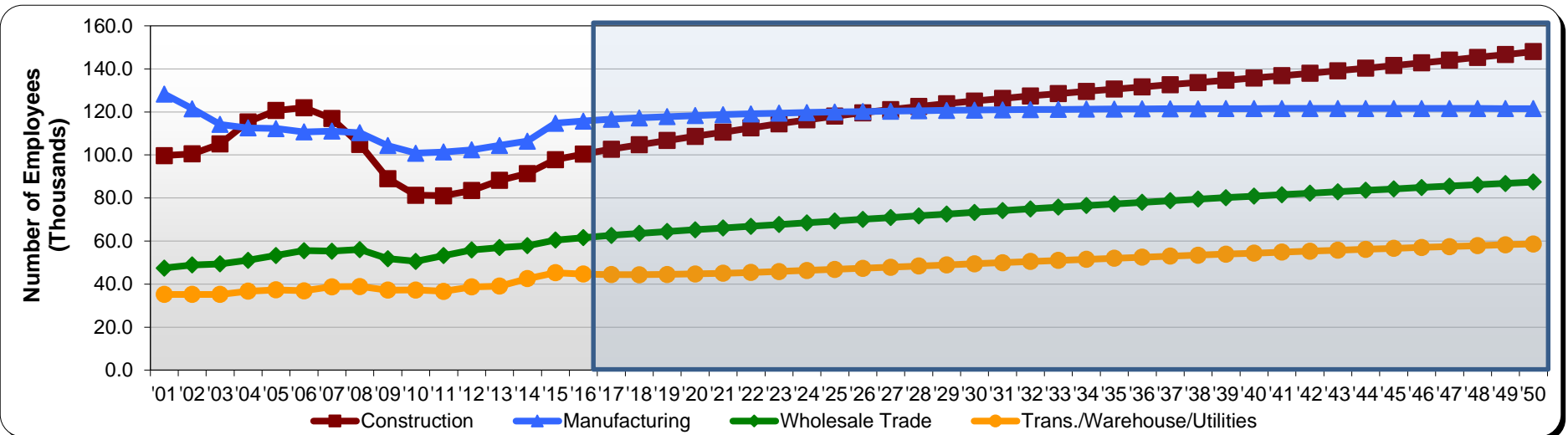
  

	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42	'43	'44	'45	'46	'47	'48	'49	'50
<b>Information</b>	34.55	34.86	35.18	35.49	35.81	36.13	36.44	36.76	37.09	37.41	37.73	38.06	38.39	38.72	39.05	39.38	39.72	40.05	40.39	40.73	41.07	41.42	41.76	42.11	42.46
<b>Finance Activities</b>	103.14	104.34	105.49	106.59	107.65	108.66	109.63	110.55	111.43	112.26	113.05	113.80	114.52	115.21	115.87	116.51	117.12	117.72	118.30	118.86	119.42	119.96	120.48	121.00	121.51
<b>Prof./ Business Services</b>	550.98	559.64	568.37	577.15	585.97	594.81	603.65	612.50	621.33	630.13	638.90	647.60	656.23	664.77	673.25	681.56	689.71	697.76	705.72	713.59	721.37	729.05	736.69	744.27	751.79
<b>Government</b>	372.50	375.66	378.78	381.85	384.88	387.86	390.79	393.68	396.52	399.31	402.05	404.75	407.42	410.05	412.64	415.21	417.76	420.28	422.79	425.28	427.75	430.20	432.65	435.08	437.50
<b>% Change Information</b>	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>% Change Finance Activities</b>	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%
<b>% Change Prof/Bus Services</b>	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%
<b>% Change Government</b>	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%

Source: Woods & Poole

# Woods & Poole Projections for Industrial Based Employment Segments

Manufacturing is the largest industrial oriented sector in San Diego, though that sector has lost 11,600 jobs since 2001. Woods & Poole projects the construction sector to expand the most over the next decade, with 22,300 additional jobs expected through 2030. Wholesale Trade and Trade/ Transportation/Warehouse/Utilities are expected to have more modest gains going forward.



	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
<b>Construction</b>	99.72	100.50	105.09	115.36	120.64	121.98	116.93	104.93	89.03	81.29	81.02	83.44	88.20	91.35	97.83	100.39	102.70	104.73	106.70	108.64	110.59	112.56	114.50	116.32	118.02
<b>Manufacturing</b>	128.28	121.47	114.18	112.55	112.25	110.69	111.06	110.36	104.34	100.84	101.40	102.37	104.45	106.43	114.72	115.74	116.59	117.26	117.82	118.30	118.73	119.10	119.42	119.71	119.96
<b>Wholesale Trade</b>	47.47	48.88	49.42	51.08	53.33	55.54	55.30	56.07	51.81	50.57	53.26	55.87	56.99	57.83	60.43	61.58	62.62	63.55	64.41	65.23	66.05	66.86	67.67	68.48	69.30
<b>Trans./Warehouse/Utilities</b>	35.21	35.21	35.19	36.70	37.30	36.91	38.75	38.89	37.22	37.25	36.62	38.66	39.05	42.52	45.27	44.67	44.39	44.34	44.46	44.71	45.04	45.43	45.87	46.33	46.82
<b>% Change Construction</b>	-	0.8%	4.6%	9.8%	4.6%	1.1%	-4.1%	-10.3%	-15.2%	-8.7%	-0.3%	3.0%	5.7%	3.6%	7.1%	2.6%	2.3%	2.0%	1.9%	1.8%	1.8%	1.8%	1.7%	1.6%	1.5%
<b>% Change Manufacturing</b>	-	-5.3%	-6.0%	-1.4%	-0.3%	-1.4%	0.3%	-0.6%	-5.5%	-3.4%	0.6%	1.0%	2.0%	1.9%	7.8%	0.9%	0.7%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%
<b>% Change Wholesale Trade</b>	-	3.0%	1.1%	3.4%	4.4%	4.1%	-0.4%	1.4%	-7.6%	-2.4%	5.3%	4.9%	2.0%	1.5%	4.5%	1.9%	1.7%	1.5%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%
<b>% Trans./Warehouse/Utilities</b>	-	0.0%	-0.1%	4.3%	1.6%	-1.1%	5.0%	0.4%	-4.3%	0.1%	-1.7%	5.6%	1.0%	8.9%	6.5%	-1.3%	-0.6%	-0.1%	0.3%	0.5%	0.7%	0.9%	1.0%	1.0%	1.1%

	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42	'43	'44	'45	'46	'47	'48	'49	'50
<b>Construction</b>	119.63	121.11	122.50	123.81	125.06	126.26	127.40	128.51	129.57	130.60	131.62	132.63	133.65	134.69	135.76	136.85	137.97	139.13	140.32	141.54	142.79	144.05	145.34	146.66	148.01
<b>Manufacturing</b>	120.18	120.37	120.55	120.70	120.84	120.96	121.07	121.16	121.25	121.32	121.39	121.44	121.49	121.53	121.56	121.58	121.60	121.61	121.61	121.61	121.60	121.59	121.57	121.55	121.52
<b>Wholesale Trade</b>	70.11	70.92	71.73	72.54	73.35	74.16	74.95	75.73	76.50	77.26	78.01	78.74	79.46	80.17	80.87	81.56	82.23	82.90	83.56	84.22	84.87	85.51	86.15	86.78	87.42
<b>Trans./Warehouse/Utilities</b>	47.33	47.85	48.37	48.90	49.43	49.95	50.48	50.99	51.50	52.00	52.50	52.98	53.46	53.93	54.39	54.84	55.29	55.73	56.16	56.59	57.01	57.43	57.85	58.26	58.66
<b>% Change Construction</b>	1.4%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>% Change Manufacturing</b>	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	-0.01%	-0.01%	-0.01%	-0.02%	-0.02%
<b>% Change Wholesale Trade</b>	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%
<b>% Trans./Warehouse/Utilities</b>	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%

Source: Woods & Poole

# Office Demand Growth From 2017 to 2022 (Woods & Poole Projections)

Our employment-based demand model, below, considers employment growth projections in the San Diego MSA (per Woods & Poole) in the near term and current employment by industry, and translates this growth into additional supportable space by 2022, concluding that approximately 104,724 square feet of office space will be demanded *annually* at the Subject.

Industry	2017			2022			2017 to 2022	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	90,287	75%	67,715	97,866	75%	73,400	5,684	1,136,850
Information	31,785	50%	15,893	33,311	50%	16,656	763	152,600
Professional/Business Services	479,574	75%	359,681	517,396	75%	388,047	28,367	5,673,300
Education/Health Services	252,870	25%	63,218	287,702	25%	71,926	8,708	1,741,600
Leisure/Hospitality	226,927	15%	34,039	245,366	15%	36,805	2,766	553,170
Other Services	126,851	20%	25,370	136,803	20%	27,361	1,990	398,080
Government	342,298	20%	68,460	359,435	20%	71,887	3,427	685,480
<b>Non-Traditional Office Users</b>								
Mining	6,703	5%	335	7,222	5%	361	26	5,190
Construction	102,699	5%	5,135	112,557	5%	5,628	493	98,580
Manufacturing	116,588	5%	5,829	119,097	5%	5,955	125	25,090
Wholesale Trade	62,619	5%	3,131	66,860	5%	3,343	212	42,410
Retail Trade	192,517	5%	9,626	208,852	5%	10,443	817	163,350
Transportation/Utilities	44,386	5%	2,219	45,429	5%	2,271	52	10,430
<b>Total</b>	<b>2,076,104</b>	<b>24%</b>	<b>660,650</b>	<b>2,237,896</b>	<b>24%</b>	<b>714,081</b>	<b>53,431</b>	<b>10,686,130</b>
<b>Annual Average</b>								<b>2,137,226</b>

**Notes:**

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>		<b>9.5% - 10.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>		<b>203,036 - 213,723</b>
<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>		<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>		<b>81,215 - 128,234</b>
<b>Annual Average (SF):</b>		<b>104,724</b>



# Office Demand Growth From 2022 to 2027 (Woods & Poole Projections)

According to Woods & Poole, by 2027 our employment-based demand model yields supportable space of approximately 121,575 square feet of office space demanded *annually* at the Subject. Demand increases slightly versus the previous demand model due to more aggressive capture rate estimate for the submarket in the 2022 to 2027 timeframe, as this area evolves and becomes more desirable for office users to locate here.

Industry	2022			2027			2022 to 2027	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	97,866	75%	73,400	104,339	75%	78,254	4,855	970,950
Information	33,311	50%	16,656	34,862	50%	17,431	776	155,100
Professional/Business Services	517,396	75%	388,047	559,640	75%	419,730	31,683	6,336,600
Education/Health Services	287,702	25%	71,926	327,134	25%	81,784	9,858	1,971,600
Leisure/Hospitality	245,366	15%	36,805	266,435	15%	39,965	3,160	632,070
Other Services	136,803	20%	27,361	147,618	20%	29,524	2,163	432,600
Government	359,435	20%	71,887	375,663	20%	75,133	3,246	649,120
<b>Non-Traditional Office Users</b>								
Mining	7,222	5%	361	7,774	5%	389	28	5,520
Construction	112,557	5%	5,628	121,108	5%	6,055	428	85,510
Manufacturing	119,097	5%	5,955	120,373	5%	6,019	64	12,760
Wholesale Trade	66,860	5%	3,343	70,920	5%	3,546	203	40,600
Retail Trade	208,852	5%	10,443	224,121	5%	11,206	763	152,690
Transportation/Utilities	45,429	5%	2,271	47,847	5%	2,392	121	24,180
<b>Total Annual Average</b>	<b>2,237,896</b>	<b>24%</b>	<b>714,081</b>	<b>2,407,834</b>	<b>24%</b>	<b>771,427</b>	<b>57,347</b>	<b>11,469,300 2,293,860</b>

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>	<b>10.0% - 11.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>	<b>229,386 - 252,325</b>

<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>	<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>	<b>91,754 - 151,395</b>
<b>Annual Average (SF):</b>	<b>121,575</b>

**Notes:**

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Bay capture of office inventory

# Office Demand Growth From 2027 to 2032 (Woods & Poole Projections)

According to Woods & Poole, by 2032 our employment-based demand model yields supportable space of approximately 130,313 square feet of office space demanded *annually* at the Subject.

Industry	2027			2032			2027 to 2032	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	104,339	75%	78,254	109,629	75%	82,222	3,968	793,500
Information	34,862	50%	17,431	36,443	50%	18,222	791	158,100
Professional/Business Services	559,640	75%	419,730	603,653	75%	452,740	33,010	6,601,950
Education/Health Services	327,134	25%	81,784	370,456	25%	92,614	10,831	2,166,100
Leisure/Hospitality	266,435	15%	39,965	287,985	15%	43,198	3,233	646,500
Other Services	147,618	20%	29,524	159,236	20%	31,847	2,324	464,720
Government	375,663	20%	75,133	390,794	20%	78,159	3,026	605,240
<b>Non-Traditional Office Users</b>								
Mining	7,774	5%	389	8,355	5%	418	29	5,810
Construction	121,108	5%	6,055	127,404	5%	6,370	315	62,960
Manufacturing	120,373	5%	6,019	121,067	5%	6,053	35	6,940
Wholesale Trade	70,920	5%	3,546	74,949	5%	3,747	201	40,290
Retail Trade	224,121	5%	11,206	240,276	5%	12,014	808	161,550
Transportation/Utilities	47,847	5%	2,392	50,475	5%	2,524	131	26,280
<b>Total</b>	<b>2,407,834</b>	<b>24%</b>	<b>771,427</b>	<b>2,580,722</b>	<b>24%</b>	<b>830,127</b>	<b>58,700</b>	<b>11,739,940</b>
<b>Annual Average</b>								<b>2,347,988</b>

<b>Estimated Annual Capture: SOUTH BAY MARKET (%)</b>	<b>10.5% - 11.5%</b>
<b>Est. Annual Office Space Absorption: SOUTH BAY MARKET (SF)</b>	<b>246,539 - 270,019</b>

<b>Estimated Annual Capture: MILLENIA SITE (%) 5/</b>	<b>40.0% - 60.0%</b>
<b>Est. Annual Office Space Absorption: MILLENIA SITE (SF)</b>	<b>98,615 - 162,011</b>
<b>Annual Average (SF):</b>	<b>130,313</b>

- Notes:**
- 1/ Per Woods and Poole Economics, Inc.
  - 2/ Meyers Research Estimate
  - 3/ Per Woods and Poole Economics, Inc.
  - 4/ Assumes 200 square feet per employee for traditional office users and 200 square feet per employee for non-traditional office users.
  - 5/ Reflects estimated capture rate of the South Bay capture of office inventory

# Office Building & Land Valuation

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*Millenia Office and Residential Analysis, Chula Vista, CA*

# Commercial Land Sales Transactions Average \$20.08/ SF

The table below details relevant commercial land transactions in Chula Vista, National City and select land sales in the city of San Diego over the past three years. The land in Chula Vista has traded at an average of \$21.42 per square foot, with the highest price land among these comparables is a small infill site in Chula Vista, which traded at \$76.52 per square foot. It is important to note that there is an inverse relationship between land size and price per square foot—the previously mentioned infill site that commanded the highest price per square foot is only 1.26 acres, while two of the largest sites commended the lowest price per square foot (Ocean View Hills Pkwy and an 8<sup>th</sup> Street site). The Ocean View Hills Site is (#12 below) is particularly relevant since it is a large commercial parcel that is 5 miles from the site, however it is worth noting that 1) the Millenia location is superior; 2) the Ocean View Hills Pkwy site is larger, thus commanding a lower \$/SF value; and 3) that Millenia parcels are improved land (finished pads), this commanding a higher value than raw land.

Commercial Land Transactions Over 1 Acre - San Diego & South Bay 2015-2017											
No.	City	Zip Code	Address	Property Type	Notes	Lot SF	Lot Acreage	Sale Price	\$/SF	Sale Date	
1	Chula Vista	91910	371 H St	Commercial Acreage	Infill Development Site	54,886	1.26	\$4,200,000	\$76.52	12/13/2016	
2	San Diego	92120	Mission Gorge Rd	Commercial Acreage	Hanover - Mission Gorge Multifamily site	449,539	10	\$25,500,000	\$56.72	02/08/2016	
3	Chula Vista	91914	2380 Fenton Street	Commercial Acreage	Self Storage Development Site	67,518	2	\$1,800,030	\$26.66	4/1/2015	
4	Chula Vista	91911	3875 Main St	Commercial (Nec)	LaTerra Select Stone Creek Apartment site	178,596	4.1	\$4,626,000	\$25.90	01/13/2016	
5	Chula Vista	91914	Fenton / Harold Place	Commercial Acreage	Hotel Development Site	169,013	4	\$3,405,608	\$20.15	5/1/2015	
6	National City	91950	1640 E Plaza Blvd	Commercial (Nec)	Former Days Inn - Development Site	46,609	1.07	\$870,000	\$18.67	06/06/2017	
7	Chula Vista	91911	116 7th St	Commercial (Nec)	Large Infill Site near automotive uses	327,571	7.52	\$3,000,000	\$9.16	08/09/2017	
8	National City	91950	1121 National City Blvd	Commercial Acreage	Infill Dev. Site - Downtown National City	435,600	10	\$3,500,000	\$8.03	08/05/2015	
9	Chula Vista	91911	1880 Auto Park Pl	Commercial (Nec)	Development Site near auto dealerships	94,525	2.17	\$610,000	\$6.45	02/28/2017	
10	Chula Vista	91911	1864 Auto Park Pl	Commercial (Nec)	Development Site near auto dealerships	54,014	1.24	\$220,000	\$4.07	03/11/2016	
11	Chula Vista	91911	1860 Auto Park Pl	Commercial Acreage	Development Site near auto dealerships	102,366	2.35	\$250,000	\$2.44	11/12/2015	
12	San Diego	92154	Ocean View Hills Pkwy	Commercial Acreage	Large new development site	683,021	15.68	\$3,500,000	\$5.12	04/03/2017	
13	National City	91950	8th St	Commercial Acreage	Infill site in National City	871,200	20	\$1,040,000	\$1.19	01/25/2016	

Source: Meyers Research, ListSource (CoreLogic), CoStar

# Commercial Land Asking Prices are \$30.00/ SF

There are two key locations with commercial land for sale in Chula Vista: The District at Eastlake, a business park that can accommodate a number of commercial uses (office, hotel, flex, medical, technology, manufacturing, showroom retail) and Auto Park Place, which are parcels dedicated to auto dealership uses. Both of these locations have asking prices for finished commercial lots of \$30.00 per square foot. See the following page for aerial images of these properties.

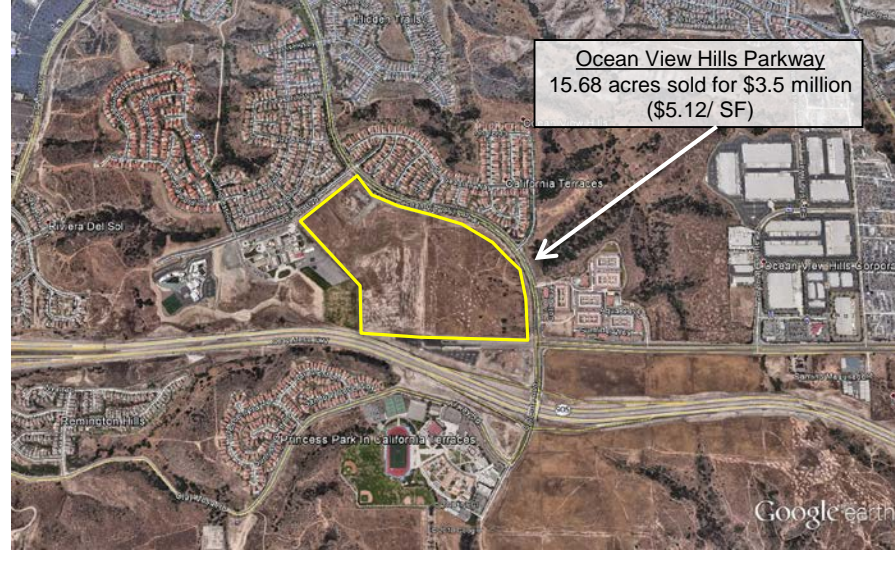
Commercial Land For Sale - Chula Vista									
No.	City	Zip Code	Address	Property Type	Notes	Lot SF	Lot Acreage	Asking Price	\$ / SF
1	Chula Vista	91914	Fenton Street, Lot 13A	Commercial Acreage	The District at Eastlake, finished commercial lots	148,104	3.40	\$4,443,120	\$30.00
2	Chula Vista	91914	Fenton Street, Lot 13B	Commercial Acreage	The District at Eastlake, finished commercial lots	252,648	5.80	\$7,579,440	\$30.00
3	Chula Vista	91914	Showroom Place, Lot 5	Commercial Acreage	The District at Eastlake, finished commercial lots	121,968	2.80	\$3,659,040	\$30.00
4	Chula Vista	91914	Showroom Place, Lot 7	Commercial Acreage	The District at Eastlake, finished commercial lots	243,936	5.60	\$7,318,080	\$30.00
5	Chula Vista	91914	Showroom Place, Lot 8	Commercial Acreage	The District at Eastlake, finished commercial lots	213,444	4.90	\$6,403,320	\$30.00
6	Chula Vista	91911	1875 Auto Park Pl	Commercial Acreage	Development Site near auto dealerships	239,580	5.50	\$7,187,400	\$30.00

Source: Meyers Research, Loopnet, Colliers

# Key Commercial Land Sales/ Listings – Aerial Images



**The District at Eastlake**  
 3.8 – 5.6 Acres for Sale, \$30.00/ SF  
 1.55 acres sold for \$26.66/ SF (Self Storage)  
 3.88 acres sold for \$20.15/ SF (Hotel)



# Fully Occupied Office Uses at Millenia Valued at \$709-\$712 Million

Based on our research, including market trends, sales comparables, commercial buildings for lease and conservations with broker representatives, we conclude that the development Class A office buildings at Millenia could command a value of approximately \$712.9 million (\$503 per square foot) based on a net operating income and cap rate approach, and \$709 million (\$500 per square foot) based on a comparable sales transactions (comps) approach. See the following

Type	Square Feet	Net Operating Income/ Cap Rate Valuation Approach										Total Value	\$/ SF
		Estimated Monthly Lease Rate Per SF (NNN)*	Estimated Annual Lease Rate Per SF (NNN)*	Annual Lease Revenue	Minus Stabilized Vacancy Rate	Minus Marketing, Commissions, Legal, Etc.	Minus Property Taxes (Office Bldg.)	Vacancy and Credit Loss	Total Estimated Annual Revenues	Cap Rate (%)			
Think Campus	318,000	\$2.72	\$32.59	\$10,363,059	-10.0%	-12.0%	(\$250,000)	(\$2,279,873)	\$7,833,186	5.00%	\$156,663,718	\$493	
Invent Campus	700,000	\$2.75	\$33.00	\$23,100,000	-10.0%	-12.0%	(\$250,000)	(\$5,082,000)	\$17,768,000	5.00%	\$355,360,000	\$508	
Discover Campus	400,000	\$2.75	\$33.00	\$13,200,000	-10.0%	-12.0%	(\$250,000)	(\$2,904,000)	\$10,046,000	5.00%	\$200,920,000	\$502	
<b>TOTAL</b>	<b>1,418,000</b>	<b>\$2.74</b>	<b>\$32.91</b>	<b>\$46,663,059</b>	<b>-10.0%</b>	<b>-12.0%</b>	<b>(\$750,000)</b>	<b>(\$10,265,873)</b>	<b>\$35,647,186</b>	<b>--</b>	<b>\$712,943,718</b>	<b>\$503</b>	

\*Assumes all real estate property taxes, insurance, management fees (on or off-site), repairs and maintenance, and utilities are paid by tenant under a Triple Net lease.

Sales Transaction Valuation Approach			
Price Per			
Type	Square Feet	Square Foot	Total Value
Think Campus	318,000	\$500.00	\$159,000,000
Invent Campus	700,000	\$500.00	\$350,000,000
Discover Campus	400,000	\$500.00	\$200,000,000
<b>TOTAL</b>	<b>1,418,000</b>	<b>\$500.00</b>	<b>\$709,000,000</b>

# Office Sales Transactions Average \$314/ SF Locally, \$377/ SF in MSA

The tables below detail relevant office building transactions in Chula Vista and the greater San Diego MSA over the past two to three years. The buildings in Chula Vista have traded at an average of \$314 per square foot, while the highest priced/ largest office building transactions in San Diego County averaged \$377 per square foot with published cap rates ranging from 4.3% to 8.8%. There is evidence of a premium for newer construction buildings: the newest office buildings that sold in San Diego County sold for \$563-\$683 per square foot. Doctor's Park at East Lake (959 Lane Ave) was built in 2008 and sold for \$500 per square foot. Although this is a medical office building with significant improvements included in the sale, the fact that Millenia will be new construction with LEED certification and amenities offsets the medical uses at Doctor's Park.

No.	County	City	Name	Address	Buyer	Year Built	Square Feet	Lot Acreage	Sale Price	\$/ SF	Sale Date
1	San Diego	Chula Vista	Doctors Park at East Lake	959 Lane Ave	CNL Healthcare Properties (Orlando)	2008	10,000	5.32	\$5,000,000	\$500	6/30/2015
2	San Diego	Chula Vista	Doctors Park at East Lake	971 Lane Ave	CNL Healthcare Properties (Orlando)	2006	21,500	5.32	\$10,000,000	\$465	6/30/2015
3	San Diego	Chula Vista	Park Ridge Prof. Ctr.	1415 Ridgeback Rd	Mohammad Iqbal	1982	13,280	1.06	\$4,675,000	\$352	4/16/2015
4	San Diego	Chula Vista	US Border Patrol Bldg.	2411 Boswell Rd	EGP CBP (Washington DC)	1999	60,328	4.46	\$15,426,000	\$256	2/12/2015
5	San Diego	Chula Vista	Eastlake Professional Plaza	2060 Otay Lakes Rd	Otay Lakes Prof. Plaza LLC (SD)	2005	36,000	2.08	\$5,800,000	\$161	6/20/2016
6	San Diego	Chula Vista	Bonita View Office Plaza	690 Otay Lakes Rd	DWC ERI Bonita View LLC (SD)	1979	30,284	2.45	\$4,500,000	\$149	10/21/2015
<b>Average:</b>						<b>1997</b>	<b>28,565</b>	<b>3.45</b>	<b>\$7,566,833</b>	<b>\$314</b>	

Source: Meyers Research, Loopnet, REIS, San Diego Business Journal

No.	County	Submarket	Address	Name	Buyer	Year Built	Square Feet	Sale Price	\$/ SF	Sale Date	Cap Rate
1	San Diego	Del Mar Hts	12680 High Bluff Dr	12680 High Bluff Dr	The Irvine Company	2014	126,560	\$86,500,000	\$683	9/14/2017	
2	San Diego	Downtown	350 Tenth Ave	DiamondView East Village	DivcoWest	2007	313,103	\$207,000,000	\$661	9/1/2017	
3	San Diego	La Jolla	366-3377 N Torrey Pines Cour	Torrey Pines Court	The Regents of UC San Diego	1977	216,476	\$134,150,000	\$620	5/18/2016	4.9%
4	San Diego	Carmel Valley	7545 Torrey Santa Fe Rd	Intuit Campus	Intuit, Inc.	2007	465,812	\$262,252,500	\$563	1/21/2016	
5	San Diego	UTC	4520 Executive Dr	4520 Executive Dr	Anchor Health Properties	1988	201,905	\$97,000,000	\$480	8/22/2017	5.2%
6	San Diego	Downtown	Manchester Financial Centre	Manchester Financial Centre	Manchester Financial Group	1965	161,430	\$71,500,000	\$443	11/4/2016	
7	San Diego	Downtown	9360-9390 Towne Centre Dr	9360-9390 Towne Centre Dr	Biomed Realty Trust	1989	144,311	\$55,000,000	\$381	4/4/2016	8.0%
8	San Diego	UTC	6256 Greenwich Dr	6256 Greenwich Dr	The Regents of UC San Diego	1990	260,421	\$83,560,000	\$321	1/13/2017	5.7%
9	San Diego	Downtown	610 Ash Street	610 Ash Street	Gemini Rosemont	1986	177,489	\$55,000,000	\$310	4/12/2016	
10	San Diego	Downtown	600 B Street	600 B Street	Rockwood Capital LLC	1974	359,278	\$109,500,000	\$305	8/30/2017	5.6%
11	San Diego	Downtown	525 B St	Procopio Tower	LaSalle Investmet Mgmt	1969	447,159	\$122,200,000	\$273	3/17/2016	5.5%
12	San Diego	Downtown	402 W Broadway	Emerald Plaza	PCCP LLC	1990	364,160	\$91,670,000	\$252	12/19/2016	4.3%
13	San Diego	Downtown	530 B St	Five Thirty B	Swift RE Partners	1966	232,936	\$57,700,000	\$248	8/24/2017	
14	San Diego	Vission Valley	591 Camino de La Reina	591 Camino de La Reina	The Casey Brown Company	1972	268,453	\$63,125,000	\$235	1/31/2017	7.0%
15	San Diego	Downtown	101 Ash Street	101 Ash Street	Cisterra Partners LLC	1968	314,545	\$72,440,000	\$230	1/3/2017	8.8%
16	San Diego	Downtown	530 B St	Five Thirty B	Bosa Development Corp.	1966	232,936	\$53,200,000	\$228	2/29/2016	4.5%
17	San Diego	UTC	1010 2nd Ave	The Executive Complex	Hammer Ventures	1963	324,341	\$54,400,000	\$168	6/15/2016	
<b>Average:</b>						<b>1982</b>	<b>271,254</b>	<b>\$98,599,853</b>	<b>\$377</b>		<b>6.0%</b>

Source: Meyers Research, CoStar, REIS



# San Diego County Hospital and Outpatient Facility Valuation

There have been several hospital and medical outpatient expansions since 2008. Average price per square foot for hospitals is \$1,343, while outpatient facilities average \$723 per square foot. Property taxes are not levied on Palomar and Tri-City, as these are State charter hospitals.

No.	Property Name / Address	# Rooms	Sq. Ft.	Healthcare Provider	Year Built	Property Tax	Tax Rate	% of Cost	Acreage	Land	Improvements	Development Cost	PP Room	Price/ SF	Sale Date/Price	Price/Acre
1	Escondido Palomar Medical Center Escondido	360	740,000	Palomar Health	2012				52.0	35,000,000	89,900,000	934,000,000	\$2,594,444	\$1,262		\$673,077
2	Kaiser Permanente Medical Center Kearny Mesa	450	617,000	Kaiser	2016	7,144,615	1.17%	0.71%	19.4	115,811,651	550,730,000	1,000,000,000	\$2,222,222	\$1,621	12/30/2013 \$57,305,500	\$2,956,940
3	Scripps Encinitas Critical Care Encinitas	63	61,643	Scripps	2014	250,915	1.05%	0.27%	3.1	2,387,902		94,000,000	\$1,492,063	\$1,525		\$770,291
4	Scripps Health Radiation Center La Jolla 2176 Salk Ave	215	41,000	Scripps	2012				8.0			43,900,000	\$204,186	\$1,071		
5	Sharp Chula Vista Chula Vista	138	197,000	Sharp	2017		1.12%		0.8			244,000,000	\$1,768,116	\$1,239		
		245	331,329		2014	AVERAGE PRICE PER HOSPITAL BED						\$1,656,206	\$1,343		\$1,466,769	
6	Scripps Clinic Rancho Bernardo Rancho Bernardo 15004 Innovation Drive		146,000	Scripps	2008	763,188	1.11%	1.11%	3.1	6,500,000	62,500,000	69,000,000		\$473		\$2,124,183
7	Scripps Coastal Medical Center Carlsbad 2176 Salk Ave		40,400	Scripps	2008	123,147	1.06%	1.06%	3.5	1,513,440	10,103,731	11,617,171		\$288		\$436,150
8	John R Anderson V Medical Pavilion La Jolla		175,000	Scripps	2016				3.0			130,000,000		\$743		
9	Ramona Ambulatory Care Ramona		7,600	Palomar Health	2013				3.0			4,500,000		\$592		
10	Kaiser Permanente Medical Office San Marcos 400 Craven Drive		71,200	Kaiser	2012	695,647	1.12%	1.09%	28.2	14,190,315	76,389,294	64,000,000		\$899		\$502,846
<b>Min</b>		63	40,400		2008			0				4,500,000	204,186	287.55	0	
<b>Max</b>		450	740,000		2017			0				1,000,000,000	2,594,444	1,620.75	0	
<b>Average</b>		245	225,071		2013			0				259,501,717	1,656,206	971.11	0	

# Recent Office Leases Include Education and Medical Users

The table to the right details the top office leases in San Diego County during 2017. It is worth noting that despite this list being the top 40 largest leases, roughly half of these leases are for under 25,000 square feet and only six leases are for 50,000 square feet or more. The larger leases (over 40,000 square feet) are generally medical or education related—Takeda Pharmaceuticals, Brightwood College, Palomar Health and California Institute of Technology are among the top leases in terms of size. The limited number of large spaces that have been leased recently are a function of a number of factors, including 1) tenants desire to be cost efficient and lease the smallest spaces possible and 2) a lack of large, quality space available in central locations—currently there are only a few spaces for lease over 30,000 square feet in Central San Diego and the South Bay. Given the challenges of large scale office development in central locations of San Diego (long entitlement timeframes, rising construction costs and lack of large office development sites), areas such as Chula Vista and Millenia in particular that can accommodate larger users are well positioned for office growth and development in the years to come.

