



Employment Projections

Industrial vs. Proposed Mixed-Use

Sunbow Planning Area 23 | Chula Vista, CA

for ACI Sunbow, LLC

February 27, 2019

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Background

Client	ACI Sunbow, LLC
Subject	Sunbow PA 23
Location	The property is located south of Olympic Parkway, less than one mile east of I-805
Setting	Mixed use residential and commercial
Objective	Estimate the number of jobs and annual wages that will be created at the Sunbow PA 23 site with industrial or office uses

Methodology

Subject	Review conceptual site plan
Market	Based on typical industry standards and Subject land areas, estimate the rentable finished square footage supported for various commercial uses onsite. Based on typical industry ratios of square feet per job, estimate the number of jobs and average annual wages that could potentially be generated at the Subject
Analysis Period	February 2019

Assumptions

Supply & Demand

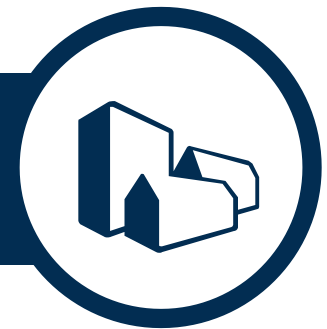
This assignment's scope did not include an examination of supply or demand conditions for commercial uses. The uses being examined may or may not be viable from a market supply and demand perspective. Our conclusions for potential job-generation at the Subject for different commercial uses are based on actual current San Diego area ratios for square feet per job and/or industry standards and are as of the build-out and full occupancy of the uses. Information on the Subject was provided by the Client.

See appendix for [Limiting Conditions](#)

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ANALYSIS



Key Findings: Potential Total Jobs (at full occupancy)



Use Type		Max. Floor	Useable	Supportable	Typical Square Feet Per Job			Estimated Number of Jobs at Build-Out		
		Area Ratio	Acres	Square Feet	Low	Sunbow*	High	Low	Sunbow*	High
Current Scenario - 36 Acres of Industrial										
Industrial	Manufacturing	0.50	36.36	791,921	750	939	1,000	792	843	1,056
Industrial	Warehousing & Distribution	0.50	36.36	791,921	1,500	1,750	2,000	396	453	528
Proposed Mixed Use Scenario - 8 Acres of Commercial w/ 28 Acres Residential (not a part of this analysis)										
Use Type		Floor Area	Useable	Supportable	Typical Square Feet Per Job			Estimated Number of Jobs at Build-Out		
		Ratio	Acres	Square Feet	Low	Sunbow*	High	Low	Sunbow*	High
Office	2-Story	0.67	8.00	233,482	150	194	250	934	1,204	1,557
Office	3-Story	1.00	8.00	348,480	150	194	250	1,394	1,796	2,323

Summary of Conclusions

- **The best commercial use for on-site job generation is 3-story office, generating a projected 1,796 jobs at build-out (8.0 acres).**
- 2-story office results in the second highest on-site job generation at a projected 1,204 jobs (8.0 acres).
- Industrial manufacturing (843 jobs) and industrial warehouse and distribution (453 jobs) generate far fewer on-site jobs than office; even with utilizing the entire 36.36 net acres for industrial vs. just 8.0 acres for office.
- It is worth noting that office-using job sectors are growing, and the demand for office space in the San Diego region continues to rise. (See Page 8)
- Manufacturing hypothetically yields as many as 843 jobs. However, manufacturing jobs are declining in San Diego County, and the Subject property has been marketed in the past for manufacturing development with no takers. So, manufacturing is likely not a viable use.

**The Sunbow numbers listed above for "Typical Square Feet Per Job" are recent San Diego County actual averages for Industrial Manufacturing, and Office; and are estimates for Manufacturing and Warehousing & Distribution. JBREC conclusions for Supportable Square Feet are based on typical maximum industry standards for floor area ratios.*

Sources: SANDAG (San Diego Association of Governments), Building Owners & Managers Association (BOMA), ITE (Institute of Transportation Engineers), U.S. Dept. of Energy, U.S. Green Building Council, City of Chula Vista, Bureau of Labor Statistics, Cushman & Wakefield, Mehigan Company, Aquila Commercial, EneyStar.gov, Indeed.com, CBRE, & CoStar.

Key Findings: Potential Wage Generation



Use Type		Max. Floor Area Ratio	Useable Acres	Supportable Square Feet	Sunbow Jobs	Average Annual Wages/Job	Sunbow Annual Wages
Current Scenario - 36 Acres of Industrial							
Industrial	Manufacturing	0.50	36.36	791,921	843	\$34,000	\$28,700,000
Industrial	Warehousing & Distribution	0.50	36.36	791,921	453	\$31,000	\$14,000,000

Proposed Mixed Use Scenario - 8 Acres of Commercial w/ 28 Acres Residential (not a part of this analysis)							
Use Type		Floor Area Ratio	Useable Acres	Supportable Square Feet	Sunbow Jobs	Average Annual Wages/Job	Sunbow Annual Wages
Office	2-Story	0.67	8.00	233,482	1,204	\$55,000	\$66,200,000
Office	3-Story	1.00	8.00	348,480	1,796	\$55,000	\$98,800,000