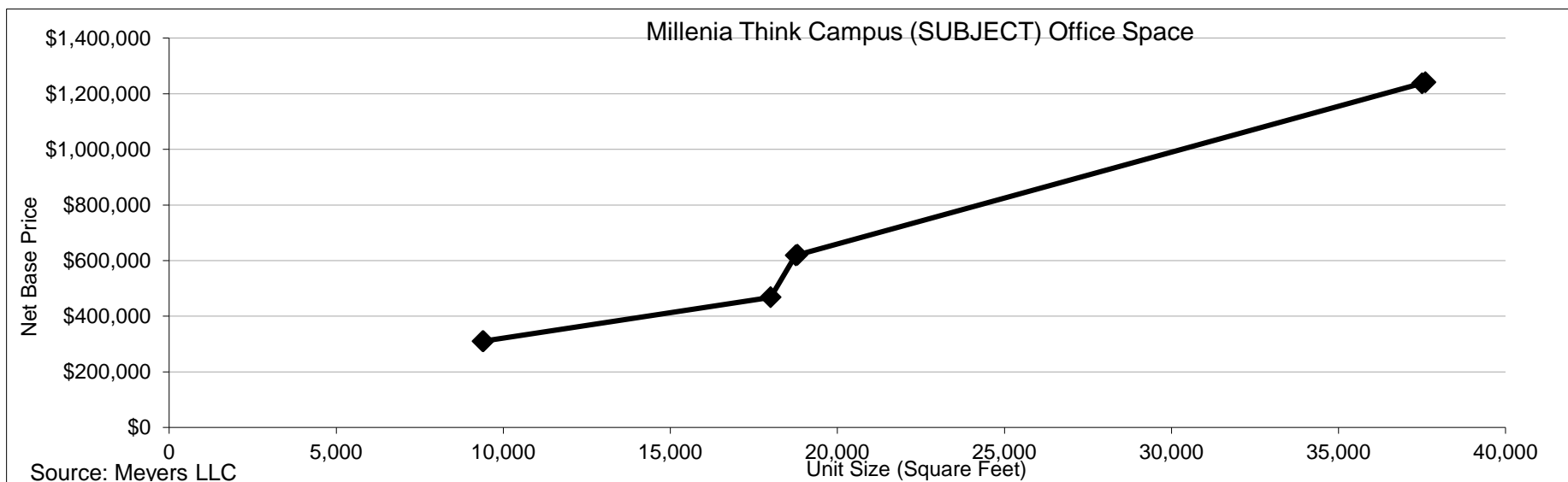
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 9625 Towne Centre Dr - Bldg 1	UTC	150,000	2nd	Takeda Pharmaceuticals	N/A	Cushman&Wakefield; CBRE
2 Atlas - Beta	Carlsbad	88,858	4th	N/A	N/A	Cushman&Wakefield
3 Pacific Plaza at Torrey Hills - Bldg B	Del Mar Hts/Carmel Valley	56,153	4th	GreatCall Inc	N/A	Newmark Knight Frank
4 2022 University Dr*	Vista	51,806	1st	Brightwood College	N/A	N/A
5 Rio San Diego Plaza*	Mission Valley	51,428	1st	Union Bank	N/A	JLL
6 Palomar Health Outpatient Center - Phase I	Escondido	51,400	1st	Palomar Health	Cushman&Wakefield	Cushman&Wakefield
7 Innovation Corporate Center - Bldg F	Rancho Bernardo	48,324	4th	N/A	N/A	JLL
8 South Bay Corporate Center	National City	44,000	2nd	California Institute of Arts & Technology	N/A	JLL
9 The Aventine	UTC	43,032	4th	WeWork	N/A	JLL
10 10101 Old Grove Rd	Scripps Ranch	38,210	2nd	TruMark R.W. Smith	N/A	CBRE
11 Atlas - Alpha	Carlsbad	37,700	1st	Syneract HCR	N/A	Cushman&Wakefield
12 OneAmerica Plaza	Downtown	37,677	1st	UBS International, Inc	N/A	The Irvine Company
13 Palomar Health Outpatient Center - Phase II	Escondido	36,000	1st	Palomar Health	Cushman&Wakefield	Cushman&Wakefield
14 10451 Wateridge Cir	Sorrento Mesa	32,074	2nd	Certona Corporation	N/A	JLL
15 12220 Scripps Summit Dr	Scripps Ranch	31,501	3rd	N/A	N/A	Cushman&Wakefield
16 5353 Mission Center Rd*	Mission Valley	30,846	2nd	Azusa Pacific University	CBRE	JLL
17 Sorrento Gateway - Lot 3	Sorrento Mesa	29,358	1st	Covance	N/A	JLL
18 Ventana I	Carlsbad	29,177	4th	N/A	N/A	Hughes Marino
19 Kilroy Centre Del Mar - Bldg 2	Del Mar Hts/Carmel Valley	26,457	1st	Acadia Pharmaceuticals, Inc	N/A	NKF; Cushman&Wakefield
20 10680 Treena St	Scripps Ranch	26,192	2nd	Kratos Defense & Security Solutions Inc	Kidder Mathews	JLL
21 Morehouse Tech Center - Bldg B	Sorrento Mesa	25,203	3rd	N/A	N/A	Cushman&Wakefield
22 The Towers - South Tower	Sorrento Mesa	23,365	2nd	N/A	N/A	JLL
23 Emerald Plaza	Downtown	22,853	3rd	N/A	N/A	CBRE
24 The Heights One Paseo	Del Mar Hts/Carmel Valley	22,153	1st	N/A	N/A	Cushman&Wakefield
25 Torrey Point - Bldg A	Del Mar Hts/Carmel Valley	21,675	3rd	Tsunami ARVR	Direct Deal	CBRE
26 1555 Faraday Ave	Carlsbad	21,399	1st	Proficio	N/A	CBRE
27 The Oberlin	Sorrento Mesa	21,200	2nd	Verimatrix	Hughes Marino	CBRE
28 Willow Creek Corporate Center	Scripps Ranch	20,835	2nd	N/A	N/A	JLL
29 Willow Creek Corporate Center	Scripps Ranch	20,777	1st	N/A	N/A	JLL
30 Commerce Point	Old Town/Sarena/Pt Loma	20,715	4th	N/A	N/A	NAI San Diego
31 Hazard Center Office Tower*	Mission Valley	20,345	4th	Century 21 Award	Hughes Marino	Cushman&Wakefield
32 Rio Vista Plaza I	Mission Valley	20,088	1st	Considine & Considine	N/A	JLL
33 1 Columbia Place	Downtown	19,509	2nd	iProspect	N/A	EMMES Realty Services of California
34 Procapio Tower	Downtown	19,346	4th	N/A	N/A	Newmark Knight Frank
35 11085 Torreyana Rd	Torrey Pines	19,038	2nd	BioAtla	N/A	CBRE
36 StoneCrest II	Kearny Mesa	18,275	2nd	N/A	N/A	CBRE
37 OneAmerica Plaza	Downtown	18,050	1st	N/A	Cushman&Wakefield	The Irvine Company
38 1450 Frazee Rd*	Mission Valley	17,586	3rd	UCSD Health Science HR	N/A	JLL
39 110 Plaza	Downtown	17,464	3rd	Neil Dymott Attorneys	N/A	Cushman&Wakefield
40 Kilroy Sabre Springs - Bldg 2	Rancho Bernardo	17,391	4th	Corporate Tax	N/A	CBRE

Source: CoStar

# Projected Office Lease Rates by Suite Size

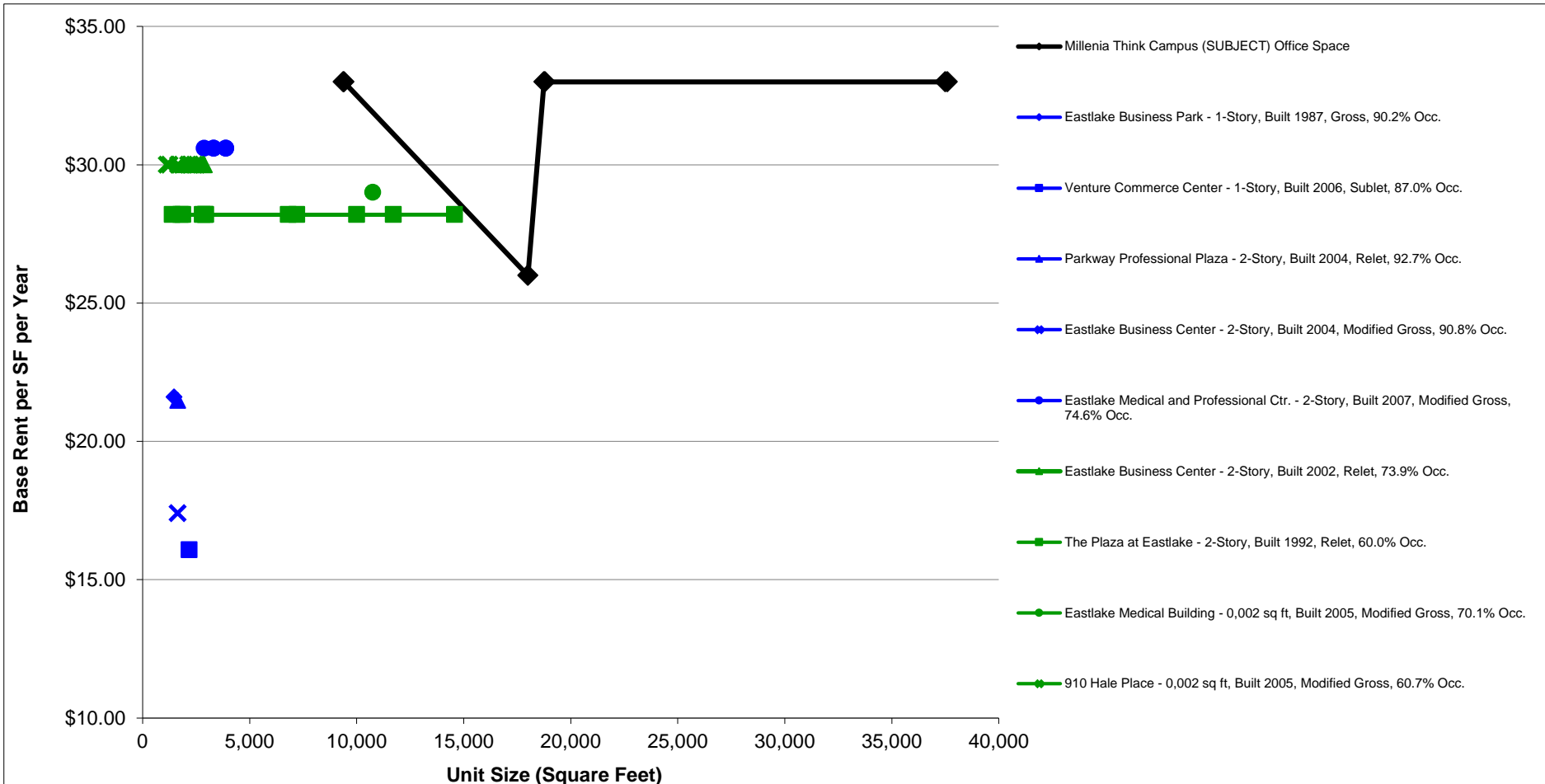
The projected lease rates for Think Campus office space at Millenia is \$33.00 per square foot per year, or \$2.75 per square foot per month (NNN). An 18,000 square foot partial basement space is discounted at +/- \$26.00 per square foot per year. The number of suites and suite sizes shown here are for lease rate positioning purposes only and are subject to change based on the needs of prospective tenants. It may be possible that a single tenant leases up most or all of a building within the Think Campus—we do not suggest that a discounted lease rate is necessary for larger space, given the lack of supply of new, large contiguous office spaces available in the San Diego MSA.

COMMUNITY SPECIFICS				RECOMMENDATIONS					RENT CONCESSIONS			Tenant Improvement Allowance		
Subject Property Name				Mix	Size SF	Base Annual		Est. Avg. Average Monthly		Direct	Indirect	Total		
Location		Lease Summary				Rent	\$/SF	Premium	Rent					\$/SF
Product Details														
<b>Millenia Think Campus (SUBJECT) Office Space</b>				4	9,375	\$309,375	\$33.00	\$0	\$309,375	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
<b>Chula Vista, CA</b>				4	9,400	\$310,200	\$33.00	\$0	\$310,200	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
Product:	Class A	Total Est. SF:	318,400	1	18,000	\$468,000	\$26.00	\$0	\$468,000	\$26.00	\$0	\$0	\$0	\$60.00 - \$65.00
Building Stories:	4 Stories	Year Built:	2020+	2	18,750	\$618,750	\$33.00	\$0	\$618,750	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
Parking (Included):	Structured	Occupancy %:	90.0%	2	18,800	\$620,400	\$33.00	\$0	\$620,400	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
		Terms:	NNN	2	37,500	\$1,237,500	\$33.00	\$0	\$1,237,500	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
		Op Ex./ SF:	\$8.00	2	37,600	\$1,240,800	\$33.00	\$0	\$1,240,800	\$33.00	\$0	\$0	\$0	\$60.00 - \$65.00
Summary Statistics:				17	18,729	\$618,071	\$32.59	\$0	\$618,071	\$32.59	\$0	\$0	\$0	\$60.00 - \$65.00



# Competitive Office Space For Lease Is Typically In the \$28.00-\$30.00/ SF/ Yr. Range

Our suggested lease rates are near the top of the local market given an expected premium for new construction, quality design and amenities associated with Millenia, but well below average rents in other San Diego County office markets which are typically in the \$36.00 and up to \$54.00 per square foot range annually (\$3.00 to \$4.50 per square foot per month). A lease rate of \$2.75 per square foot per month (\$33.00 per year) at Millenia represents an excellent value for tenants and will help create interest and absorption activity at the project.



Source: Meyers LLC; Property Leasing Representatives

# Chula Vista Comparable Office Project Detail

COMMUNITY AND LEASING SPECIFICS			MIX	COMPETITIVE MARKET PRICING SUMMARY						
Project Name	Management		Size SF	Asking Rents			Current \$/SF			
Location	Address			Low	High	Average	Low	High	Average	
Product Details	Lease Summary									
<b>Eastlake Business Park</b>	<b>Investcal Realty Corp.</b>		1	1,469	\$31,730	\$31,730	\$31,730	\$21.60	\$21.60	\$21.60
<b>Chula Vista, CA</b>	<b>900 Lane Ave</b>									
Product:	Class B	Total SF:								
Building Stories:	1-Story	Total Leased SF:								
Parking (Included):	Surface	Vacant SF:								
Year Built:	1987	Occupancy %:								
Use	Office/Flex	Terms:								
Totals/Averages:			1	1,469	\$31,730	\$31,730	\$31,730	\$21.60	\$21.60	\$21.60
<b>Venture Commerce Center</b>	<b>Cresa</b>		1	2,169	\$34,878	\$34,878	\$34,878	\$16.08	\$16.08	\$16.08
<b>Chula Vista, CA</b>	<b>850-880 Jetty Lane</b>									
Product:	Class B	Total SF:								
Building Stories:	1-Story	Total Leased SF:								
Parking (Included):	Surface	Vacant SF:								
Year Built	2006	Occupancy %:								
Use	Office/Flex	Terms:								
Totals/Averages:			1	2,169	\$34,878	\$34,878	\$34,878	\$16.08	\$16.08	\$16.08
<b>Parkway Professional Plaza</b>	<b>860 Kuhn Drive</b>		1	1,636	\$35,141	\$35,141	\$35,141	\$21.48	\$21.48	\$21.48
<b>Chula Vista, CA</b>	<b>860 Kuhn Drive</b>									
Product:	Class B	Total SF:								
Building Stories:	2-Story	Total Leased SF:								
Parking (Included):	Surface	Vacant SF:								
Year Built:	2004	Occupancy %:								
Use	Office/Medical	Terms:								
Totals/Averages:			1	1,636	\$35,141	\$35,141	\$35,141	\$21.48	\$21.48	\$21.48
<b>Eastlake Business Center</b>	<b>Voit</b>		1	1,636	\$28,466	\$28,466	\$28,466	\$17.40	\$17.40	\$17.40
<b>Chula Vista, CA</b>	<b>881 Kuhn Dr</b>									
Product:	Class B	Total SF:								
Building Stories:	2-Story	Total Leased SF:								
Parking (Included):	Surface	Vacant SF:								
Year Built:	2004	Occupancy %:								
Use	Flex/ R&D	Terms:								
Totals/Averages:			1	1,636	\$28,466	\$28,466	\$28,466	\$17.40	\$17.40	\$17.40
<b>Eastlake Medical and Professional Ctr.</b>	<b>Voit</b>		1	3,888	\$118,973	\$118,973	\$118,973	\$30.60	\$30.60	\$30.60
<b>Chula Vista, CA</b>	<b>2080-2090 Otay Lakes Rd</b>		1	3,888	\$118,973	\$118,973	\$118,973	\$30.60	\$30.60	\$30.60
Product:	Class A	Total SF:	1	3,319	\$101,561	\$101,561	\$101,561	\$30.60	\$30.60	\$30.60
Building Stories:	2-Story	Total Leased SF:	1	3,319	\$101,561	\$101,561	\$101,561	\$30.60	\$30.60	\$30.60
Parking (Included):	Surface	Vacant SF:	1	2,879	\$88,097	\$88,097	\$88,097	\$30.60	\$30.60	\$30.60
Year Built	2007	Occupancy %:								
Use	Office/Medical	Terms:								
Totals/Averages:			5	3,459	\$105,833	\$105,833	\$105,833	\$30.60	\$30.60	\$30.60

# Chula Vista Comparable Office Project Detail (Continued)

COMMUNITY AND LEASING SPECIFICS				MIX	COMPETITIVE MARKET PRICING SUMMARY								
Project Name		Management		Size SF	Asking Rents				Current \$/SF				
Location		Address			Low	-	High	Average	Low	-	High	Average	
Product Details		Lease Summary											
<b>The Plaza at Eastlake</b>		<b>Voit</b>		1	6,802	\$191,816	-	\$191,816	\$191,816	\$28.20	-	\$28.20	\$28.20
<b>Chula Vista, CA</b>		<b>2300 Boswell Rd</b>		1	2,785	\$78,537	-	\$78,537	\$78,537	\$28.20	-	\$28.20	\$28.20
Product:	Class A	Total SF:	130,324	1	14,572	\$410,930	-	\$410,930	\$410,930	\$28.20	-	\$28.20	\$28.20
Building Stories:	2-Story	Total Leased SF:	78,237	1	1,381	\$38,944	-	\$38,944	\$38,944	\$28.20	-	\$28.20	\$28.20
Parking (Included):	Surface	Vacant SF:	52,087	1	2,949	\$83,162	-	\$83,162	\$83,162	\$28.20	-	\$28.20	\$28.20
Year Built:	1992	Occupancy %:	60.0%	1	2,915	\$82,203	-	\$82,203	\$82,203	\$28.20	-	\$28.20	\$28.20
Use	Office	Terms:	Relet	1	11,712	\$330,278	-	\$330,278	\$330,278	\$28.20	-	\$28.20	\$28.20
				1	7,198	\$202,984	-	\$202,984	\$202,984	\$28.20	-	\$28.20	\$28.20
				1	1,773	\$49,999	-	\$49,999	\$49,999	\$28.20	-	\$28.20	\$28.20
				1	1,870	\$52,734	-	\$52,734	\$52,734	\$28.20	-	\$28.20	\$28.20
				1	10,000	\$282,000	-	\$282,000	\$282,000	\$28.20	-	\$28.20	\$28.20
Totals/Averages:				11	5,814	\$163,962	-	\$163,962	\$163,962	\$28.20	-	\$28.20	\$28.20
<b>Eastlake Business Center</b>		<b>Voit</b>		1	1,876	\$56,280	-	\$56,280	\$56,280	\$30.00	-	\$30.00	\$30.00
<b>Chula Vista, CA</b>		<b>891 Kuhn Dr</b>		1	2,845	\$85,350	-	\$85,350	\$85,350	\$30.00	-	\$30.00	\$30.00
Product:	Class B	Total SF:	38,236	1	2,887	\$86,610	-	\$86,610	\$86,610	\$30.00	-	\$30.00	\$30.00
Building Stories:	2-Story	Total Leased SF:	28,262	1	2,366	\$70,980	-	\$70,980	\$70,980	\$30.00	-	\$30.00	\$30.00
Parking (Included):	Surface	Vacant SF:	9,974										
Year Built	2002	Occupancy %:	73.9%										
Use	Office/Medical	Terms:	Relet										
Totals/Averages:				4	2,494	\$74,805	-	\$74,805	\$74,805	\$30.00	-	\$30.00	\$30.00
<b>Eastlake Medical Building</b>		<b>Voit</b>		1	10,753	\$311,837	-	\$311,837	\$311,837	\$29.00	-	\$29.00	\$29.00
<b>Chula Vista, CA</b>		<b>2060 Otay Lakes Rd</b>											
Product:	Class A	Total SF:	36,000										
Building Stories:	2	Total Leased SF:	25,247										
Parking (Included):	Surface	Vacant SF:	10,753										
Year Built:	2005	Occupancy %:	70.1%										
Use	Medical Office	Terms:	Modified Gross										
Totals/Averages:				1	10,753	\$311,837	-	\$311,837	\$311,837	\$29.00	-	\$29.00	\$29.00
<b>910 Hale Place</b>		<b>Voit</b>		1	2,423	\$72,690	-	\$72,690	\$72,690	\$30.00	-	\$30.00	\$30.00
<b>Chula Vista, CA</b>		<b>910 Hale Place</b>		1	2,223	\$66,690	-	\$66,690	\$66,690	\$30.00	-	\$30.00	\$30.00
Product:	Class A	Total SF:	33,954	1	2,123	\$63,690	-	\$63,690	\$63,690	\$30.00	-	\$30.00	\$30.00
Building Stories:	2	Total Leased SF:	20,601	1	1,130	\$33,900	-	\$33,900	\$33,900	\$30.00	-	\$30.00	\$30.00
Parking (Included):	Surface	Vacant SF:	13,353	1	1,660	\$49,800	-	\$49,800	\$49,800	\$30.00	-	\$30.00	\$30.00
Year Built:	2005	Occupancy %:	60.7%	1	1,256	\$37,680	-	\$37,680	\$37,680	\$30.00	-	\$30.00	\$30.00
Use	Office/Medical	Terms:	Modified Gross	1	2,538	\$76,140	-	\$76,140	\$76,140	\$30.00	-	\$30.00	\$30.00
Totals/Averages:				7	1,908	\$57,227	-	\$57,227	\$57,227	\$30.00	-	\$30.00	\$30.00

# Office Buildings Surrounding Millenia



Eastlake Business Park  
 Class B Office/ Flex  
 19,998 SF, Built 1987  
 \$21.60 SF/ Yr. (Gross)  
 90.2% occupied



Venture Commerce Center  
 Class B Office/ Flex  
 16,658 SF, Built 2006  
 \$16.08/ SF/ Yr. (Sublet)  
 87.0% occupied



Parkway Professional Plaza  
 Class B Office/ Medical  
 22,605 SF, Built 2004  
 \$21.48/ SF/ Yr. (Relet.)  
 92.7% occupied



Eastlake Business Center  
 (881 Kuhn Dr)  
 Class B Flex/ R&D  
 17,786 SF, Built 2004  
 \$17.40 SF/ Yr. (Relet)  
 90.8% occupied

Eastlake Business Center  
 (891 Kuhn Dr)  
 Class B Office/ Medical  
 38,236 SF, Built 2002  
 \$30.00 SF/ Yr. (Relet)  
 73.9% occupied

# Office Buildings Surrounding Millenia Are Smaller, Medical



Eastlake Medical and Professional Ctr.  
 Class A Office Condos  
 68,000 SF, Built 2007  
 \$30.60 SF/ Yr. (Modified Gross)  
 74.6% occupied



The Plaza at Eastlake  
 Class A Office  
 130, 324 SF, Built 1992  
 \$28.20 SF/ Yr. (Sublet)  
 60.0% occupied



Eastlake Medical Building  
 Class A Office  
 36,000 SF, Built 2005  
 \$29.00 SF/ Yr. (Relet.)  
 70.1% occupied



910 Hale Place  
 Class A Office/ Medical  
 33,954 SF, Built 2005  
 \$30.00 SF/ Yr. (Relet)  
 60.7% occupied



# Commercial Broker Survey

Questions/ Participant	<b>Tony Russell</b> <b>JLL</b> <b>858-410-1213</b>	<b>Paul Braun</b> <b>JLL</b> <b>858-410-6388</b>	<b>Chris Holder</b> <b>Colliers</b> <b>858-677-5372/ 619-871-9028</b>
1. How are overall market conditions for office space in the Eastern Chula Vista market?	Existing market has been pretty tight market, hasn't been a huge concentration. Existing buildings are leased up, its underserved market, especially all of the housing growth. Office users have to go Downtown, Mission Valley to find space (which are in low vacancy). Very rare to find large floor plates, and the reverse commute is a strong reason to locate here.	No comment	There's good activity there, but it's not a very deep market as far as an office base. Most interest at our commercial development project (District at Eastlake) is for smaller lots. The market is soft for office and office land.
2. Would you say rents are rising, falling or the same as they were a year ago? What about vacancy rates?	Rents are continuing to increase (4-5% annual rent growth), vacancy is tightening. Will continue to see rent growth.	No comment	No comment
3. Is office space difficult to find in the local area? Is there a greater need for a certain type of office space, or a certain location?	Yes, not a lot of developers are willing to go spec, most owners do not have financing in place, and a lot of tenants don't have the patience to wait 2-3 years for building to be built.	Hospital beds are one thing, outpatient care is another, and there are a variety of needs in terms of location. The only hospital in this area is Sharp Chula Vista Hospital. There very well may need to be another hospital here.	Its not difficult, for example the Plaza at Eastlake- 2300 Boswell Rd, 130,000 SF total with 50,000 SF available. \$28/SF (NNN). Former North Island FCU building has been on the market for lease for a long time.
4. What is your reaction to the Millenia office development at SR125 and Birch Road?	Main thing is tenants want awesome amenities. Tenants want to walk to great restaurants. Cant find large floor plates, with amenities. Larger corporate tenants want larger floorplates than 25,000. Also quality design doesn't even exist in San Diego. Getting a lot of interest from medical, technology, (amazon, Facebook, google) could be possibility. Facebook has been in the market. Quasi government uses. Possibly life science. There is new quality housing nearby. Corporations that are cross border manufacturing.	Excited to expose the Millenia project to hospital systems and educate them as to possibly the largest area of growth as far as housing, future demographics in that part of the county, and see if they would plant a major flag here. Approach UCSD, Scripps sharp, Kaiser, Children's. Right now trying to expose Think Campus to hospitals, but there is a lot of flexibility. If one of the major hospitals decides to build there, possibly work with a provider from Mexico.	Class A office users and tech users have always gravitated to central areas and North County. Talent is already established in northern areas of the region. Underlying rent is important to consider but top firms still want to locate to the north where their employee base is. Warehouse will still locate here, because its cheaper, but that isnt the vision for Millenia. On the other hand, if a major tenant such as Qualcomm decided to establish a headquarters here, then other tenants would follow suit and leasing activity could happen very fast.
5. What lease rates could be expected for new construction here? Medical vs. traditional?	Today probably be mid \$3.50 gross (plus utilities), or \$2.75 NNN. Length of terms 7-10 years). OpEx \$0.65. TI \$60-\$65 for traditional office. (additional for medical).	Not sure what lease rates would be, but probably parallel to Class A medical office lease rates around the County. Shell and site costs are \$160-\$200/SF. Haven't sold health care land recently, but have been \$35-40 / SF range. Well located piece of dirt for.	There hasn't been any precedent for office development here, so its hard to find precedent for land over \$30.00/SF. It's a great industrial market that is almost fully leased, but not the same for office.
6. How long of a lease up period would you expect?	100,000 to 150,000 SF per year	Couldn't even guesstimate, depends on what range of size and service they want to provide. Could range from 15,000 to 500,000 SF hospitals. Hospitals are looking at increments of 20 to 30 year timeframe opportunities.	Hard to say, don't really have a grasp on that. Look at historical absorption data for the South Bay.
7. What sort of cap rate could be expected for new office construction here? Are you aware of any office/ land sales comp transactions in the local area?	Will send comps.	No comment	Two land comparables on Fenton Street, sold for \$26.66/ SF and \$20.15/ SF
8. Are there any planned/ proposed office developments in the area?	Not in the immediate area. Old Union Tribune site, Ampersand, repurposed in Mission Valley. Couple projects planned in Downtown but not significant size. But not building until they get a tenant.	From a regional standpoint, there isn't any competition to Millenia in terms of a health care location, we don't see medical/ office sites of this magnitude with these locational characteristics anywhere else in South County.	Suggested prices at District \$30.00 for finished land, (curb, gutter, graded, roads, utilities). Have to re-grade because of storm water . Renovation of a 60,000 SF ind building for San Ysidro Health office building. Non profit health organization.
9. Other comments?	No comment	There is really no pattern in terms of size that hospitals require. We let them dictate what their needs are. Could be delivered and acquired in a number of ways. Chestnut would prefer to retain the property. Amazon, Berkshire, JP Morgan are creating a healthcare system, and that is a real unknown that they are trying to get their strategy together.	There are few examples of tech companies in the South Bay. Global Imaging Technologies is a General Dynamics company (formerly Axsys Technologies) that is located here, they started with 10,000 SF and expanded to 40,000 SF. But that's the prime example. A college campus would be an excellent user to target for Millenia, but they would request the land for free or very cheap since they are a major jobs generator.

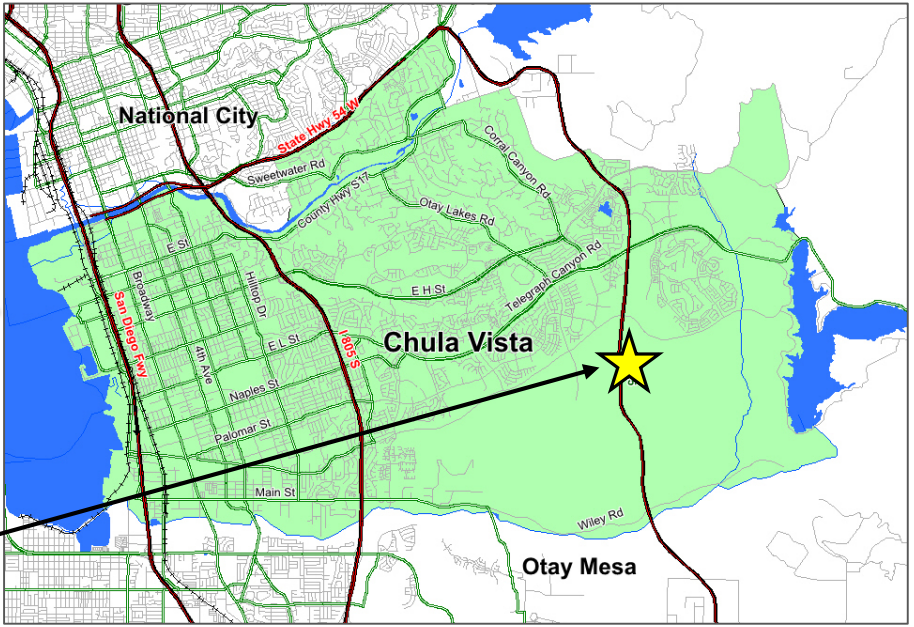
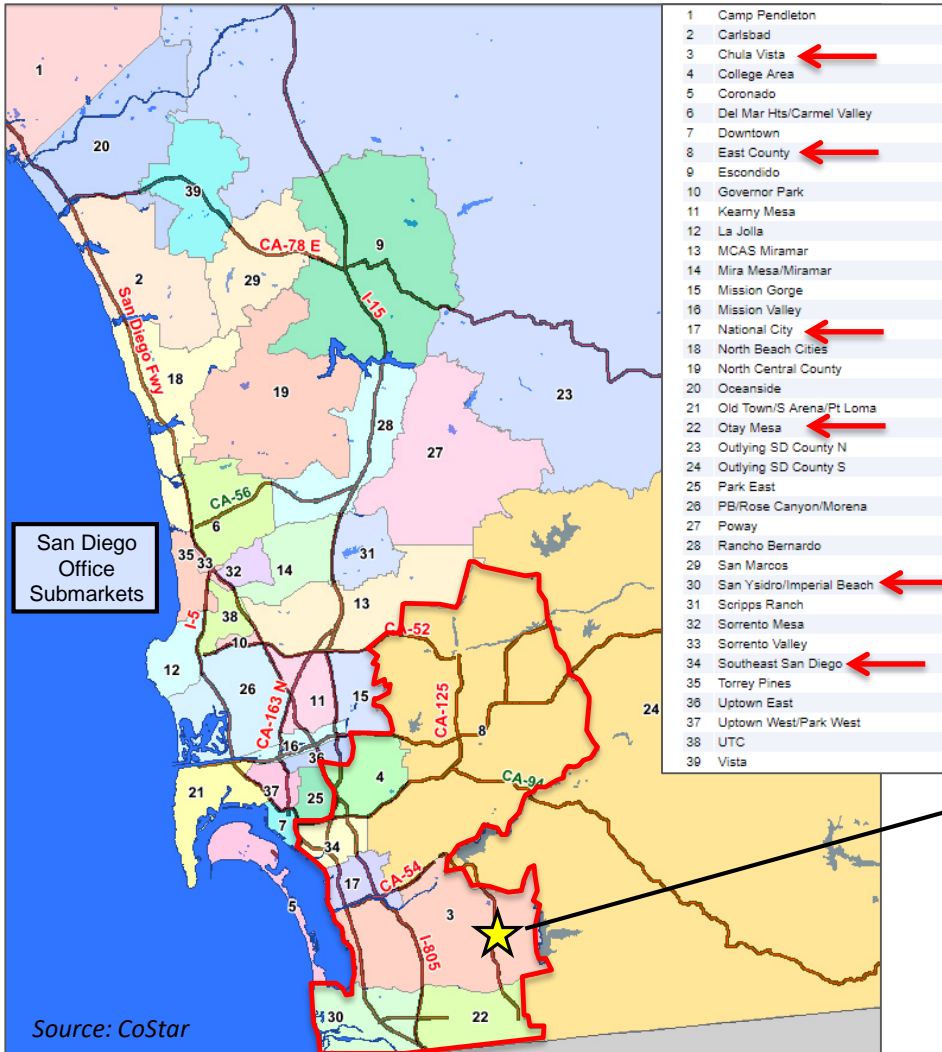
# Office Market Trends

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*Millenia Office and Residential Analysis, Chula Vista, CA*

# Definition of South Bay Market

The San Diego office market is comprised of 39 office submarkets that divide up the greater San Diego area. The Millenia Site is located in the South Bay Market, which is comprised of six submarkets (in red)—the Chula Vista submarket (location of Site), as well as San Ysidro/ Imperial Beach, East County, Southeast San Diego, National City, and Otay Mesa submarkets.

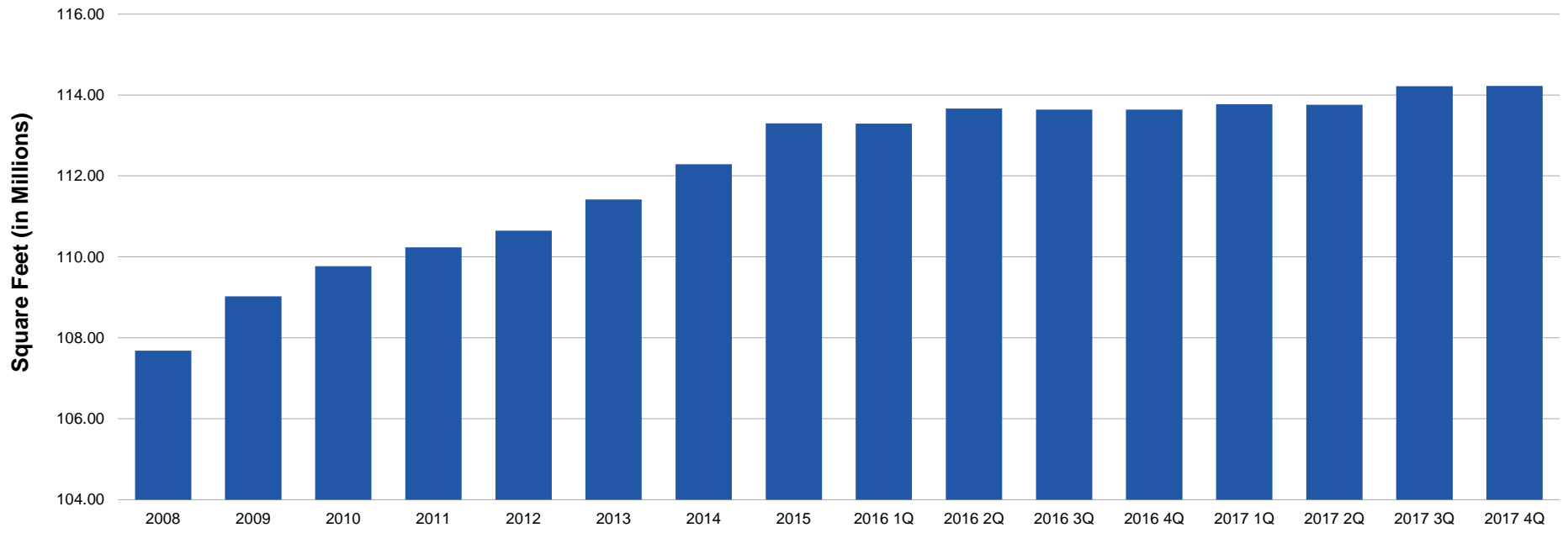


South Bay Market

# San Diego Office Inventory Growth Has Slowed in 2016/2017

Office inventory in San Diego County had increased by 800,000 square feet annually from 2009 through 2015, but inventory growth has slowed to 336,000 square feet in 2016 and 147,000 square feet in 2017. The slowing inventory growth is not due to lack of demand, but due in part to limited land availability for office development and a limited number of groups that are willing and able to secure financing and develop speculative office buildings.

**Office Inventory (in Millions Square Feet)**



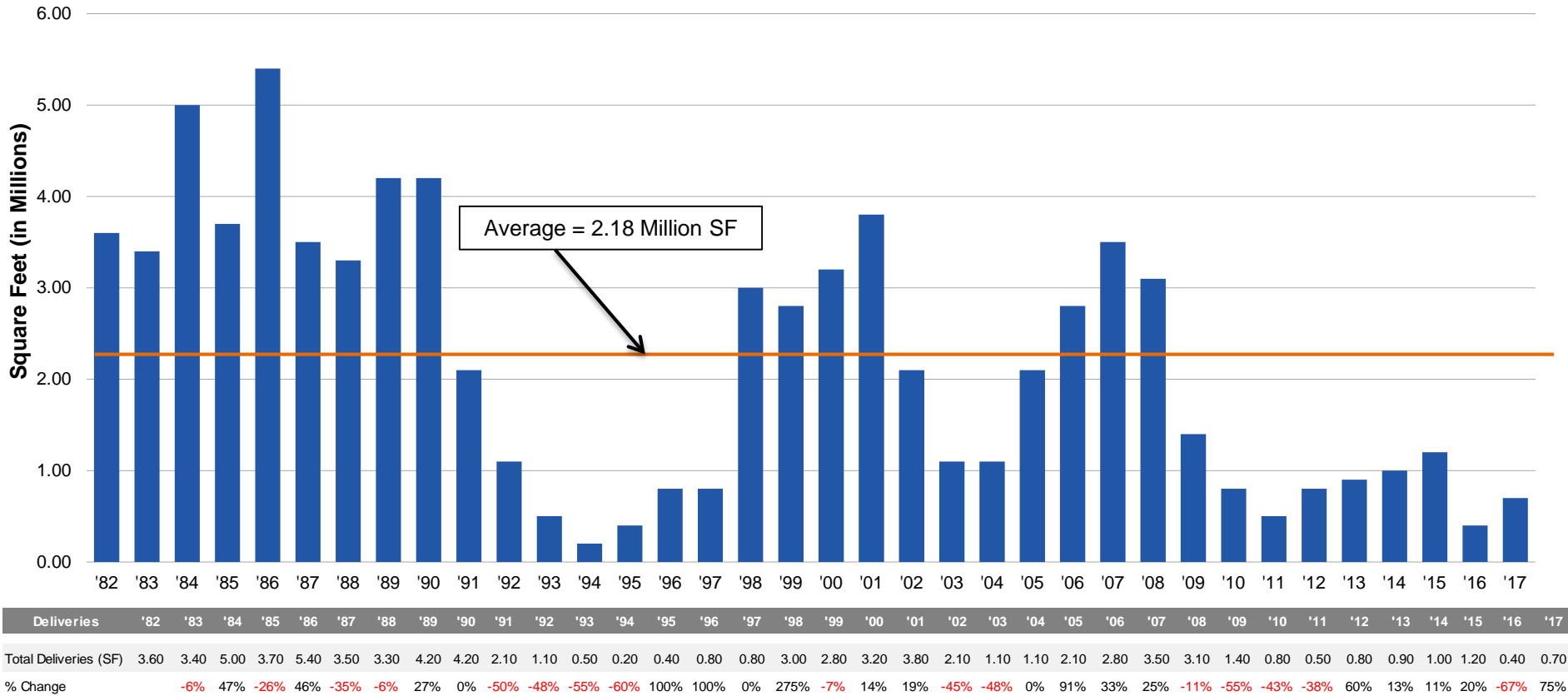
Inventory	2008	2009	2010	2011	2012	2013	2014	2015	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Total Inventory (SF)	107,678,579	109,026,966	109,769,524	110,236,461	110,649,630	111,415,573	112,289,039	113,298,974	113,295,168	113,663,770	113,640,729	113,635,967	113,770,957	113,760,905	114,213,998	114,225,798
Inventory Change		1,348,387	742,558	466,937	413,169	765,943	873,466	1,009,935	-3,806	368,602	-23,041	-4,762	134,990	-10,052	453,093	11,800
% Change		1.3%	0.7%	0.4%	0.4%	0.7%	0.8%	0.9%	0.0%	0.3%	0.0%	0.0%	0.1%	0.0%	0.4%	0.0%

Source: CoStar

# San Diego Office Deliveries Follow Cycles of Development

New office deliveries have averaged approximately 2.18 million square feet annually over the past 36 years. Most years have run below this average, since the average is influenced by select years where deliveries were remarkably high (1980's and early/mid 2000's in particular). New deliveries continue to fall well below the long term average in 2017, marking the ninth consecutive year with deliveries under 2 million square feet. The limited new deliveries in 2009-2012 were largely due to the Great Recession, but the slowing inventory growth in recent years is not due to lack of demand, but due in part to limited land availability for office development and a limited number of groups that are able to develop speculative office buildings.

Office Deliveries (in Millions Square Feet)

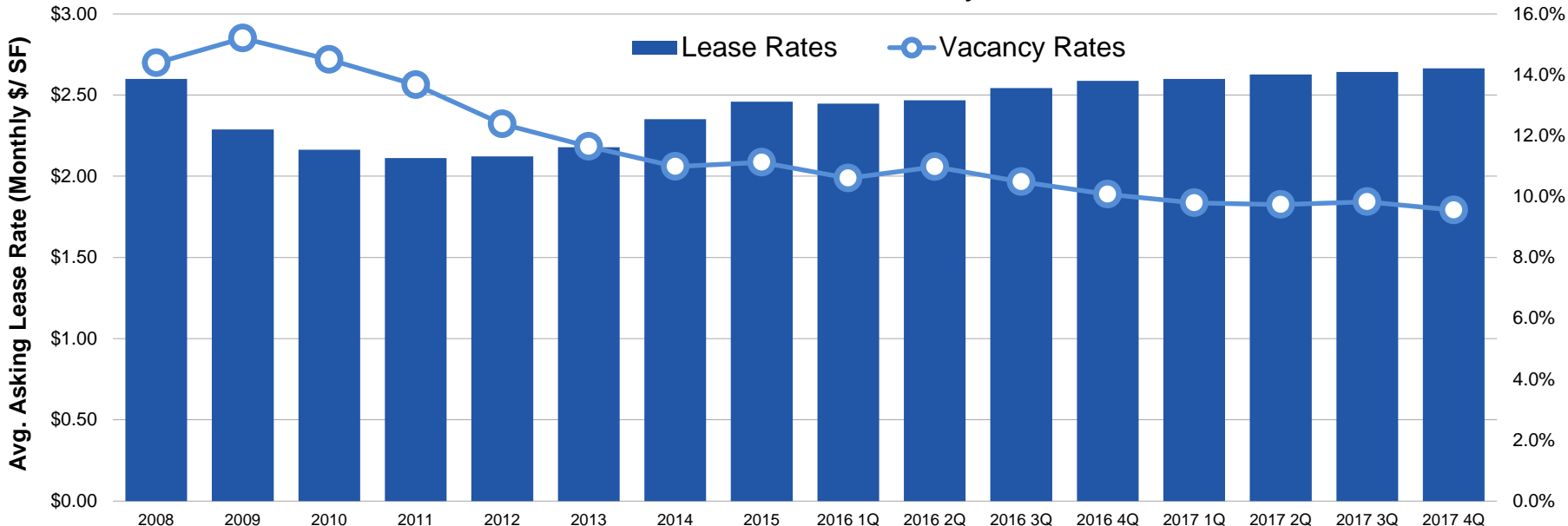


Source: CoStar

# San Diego Lease Rates Are Increasing, Vacancy is Decreasing

Average office lease rates have increased recently, to a high of \$2.67 per square foot per month in the most recent quarter, exceeding the previous high of \$2.60 per square foot per month during 2008—it should be noted that vacancy was much higher in 2008 (14.4%). The vacancy rate has trended downward as well, from 15.2% in 2009 to 9.6% in the most recent quarter, which represents a relatively strong office market.

Office Lease Rates and Vacancy Rates



Lease Rates	2008	2009	2010	2011	2012	2013	2014	2015	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Lease Rate (\$/ SF/ Mo.)	\$2.60	\$2.29	\$2.16	\$2.11	\$2.12	\$2.18	\$2.35	\$2.46	\$2.45	\$2.47	\$2.54	\$2.59	\$2.60	\$2.63	\$2.64	\$2.67
Lease Rate Change		(\$0.31)	(\$0.13)	(\$0.05)	\$0.01	\$0.06	\$0.17	\$0.11	(\$0.01)	\$0.02	\$0.08	\$0.05	\$0.01	\$0.03	\$0.02	\$0.02
% Change		-12.0%	-5.5%	-2.3%	0.4%	2.7%	7.9%	4.6%	-0.5%	0.9%	3.0%	1.8%	0.4%	1.1%	0.6%	0.9%

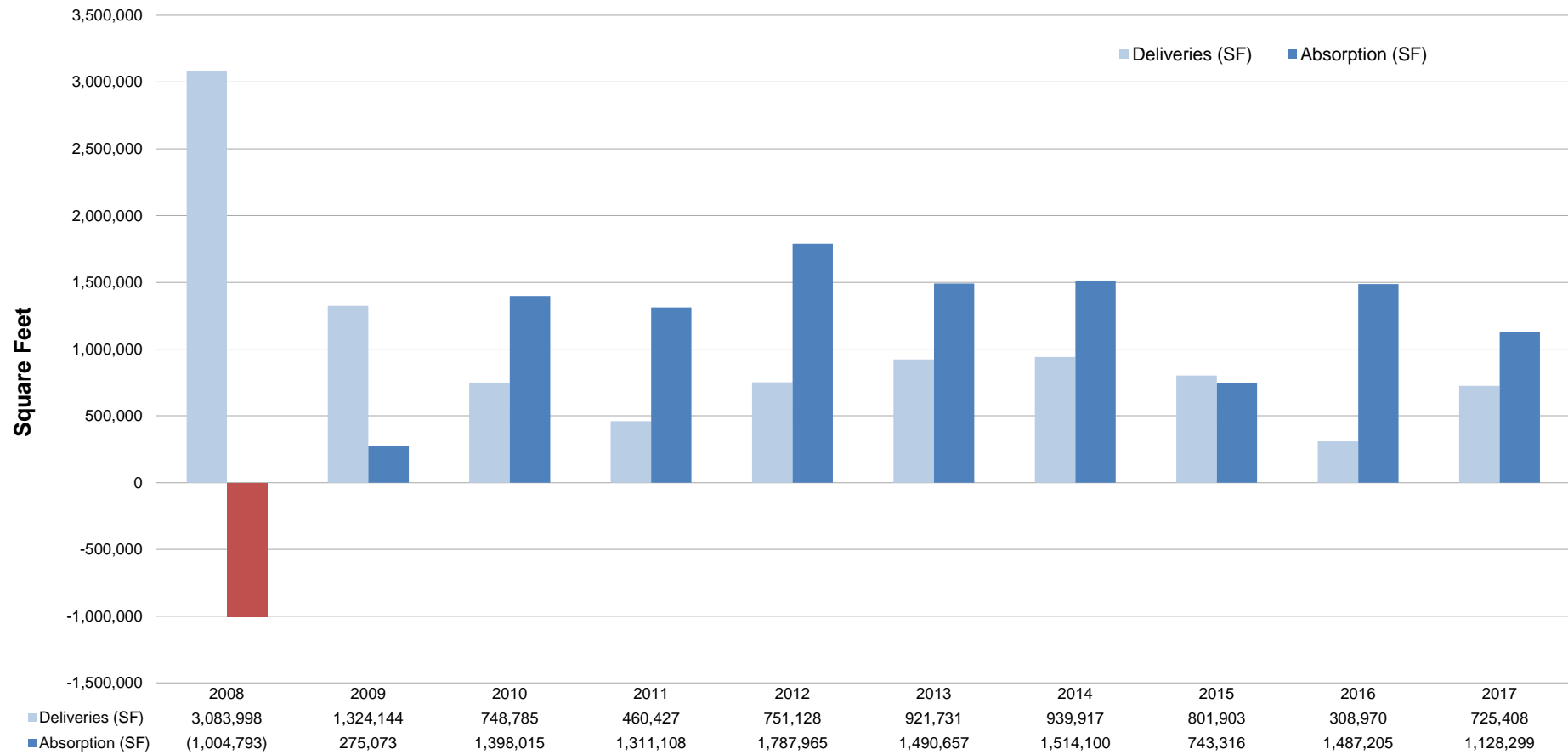
Vacancy Rates	2008	2009	2010	2011	2012	2013	2014	2015	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Vacancy Rate	14.4%	15.2%	14.5%	13.7%	12.4%	11.6%	11.0%	11.1%	10.6%	11.0%	10.5%	10.1%	9.8%	9.7%	9.8%	9.6%
Vac. Rate Change		0.8%	-0.7%	-0.8%	-1.3%	-0.7%	-0.7%	0.1%	-0.5%	0.4%	-0.5%	-0.4%	-0.3%	-0.1%	0.1%	-0.3%
% Change		5.6%	-4.6%	-5.7%	-9.5%	-5.9%	-5.7%	1.3%	-4.6%	3.5%	-4.5%	-3.9%	-2.8%	-0.6%	0.9%	-2.8%

Source: CoStar

# San Diego MSA Absorption is Outpacing Completions

San Diego office market absorption has outpaced deliveries in seven out of the past eight years, with very strong gains in absorption in 2016 in particular (1.487 million square feet absorbed versus only 308,000 square feet delivered). In fact, absorption has *nearly doubled* new deliveries since 2010, with a combined 10.8 million square feet of absorption versus 5.6 million square feet of deliveries—**this indicates a supply constrained office market that can support additional new office space.**

**OFFICE MARKET ABSORPTION VS. COMPLETED SPACE**



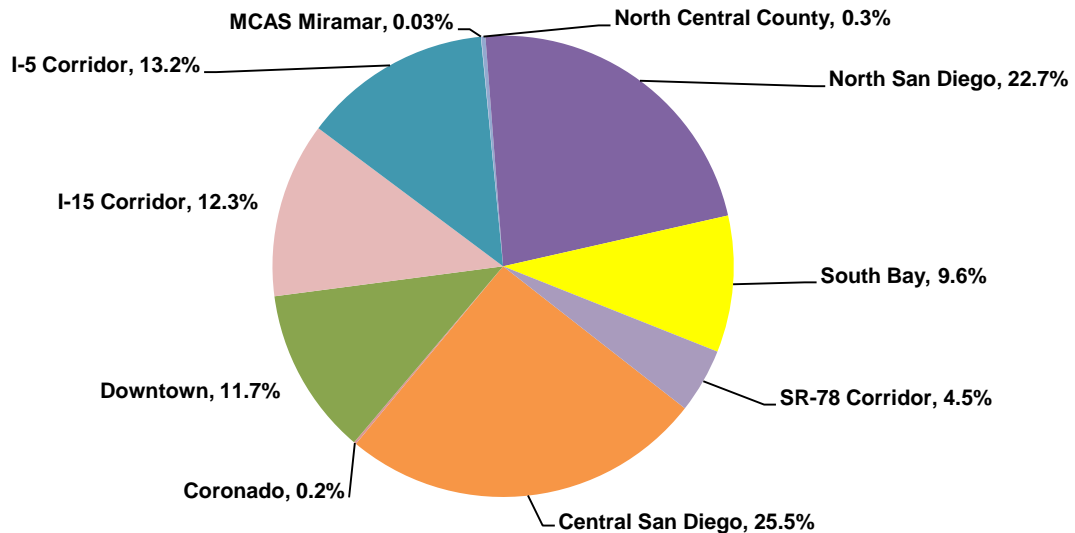
Source: Costar

# South Bay Achieving Low Vacancy, Average Lease Rates

The South Bay market comprises 9.6% of the San Diego MSA overall, significantly less than North San Diego (UTC, Sorrento Valley, La Jolla) and Central San Diego (Mission Valley, Kearny Mesa). The South Bay is a more affordable office market than the San Diego MSA, with average lease rates of +/- \$2.23 per square foot per month, and significantly more affordable than Coronado, the I-5 Corridor (Carlsbad, Del Mar) and North Central County. The vacancy rate is lower than the MSA overall, at 5.0%, indicating there is likely support for additional office development, albeit at reasonable lease rates.

Submarket	Total SF	Vacant SF	Vacancy Rate	YTD Net Absorption (SF)	YTD Deliveries (SF)	Avg. Asking Rent (\$/ SF/ Mo.)
Central San Diego	29,089,349	1,772,330	6.1%	446,371	10,406	\$2.23
Coronado	183,178	16,211	8.8%	(4,650)	0	\$3.00
Downtown	13,411,124	1,469,836	11.0%	281,792	0	\$2.58
I-15 Corridor	14,042,893	1,508,551	10.7%	(447,372)	100,000	\$2.53
I-5 Corridor	15,128,473	2,228,438	14.7%	134,281	130,505	\$3.19
MCAS Miramar	31,618	0	0.0%	0	0	\$0.00
North Central County	327,412	19,163	5.9%	12,324	0	\$4.45
North San Diego	25,913,427	2,778,764	10.7%	501,620	412,697	\$2.89
<b>South Bay</b>	<b>10,929,979</b>	<b>547,728</b>	<b>5.0%</b>	<b>141,621</b>	<b>0</b>	<b>\$2.23</b>
SR-78 Corridor	5,168,345	568,149	11.0%	62,312	71,800	\$1.98
<b>TOTAL:</b>	<b>114,225,798</b>	<b>10,909,170</b>	<b>9.6%</b>	<b>1,128,299</b>	<b>725,408</b>	<b>\$2.67</b>

Total Inventory

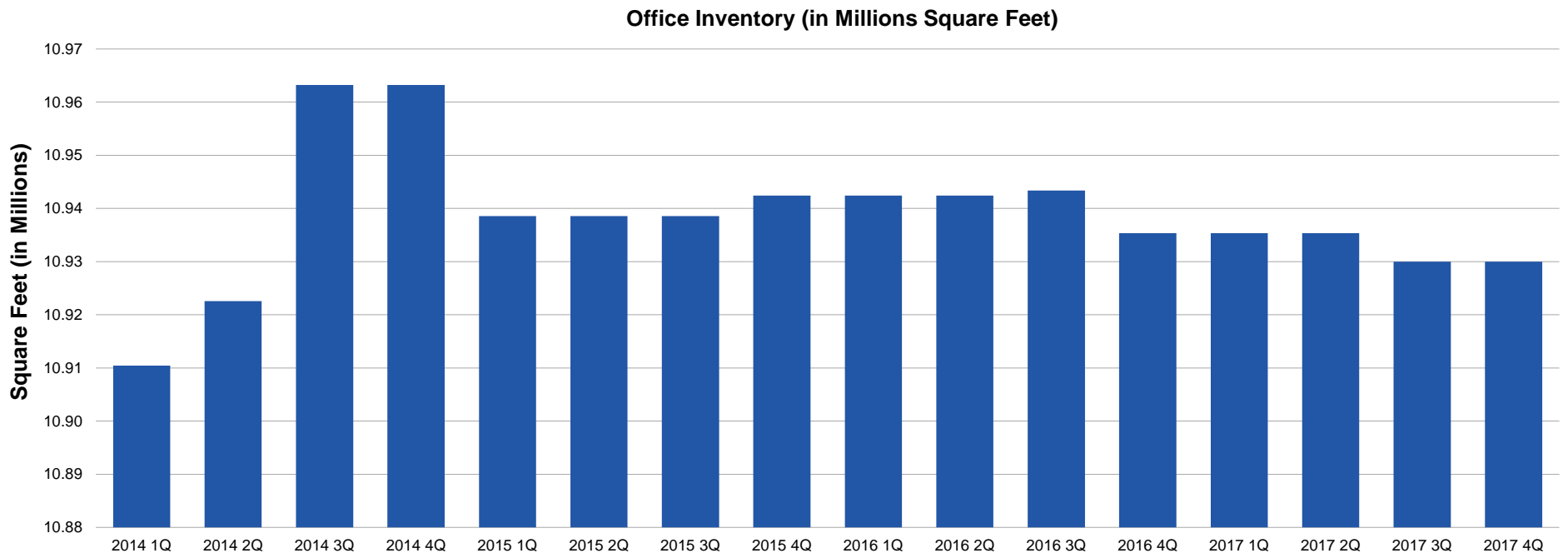


Source: CoStar



# South Bay Market Office Inventory Growth is Limited

Office inventory in the South Bay market has been at just over 10.9 million square feet for the past five years. During this time, there has been minimal increase in inventory in recent years and actually a *decrease* of inventory in 2016 and 2017 (likely due to teardowns of older product or office buildings repurposed for other uses).

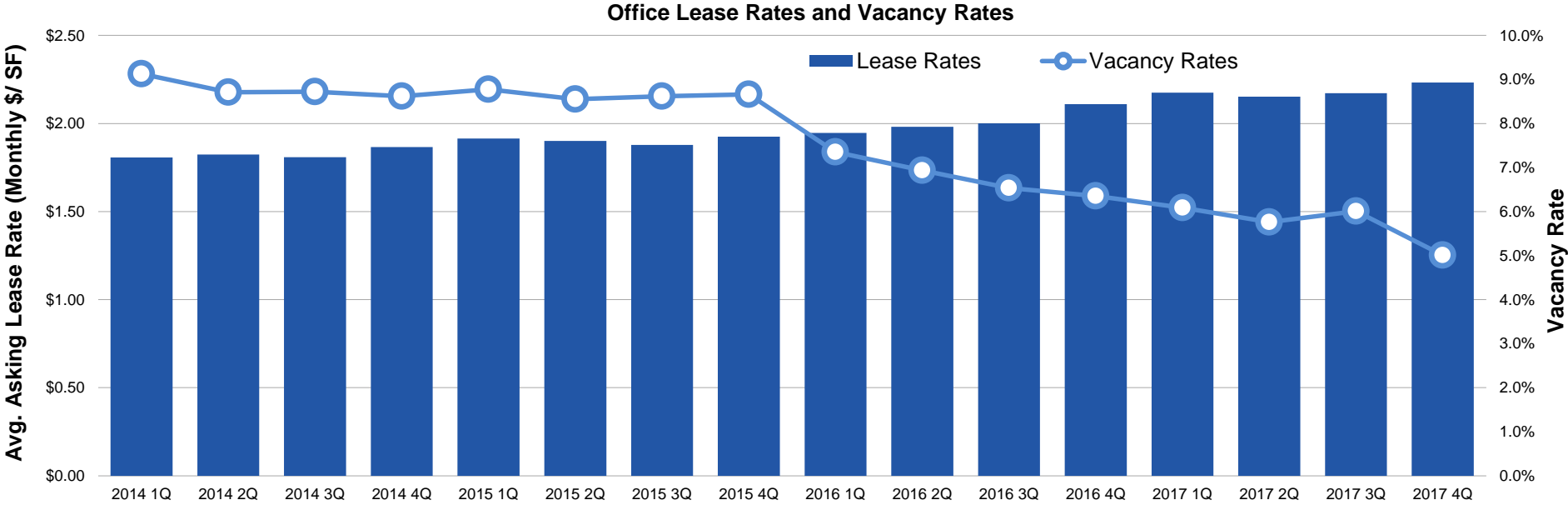


Inventory	2014 1Q	2014 2Q	2014 3Q	2014 4Q	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Total Inventory (SF)	10,910,456	10,922,550	10,963,234	10,963,234	10,938,568	10,938,568	10,938,568	10,942,420	10,942,420	10,942,420	10,943,379	10,935,379	10,935,379	10,935,379	10,929,979	10,929,979
Inventory Change	--	12,094	40,684	0	-24,666	0	0	3,852	0	0	959	-8,000	0	0	-5,400	0
% Change	--	0.1%	0.4%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%

Source: CoStar

# South Bay Market Lease Rates Increasing, Vacancy is Very Low

Office market trends are strong in the South Bay, as average office lease rates have increased in the most recent quarters, to a high of \$2.23 per square foot per month in Q4 2017. The vacancy rate has decreased from 9.1% in Q1 2014 to a low of 5.0% in late 2017, which is a very low office vacancy rate and indicates a supply constrained market.



Lease Rates	2014 1Q	2014 2Q	2014 3Q	2014 4Q	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Lease Rate (\$/ SF/ Mo.)	\$1.81	\$1.82	\$1.81	\$1.87	\$1.92	\$1.90	\$1.88	\$1.93	\$1.95	\$1.98	\$2.00	\$2.11	\$2.18	\$2.15	\$2.17	\$2.23
Lease Rate Change		\$0.02	(\$0.02)	\$0.06	\$0.05	(\$0.01)	(\$0.02)	\$0.05	\$0.02	\$0.03	\$0.02	\$0.11	\$0.07	(\$0.02)	\$0.02	\$0.06
% Change		0.9%	-0.9%	3.2%	2.6%	-0.7%	-1.2%	2.5%	1.1%	1.8%	1.0%	5.5%	3.1%	-1.1%	0.9%	2.8%

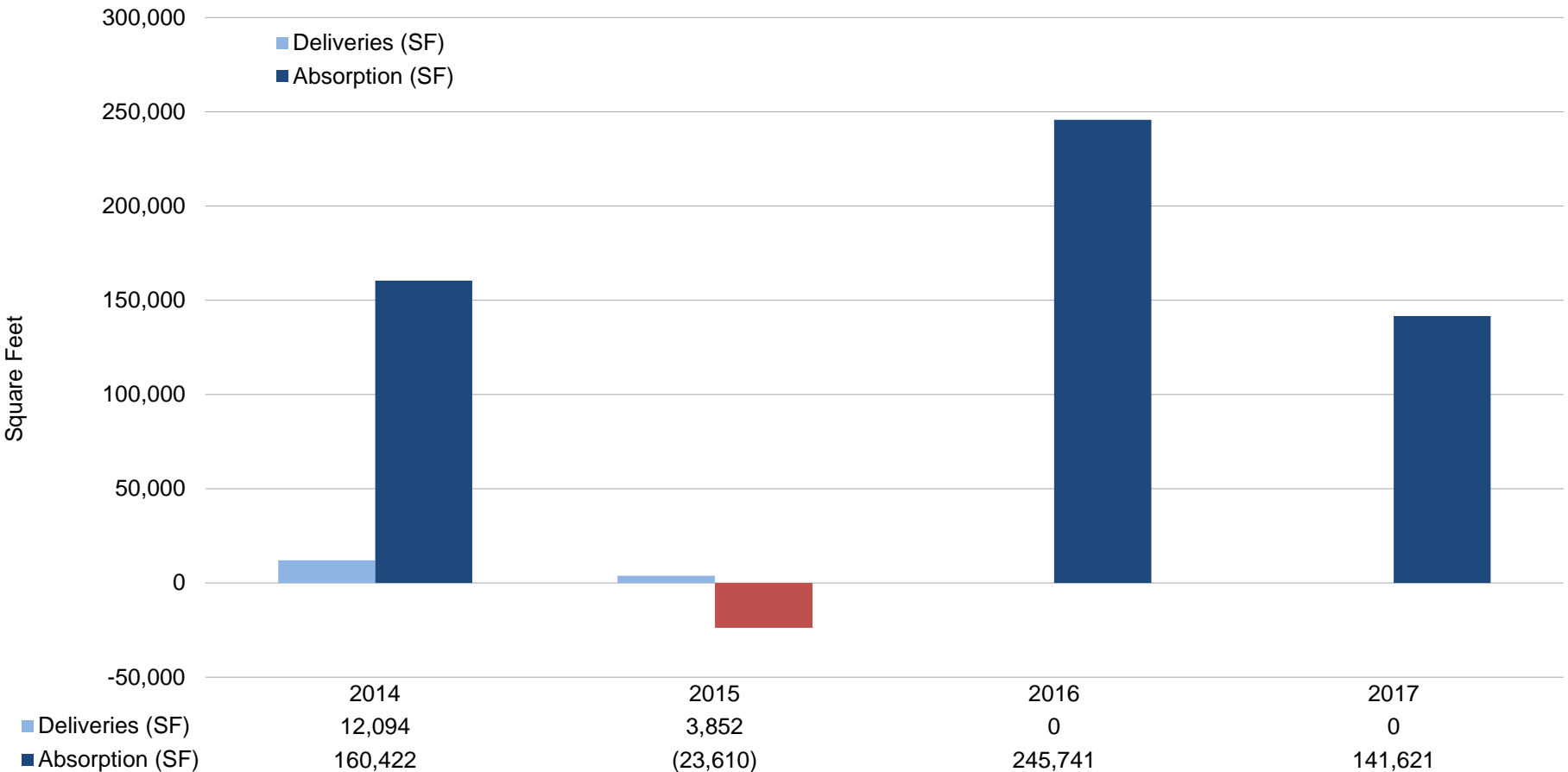
Vacancy Rates	2014 1Q	2014 2Q	2014 3Q	2014 4Q	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Vacancy Rate	9.1%	8.7%	8.7%	8.6%	8.8%	8.6%	8.6%	8.7%	7.4%	6.9%	6.5%	6.4%	6.1%	5.8%	6.0%	5.0%
Vac. Rate Change		-0.4%	0.0%	-0.1%	0.2%	-0.2%	0.1%	0.0%	-1.3%	-0.4%	-0.4%	-0.2%	-0.3%	-0.3%	0.3%	-1.0%
% Change		-4.6%	0.1%	-1.2%	1.9%	-2.6%	0.8%	0.5%	-15.1%	-5.7%	-5.7%	-2.8%	-4.1%	-5.5%	4.4%	-16.6%

Source: CoStar

# South Bay Market Completions Are Now Outpacing Absorption

Annual net absorption has fluctuated as compared to completions in recent years—2016 was particularly strong, with over 245,000 square feet absorbed versus no new deliveries (per CoStar data). This data indicates that leasing activity was predominantly existing space that was vacant. Last year (2017) has continued to deliver little to no new completions coupled with 141,000 square feet of positive net absorption.

OFFICE MARKET ABSORPTION VS. COMPLETED SPACE

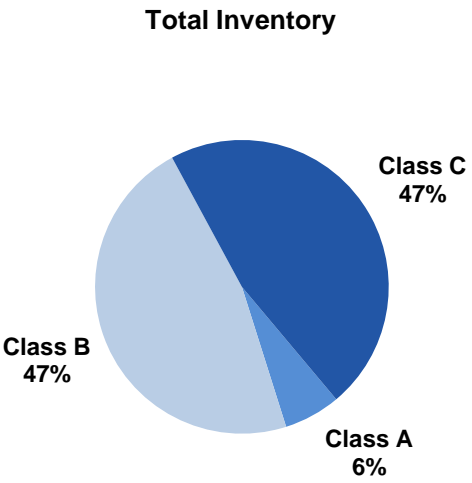


Source: Costar

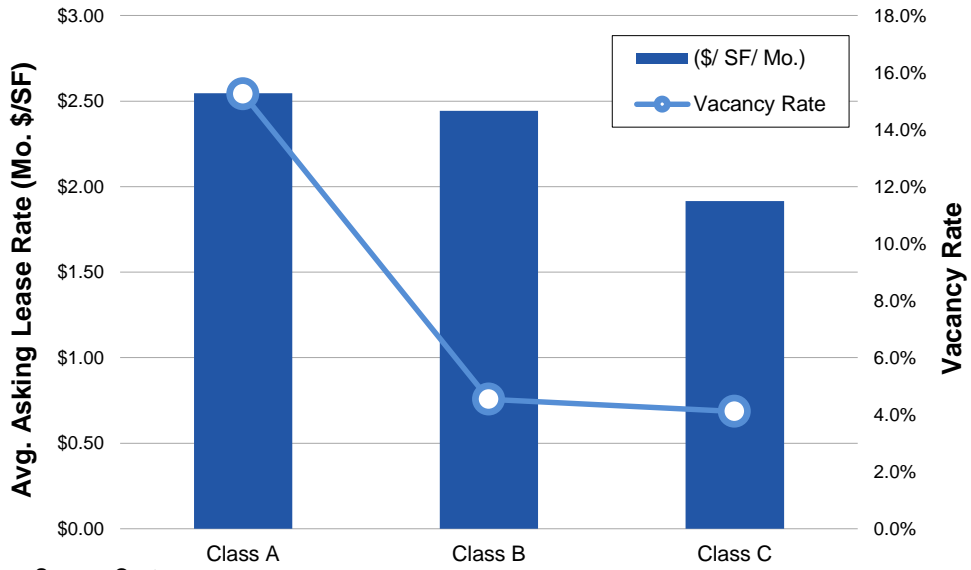
# South Bay Market Outlying Dominated by Class B and C Space

Only 6% of office space in the South Bay is regarded as Class A space, indicating an opportunity for additional Class A space in the market. Although the vacancy rate for Class A is relatively high at 15.2%, this equates to just over 100,000 square feet of vacancy space (which is non contiguous and is scattered among several smaller spaces). Further, absorption is positive at 34,000 square feet in 2017 and the vacant space is likely to continue to be absorbed in 2018. Given the unique project concept of Millenia (large floor plates in new, modern buildings with amenities), the current Class A space that is vacant in the South Bay is not a significant concern.

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
Class A	681,413	103,906	15.2%	34,279	0	0	\$2.55
Class B	5,136,180	233,274	4.5%	92,783	0	13,200	\$2.44
Class C	5,112,386	210,548	4.1%	14,559	0	0	\$1.92
<b>TOTAL:</b>	<b>10,929,979</b>	<b>547,728</b>	<b>5.0%</b>	<b>141,621</b>	<b>0</b>	<b>13,200</b>	<b>\$2.23</b>



Source: Costar



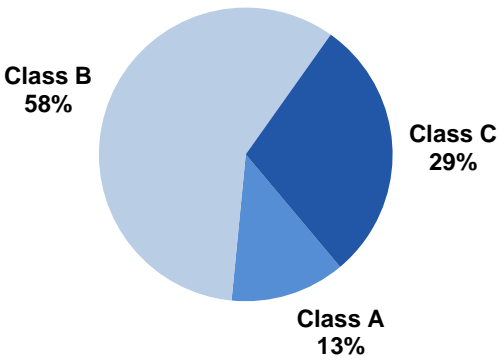
Source: Costar

# Chula Vista Submarket Is Primarily Class B and Class C Space

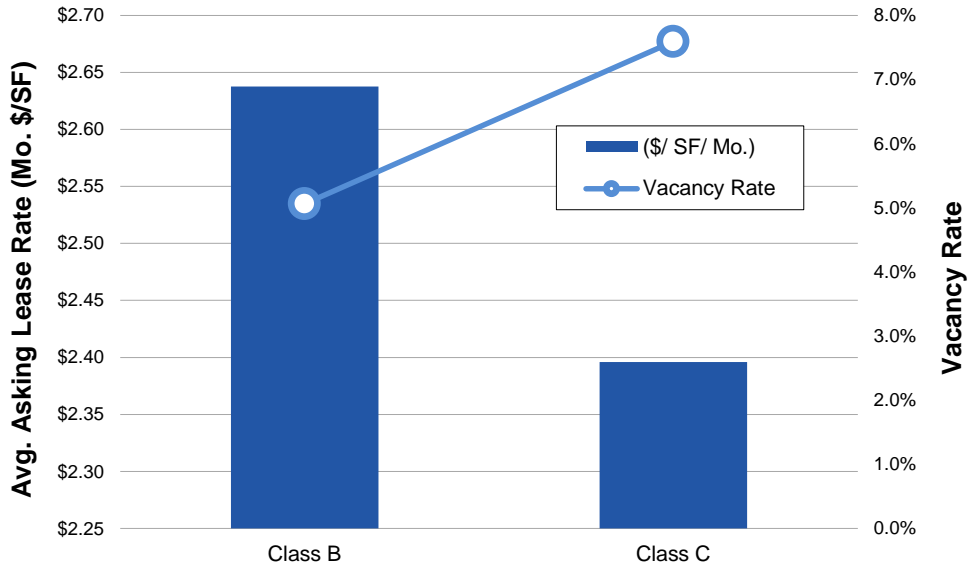
The Chula Vista office market is comprised of 13% Class A space. Although the vacancy rate for Class A is relatively high at 21.9%, this equates to just under 100,000 square feet of vacant space (which is non-contiguous and is scattered among several smaller spaces). Further, absorption is positive at 29,000 square feet in 2017 and the vacant space is likely to continue to be absorbed in 2018. Given the unique project concept of Millenia (large floor plates in new, modern buildings with amenities), the current Class A space that is vacant in Chula Vista is not a significant concern.

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
Class A	447,583	97,980	21.9%	29,165	0	0	\$2.55
Class B	2,061,032	104,323	5.1%	28,501	0	0	\$2.64
Class C	1,027,957	78,049	7.6%	1,795	0	0	\$2.40
<b>TOTAL:</b>	<b>3,536,572</b>	<b>280,352</b>	<b>7.9%</b>	<b>59,461</b>	<b>0</b>	<b>0</b>	<b>\$2.54</b>

Total Inventory



Source: Costar



Source: Costar

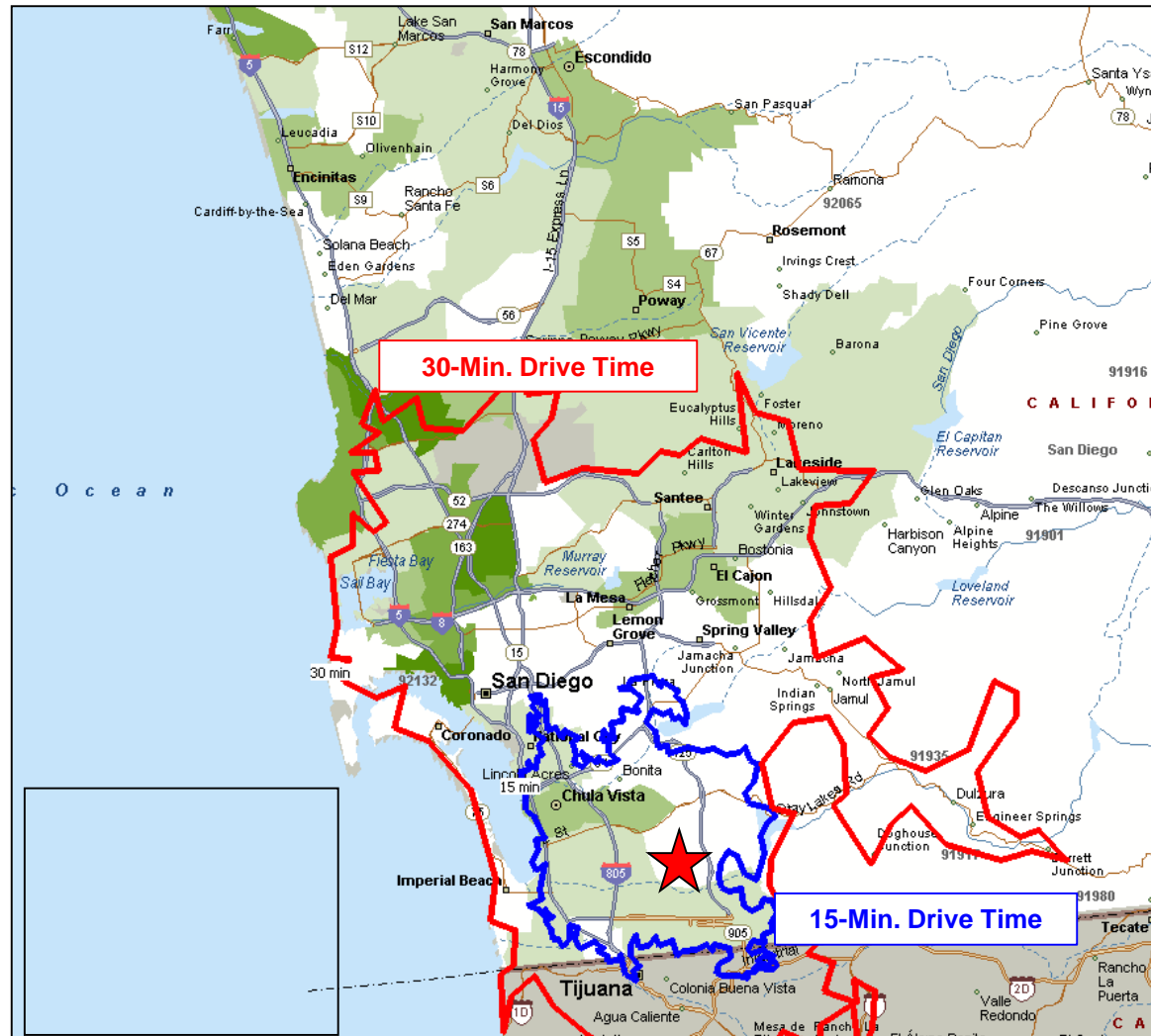
# Location Overview

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*Millenia Master Plan, Chula Vista, CA*

# Regional Location & Proximity to Employment

Millenia is located within a 30-minute commute to employment concentrations in South and Central San Diego County, including nearby job nodes in Otay Mesa, Chula Vista, Downtown San Diego County and Mission Valley/Kearny Mesa.

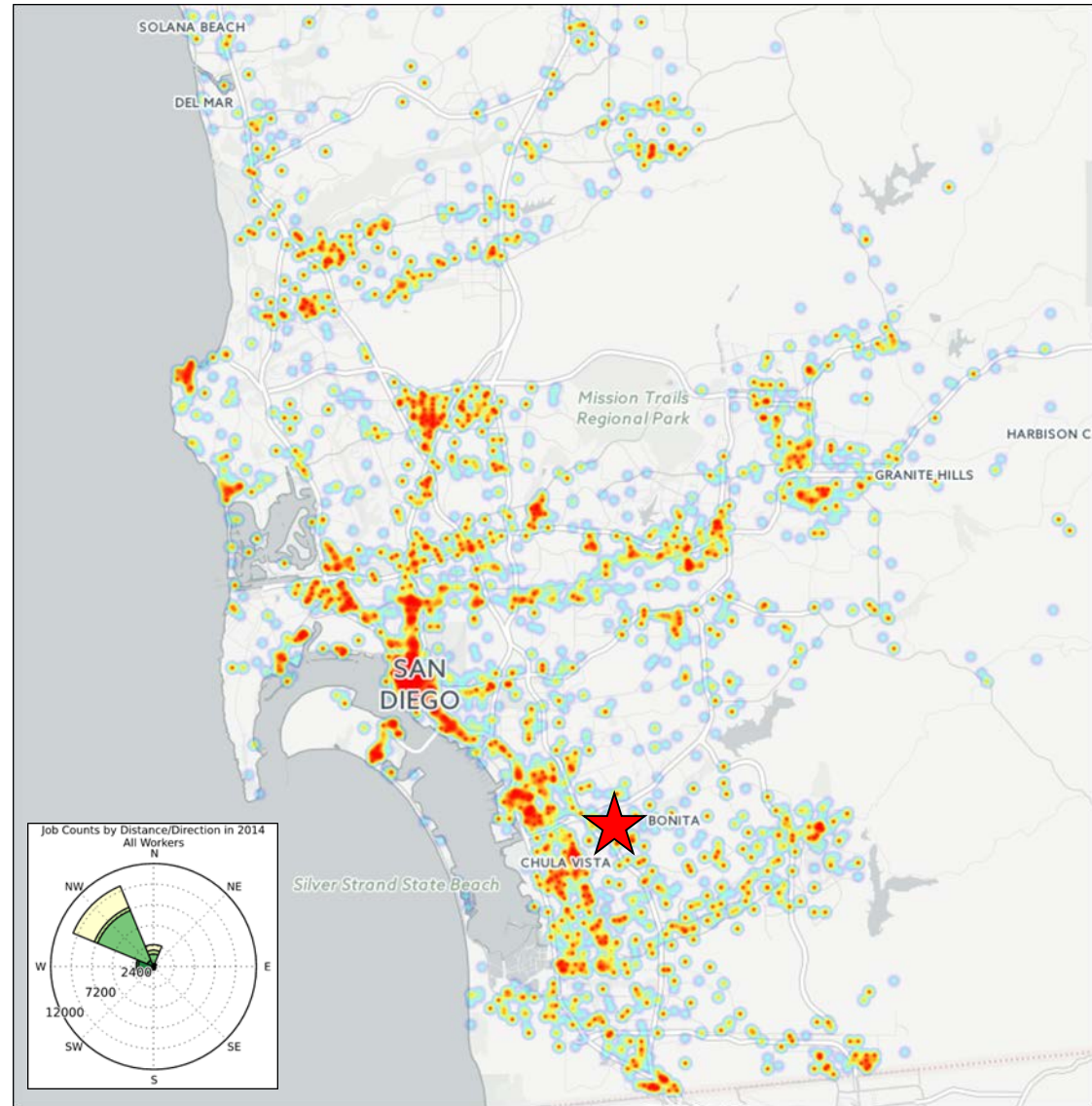


# Regional Location and Proximity to Employment

The map below illustrates the geographic concentration of residents in the 91913 zip code commuting to jobs, and the direction and destination of employment for these workers. There are roughly 17,100 employees in the 91913 zip code of Otay Ranch. Over 29% of these commute less than 10 miles to employment destinations such as Chula Vista, National City, La Mesa and El Cajon. A further 45% commute between 10 and 25 miles to work in San Diego. All employment destinations are located to the northeast of the Subject zip code 91913.

Jobs by Distance - Home Census Block to Work Census Block		
	2014	
	Count	Share
Total Primary Jobs	17,078	100.0%
Less than 10 miles	4,999	29.3%
10 to 24 miles	7,670	44.9%
25 to 50 miles	861	5.0%
Greater than 50 miles	3,548	20.8%

Jobs Counts by County Subdivision - Primary Jobs		
County Subdivision	Count	Share
San Diego city, CA	8,193	48.00%
Chula Vista city, CA	2,466	14.40%
National City city, CA	491	2.90%
Los Angeles city, CA	437	2.60%
La Mesa city, CA	319	1.90%
El Cajon city, CA	295	1.70%
Poway city, CA	176	1.00%
Coronado city, CA	159	0.90%
Escondido city, CA	132	0.80%
Santee city, CA	126	0.70%





# Aerial Location Map of Services and Neighborhood Amenities

The first phase of Millenia is currently under construction, and homes at three neighborhoods (Evo, Trio and Metro) have recently been released for sale. Development of Improvement Area No. 1 is also started with active projects by Shea and KB Home and a planned project by CalAtlantic/Lennar.



EVO: Two- and three story townhomes/flats.



METRO: Two-story townhomes

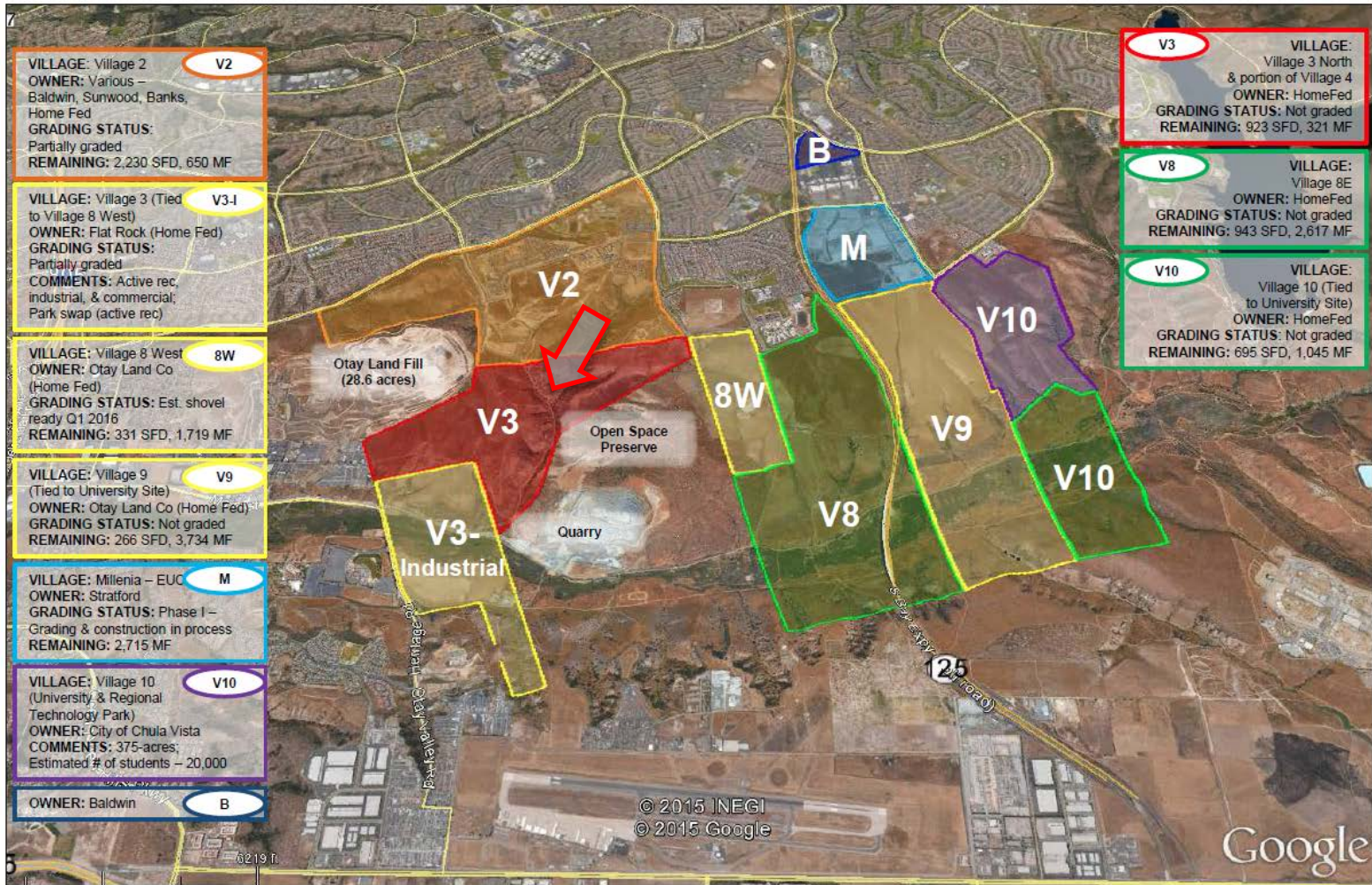


TRIO: Two-story garden homes



# Location of Otay Ranch Village 3 North in Otay Ranch

The actively selling projects at Otay Ranch are located in Village 2, and in the Eastlake area near the Olympic Training Center. Over the next few years, development will shift south, with further development in planned Otay Ranch Villages east and west of V3, in Villages 3,8,9 and 10.



# School District Rankings

The Millenia property will be served by Chula Vista Elementary and Sweetwater Union High School Districts, which both rank higher than the California State average (Chula Vista Elementary School District ranks in the top third of school districts in San Diego County). There are also charter, private and parochial school options nearby, including Mater Dei Catholic High School and a High Tech Elementary/High School charter school.

ACADEMIC PERFORMANCE INDEX BY SCHOOL DISTRICT SAN DIEGO COUNTY			
School District	2013 Growth API	School District	2013 Growth API
Rancho Santa Fe Elementary	958	Julian Union Elementary	814
Del Mar Union Elementary	955	Cajon Valley Union	812
Solana Beach Elementary	938	San Diego Unified	809
Cardiff Elementary	917	Lakeside Union Elementary	807
Encinitas Union Elementary	914	San Ysidro Elementary	802
Coronado Unified	897	National Elementary	792
San Dieguito Union High	897	Sweetwater Union High	792
Poway Unified	894	STATE OF CA	790
Bonsall Union Elementary	890	Vista Unified	788
San Pasqual Union Elementary	882	Lemon Grove	787
Spencer Valley Elementary	881	Oceanside Unified	787
Carlsbad Unified	876	SBC - High Tech High	786
San Marcos Unified	870	Julian Union High	785
Chula Vista Elementary	863	Grossmont Union High	769
Vallecitos Elementary	863	South Bay Union Elementary	766
Santee Elementary	862	Escondido Union Elementary	758
Alpine Union Elementary	848	Escondido Union High	745
Jamul-Dulzura Union Elementary	843	Fallbrook Union High	744
Fallbrook Union Elementary	836	Dehesa Elementary	736
La Mesa-Spring Valley	828	Borrego Springs Unified	730
Valley Center-Pauma Unified	819	Warner Unified	728
Ramona City Unified	816	Mountain Empire Unified	722

Source: California Department of Education

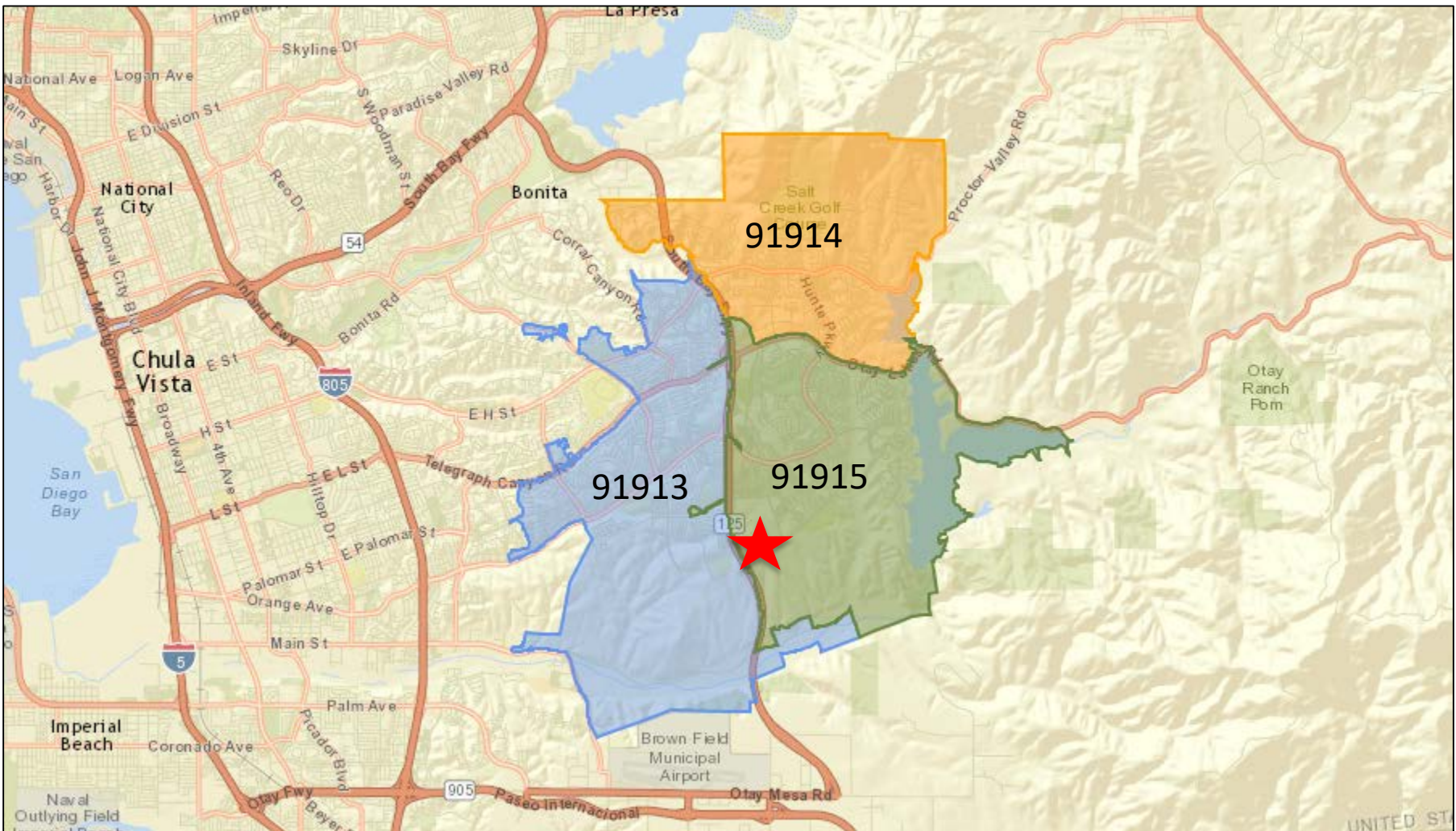
# Economic and Demographic Overview

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*Millenia Master Plan, Chula Vista, CA*

# Submarket Map

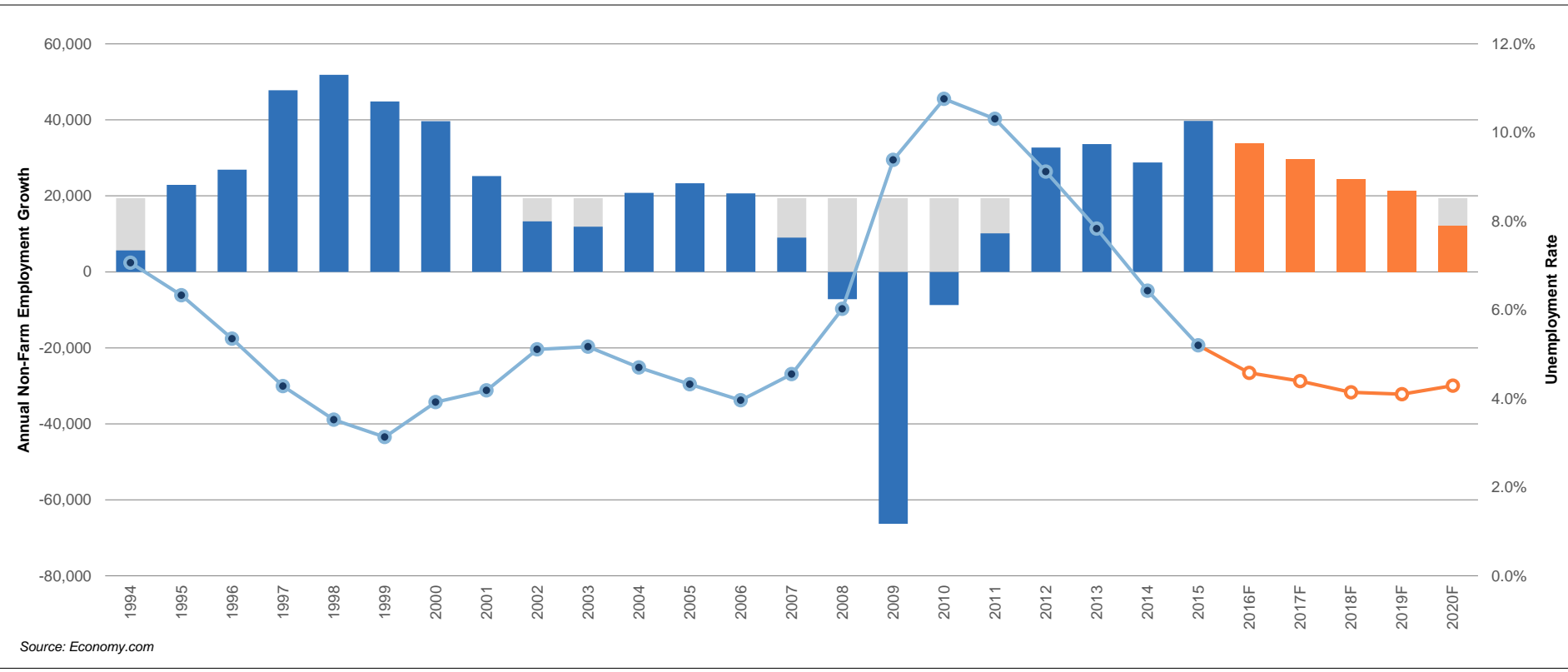
Economic and demographic trends were analyzed and compared in San Diego County as a whole, South County, 91913, 91914 and the Subject Zip code of 91915.



# Annual Job Growth and Unemployment Rate in San Diego County

San Diego County has sustained regional job gains of 20,000 to 30,000 new jobs per year, and this growth is projected to continue into 2017. Economy.com projects that unemployment will remain steady at levels below 5%.

Employment History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F	2019F	2020F
Non-Farm Employment	1,314,770	1,323,790	1,316,600	1,250,330	1,241,620	1,251,780	1,284,470	1,318,100	1,346,920	1,386,670	1,420,480	1,450,280	1,474,660	1,496,070	1,508,110
Prior Year Change	20,630	9,020	(7,190)	(66,270)	(8,710)	10,160	32,690	33,630	28,820	39,750	33,810	29,800	24,380	21,410	12,040
Annual % Change	1.6%	0.7%	-0.5%	-5.0%	-0.7%	0.8%	2.6%	2.6%	2.2%	3.0%	2.4%	2.1%	1.7%	1.5%	0.8%
Unemployment Rate	4.0%	4.6%	6.0%	9.4%	10.8%	10.3%	9.1%	7.8%	6.4%	5.2%	4.6%	4.4%	4.1%	4.1%	4.3%

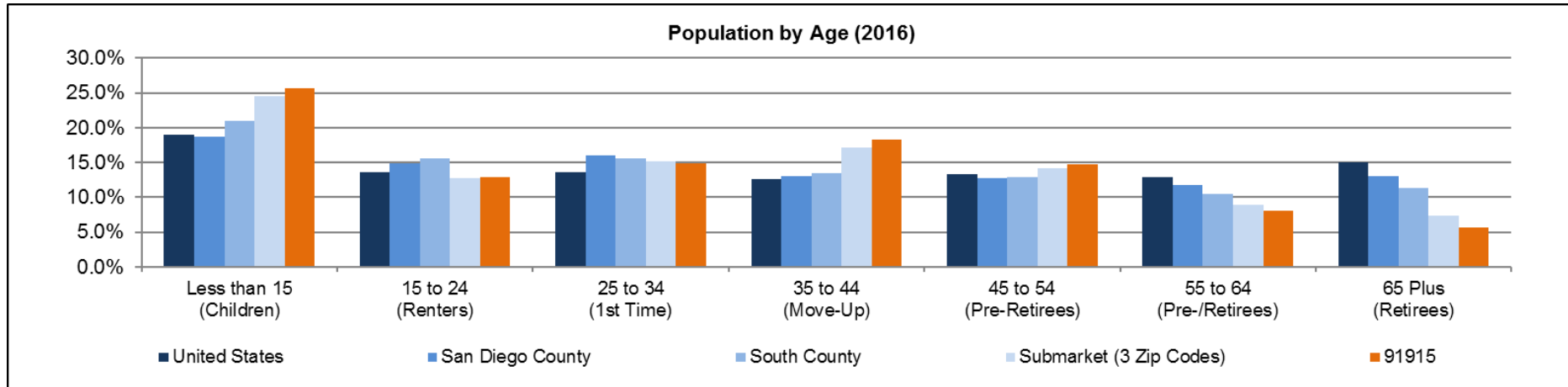


Source: Economy.com

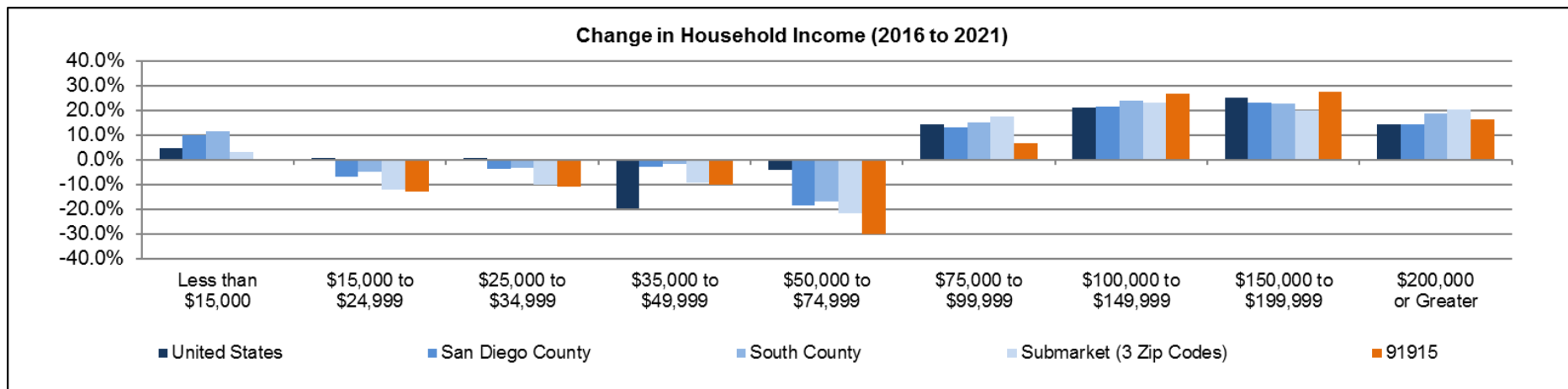
# Population by Age

While households in the Less than 15 (Children) and 35 to 44 year categories are dominant and growing steadily in the 91915 zip codes and in the submarket (3 Zip Codes). The biggest change in household income for the 91915 zip code will be in the \$150,000 to \$199,999.

## Current Population Age Distribution

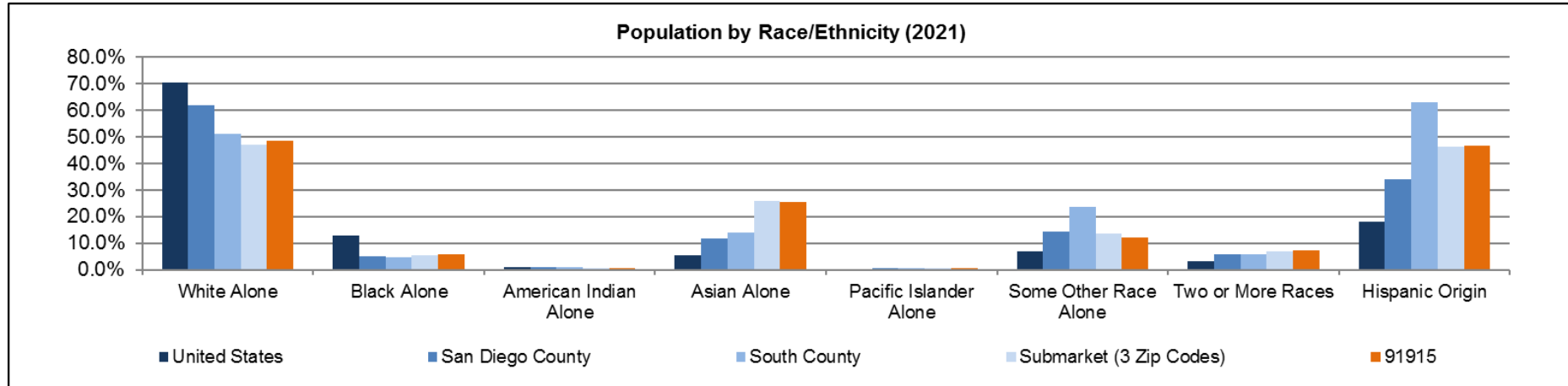


## Growth By HH Income Group Over the Next 5 Years



# Population Race/Ethnicity

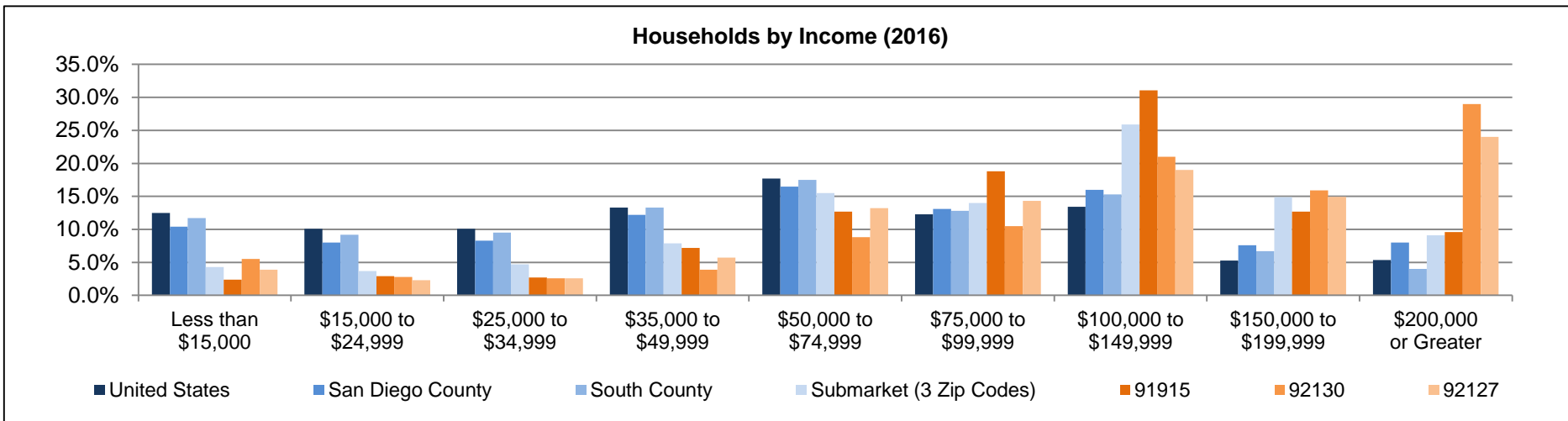
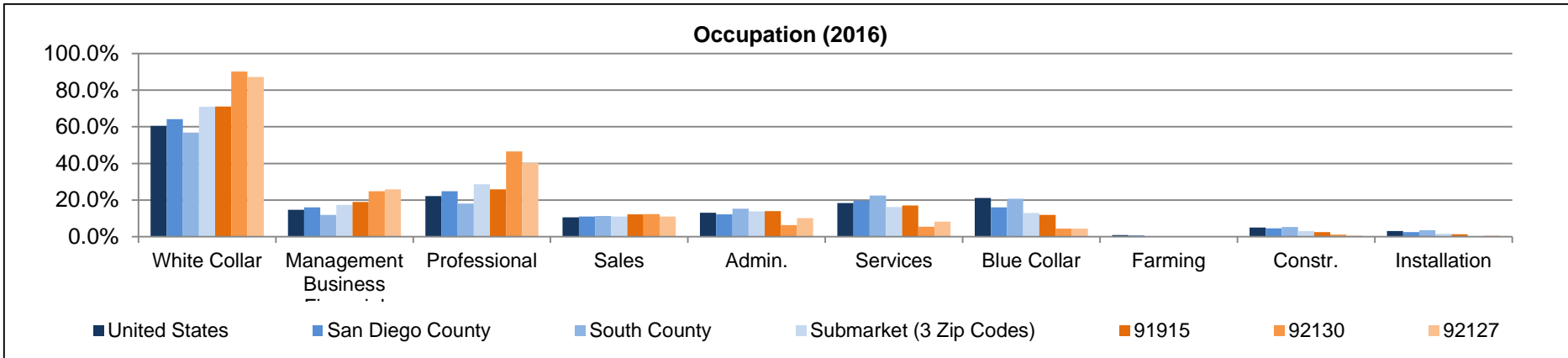
For the Subject Zip Code (91915), the population is more diverse than in the overall County, with higher percentages of Asian (Filipino) and Hispanic households.





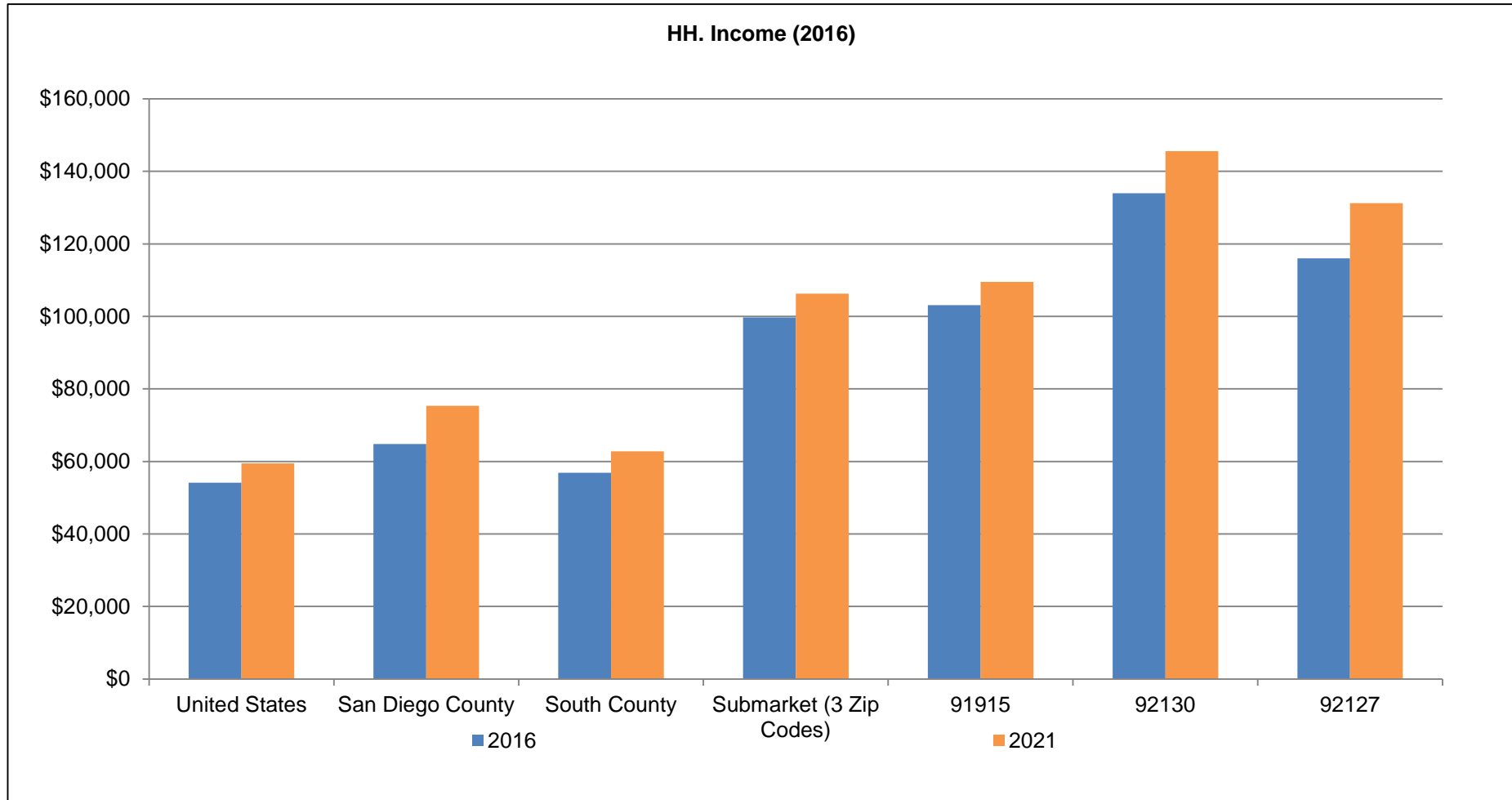
# Household Occupation Detail

Household occupations in the Subject Zip Code (91915) are predominantly White Collar, Management and Professional in nature, similar to other affluent nodes of new home building in San Diego County. The dominant household income category in the Subject zip code is \$100,000 to \$149,999 (incomes over \$200,000 are more prevalent in North County areas like Carmel Valley and Del Sur/4S Ranch).



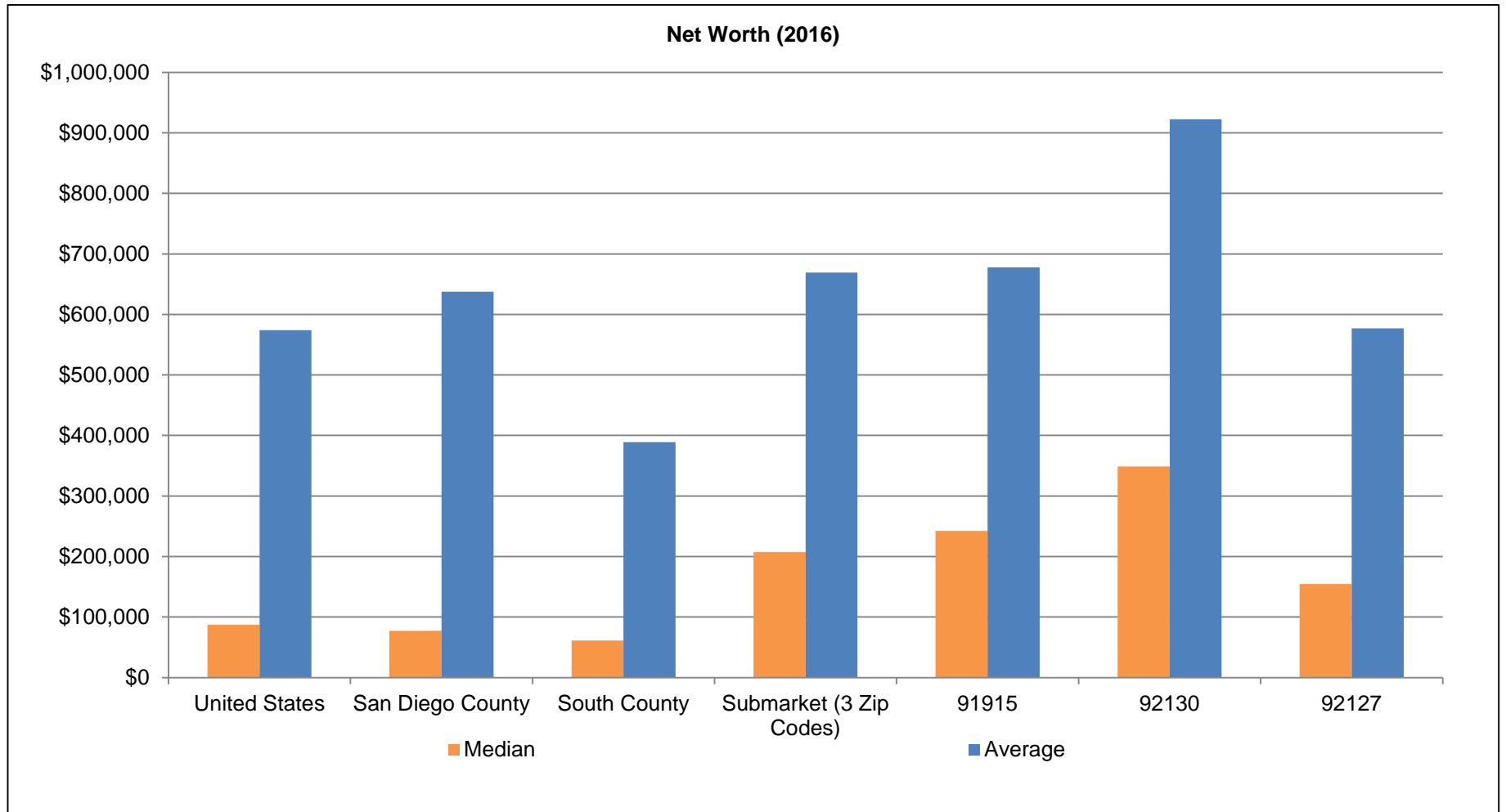
# Household Income

The 92130 zip code has higher household income's in 2016 than that of the Subject's zip code. The Subject zip code household income is projected to increase by around 6,400 by 2020.



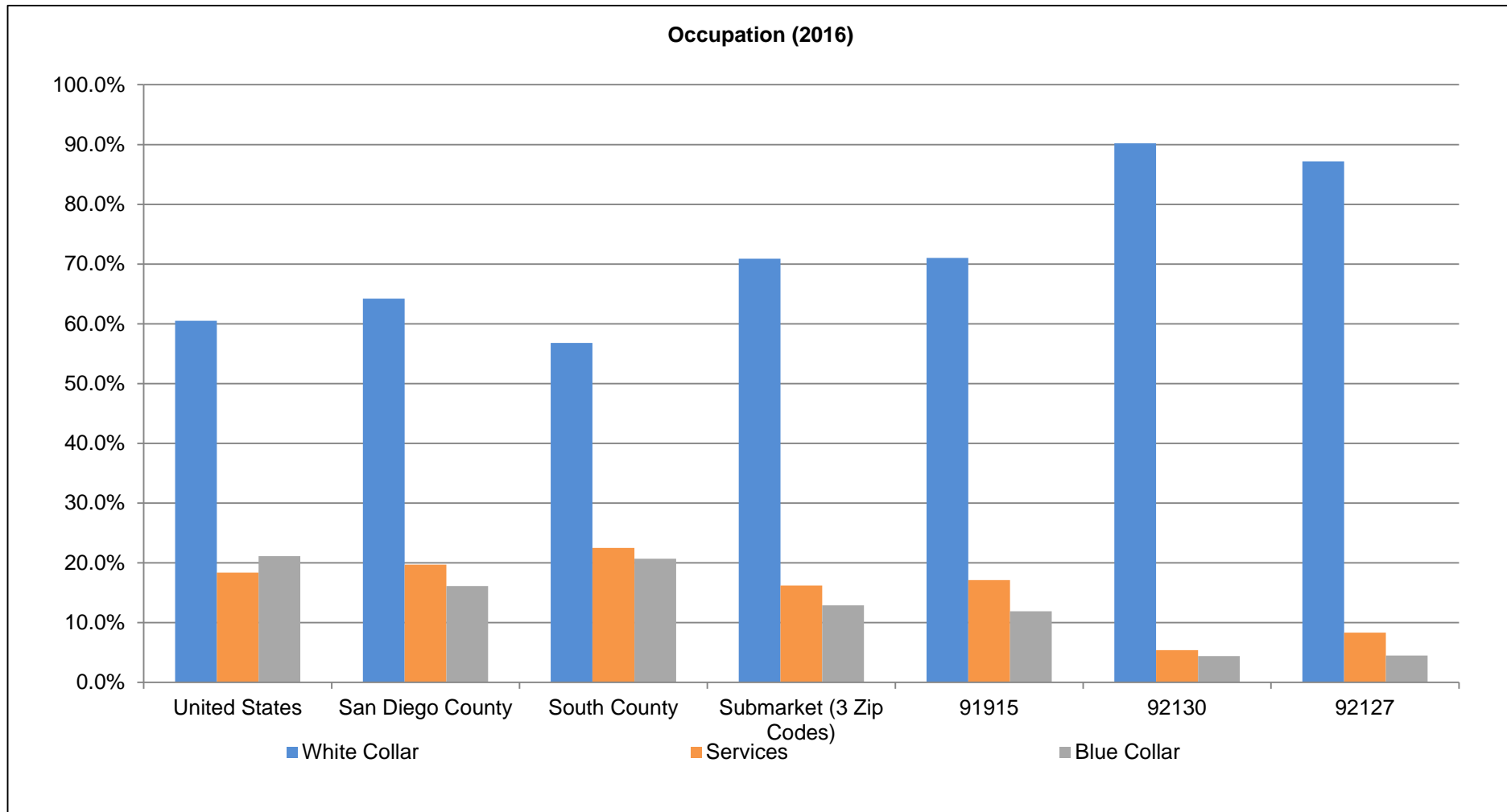
# Household Net Worth

The median household net worth in the Subject zip code of 91915 is significantly higher than that of the San Diego County at \$242,400.



# Household Occupation

Household occupations in the Subject Zip Code (91915) are predominantly White Collar and Services in nature, similar to other affluent nodes of new home building in San Diego County.



# Psychographic Tapestry Characteristics: South County

The psychographic profiles for South County as a whole were analyzed to determine the dominant psychographic Clusters and Lifestyle groups present in this area, and the buyer profile characteristics. The three most prevalent groups are married couples in their early thirties with younger kids and a preference for single family homes, in Lifestyle Groups such as Ethnic Enclaves, Next Wave, Affluent Estates and Upscale Avenues.

South County																			
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics					Locally Adjusted Characteristics							
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %	
1	7B: Urban Villages	Ethnic Enclaves	Married Couples	86	70%	Single Family	33.6	3.8	\$58,900	\$114,300	\$279,400	1.1%	29.7	4.9	\$61,873	\$80,406	\$564,239	19.8%	
2	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.5%	29.8	4.2	\$116,812	\$245,226	\$713,276	12.9%	
3	7F: Southwestern Families	Ethnic Enclaves	Married Couples	65	54%	Single Family	34.1	3.2	\$27,800	\$15,600	\$109,300	0.8%	30.2	4.1	\$29,203	\$10,974	\$220,728	9.3%	
4	13A: International Marketplace	Next Wave	Married Couples w/ Kids	89	28%	High Density Apts; Single	32.6	3.0	\$42,900	\$15,100	\$338,900	1.2%	28.8	4.0	\$45,065	\$10,622	\$684,398	8.2%	
5	2B: Pleasantville	Upscale Avenues	Married Couples	60	83%	Single Family	42.3	2.9	\$89,300	\$314,900	\$355,600	2.2%	37.4	3.7	\$93,807	\$221,520	\$718,123	7.2%	
6	13B: Las Casas	Next Wave	Married Couples	86	35%	Single Family; Multi-Unit F	28.0	4.1	\$37,200	\$14,500	\$242,000	0.7%	24.8	5.3	\$39,078	\$10,200	\$488,711	6.6%	
7	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.3%	27.6	4.1	\$71,117	\$80,195	\$406,317	6.2%	
8	11C: Metro Fusion	Midtown Singles	Singles	84	24%	Multi-Unit Rentals; Single	29.0	2.6	\$33,900	\$12,300	\$149,000	1.4%	25.6	3.4	\$35,611	\$8,653	\$300,901	3.8%	
9	8A: City Lights	Middle Ground	Married Couples	75	52%	Multi-Units; Single Family	39.0	2.6	\$63,600	\$77,100	\$369,600	1.5%	34.5	3.3	\$66,810	\$54,237	\$746,395	3.3%	
10	4A: Soccer Moms	Family Landscapes	Married Couples	49	85%	Single Family	36.8	3.0	\$88,600	\$272,200	\$259,400	2.8%	32.5	3.8	\$93,072	\$191,482	\$523,850	2.2%	

# Housing Market Overview

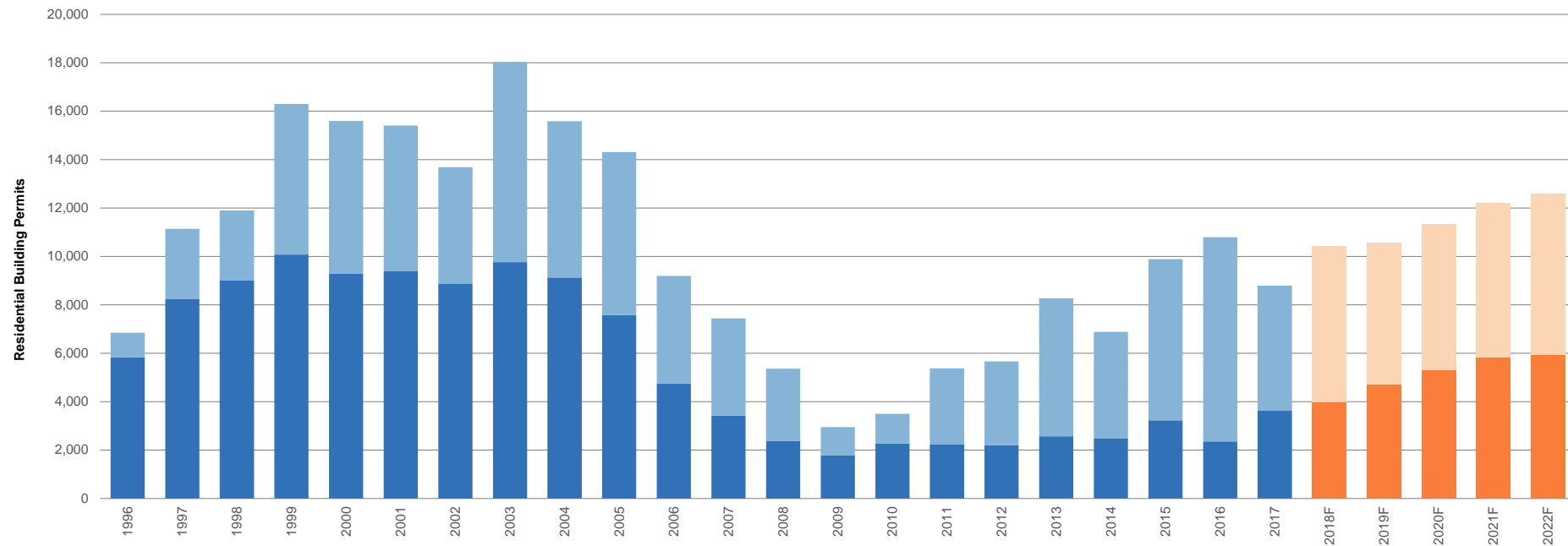
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*Millenia Master Plan, Chula Vista, CA*

# Residential Building Permits in San Diego County

Single-family permit issuance has averaged 2,475 units per year from 2010 to 2016. The projected total for 2017 is +/-8,800 units and multi-family permit counts are expected to drop with fewer new apartments getting started and an increase in single-family permit issuance. The downward trend of detached unit construction can only be reversed with new development of detached lots in places like South San Diego County where entitled land is available.

Residential Building Permit History & Forecasts	San Diego County, CA - Ten Year History										Economy.com Five-Year Forecast				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018F	2019F	2020F	2021F	2022F
Total Building Permits	5,357	2,946	3,494	5,370	5,666	8,264	6,875	9,883	10,791	8,791	10,417	10,553	11,332	12,186	12,576
Annual % Change	-27.9%	-45.0%	18.6%	53.7%	5.5%	45.9%	-16.8%	43.8%	9.2%	-18.5%	18.5%	1.3%	7.4%	7.5%	3.2%
SFD Building Permits	2,361	1,778	2,270	2,245	2,197	2,565	2,487	3,222	2,351	3,641	3,965	4,707	5,328	5,817	5,925
Annual % Change	-31.0%	-24.7%	27.7%	-1.1%	-2.1%	16.8%	-3.0%	29.6%	-27.0%	54.9%	8.9%	18.7%	13.2%	9.2%	1.8%
MF Building Permits	2,996	1,168	1,224	3,125	3,469	5,699	4,388	6,661	8,440	5,149	6,452	5,847	6,004	6,369	6,651
Annual % Change	-25.3%	-61.0%	4.8%	155.3%	11.0%	64.3%	-23.0%	51.8%	26.7%	-39.0%	25.3%	-9.4%	2.7%	6.1%	4.4%

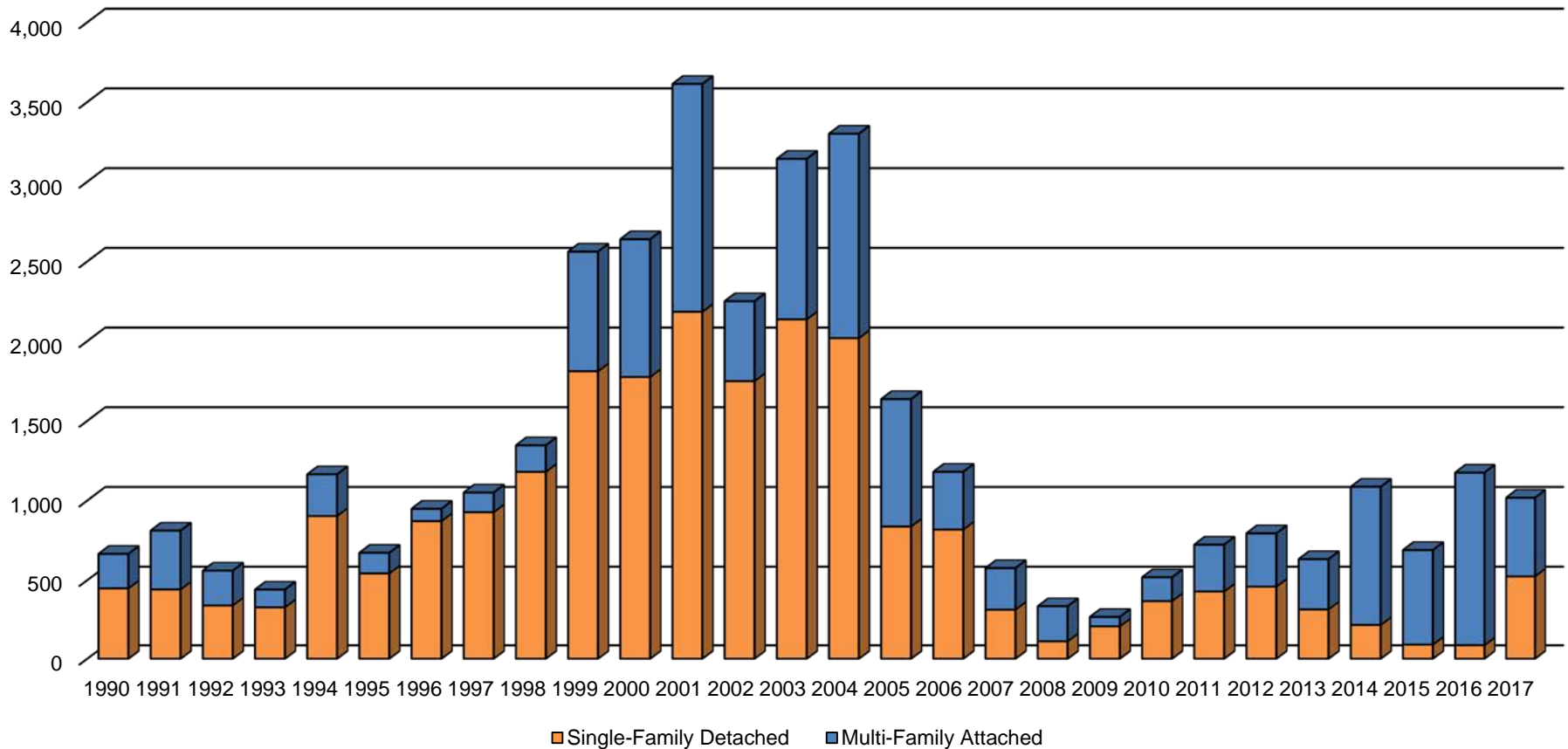


Source: Economy.com

# Residential Building Permits in the City of Chula Vista

Since 1990, there have been an average of 1,278 residential building permits issued in the City of Chula Vista each year. Beginning in 2007, this number typically fell well under 1,000 units per year. The projected number of single family building permits for 2017 is +/-1,017 units, which is increasing, but still below long-term averages. The big increase in 2017 was detached permits, which jumped up to 51% of total permits, or +/-524 units (vs. just 86 units in 2016).

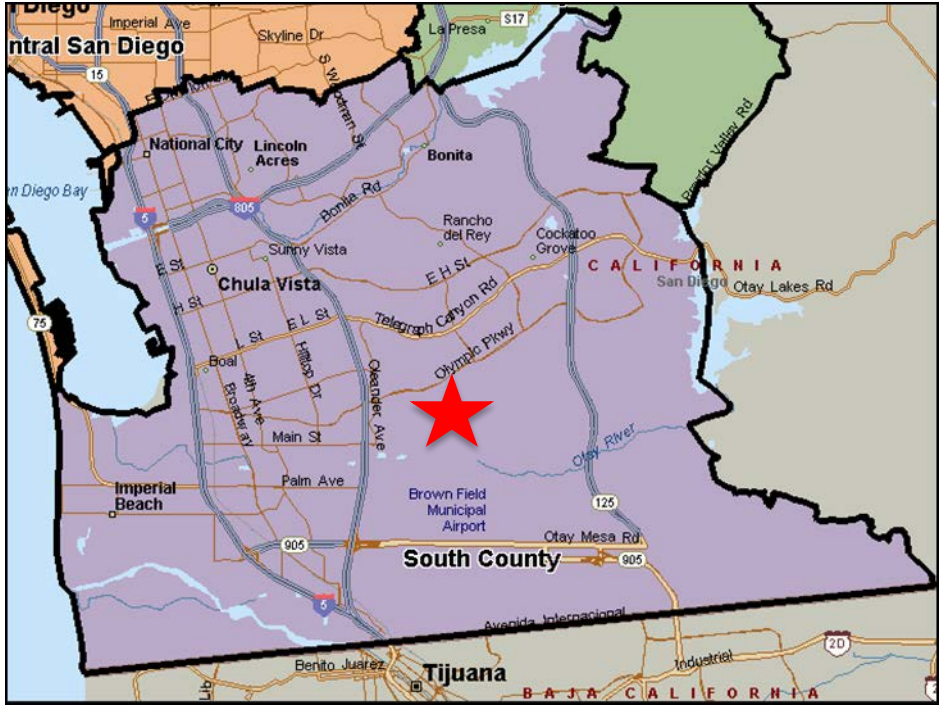
## Historical Residential Building Permits - Chula Vista, San Diego County, CA





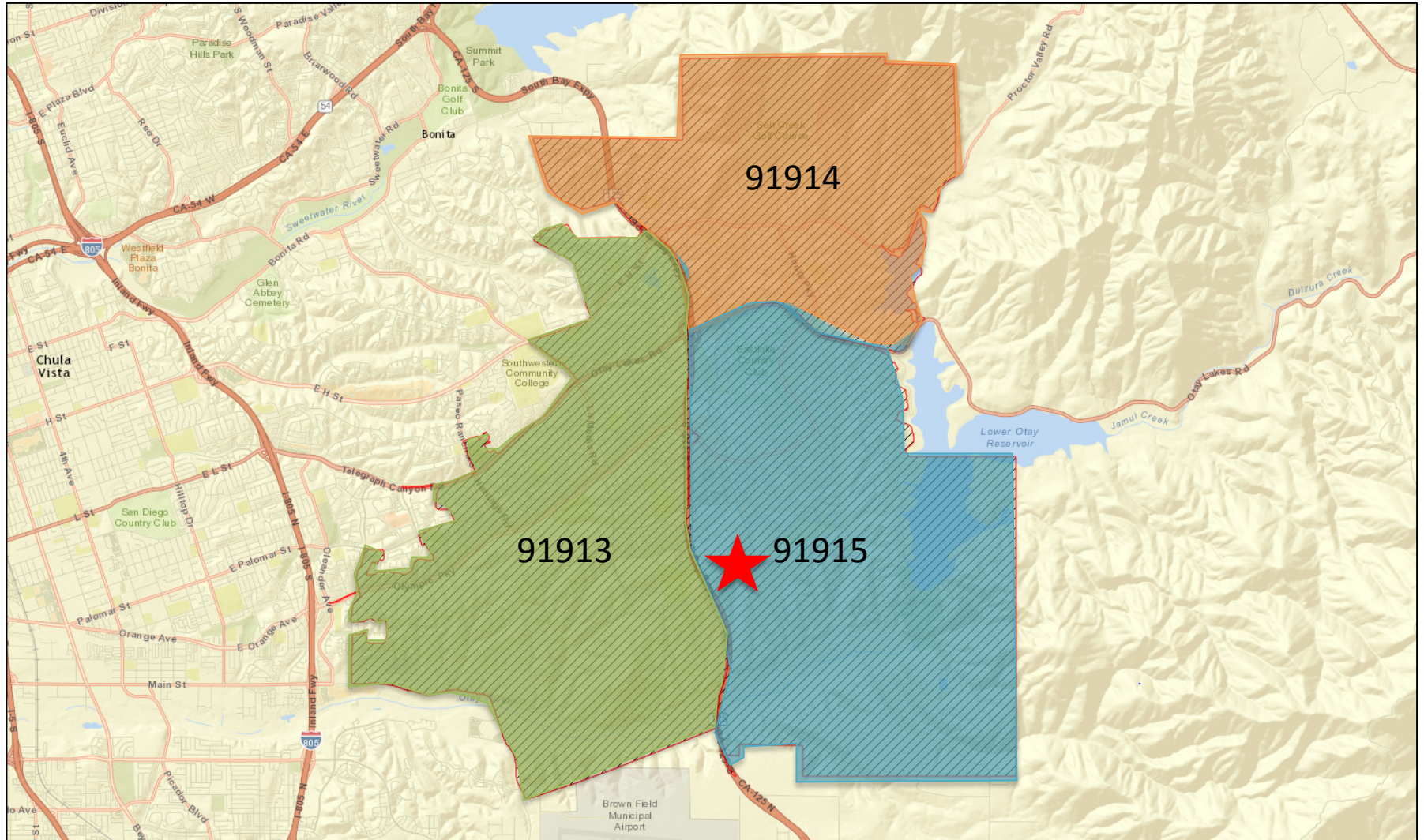
# South County Submarket

Single family detached and condominium resales were analyzed in the Subject zip code of 91913, and compared to resale values for homes and condominiums in San Diego County and the overall South County submarket.



# Zip Code Map

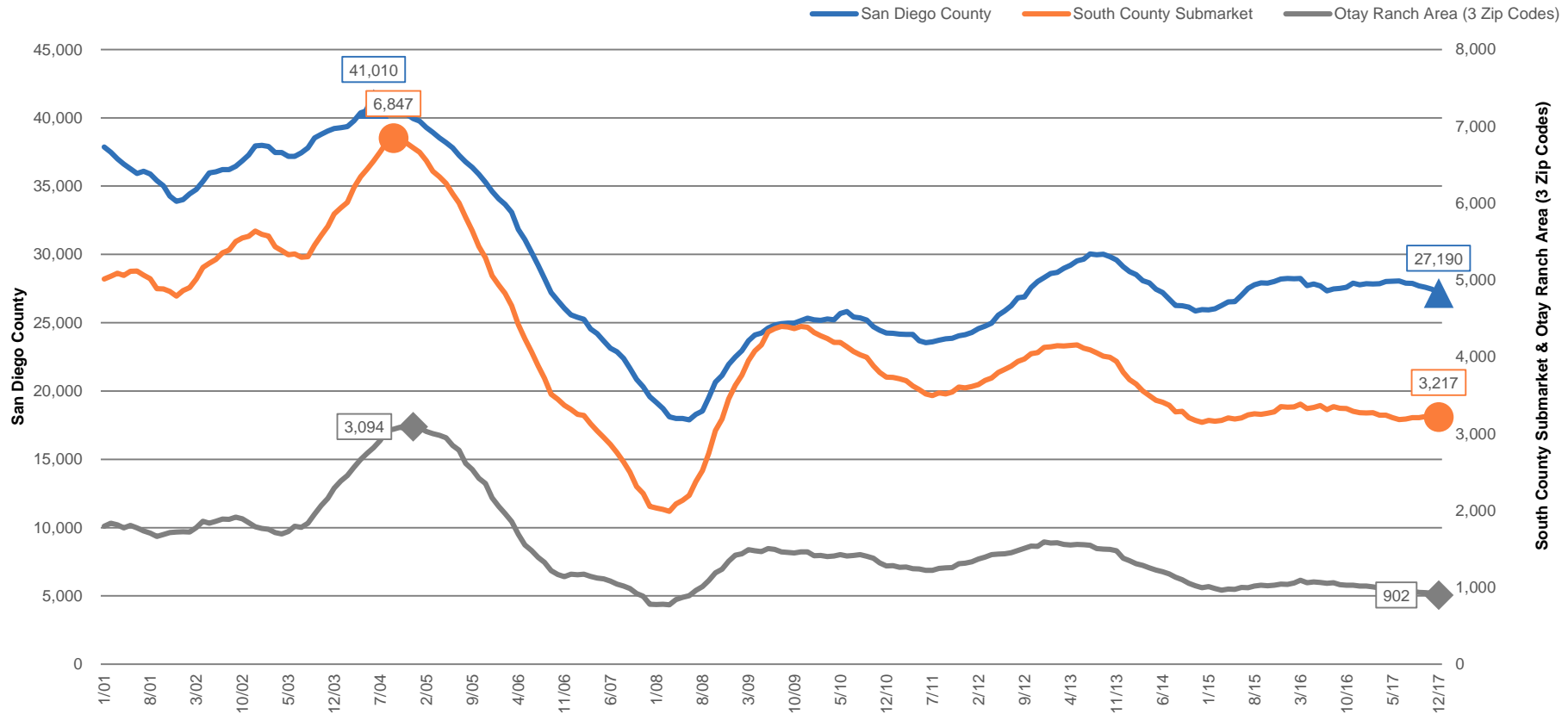
Single family detached and condominium resales were analyzed in the Subject zip code of 91915, and compared to resale values for homes and condominiums in San Diego County and the overall South County submarket.



# Existing SFD Home Sales Volume by Area

Single family home sales volume have been relatively stable in San Diego County over the past three years, but are still not at the pre-recession levels observable from 2003-2005. The 12-month average for the three Submarket zip codes indicates an annualized rate of +/-900 sales/year, which is down slightly since the same time last year (low inventory). Single family sales in the overall South San Diego County have been at 3,000 to 3,500 existing detached sales per year over the past three years.

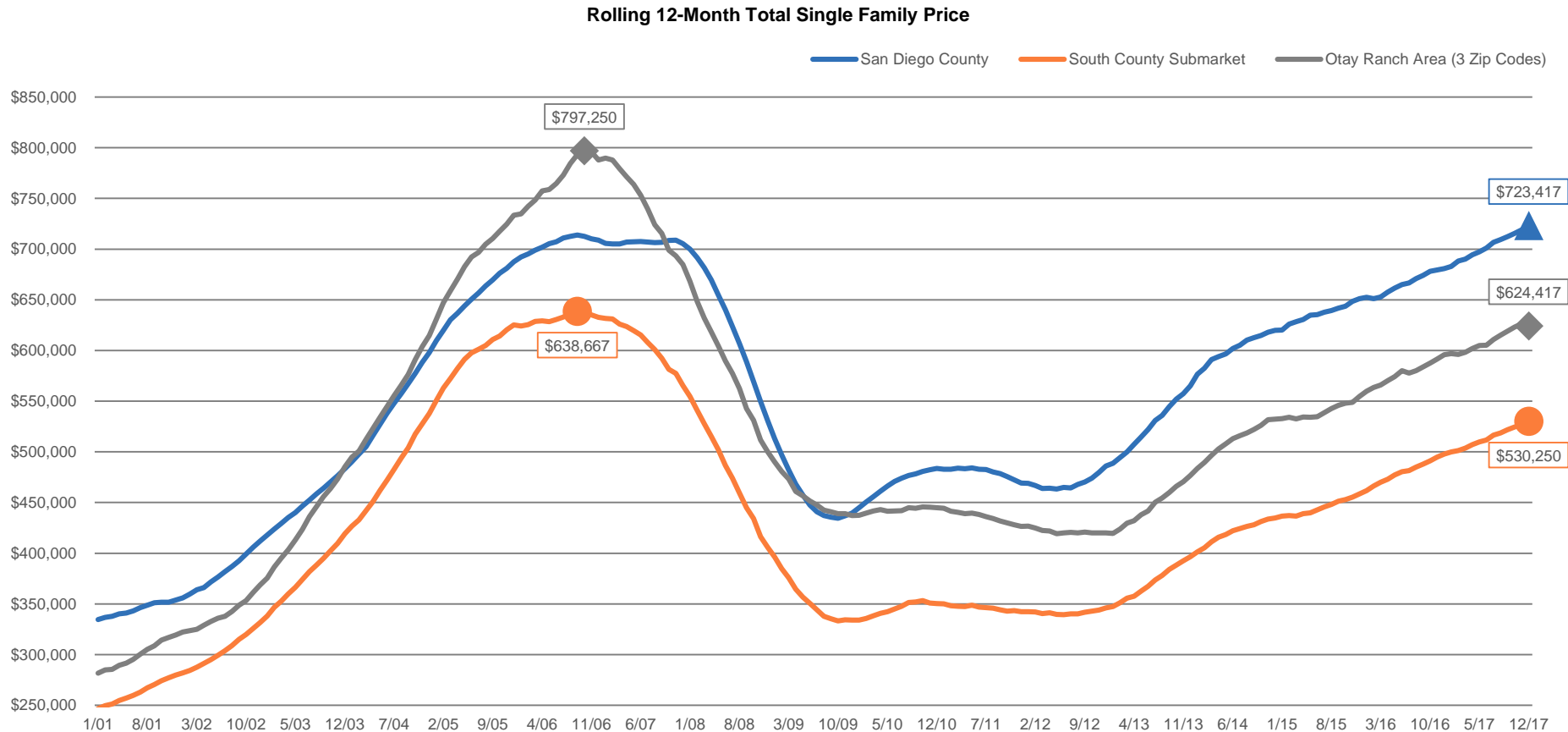
Rolling 12-Month Total Single Family Sales



Source: Collateral Analytics

# Existing SFD Home Sales Price Trends (Average Price)

Home prices have been on the rise across San Diego for the last four years and are approaching the peak prices achieved in 2006/2007. Prices in South County are following a similar trend, with a slightly slower recovery back to peak prices. The average price in the South County is up 6.4% in the last year and 21.8% in the past 3 years. The average single family sales price in the Submarket (three zip code) is up 4.6% from a year ago, and 17.2% in the past 3 years.

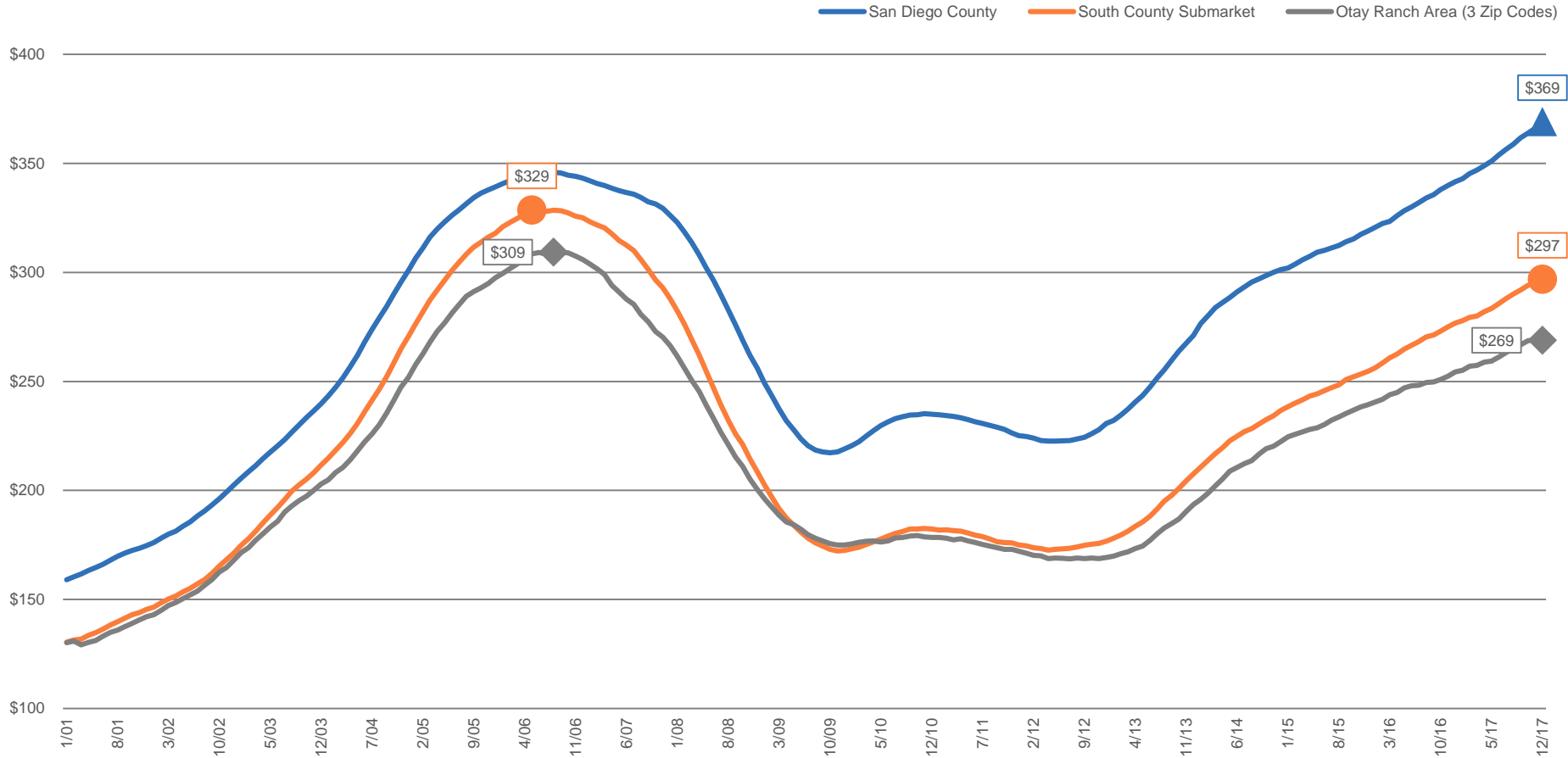


Source: Collateral Analytics

# Existing SFD Home Sales Price Trends (Price Per SF)

The detached price per square foot in South County and the Submarket (three zip codes) is on the rise, but is lower than the overall county. The price per square foot in the Submarket is at \$297 per square foot, up 7.2% in the past 12 months.

Rolling 12-Month Total Single Family Price per Square Foot

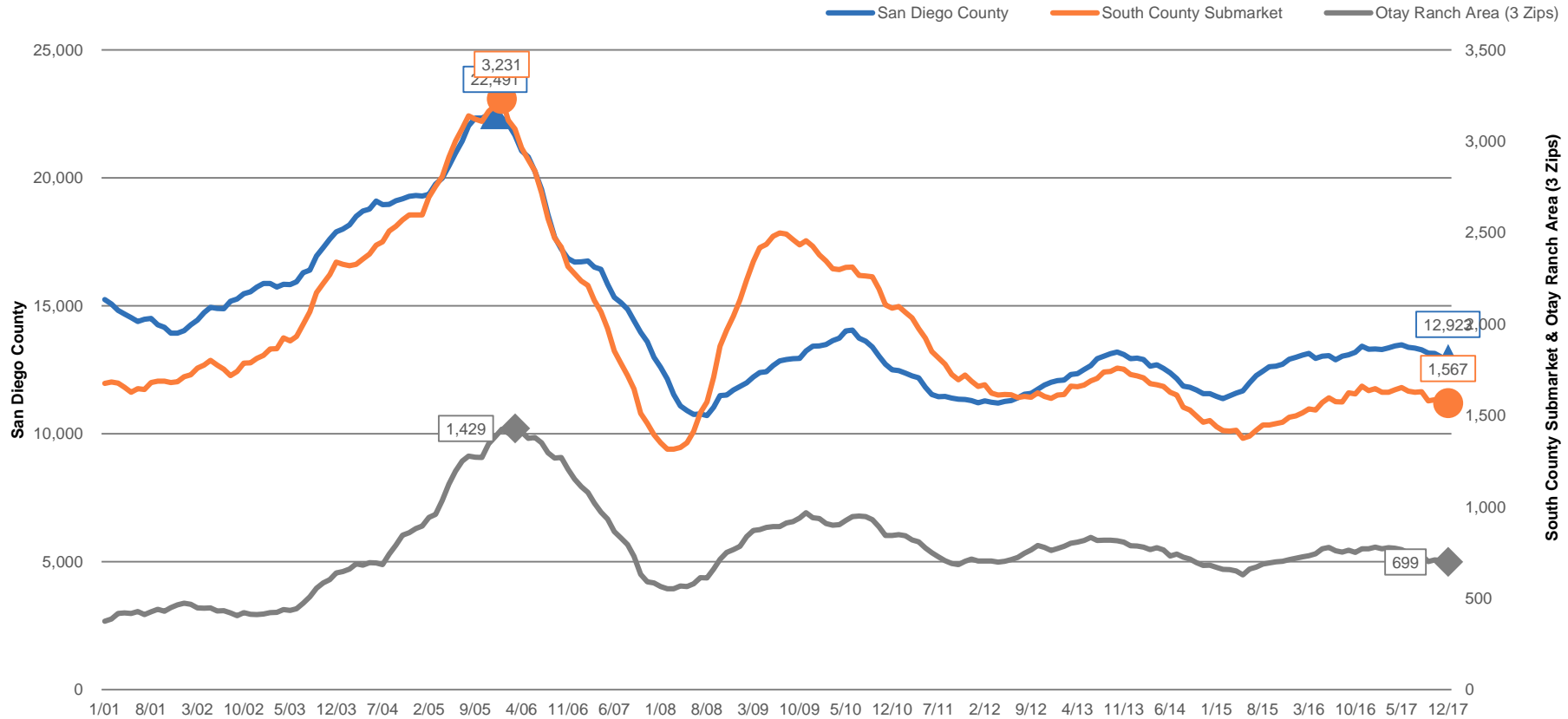


Source: Collateral Analytics

# Existing Condominium Sales Volume by Area

The lack of inventory of attached units is also constraining sales levels in South County. South County attached sales volume is running at about +/-1,567 units per year, a slight decrease from last year. The annualized sales volume in the Submarket (3 zip codes) is at +/-700 units/year.

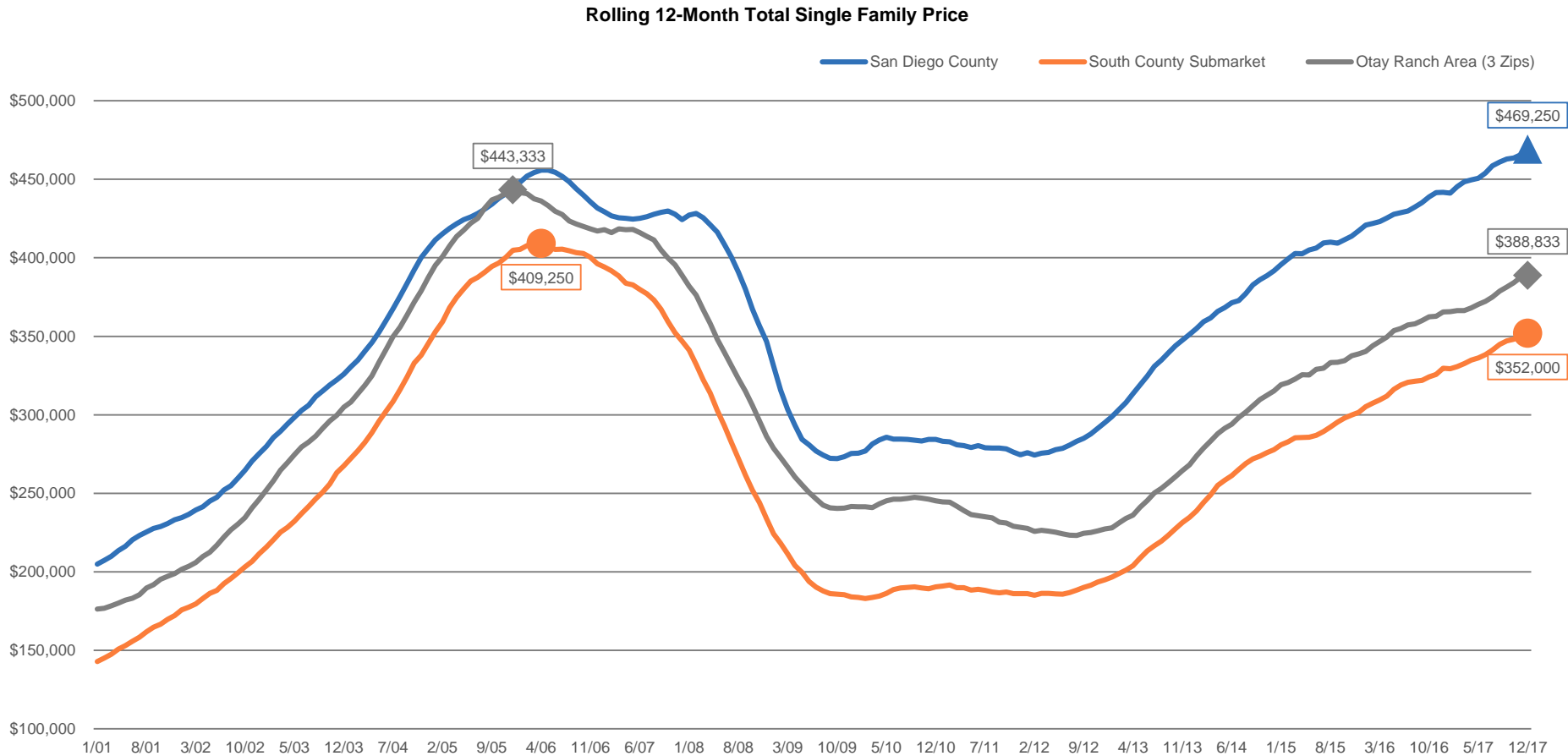
Rolling 12-Month Total Single Family Sales



Source: Collateral Analytics

# Existing Condominium Sales Price Trends (Average Price)

Attached home prices in San Diego County and the South County area are on the increase, but still below peak levels. Average condominium prices in South County and the Submarket (3 zip codes) are in the mid to upper \$300,000s, up from the mid \$100,000s to \$200,000s in the 2009-2011 timeframe.

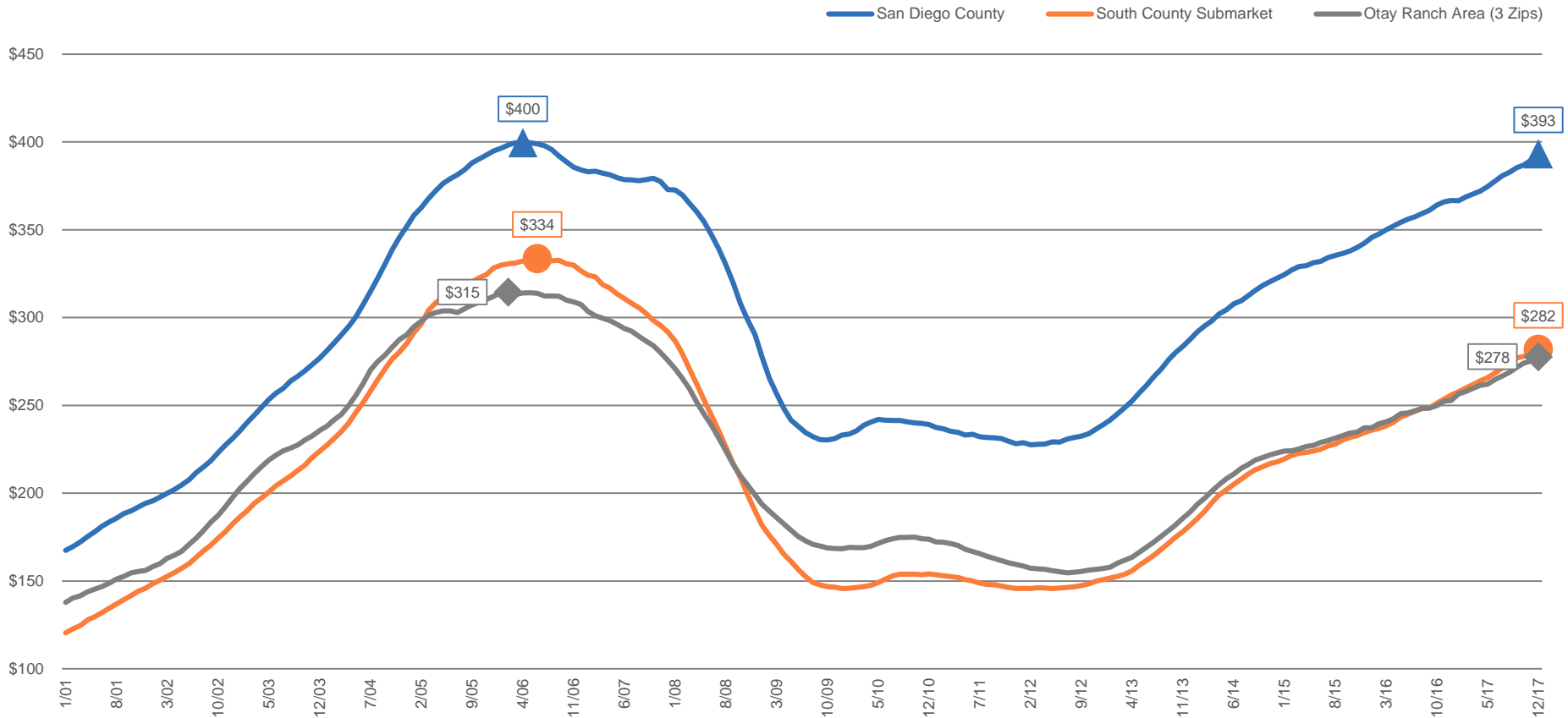


Source: Collateral Analytics

# Existing Condominium Sales Price Trends (Price Per SF)

The condominium price per square foot in South County and the Submarket (3 zip codes) is on the increase, but is lower than the overall County. Condominium prices in South County and the Submarket (3 zip codes) are in the \$280 per square foot range, up 25% from 3 years ago and up over 10% in the past year.

Rolling 12-Month Total Single Family Price per Square Foot



Source: Collateral Analytics



# South County Sales by Price Range

The table below shows the price distribution of existing detached sales in the South County submarket. Existing SFD sales are concentrated in the \$400,000 to \$700,000 price range, moving up from the \$300k to \$600k focus seen a year or two back.

Home Sales by Price Range (SFD): South County Submarket												
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
< \$150k	9	15	37	185	66	69	105	67	32	47	21	19
\$150 - \$199k	11	8	86	346	199	242	234	94	29	21	16	8
\$200 - \$299k	26	37	735	1,298	1,169	1,158	1,191	654	324	204	90	51
\$300 - \$399k	125	230	1,169	1,414	1,219	1,175	1,495	1,314	997	868	592	354
\$400 - \$499k	838	613	796	722	677	613	721	1,012	933	1,082	1,177	1,038
\$500 - \$599k	861	506	333	219	241	182	188	373	511	690	725	924
\$600 - \$699k	584	271	138	131	99	86	102	141	184	291	412	502
\$700 - \$799k	375	151	70	35	29	40	54	96	66	67	125	166
\$800 or Greater	489	223	90	34	39	33	32	50	72	83	115	155
Total	3,318	2,054	3,454	4,384	3,738	3,598	4,122	3,801	3,148	3,353	3,273	3,217
% Change		-38.1%	68.2%	26.9%	-14.7%	-3.7%	14.6%	-7.8%	-17.2%	6.5%	-2.4%	

Looking at the price range distribution of condominium sales, the majority of sales are taking place in the \$300,000 to \$450,000 price category. 29% of the total sales in 2017 are in the \$400,000+ price categories, up from just 2% in 2013.

Home Sales by Price Range (Condos): South County Submarket												
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
< \$150k	2	10	459	944	726	565	450	271	100	71	34	26
\$150 - \$199k	53	66	384	466	423	441	422	304	154	107	79	42
\$200 - \$249k	93	176	415	512	457	337	370	413	275	215	200	138
\$250 - \$299k	182	205	361	285	264	221	220	353	341	337	270	206
\$300 - \$349k	374	249	236	138	149	102	96	250	344	312	394	339
\$350 - \$399k	548	290	132	56	45	10	17	94	161	269	331	346
\$400 - \$449k	473	199	40	15	15	3	10	22	66	121	222	283
\$450 - \$499k	239	98	8	1	5	1	2	5	18	41	62	120
\$500 or Greater	312	102	8	9	3	9	7	12	13	18	44	67
Total	2,276	1,395	2,043	2,426	2,087	1,689	1,594	1,724	1,472	1,491	1,636	1,567
% Change		-38.7%	46.5%	18.7%	-14.0%	-19.1%	-5.6%	8.2%	-14.6%	1.3%	9.7%	

# San Diego and South County Permit and Sales History

From 1987 to 2017, the **South County** market had a total of 40,310 new home sales, or an average of 1,300+ new home sales per year (+/-950 SFD and 350 MF). **Sales averaged over 2,800 units per year at the peak of the market from 1999 through 2005.** Since 1987, the South County submarket averaged 18% of total County new home sales and peaked at 30% in 2001. With a lack of product being developed in recent years, the South County market has only been delivering an average of +/-527 new sales per year in the past 5 years and sales actually dropped in 2016 from the prior year. For 2017, activity picked up considerably to 955 sales (up 108%) and detached permits represented the majority of permits issued in Chula Vista for the first time since 2012.

**Development activity in South County is on the upswing.** The Escaya at Otay Ranch master plan opened in mid 2017 and has sold over 200 units to-date. There are new developments at Millenia, in Village 2 and in the Otay Mesa area near the U.S./Mexico border.

**COMPARISON OF BUILDING PERMITS AND NEW HOME SALES  
San Diego County and South Bay Submarket  
1980 - 2017**

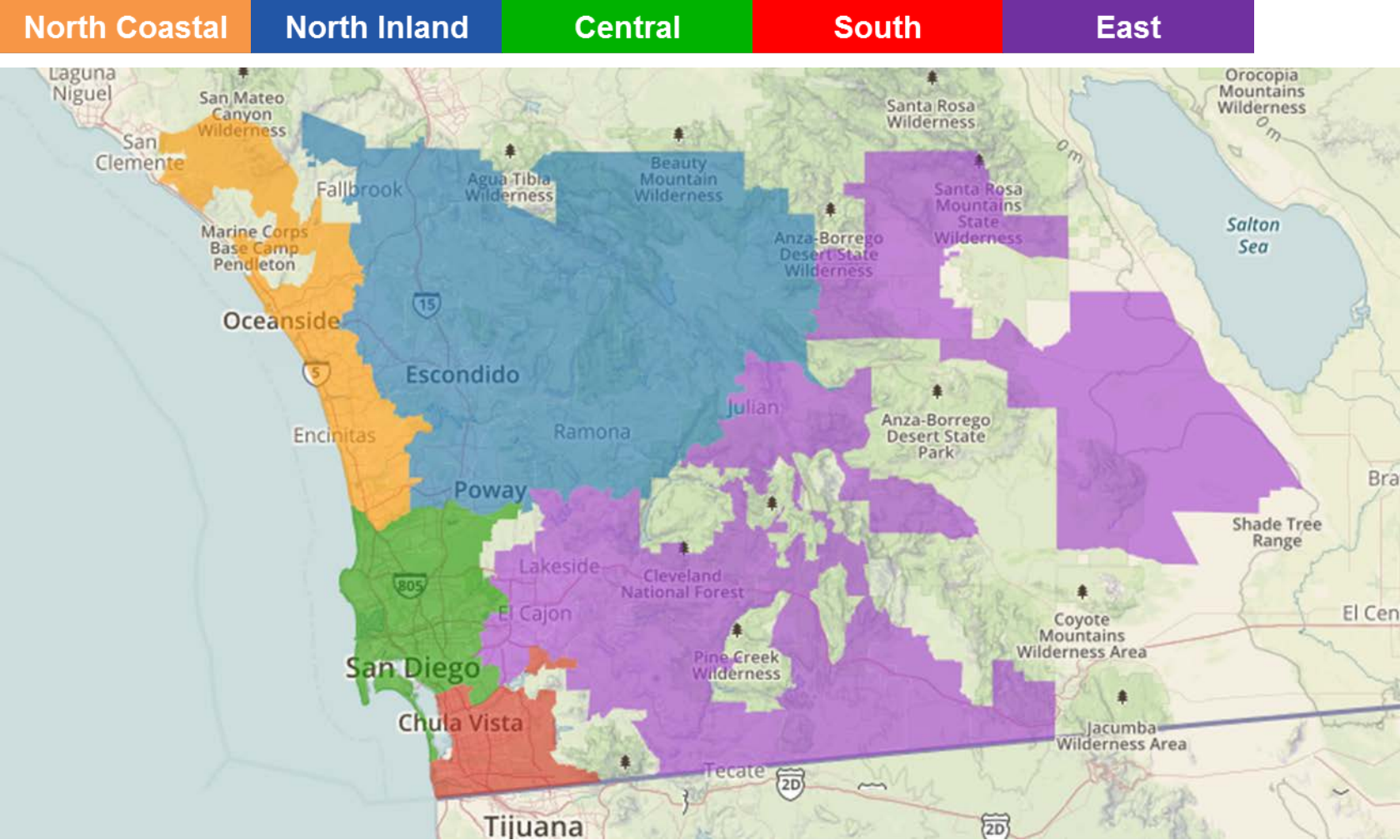
Year	SAN DIEGO COUNTY					CHULA VISTA		SOUTH COUNTY	
	Building Permits (1)			New Home Sales (2)		Building Permits		New Sales (2)	
	SF	MF	TOTAL	TOTAL	Ratio of Sales to Permits	TOTAL	% of County	TOTAL	% of County
1980	6,254	6,913	13,167			407	3%		
1981	3,915	5,083	8,998			77	1%		
1982	3,735	3,818	7,553			192	3%		
1983	11,052	9,729	20,781			483	2%		
1984	12,318	20,862	33,180			1,200	4%		
1985	12,890	25,349	38,239			988	3%		
1986	16,585	27,545	44,130			2,076	5%		
1987	15,466	15,143	30,609	14,253	47%	1,028	3%	2,124	15%
1988	14,749	13,803	28,552	14,897	52%	1,370	5%	1,387	9%
1989	10,856	7,854	18,710	10,425	56%	1,680	9%	952	9%
1990	6,652	9,080	15,732	6,842	43%	665	4%	681	10%
1991	5,365	2,526	7,891	6,817	86%	811	10%	677	10%
1992	3,812	2,259	6,071	5,805	96%	560	9%	648	11%
1993	4,229	1,521	5,750	5,397	94%	440	8%	621	12%
1994	5,236	1,707	6,943	6,013	87%	1,164	17%	838	14%
1995	4,765	1,868	6,633	5,482	83%	672	10%	840	15%
1996	5,831	1,017	6,848	6,064	89%	948	14%	891	15%
1997	8,236	2,903	11,139	8,275	74%	1,050	9%	1,127	14%
1998	9,012	2,879	11,891	8,413	71%	1,346	11%	1,655	20%
1999	10,070	6,225	16,295	8,307	51%	2,561	16%	1,999	24%
2000	9,287	6,305	15,592	10,824	69%	2,639	17%	2,779	26%
2001	9,377	6,028	15,405	9,417	61%	3,613	23%	2,803	30%
2002	8,880	4,804	13,684	11,957	87%	2,250	16%	2,890	24%
2003	9,758	8,273	18,031	13,242	73%	3,143	17%	3,347	25%
2004	9,122	6,465	15,587	15,505	99%	3,301	21%	3,965	26%
2005	7,576	6,730	14,306	13,517	94%	1,636	11%	2,188	16%
2006	4,743	4,448	9,191	9,477	103%	1,180	13%	1,562	16%
2007	3,422	4,013	7,435	6,359	86%	576	8%	1,078	17%
2008	2,361	2,996	5,357	2,775	52%	334	6%	538	19%
2009	1,778	1,168	2,946	2,755	94%	266	9%	567	21%
2010	2,270	1,224	3,494	2,277	65%	518	15%	343	15%
2011	2,245	3,125	5,370	2,041	38%	723	13%	553	27%
2012	2,197	3,469	5,666	2,785	49%	794	14%	620	22%
2013	2,565	5,699	8,264	2,340	28%	632	8%	441	19%
2014	2,487	4,388	6,875	1,939	28%	1,086	16%	299	15%
2015	3,222	6,661	9,883	2,441	25%	679	7%	482	20%
2016	2,351	8,440	10,791	2,323	22%	1,175	11%	460	20%
2017	4,058	6,357	10,415	3,132	30%	1,017	10%	955	30%
Minimum	1,778	1,017	2,946	1,939	22%	77	1%	299	9%
Maximum	16,585	27,545	44,130	15,505	103%	3,613	23%	3,965	30%
Average	6,809	6,807	13,616	7,164	66%	1,192	10%	1,300	18%
Median	5,598	5,391	10,603	6,359	69%	968	10%	891	17%

1/ Per SOCDs, Meyers Research  
2/ Meyers Research

# San Diego County Has Five Distinct Submarket Areas

## San Diego County Stats by Submarket

Source: Meyers Research



# South County Products By Lot Size

The South County new home market is constrained by the current lack of supply. At this time, there are only 9 active new home projects in South County, with 6 of them being in the Otay Ranch area (3 SFD projects all under 4,000 SF lot size and 3 attached for-sale projects). With only 204 remaining units and +/-23 sales per month – this represents just about 9.0 months of inventory. There are some upcoming new projects at Otay Ranch Village II, Ocean View Hills and the Millenia project. But from 2000 to 2006 when the market was at its peak, there were an average of 42 active projects each year in just the Otay Ranch area and there were multiple selling concurrent offerings in the same general product category. During this timeframe, there were numerous active MPCs open and selling and generating annual sales per MPC in the 200 to 900 units per year range.

### SUMMARY OF ACTIVE PROJECTS BY LOT SIZE: OTAY RANCH AREA (1999-2007)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2016
Attached	4	6	8	10	11	10	7	7	10	3
SFD: Under 4,000 SF	4	6	9	9	7	6	5	8	7	3
SFD: 4,000-4,999 SF	7	9	6	9	9	8	9	9	6	0
SFD: 5,000-5,999 SF	5	5	4	5	13	14	10	6	4	0
SFD 6,000-6,999 SF	0	2	3	5	7	4	5	5	4	0
SFD: 7,000-9,999 SF	0	0	1	1	1	4	4	3	4	0
SFD: 10,000+ SF	1	1	1	2	4	7	7	6	6	0
<b>TOTAL ACTIVE PROJECTS</b>	<b>21</b>	<b>29</b>	<b>32</b>	<b>41</b>	<b>52</b>	<b>53</b>	<b>47</b>	<b>44</b>	<b>41</b>	<b>6</b>
TOTAL ACTIVE SFD	17	23	24	31	41	43	40	37	31	3
TOTAL ACTIVE ATT	4	6	8	10	11	10	7	7	10	3

Note: Otay Ranch area does not include the projects in the Ocean View Hills/Otay Mesa area. It only includes projects in Eastern Chula Vista MPC's like Eastlake, San Miguel Ranch, Rolling Hills Ranch and the various Villages of the Otay Ranch master plan.

# New San Diego County Home Sales by Submarket

The following data from Zonda shows a 108% increase in new home sales activity in South County in 2017, with +/-955 sales, up from +/-460 new sales in 2016. This increase comes from the development of new projects like Escaya at Otay Ranch (200+ new home sales in the last half of 2017) and increased development at Otay Ranch and Millenia. There are also more infill projects.

## Total New Home Sales by Submarket

Submarket	2016YTD	2017YTD	YOY
South	460	955	108%
Upper NoCo	424	808	91%
Central	231	274	19%
North County Coast	531	538	1%
East	179	186	4%
North County Inland	498	318	-36%

Source: Zonda by Meyers Research

# Active New Single Family Projects by Submarket

The following data from Zonda shows 78 active new home projects selling in San Diego County as of January 2018, with 18 single-family projects in South County. In all, there are +/-1,075 remaining unsold units in the active projects. For comparison, at market peak for active number of detached subdivisions – there were +/-220 active detached projects in the overall County. New home prices have surpassed a prior peak in 2006 in the mid \$800,000s and current average base SFD pricing is \$861,000 (\$326 per square foot). Per project sales rates are generally averaging in the 2.0 to 4.0 units per month range. **South County detached projects, with a relatively affordable price in the low \$600,000s are averaging 3.0+ sales per month.**

## Active Single Family Subdivision by Submarket

Source: Zonda

Submarket	# of Projects	# of MPC	# of Projects in MPC	Units Left	Months of Inv.	Avg Size (Min)	Avg \$ (Min)	Avg SR
Upper NoCo	30	4	17 / 56.7%	1,189	12.9	2,610	\$741,623	3.07
South	18	3	15 / 83.3%	1,075	18.9	2,445	\$609,672	3.16
North County Coast	12	3	9 / 75.0%	208	6.7	3,090	\$1,372,413	2.59
North County Inland	9	1	3 / 33.3%	181	9.0	3,184	\$1,290,988	2.24
East	7	-	-	440	15.6	1,985	\$622,879	4.03
Central	2	-	-	55	14.5	1,711	\$524,900	1.90
<b>Total/Average</b>	<b>78</b>	<b>11</b>	<b>44 / 62.9%</b>	<b>3,148</b>	<b>13.8</b>	<b>2,639</b>	<b>\$860,660</b>	<b>2.93</b>

Source: Zonda by Meyers Research

# Active San Diego County Attached Projects by Submarket

The following data from Zonda shows 42 active attached new home projects selling in San Diego County as of January 2018. In all, there are +/-1,790 remaining units to sell. For comparison, at market peak for active attached for-sale projects in 2006 there were 225 projects County-wide. South County has more active attached projects than detached at this point, reflecting entitlements and demand for affordable housing in the region. The median South County attached unit price is in the low \$400,000s and the per project sales rate of 4.2+ units per month is above the County average (attached projects in the Coastal North and Central areas of the County are often infill, urban product (including highrise) at higher price points.

## Active Attached Subdivision by Submarket

Source: Zonda

Submarket	# of Projects	# of MPC	# of Projects in MPC	Units Left	Months of Inv.	Avg Size (Min)	Avg \$ (Min)	Avg SR
South	16	5	13 / 81.3%	792	11.6	1,448	\$411,046	4.26
Central	11	1	3 / 27.3%	451	10.0	1,535	\$1,229,473	4.11
Upper NoCo	10	1	2 / 20.0%	437	23.6	1,408	\$522,864	1.85
North County Coast	2	-	-	45	11.0	1,507	\$685,445	2.05
North County Inland	1	1	1 / 100.0%	11	2.1	1,306	\$602,900	5.30
East	2	-	-	54	10.6	1,544	\$451,445	2.55
<b>Total/Average</b>	<b>42</b>	<b>8</b>	<b>19 / 45.2%</b>	<b>1,790</b>	<b>12.0</b>	<b>1,465</b>	<b>\$671,577</b>	<b>3.55</b>

Source: Zonda by Meyers Research

# For Sale Housing Demand

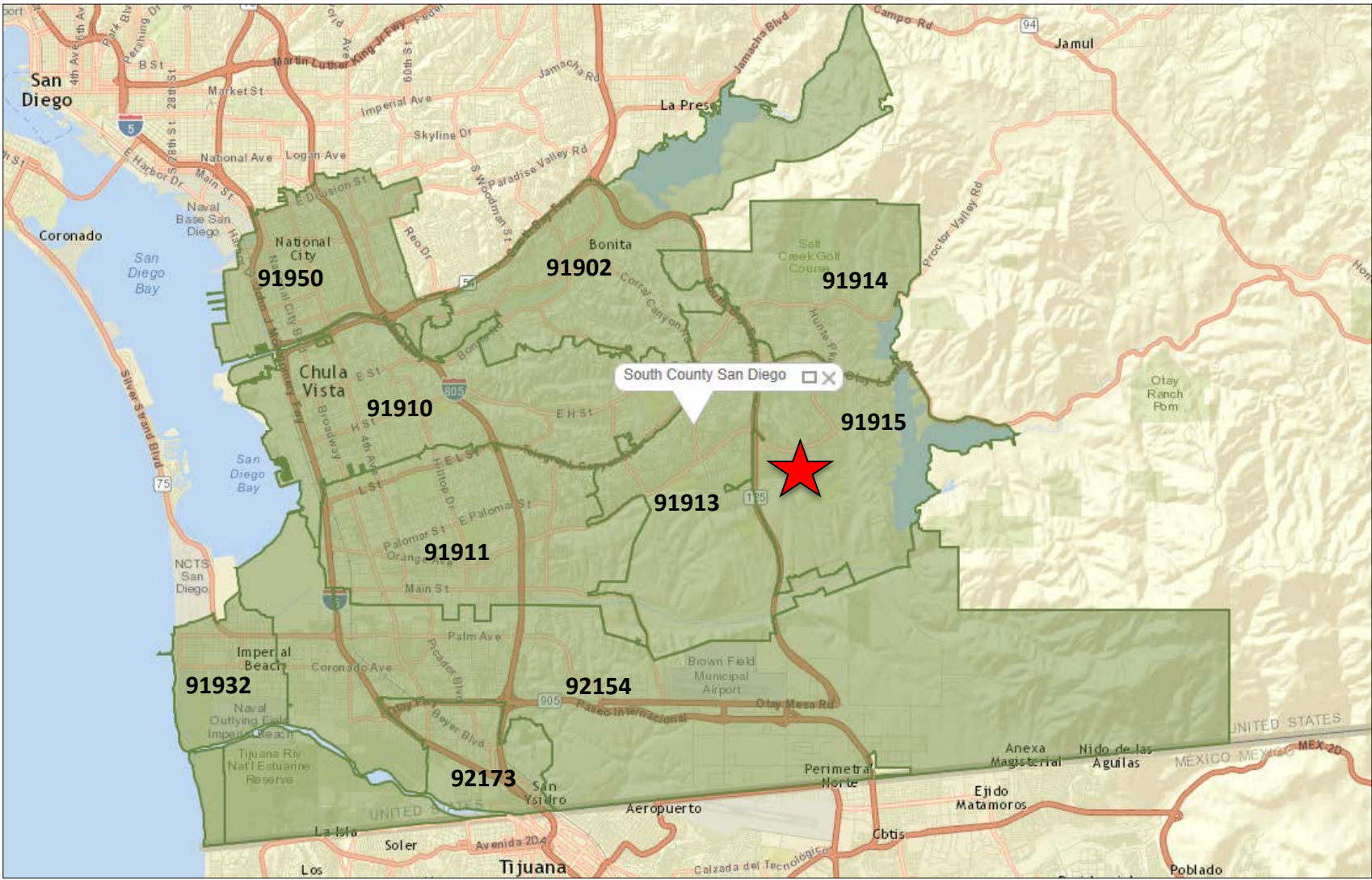
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*Millenia Master Plan, Chula Vista, CA*



# South County Submarket

For the demand analysis we focused on South County which includes the zip codes indicated on the map below.



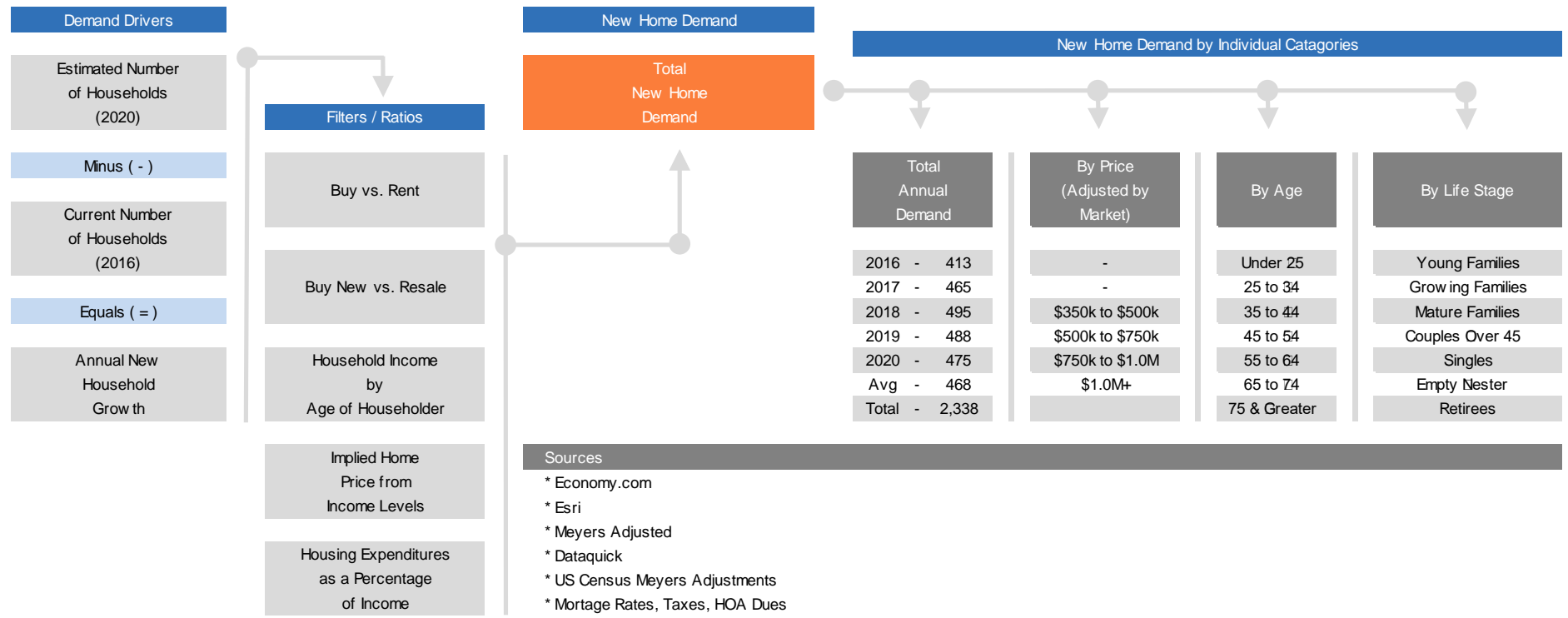
# Overview of Methodology

Our demand analysis projects new home demand by Home Price Range, Age and Income and Life Stage categories (including Families, Singles, Younger Couples, Empty Nesters and Retirees). This analysis provides insight into the household compositions of home buyers by price range and what future growth will be in a defined area so that you can adjust land planning to develop the type of lots and homes that will be in demand in the coming years.

Our objective for this assignment is to estimate the depth of housing demand by Price Point and Life Stage through 2018, by utilizing current demographic data and projections and actual home sales activity. This model provides an assessment of demand for **new housing** only.

**NEW HOME DEMAND MODEL FLOW CHART:**

Chula Vista / Otay Mesa



# Housing Demand by Price Point and Life Stage

The Housing Demand Analysis by Price Point and Life Stage provides insight into the types of buyers that are likely to consider housing in a specified market area.

For this analysis, we analyzed the demand potential in the entire San Diego County MSA and for the South County submarket where Millenia is located.

The Housing Demand by Price Point and Life Stage analyzes household composition in defined market areas to determine the depth of annual home buying demand of each of the following seven household compositions.

- Singles Under 65 Without Children
- Couples Under 45 Without Children (but who may be planning for children)
- Young Families (primarily children under age 5 years)
- Growing Families (oldest children in elementary school)
- Mature Families (oldest children in middle/high school)
- Empty Nesters (45-64 years old)
- Retirees (65+)

The purpose of this analysis is to identify where the most demand from homebuyers exists and define who the buyer will be. The model provides a projection of total housing transaction activity by price point and life stage annually by filtering current demographic information from the US Census' American Community Survey and projections from Economy.com and ESRI with historic new home versus existing home and home ownership ratios. The output is then compared for reasonableness with recent closing activity by area studied as reported by DataQuick.

# Demand Model

To understand the demand potential for Millenia, we estimated new home demand for the South County Area, using the model below, which starts with expected household growth and turnover by income category, and then filters out those that plan to own a home (versus rent) and those that plan to purchase a new home (versus a resale). This model was repeated for each year through 2020.

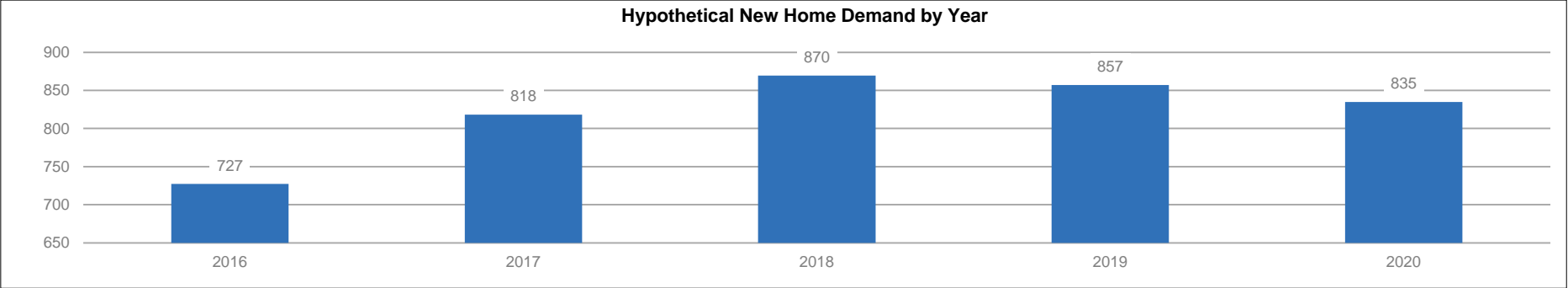
AVERAGE NEW HOME DEMAND FROM 2016 THRU 2020 (SOUTH SAN DIEGO COUNTY)													
Demand Generated by Household Growth							Demand Generated From Turnover of Existing HH						
Income Ranges	\$35 - \$50K	\$50 - \$75K	\$75 - \$100K	\$100 - \$150K	\$150 - \$200K	\$200K+	\$200K+	\$150 - \$200K	\$100 - \$150K	\$75 - \$100K	\$50 - \$75K	\$35 - \$50K	Income Ranges
Annual Projected New Household Growth 1/	2,307											12,046	Annual Turnover Households
Distribution of Households by Income Range 2/	13.2%	15.7%	13.9%	17.5%	7.6%	4.5%	4.5%	7.6%	17.5%	13.9%	15.7%	13.2%	Distribution of Households by Income Range 2/
Annual Income Qualified Household Growth	304	363	322	404	176	103	538	917	2,112	1,680	1,897	1,586	Annual Income Qualified Turnover Households
% of Households Purchasing a Home 3/	45.3%	46.5%	67.8%	83.1%	84.7%	84.7%	84.7%	84.7%	83.1%	67.8%	46.5%	45.3%	% of Households Purchasing a Home 3/
Annual Homebuyer Household Growth	0	0	218	336	149	87	456	776	1,754	1,140	0	0	Annual Homebuyer Turnover Households
Percent of Households That Purchase a New Home 4/	15.2%											15.2%	Percent of Households Purchasing a Home 3/
Annual Demand from New HH Growth	0	0	33	51	23	13	69	118	267	173	0	0	Annual Demand from Existing HH Turnover
Income Ranges	\$35 - \$50K	\$50 - \$75K	\$75 - \$100K	\$100 - \$150K	\$150 - \$200K	\$200K+							
Primary New Home Demand	0	0	206	318	141	83							
Secondary/Investor Home Demand	10%												
Secondary/Investor New Home Demand	0	0	21	32	14	8							
Total New Home Demand Primary / Secondary / Investor	0	0	227	349	155	91							

**Footnotes**

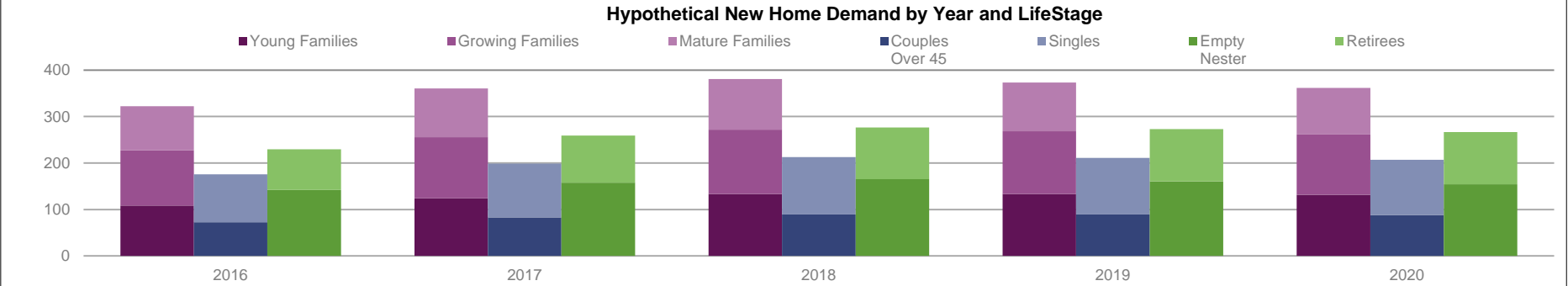
- 1/ Estimated annual household growth for the area (Per Economy.com with Meyers Research adjustments)
- 2/ Percentage of households in the study area earning the income range indicated for each column (Per ESRI)
- 3/ Meyers extrapolation of the average ownership rate by income in the Market per the American Community Survey
- 4/ Based on Meyers extrapolation of new versus existing home sales in the study area.
- 5/ Projected total existing households in the study area (Per Economy.com)
- 6/ Meyers extrapolation of the American Community Survey data for the average turnover of existing owner occupied households in the local Market

# New Home Demand Projection: (2016 to 2020)

Our model indicates demand by age and income, as well as implied home price. This projection indicates that in the South County Area, new home demand is expected to range from 727 to 870 units in 2016-2020 (+/-480 new units sold in 2015), with peak demand in 2018. This demand projecting assumes household patterns and market capture starting with current levels. **A market like South County – with some of the only near-term developable land in the region – can actually attract more demand depending on product offered (so market capture could actually exceed these levels if more housing is offered).**



Over the next five years, the projected average demand of 470 new for-sale units per year is largely focused in the young family, growing family and empty nester households.



# New Home Demand By Age & Income: (2016 to 2020)

When drilling down to demand by age & household income level, the projected annual demand is focused in the **25 to 64** age categories (particularly the 35 to 54 age ranges) and in the **\$75,000 to \$150,000 household income** categories, implying **home prices ranging from the mid \$300,000s to the mid \$700,000s.**

Annual Household Income Range	— 2016 to 2020 Avg Demand by Home Price Range —			Demand 2016 to 2020	% of Annual Demand	— Demand by Age and Income (Absolute Numbers) —						
	HH by Income	% of Total HH	Home Price Purchase Range*			Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Greater
Income \$75,000 - \$99,999	21,288	13.9%	\$350,000 to \$500,000	227	28%	4	40	49	52	45	22	15
Income \$100,000 - \$149,999	26,767	17.5%	\$500,000 to \$750,000	349	42%	5	61	89	84	67	29	14
Income \$150,000 - \$199,999	11,619	7.6%	\$750,000 to \$1,025,000	155	19%	1	23	42	45	29	12	3
Income \$200,000 +	6,823	4.5%	\$1,025,000 or Greater	91	11%	0	9	24	28	19	8	1
<b>Average Demand (\$75K+)</b>	<b>66,496</b>	<b>43.6%</b>	<b>\$350,000 + -</b>	<b>822</b>	<b>100%</b>	<b>11</b>	<b>133</b>	<b>204</b>	<b>209</b>	<b>160</b>	<b>72</b>	<b>33</b>

# New Home Demand By LifeStage: (2016 to 2020)

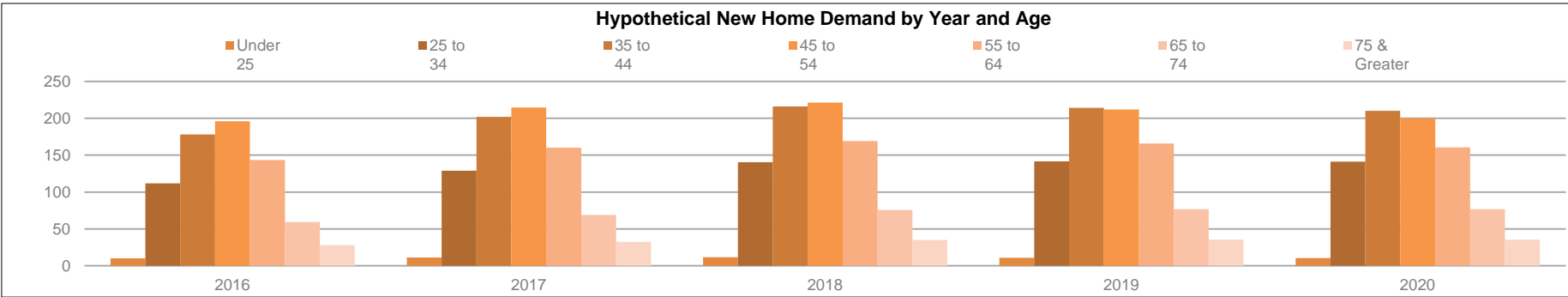
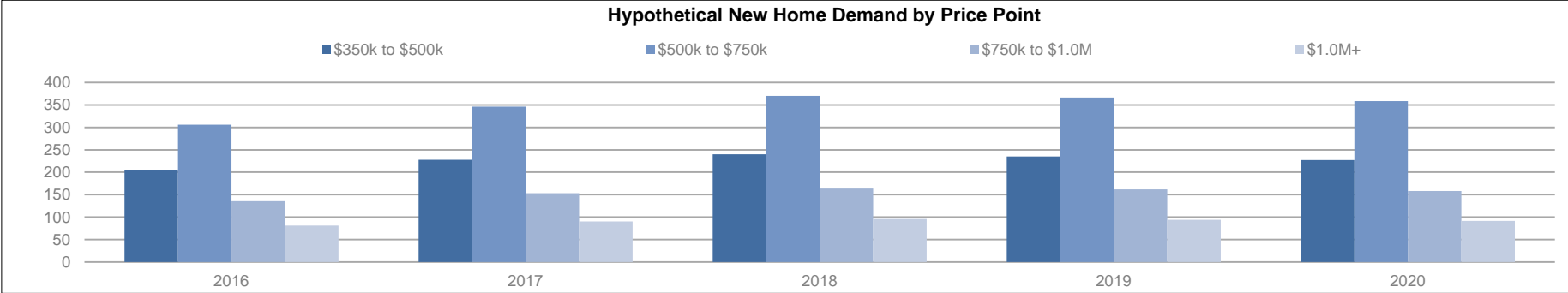
When looking at demand by life stage, the demand is actually quite diverse, with significant demand from all life stage categories, but particularly Family Households (of all ages) and Empty Nesters. **While South County is typically been seen as a “young, affordable family” location, this actually suggests a good demand potential for move-down housing products to suit the needs of move-down households.**

Working from an average demand in South San Diego County of +/-820 units/year, 43% of annual demand is from Families, 24% is from Couples Over 45 and Singles and 32% of annual demand (261 units) is from Empty Nesters and Retirees. **With no actual new 55+ housing product other than Auberge at Del Sur (almost sold out and aimed at higher income buyers in North County) being developed in San Diego County specifically targeted to move-down households, this is a big market void for homes targeted to move-down buyers, particularly in the south half of the County. It is interesting to note that some initial buyers**

— 2016 to 2020 Avg Demand by Home Price Range —				Demand 2016 to 2020	% of Annual Demand	— Demand by LifeStage (Absolute Numbers) —						
Annual Household Income Range	HH by Income	% of Total HH	Home Price Purchase Range*			Young Families	Grow ing Families	Mature Families	Couples Over 45	Singles	Empty Nester	Retirees
Income \$75,000 - \$99,999	21,288	13.9%	\$350,000 to \$500,000	227	28%	34	32	27	23	31	42	37
Income \$100,000 - \$149,999	26,767	17.5%	\$500,000 to \$750,000	349	42%	56	55	42	38	51	64	43
Income \$150,000 - \$199,999	11,619	7.6%	\$750,000 to \$1,025,000	155	19%	24	27	21	16	22	30	16
Income \$200,000 +	6,823	4.5%	\$1,025,000 or Greater	91	11%	12	16	13	8	12	19	9
<b>Average Demand (\$75K+)</b>	<b>66,496</b>	<b>43.6%</b>	<b>\$350,000 + -</b>	<b>822</b>	<b>100%</b>	<b>126</b>	<b>131</b>	<b>103</b>	<b>84</b>	<b>116</b>	<b>156</b>	<b>105</b>

# New Home Demand by Price Point and LifeStage

This illustrates how demand in the market is expected to steadily increase over the next couple of years, the price points the households can afford, and the distribution by age of the heads of households. The demand focus indicates a demand for residential products priced in the mid \$300,000s to mid \$700,000s (although there is demand for homes priced higher and lower).





# Appendix

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## *Millenia Master Plan, Chula Vista, CA*

# New Home Project Detail: Millenia, Ocean View Hills Attached

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY															
Project Name	Builder Name			Size	Base Price	Current Price	Current Incentives			Net Base Price (\$)	Net Base Price/ Sq. Ft.	Typical			Total Price/ SF	Monthly Payment Inputs			80.0% 4.0%				
Location	Master Plan						Bed	Bath	Level			Pkg	Options / Upgrades	Closing \$ / Other		Price Reduction	Options / Upgrades	Premiums		Total Price	HOA	Base Tax	Addl Taxes
Product Details				Sales Summary				SF	Base Price	Price/ Sq. Ft.	Reduction	Options / Upgrades	Other	Price Reduction	Sq. Ft.	Options / Upgrades	Premiums	Total Price	Price/ SF	HOA	Base Tax	Addl Taxes	Mo.Pmt.
<b>Metro</b>	<b>Meridian Communities</b>			1,298	2	2.5	2	2	\$390,000	\$300	\$0	\$0	(\$5,000)	\$390,000	\$300	\$12,000	\$0	\$402,000	\$310	\$299	1.10%	0.45%	\$2,250
<b>Chula Vista</b>	<b>Millenia</b>			1,384	3	2.5	2	2	\$412,000	\$298	\$0	\$0	(\$5,000)	\$412,000	\$298	\$12,000	\$0	\$424,000	\$306	\$299	1.10%	0.45%	\$2,357
Product:	Attached	Total Units:	70	1,495	3	2.5	2	2	\$429,000	\$287	\$0	\$0	(\$5,000)	\$429,000	\$287	\$12,000	\$0	\$441,000	\$295	\$299	1.10%	0.45%	\$2,439
Configuration:	ATT	Units Sold:	36	1,964	3	2.5	3	2	\$465,000	\$237	\$0	\$0	(\$5,000)	\$465,000	\$237	\$12,000	\$0	\$477,000	\$243	\$299	1.10%	0.45%	\$2,614
		3 Months Sold:	1																				
Sales Open Date:	Aug-16	Units Remaining:	36																				
Overall Sales Rate:	2.3	% Remaining:	50%																				
3 Mon. Sales Rate:	3.7																						
Totals/Averages:				1,535					\$424,000	\$276	\$0	\$0	(\$5,000)	\$424,000	\$276	\$12,000	\$0	\$436,000	\$284	\$299	1.10%	0.45%	\$2,415
<b>Trio</b>	<b>Meridian Communities</b>			1,653	3	2.5	2	2	\$451,000	\$273	\$0	\$0	(\$5,000)	\$451,000	\$273	\$15,000	\$0	\$466,000	\$282	\$299	1.10%	0.45%	\$2,560
<b>Chula Vista</b>	<b>Millenia</b>			1,662	3	2.5	2	2	\$468,000	\$282	\$0	\$0	(\$5,000)	\$468,000	\$282	\$15,000	\$0	\$483,000	\$291	\$299	1.10%	0.45%	\$2,643
Product:	Attached	Total Units:	81	1,880	4	3.0	2	2	\$499,000	\$265	\$0	\$0	(\$5,000)	\$499,000	\$265	\$15,000	\$0	\$514,000	\$273	\$299	1.10%	0.45%	\$2,793
Configuration:	ATT	Units Sold:	34																				
		3 Months Sold:	7																				
Sales Open Date:	Aug-16	Units Remaining:	37																				
Overall Sales Rate:	1.8	% Remaining:	56%																				
3 Mon. Sales Rate:	2.0																						
Totals/Averages:				1,732					\$472,667	\$273	\$0	\$0	(\$5,000)	\$472,667	\$273	\$15,000	\$0	\$487,667	\$282	\$299	1.10%	0.45%	\$2,665
<b>Evo</b>	<b>Meridian Communities</b>			1,687	4	2.5	2	2	\$454,000	\$269	\$0	\$0	(\$5,000)	\$454,000	\$269	\$18,000	\$0	\$472,000	\$280	\$299	1.10%	0.45%	\$2,589
<b>Chula Vista</b>	<b>Millenia</b>			1,827	4	3.0	2	2	\$485,000	\$265	\$0	\$0	(\$5,000)	\$485,000	\$265	\$18,000	\$0	\$503,000	\$275	\$299	1.10%	0.45%	\$2,740
Product:	Attached	Total Units:	66	1,958	3	2.0	3	2	\$531,000	\$271	\$0	\$0	(\$5,000)	\$531,000	\$271	\$18,000	\$0	\$549,000	\$280	\$299	1.10%	0.45%	\$2,963
Configuration:	ATT	Units Sold:	47																				
		3 Months Sold:	11																				
Sales Open Date:	Aug-16	Units Remaining:	26																				
Overall Sales Rate:	2.5	% Remaining:	39%																				
3 Mon. Sales Rate:	2.0																						
Totals/Averages:				1,824					\$490,000	\$269	\$0	\$0	(\$5,000)	\$490,000	\$269	\$18,000	\$0	\$508,000	\$279	\$299	1.10%	0.45%	\$2,764
<b>Azul at Playa Del Sol</b>	<b>Pardee Homes</b>			1,442	3	2.5	2	2	\$401,000	\$278	\$0	\$0	(\$5,000)	\$401,000	\$278	\$20,000	\$0	\$421,000	\$292	\$275	1.20%	0.36%	\$2,321
<b>San Diego</b>	<b>Ocean View Hills</b>			1,626	3	3.5	3	2	\$429,000	\$264	\$0	\$0	(\$5,000)	\$429,000	\$264	\$20,000	\$0	\$449,000	\$276	\$275	1.20%	0.36%	\$2,457
Product:	Attached	Total Units:	121	1,857	4	3.5	3	2	\$440,000	\$237	\$0	\$0	(\$5,000)	\$440,000	\$237	\$20,000	\$0	\$460,000	\$248	\$275	1.20%	0.36%	\$2,510
Configuration:	ATT	Units Sold:	110	2,034	4	3.5	3	2	\$484,000	\$238	\$0	\$0	(\$5,000)	\$484,000	\$238	\$20,000	\$0	\$504,000	\$248	\$275	1.20%	0.36%	\$2,724
		3 Months Sold:	11																				
Sales Open Date:	Dec-16	Units Remaining:	18																				
Overall Sales Rate:	8.3	% Remaining:	15%																				
3 Mon. Sales Rate:	10.7																						
Totals/Averages:				1,740					\$438,500	\$252	\$0	\$0	(\$5,000)	\$438,500	\$252	\$20,000	\$0	\$458,500	\$264	\$275	1.20%	0.36%	\$2,503
<b>Luna at Playa Del Sol</b>	<b>Pardee Homes</b>			1,643	3	3.0	3	2	\$418,000	\$254	\$0	\$0	(\$5,000)	\$418,000	\$254	\$12,500	\$0	\$430,500	\$262	\$275	1.20%	0.36%	\$2,367
<b>San Diego</b>	<b>Ocean View Hills</b>			1,768	4	4.0	3	2	\$425,000	\$240	\$0	\$0	(\$5,000)	\$425,000	\$240	\$12,500	\$0	\$437,500	\$247	\$275	1.20%	0.36%	\$2,401
Product:	Attached	Total Units:	96	1,769	3	3.0	3	2	\$445,000	\$252	\$0	\$0	(\$5,000)	\$445,000	\$252	\$12,500	\$0	\$457,500	\$259	\$275	1.20%	0.36%	\$2,498
Configuration:	ATT	Units Sold:	93	1,831	3	3.5	3	2	\$459,000	\$251	\$0	\$0	(\$5,000)	\$459,000	\$251	\$12,500	\$0	\$471,500	\$258	\$275	1.20%	0.36%	\$2,566
		3 Months Sold:	3	1,851	4	3.0	3	2	\$459,000	\$248	\$0	\$0	(\$5,000)	\$459,000	\$248	\$12,500	\$0	\$471,500	\$255	\$275	1.20%	0.36%	\$2,566
Sales Open Date:	Dec-16	Units Remaining:	2	2,069	4	3.0	3	2	\$540,000	\$261	\$0	\$0	(\$5,000)	\$540,000	\$261	\$12,500	\$0	\$552,500	\$267	\$275	1.20%	0.36%	\$2,960
Overall Sales Rate:	7.8	% Remaining:	2%																				
3 Mon. Sales Rate:	3.7																						
Totals/Averages:				1,822					\$457,667	\$251	\$0	\$0	(\$5,000)	\$457,667	\$251	\$12,500	\$0	\$470,167	\$258	\$275	1.20%	0.36%	\$2,560

# New Home Project Detail: Otay Ranch Attached

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY															
Project Name		Builder Name		Size				Base Price	Base Price/Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/Sq. Ft.	Typical		Total Price	Total Price/SF	Monthly Payment Inputs			80.0% 4.0%	
Location		Master Plan								Price	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums			HOA	Base Tax	Addl Taxes		Mo.Pmt.
Product Details		Sales Summary		SF	Bed	Bath	Level	Pkg															
<b>Parc Place</b>		<b>Pacific Coast Communities</b>		1,116	2	2.0	2	1	\$357,900	\$321	\$0	\$0	(\$5,000)	\$357,900	\$321	\$15,000	\$0	\$372,900	\$334	\$285	1.20%	0.80%	\$2,206
<b>Chula Vista</b>		<b>Otay Ranch</b>		1,583	2	2.5	2	1	\$399,900	\$253	\$0	\$0	(\$5,000)	\$399,900	\$253	\$15,000	\$0	\$414,900	\$262	\$285	1.20%	0.80%	\$2,423
Product:	Attached	Total Units:	175	1,587	2	2.5	2	2	\$421,900	\$266	\$0	\$0	(\$5,000)	\$421,900	\$266	\$15,000	\$0	\$436,900	\$275	\$285	1.20%	0.80%	\$2,536
Configuration:	ATT	Units Sold:	36																				
		3 Months Sold:	10																				
Sales Open Date:	Mar-17	Units Remaining:	139																				
Overall Sales Rate:	4.1	% Remaining:	79%																				
3 Mon. Sales Rate:	4.3																						
Totals/Averages:				1,429					\$393,233	\$275	\$0	\$0	(\$5,000)	\$393,233	\$275	\$15,000	\$0	\$408,233	\$286	\$285	1.20%	0.80%	\$2,388
<b>Lovina</b>		<b>Heritage Building and Dev</b>		1,561	3	2.5	2	2	\$420,900	\$270	\$0	\$0	(\$5,000)	\$420,900	\$270	\$12,500	\$0	\$433,400	\$278	\$240	1.20%	0.80%	\$2,473
<b>Chula Vista</b>		<b>Otay Ranch</b>		1,614	3	2.5	2	2	\$438,900	\$272	\$0	\$0	(\$5,000)	\$438,900	\$272	\$12,500	\$0	\$451,400	\$280	\$240	1.20%	0.80%	\$2,566
Product:	Attached	Total Units:	78	1,734	3	2.5	2	2	\$458,900	\$265	\$0	\$0	(\$5,000)	\$458,900	\$265	\$12,500	\$0	\$471,400	\$272	\$240	1.20%	0.80%	\$2,669
Configuration:	ATT	Units Sold:	44	2,189	4	3.5	3	2	\$485,900	\$222	\$0	\$0	(\$5,000)	\$485,900	\$222	\$12,500	\$0	\$498,400	\$228	\$240	1.20%	0.80%	\$2,808
		3 Months Sold:	7	2,341	5	3.5	3	2	\$497,900	\$213	\$0	\$0	(\$5,000)	\$497,900	\$213	\$12,500	\$0	\$510,400	\$218	\$240	1.20%	0.80%	\$2,870
Sales Open Date:	Mar-17	Units Remaining:	39	2,476	6	3.5	3	2	\$517,900	\$209	\$0	\$0	(\$5,000)	\$517,900	\$209	\$12,500	\$0	\$530,400	\$214	\$240	1.20%	0.80%	\$2,973
Overall Sales Rate:	4.2	% Remaining:	50%																				
3 Mon. Sales Rate:	2.7																						
Totals/Averages:				1,986					\$470,067	\$237	\$0	\$0	(\$5,000)	\$470,067	\$237	\$12,500	\$0	\$482,567	\$243	\$240	1.20%	0.80%	\$2,726
<b>Aviare</b>		<b>Sunrise Company</b>		1,098	2	2.0	2	1	\$366,900	\$334	\$0	\$0	(\$5,000)	\$366,900	\$334	\$15,000	\$0	\$381,900	\$348	\$385	1.20%	0.80%	\$2,353
<b>Chula Vista</b>		<b>Otay Ranch</b>		1,395	3	2.5	2	2	\$404,900	\$290	\$0	\$0	(\$5,000)	\$404,900	\$290	\$15,000	\$0	\$419,900	\$301	\$385	1.20%	0.80%	\$2,549
Product:	Attached	Total Units:	171	1,431	3	2.5	2	2	\$406,900	\$284	\$0	\$0	(\$5,000)	\$406,900	\$284	\$15,000	\$0	\$421,900	\$295	\$385	1.20%	0.80%	\$2,559
Configuration:	ATT	Units Sold:	170	1,504	2	2.5	3	1	\$426,900	\$284	\$0	\$0	(\$5,000)	\$426,900	\$284	\$15,000	\$0	\$441,900	\$294	\$385	1.20%	0.80%	\$2,662
		3 Months Sold:	4	1,719	3	2.5	3	2	\$424,900	\$247	\$0	\$0	(\$5,000)	\$424,900	\$247	\$15,000	\$0	\$439,900	\$256	\$385	1.20%	0.80%	\$2,652
Sales Open Date:	Jul-14	Units Remaining:	3	1,778	3	2.5	3	2	\$429,900	\$242	\$0	\$0	(\$5,000)	\$429,900	\$242	\$15,000	\$0	\$444,900	\$250	\$385	1.20%	0.80%	\$2,677
Overall Sales Rate:	4.1	% Remaining:	2%	1,882	4	3.5	3	2	\$484,900	\$258	\$0	\$0	(\$5,000)	\$484,900	\$258	\$15,000	\$0	\$499,900	\$266	\$385	1.20%	0.80%	\$2,961
3 Mon. Sales Rate:	3.7			1,928	3	3.5	3	2	\$498,900	\$259	\$0	\$0	(\$5,000)	\$498,900	\$259	\$15,000	\$0	\$513,900	\$267	\$385	1.20%	0.80%	\$3,033
Totals/Averages:				1,592					\$430,525	\$270	\$0	\$0	(\$5,000)	\$430,525	\$270	\$15,000	\$0	\$445,525	\$280	\$385	1.20%	0.80%	\$2,681
<b>Tosara II</b>		<b>Pacific Coast Communities</b>		1,635	3	2.5	2	2	\$394,900	\$242	\$0	\$0	(\$5,000)	\$394,900	\$242	\$30,000	\$5,000	\$429,900	\$263	\$253	1.20%	0.80%	\$2,468
<b>Chula Vista</b>		<b>Otay Ranch</b>		2,342	4	3.5	3	2	\$443,900	\$190	\$0	\$0	(\$5,000)	\$443,900	\$190	\$30,000	\$5,000	\$478,900	\$204	\$253	1.20%	0.80%	\$2,721
Product:	Attached	Total Units:	99	2,366	4	3.5	3	2	\$451,900	\$191	\$0	\$0	(\$5,000)	\$451,900	\$191	\$30,000	\$5,000	\$486,900	\$206	\$253	1.20%	0.80%	\$2,762
Configuration:	ATT	Units Sold:	74																				
		3 Months Sold:	0																				
Sales Open Date:	Aug-14	Units Remaining:	74																				
Overall Sales Rate:	2.4	% Remaining:	43%																				
3 Mon. Sales Rate:	0.0																						
Totals/Averages:				2,114					\$430,233	\$203	\$0	\$0	(\$5,000)	\$430,233	\$203	\$30,000	\$5,000	\$465,233	\$220	\$253	1.20%	0.80%	\$2,650

# New Home Project Detail: Otay Ranch Cluster and SFD

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY															
Project Name		Builder Name		Size				Base Price	Base Price/ Sq. Ft.	Current Incentives				Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price	Total Price/ SF	Monthly Payment Inputs			80.0% 4.0%
Location		Master Plan								Price	Options / Reduction	Closing \$ / Upgrades	Other			Options / Upgrades	Premiums			HOA	Base Tax	Addl Taxes	
Product Details		Sales Summary		SF	Bed	Bath	Level	Pkg															
<b>Signature Chula Vista</b>		<b>Heritage Building and Dev Otay Ranch</b>		3,340	3	3.5	2	3	\$728,900	\$218	\$0	\$0	(\$5,000)	\$728,900	\$218	\$36,445	\$0	\$765,345	\$229	\$48	1.20%	0.80%	\$3,992
Product: Single Family		Total Units: 79		3,491	4	3.5	2	3	\$740,900	\$212	\$0	\$0	(\$5,000)	\$740,900	\$212	\$37,045	\$0	\$777,945	\$223	\$48	1.20%	0.80%	\$4,056
Configuration: 5,000		Units Sold: 23		3,611	4	3.5	2	2	\$758,900	\$210	\$0	\$0	(\$5,000)	\$758,900	\$210	\$37,945	\$0	\$796,845	\$221	\$48	1.20%	0.80%	\$4,154
Lot Dimensions: 50x100		3 Months Sold: 8																					
Sales Open Date: Jun-17		Units Remaining: 58																					
Overall Sales Rate: 3.1		% Remaining: 73%																					
3 Mon. Sales Rate: 2.0																							
Totals/Averages:				3,481					\$742,900	\$213	\$0	\$0	(\$5,000)	\$742,900	\$213	\$37,145	\$0	\$780,045	\$224	\$48	1.20%	0.80%	\$4,067
<b>Cantamar Chula Vista</b>		<b>Pacific Coast Communities Otay Ranch</b>		2,631	3	2.5	2	2	\$657,900	\$250	\$0	\$0	(\$10,000)	\$657,900	\$250	\$0	\$0	\$657,900	\$250	\$48	1.20%	0.80%	\$3,438
Product: Single Family		Total Units: 93		2,776	4	3.0	2	2	\$672,900	\$242	\$0	\$0	(\$10,000)	\$672,900	\$242	\$0	\$0	\$672,900	\$242	\$48	1.20%	0.80%	\$3,515
Configuration: 5,000		Units Sold: 8		2,896	5	3.0	2	2	\$702,900	\$243	\$0	\$0	(\$10,000)	\$702,900	\$243	\$0	\$0	\$702,900	\$243	\$48	1.20%	0.80%	\$3,670
		3 Months Sold: 8																					
Sales Open Date: Oct-17		Units Remaining: 89																					
Overall Sales Rate: 2.7		% Remaining: 96%																					
3 Mon. Sales Rate: 2.7																							
Totals/Averages:				2,768					\$677,900	\$245	\$0	\$0	(\$10,000)	\$677,900	\$245	\$0	\$0	\$677,900	\$245	\$48	1.20%	0.80%	\$3,541
<b>Monte Villa Chula Vista</b>		<b>Pacific Coast Communities Otay Ranch</b>		2,594	4	3.5	3	2	\$553,900	\$214	\$0	\$0	(\$5,000)	\$553,900	\$214	\$27,695	\$0	\$581,595	\$224	\$48	1.20%	0.80%	\$3,045
Product: Single Family		Total Units: 72		2,833	4	4.0	3	2	\$576,900	\$204	\$0	\$0	(\$5,000)	\$576,900	\$204	\$28,845	\$0	\$605,745	\$214	\$48	1.20%	0.80%	\$3,169
Configuration: 3,053		Units Sold: 23		3,016	5	4.0	3	2	\$602,900	\$200	\$0	\$0	(\$5,000)	\$602,900	\$200	\$30,145	\$0	\$633,045	\$210	\$48	1.20%	0.80%	\$3,310
		3 Months Sold: 6																					
Sales Open Date: Mar-17		Units Remaining: 52																					
Overall Sales Rate: 2.3		% Remaining: 72%																					
3 Mon. Sales Rate: 2.7																							
Totals/Averages:				2,814					\$577,900	\$205	\$0	\$0	(\$5,000)	\$577,900	\$205	\$28,895	\$0	\$606,795	\$216	\$48	1.20%	0.80%	\$3,175
<b>Aventine Chula Vista</b>		<b>Cornerstone Communities Otay Ranch</b>		2,014	4	2.5	2	2	\$521,990	\$259	\$0	\$0	(\$5,000)	\$521,990	\$259	\$26,100	\$0	\$548,090	\$272	\$160	1.20%	0.80%	\$2,984
Product: Single Family		Total Units: 100		2,177	5	3.0	2	2	\$541,990	\$249	\$0	\$0	(\$5,000)	\$541,990	\$249	\$27,100	\$0	\$569,090	\$261	\$160	1.20%	0.80%	\$3,092
Configuration: 2,975		Units Sold: 10		2,438	5	3.5	2	2	\$587,990	\$241	\$0	\$0	(\$5,000)	\$587,990	\$241	\$29,400	\$0	\$617,390	\$253	\$160	1.20%	0.80%	\$3,341
Lot Dimensions: 35x85		3 Months Sold: 6																					
Sales Open Date: Oct-17		Units Remaining: 95																					
Overall Sales Rate: 1.9		% Remaining: 95%																					
3 Mon. Sales Rate: 1.9																							
Totals/Averages:				2,210					\$550,657	\$249	\$0	\$0	(\$5,000)	\$550,657	\$249	\$27,533	\$0	\$578,190	\$262	\$160	1.20%	0.80%	\$3,139

# New Home Project Detail: Escaya Cluster and Attached

COMMUNITY SPECIFICS AND SALES PACE			FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY															
Project Name	Builder Name		Size	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			80.0% 4.0%	
Location	Master Plan									Price Reduction	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums		Total Price	Monthly HOA	Base Tax		Addl Taxes
Product Details	Sales Summary		SF																			
<b>Flora at Escaya</b>	<b>Brookfield Residential</b>		1,278	3	2.5	2	2	\$371,000	\$290	\$0	(\$2,500)	(\$5,500)	\$371,000	\$290	\$15,000	\$0	\$383,500	\$300	\$358	1.20%	0.80%	\$2,334
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		1,495	3	2.5	2	2	\$394,000	\$264	\$0	(\$2,500)	(\$5,500)	\$394,000	\$264	\$15,000	\$0	\$406,500	\$272	\$358	1.20%	0.80%	\$2,453
Product:	Attached	Total Units:	1,710	3	2.5	2	2	\$438,000	\$256	\$0	(\$2,500)	(\$5,500)	\$438,000	\$256	\$15,000	\$0	\$450,500	\$263	\$358	1.20%	0.80%	\$2,679
Configuration:	ATT	Units Sold:																				
		3 Months Sold:																				
Sales Open Date:	Sep-17	Units Remaining:																				
Overall Sales Rate:	2.6	% Remaining:																				
3 Mon. Sales Rate:	3.0																					
Totals/Averages:			1,494					\$401,000	\$268	\$0	(\$2,500)	(\$5,500)	\$401,000	\$268	\$15,000	\$0	\$413,500	\$277	\$358	1.20%	0.80%	\$2,489
<b>Strata at Escaya</b>	<b>Shea Homes</b>		1,407	3	2.0	3	2	\$387,000	\$275	\$0	\$0	(\$5,000)	\$387,000	\$275	\$15,000	\$0	\$402,000	\$286	\$385	1.20%	0.80%	\$2,456
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		1,681	3	3.0	3	2	\$451,000	\$268	\$0	\$0	(\$5,000)	\$451,000	\$268	\$15,000	\$0	\$466,000	\$277	\$385	1.20%	0.80%	\$2,786
Product:	Attached	Total Units:	1,736	4	3.0	3	2	\$469,000	\$270	\$0	\$0	(\$5,000)	\$469,000	\$270	\$15,000	\$0	\$484,000	\$279	\$385	1.20%	0.80%	\$2,879
Configuration:	ATT	Units Sold:																				
		3 Months Sold:																				
Sales Open Date:	Jun-17	Units Remaining:																				
Overall Sales Rate:	1.9	% Remaining:																				
3 Mon. Sales Rate:	4.3																					
Totals/Averages:			1,608					\$435,667	\$271	\$0	\$0	(\$5,000)	\$435,667	\$271	\$15,000	\$0	\$450,667	\$280	\$385	1.20%	0.80%	\$2,707
<b>Indigo at Escaya</b>	<b>CalAtlantic Homes</b>		1,950	4	3.0	2	2	\$541,900	\$278	\$0	(\$2,000)	(\$5,000)	\$541,900	\$278	\$20,000	\$4,700	\$564,600	\$290	\$110	1.20%	0.80%	\$3,019
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		2,011	4	3.0	2	2	\$569,900	\$283	\$0	(\$2,000)	(\$5,000)	\$569,900	\$283	\$20,000	\$4,700	\$592,600	\$295	\$110	1.20%	0.80%	\$3,163
Product:	Single Family	Total Units:	2,165	4	3.0	2	2	\$585,900	\$271	\$0	(\$2,000)	(\$5,000)	\$585,900	\$271	\$20,000	\$4,700	\$608,600	\$281	\$110	1.20%	0.80%	\$3,246
Configuration:	2,940	Units Sold:																				
		3 Months Sold:																				
Lot Dimensions:	42x70	Units Remaining:																				
Sales Open Date:	Jun-17	% Remaining:																				
Overall Sales Rate:	4.2																					
3 Mon. Sales Rate:	3.7																					
Totals/Averages:			2,042					\$565,900	\$277	\$0	(\$2,000)	(\$5,000)	\$565,900	\$277	\$20,000	\$4,700	\$588,600	\$288	\$110	1.20%	0.80%	\$3,143
<b>Seville at Escaya</b>	<b>Shea Homes</b>		2,498	4	3.0	2	2	\$621,000	\$249	\$0	\$0	(\$10,000)	\$621,000	\$249	\$25,000	\$1,500	\$647,500	\$259	\$108	1.20%	0.80%	\$3,444
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		2,788	4	3.5	2	2	\$655,000	\$235	\$0	\$0	(\$10,000)	\$655,000	\$235	\$25,000	\$1,500	\$681,500	\$244	\$108	1.20%	0.80%	\$3,620
Product:	Single Family	Total Units:	2,949	4	3.5	2	2	\$662,000	\$224	\$0	\$0	(\$10,000)	\$662,000	\$224	\$25,000	\$1,500	\$688,500	\$233	\$108	1.20%	0.80%	\$3,656
Configuration:	3,600	Units Sold:																				
		3 Months Sold:																				
Lot Dimensions:	48x75	Units Remaining:																				
Sales Open Date:	Jun-17	% Remaining:																				
Overall Sales Rate:	4.2																					
3 Mon. Sales Rate:	5.7																					
Totals/Averages:			2,745					\$646,000	\$235	\$0	\$0	(\$10,000)	\$646,000	\$235	\$25,000	\$1,500	\$672,500	\$245	\$108	1.20%	0.80%	\$3,573

# New Home Project Detail: Escaya SFD

COMMUNITY SPECIFICS AND SALES PACE			FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY																
Project Name	Builder Name		Size	Base	Current Incentives	Net Base	Net Base	Typical			Total	Monthly Payment Inputs			80.0%								
Location	Master Plan							Base	Price	Options / Closing \$ /		Price (\$	Price/	Options /		Total	Monthly	Base	Addl	4.0%			
Product Details	Sales Summary		SF	Price	Sq. Ft.	Reduction	Upgrades	Other	Reduction)	Sq. Ft.	Upgrades	Premiums	Price	SF	HOA	Tax	Taxes	Mo.Pmt.					
<b>Valencia at Escaya</b>	<b>CalAtlantic Homes</b>		1,988	4	3.0	2	2	\$570,900	\$287	\$0	(\$2,500)	(\$5,500)	\$570,900	\$287	\$37,500	\$5,000	\$610,900	\$307	\$125	1.20%	0.80%	\$3,273	
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		2,021	4	3.0	2	2	\$563,900	\$279	\$0	(\$2,500)	(\$5,500)	\$563,900	\$279	\$37,500	\$5,000	\$603,900	\$299	\$125	1.20%	0.80%	\$3,237	
Product:	Single Family	Total Units:	2,314	4	3.0	2	2	\$610,900	\$264	\$0	(\$2,500)	(\$5,500)	\$610,900	\$264	\$37,500	\$5,000	\$650,900	\$281	\$125	1.20%	0.80%	\$3,479	
Configuration:	2,728	Units Sold:																					
Lot Dimensions:	44x62	3 Months Sold:																					
Sales Open Date:	Jun-17	Units Remaining:																					
Overall Sales Rate:	4.2	% Remaining:																					
3 Mon. Sales Rate:	2.7																						
Totals/Averages:			2,108					\$581,900	\$276	\$0	(\$2,500)	(\$5,500)	\$581,900	\$276	\$37,500	\$5,000	\$621,900	\$295	\$125	1.20%	0.80%	\$3,329	
<b>Sierra at Escaya</b>	<b>Shea Homes</b>		1,833	3	2.5	2	2	\$516,000	\$281	\$0	\$0	(\$7,000)	\$516,000	\$281	\$25,000	\$3,000	\$544,000	\$297	\$108	1.20%	0.80%	\$2,911	
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		1,899	4	3.0	2	2	\$530,000	\$279	\$0	\$0	(\$7,000)	\$530,000	\$279	\$25,000	\$3,000	\$558,000	\$294	\$108	1.20%	0.80%	\$2,983	
Product:	Single Family	Total Units:	2,179	4	3.0	2	2	\$553,000	\$254	\$0	\$0	(\$7,000)	\$553,000	\$254	\$25,000	\$3,000	\$581,000	\$267	\$108	1.20%	0.80%	\$3,102	
Configuration:	2,900	Units Sold:																					
Lot Dimensions:	34x79	3 Months Sold:																					
Sales Open Date:	Jun-17	Units Remaining:																					
Overall Sales Rate:	4.8	% Remaining:																					
3 Mon. Sales Rate:	4.7																						
Totals/Averages:			1,970					\$533,000	\$271	\$0	\$0	(\$7,000)	\$533,000	\$271	\$25,000	\$3,000	\$561,000	\$285	\$108	1.20%	0.80%	\$2,999	
<b>Prado at Escaya</b>	<b>Brookfield Residential</b>		2,289	4	3.0	2	2	\$587,000	\$256	\$0	\$0	(\$8,000)	\$587,000	\$256	\$25,000	\$3,000	\$615,000	\$269	\$125	1.20%	0.80%	\$3,294	
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		2,392	4	3.0	2	2	\$599,000	\$250	\$0	\$0	(\$8,000)	\$599,000	\$250	\$25,000	\$3,000	\$627,000	\$262	\$125	1.20%	0.80%	\$3,356	
Product:	Single Family	Total Units:	2,569	4	3.5	2	2	\$618,000	\$241	\$0	\$0	(\$8,000)	\$618,000	\$241	\$25,000	\$3,000	\$646,000	\$251	\$125	1.20%	0.80%	\$3,454	
Configuration:	3,120	Units Sold:																					
Lot Dimensions:	48x65	3 Months Sold:																					
Sales Open Date:	Jun-17	Units Remaining:																					
Overall Sales Rate:	4.2	% Remaining:																					
3 Mon. Sales Rate:	4.7																						
Totals/Averages:			2,417					\$601,333	\$249	\$0	\$0	(\$8,000)	\$601,333	\$249	\$25,000	\$3,000	\$629,333	\$260	\$125	1.20%	0.80%	\$3,368	
<b>Castellana at Escaya</b>	<b>CalAtlantic Homes</b>		2,902	4	3.0	2	2	\$675,900	\$233	\$0	(\$5,000)	(\$5,000)	\$675,900	\$233	\$45,000	\$5,000	\$720,900	\$248	\$125	1.20%	0.80%	\$3,840	
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		2,986	4	3.0	2	3	\$699,900	\$234	\$0	(\$5,000)	(\$5,000)	\$699,900	\$234	\$45,000	\$5,000	\$744,900	\$249	\$125	1.20%	0.80%	\$3,963	
Product:	Single Family	Total Units:	3,176	4	3.0	2	3	\$741,900	\$234	\$0	(\$5,000)	(\$5,000)	\$741,900	\$234	\$45,000	\$5,000	\$786,900	\$248	\$125	1.20%	0.80%	\$4,180	
Configuration:	4,500	Units Sold:																					
Lot Dimensions:	50x90	3 Months Sold:																					
Sales Open Date:	Jun-17	Units Remaining:																					
Overall Sales Rate:	1.8	% Remaining:																					
3 Mon. Sales Rate:	0.7																						
Totals/Averages:			3,021					\$705,900	\$234	\$0	(\$5,000)	(\$5,000)	\$705,900	\$234	\$45,000	\$5,000	\$750,900	\$249	\$125	1.20%	0.80%	\$3,994	
<b>Haciendas at Escaya</b>	<b>Brookfield Residential</b>		3,138	4	3.5	2	3	\$696,000	\$222	\$0	\$0	(\$8,000)	\$696,000	\$222	\$45,000	\$5,000	\$746,000	\$238	\$125	1.20%	0.80%	\$3,969	
<b>Chula Vista</b>	<b>Escaya at Otay Ranch</b>		3,401	5	3.5	2	3	\$727,000	\$214	\$0	\$0	(\$8,000)	\$727,000	\$214	\$45,000	\$5,000	\$777,000	\$228	\$125	1.20%	0.80%	\$4,129	
Product:	Single Family	Total Units:	3,704	5	4.5	2	3	\$749,000	\$202	\$0	\$0	(\$8,000)	\$749,000	\$202	\$45,000	\$5,000	\$799,000	\$216	\$125	1.20%	0.80%	\$4,242	
Configuration:	4,950	Units Sold:																					
Lot Dimensions:	55x90	3 Months Sold:																					
Sales Open Date:	Jun-17	Units Remaining:																					
Overall Sales Rate:	3.4	% Remaining:																					
3 Mon. Sales Rate:	3.7																						
Totals/Averages:			3,414					\$724,000	\$212	\$0	\$0	(\$8,000)	\$724,000	\$212	\$45,000	\$5,000	\$774,000	\$227	\$125	1.20%	0.80%	\$4,113	

# City of Chula Vista – Millenia

(CFD No. 16-I in Yellow)



## MARKET ABSORPTION ANALYSIS

*Chula Vista CFD 16-I (Millenia IA No. 1)*