Summary of Conclusions

- Office workers earn an average of \$55K per year.
- Average industrial worker wages are lower (\$31K to \$34K per year).
- **With both higher average wages and a higher number of workers, office uses generate much higher potential annual income at Sunbow PA 23 than industrial uses.**

**The Sunbow numbers listed above for "Typical Square Feet Per Job" are recent San Diego County actual averages for Industrial Manufacturing, and Office; and are estimates for Manufacturing and Warehousing & Distribution. JBREC conclusions for Supportable Square Feet are based on typical maximum industry standards for floor area ratios.*

Sources: SANDAG (San Diego Association of Governments), Building Owners & Managers Association (BOMA), ITE (Institute of Transportation Engineers), U.S. Dept. of Energy, U.S. Green Building Council, City of Chula Vista, Bureau of Labor Statistics, Cushman & Wakefield, Mehigan Company, Aquila Commercial, EneryStar.gov, Indeed.com, CBRE, & CoStar.

Analysis: Estimation of Sq.Ft. Per Job (San Diego County)



San Diego County - Estimate of Commercial/Industrial-Using Employment & Square Feet Per Job

Industry Sector	SD County Total Jobs	Est. Office-Using Jobs		Est. Retail-Using Jobs		Est. Industrial-Using Jobs	
		% of Jobs	# of Jobs	% of Jobs	# of Jobs	% of Jobs	# of Jobs
Wholesale Trade	47,900	5%	2,395	0%	0	90%	43,110
Transportation, Warehousing & Utilities	33,000	5%	1,650	0%	0	90%	29,700
Retail Trade	154,700	5%	7,735	95%	146,965	0%	0
Professional & Business Services	251,000	95%	238,450	0%	0	0%	0
Other Services	58,100	75%	43,575	0%	0	0%	0
Manufacturing	115,400	5%	5,770	0%	0	95%	109,630
Liesure & Hospitality	193,900	5%	9,695	10%	19,390	0%	0
Information Systems	24,200	95%	22,990	0%	0	0%	0
Government	257,100	50%	128,550	0%	0	0%	0
Finance & Real Estate	74,100	90%	66,690	0%	0	0%	0
Education & Health Services	213,500	25%	53,375	0%	0	0%	0
Construction	79,100	10%	7,910	0%	0	10%	7,910
Agriculture & Mining	8,300	5%	415	0%	0	0%	0
Total	1,510,300	39%	589,200	28%	166,355	114%	190,350
Existing Occupied Space (sq.ft.)		114,226,000		136,892,000		178,670,000	
Square Feet Per Job		194		823		939	

Source: California Employment Development Department (CA EDD), CoStar, JBREC

Summary of Analysis

- The table above lists actual employment by industry sector as of December 2018 in San Diego County as a whole. An estimate was made of the proportion of jobs in each sector that use office, retail and/or industrial space in order to determine the number of jobs in each industry that use different types of commercial space.
- Data was compiled from CoStar on the amount of occupied existing space in San Diego County for each of the office, retail and industrial categories.
- The total amount of occupied space was divided by the number of jobs in each category. The resulting ratios were utilized in the “Sunbow” column in the Typical Square Feet Per Job columns on Page 5. In every case, the San Diego numbers fall within the range of typical values quoted by various sources for national averages and/or industry standards (which are listed as “high” and “low” in the table on Page 5).

SOURCES: CA EDD, CoStar & JBREC

Analysis: Job Growth by Industry



San Diego County - Job Growth by Industry

Industry Sector	SD County Total Jobs	Job Growth 2000-2018	
		#	%
Wholesale Trade	47,900	6,100	15%
Transportation, Warehousing & Utilities	33,000	2,800	9%
Retail Trade	154,700	17,600	13%
Professional & Business Services	251,000	52,400	26%
Other Services	58,100	15,300	36%
Manufacturing	115,400	-5,200	-4%
Leisure & Hospitality	193,900	67,000	53%
Information Systems	24,200	-11,900	-33%
Government	257,100	47,000	22%
Finance & Real Estate	74,100	3,800	5%
Education & Health Services	213,500	97,600	84%
Construction	79,100	6,800	9%
Agriculture & Mining	8,300	-2,400	-22%
Total	1,510,300	296,900	24%

Summary of Analysis

- 296,900 jobs were added to the San Diego economy from 2000 to 2018 (a 24% increase).
- Three sectors recorded declines (Information Systems -11.9K, Manufacturing -5.2K, and Agriculture & Mining -2.4K).
- The sectors with the most absolute growth include: Education & Health Services (+97.6K), Leisure & Hospitality (+67.0K), Professional and Business Services (+52.4K), and Government (+47.0K).
- With regards to the market viability of commercial uses at the Subject, the growth sectors imply the greatest demand for office space, while the decline in Manufacturing would argue against the development of industrial space.

SOURCES: CA EDD

SUBJECT PROPERTY

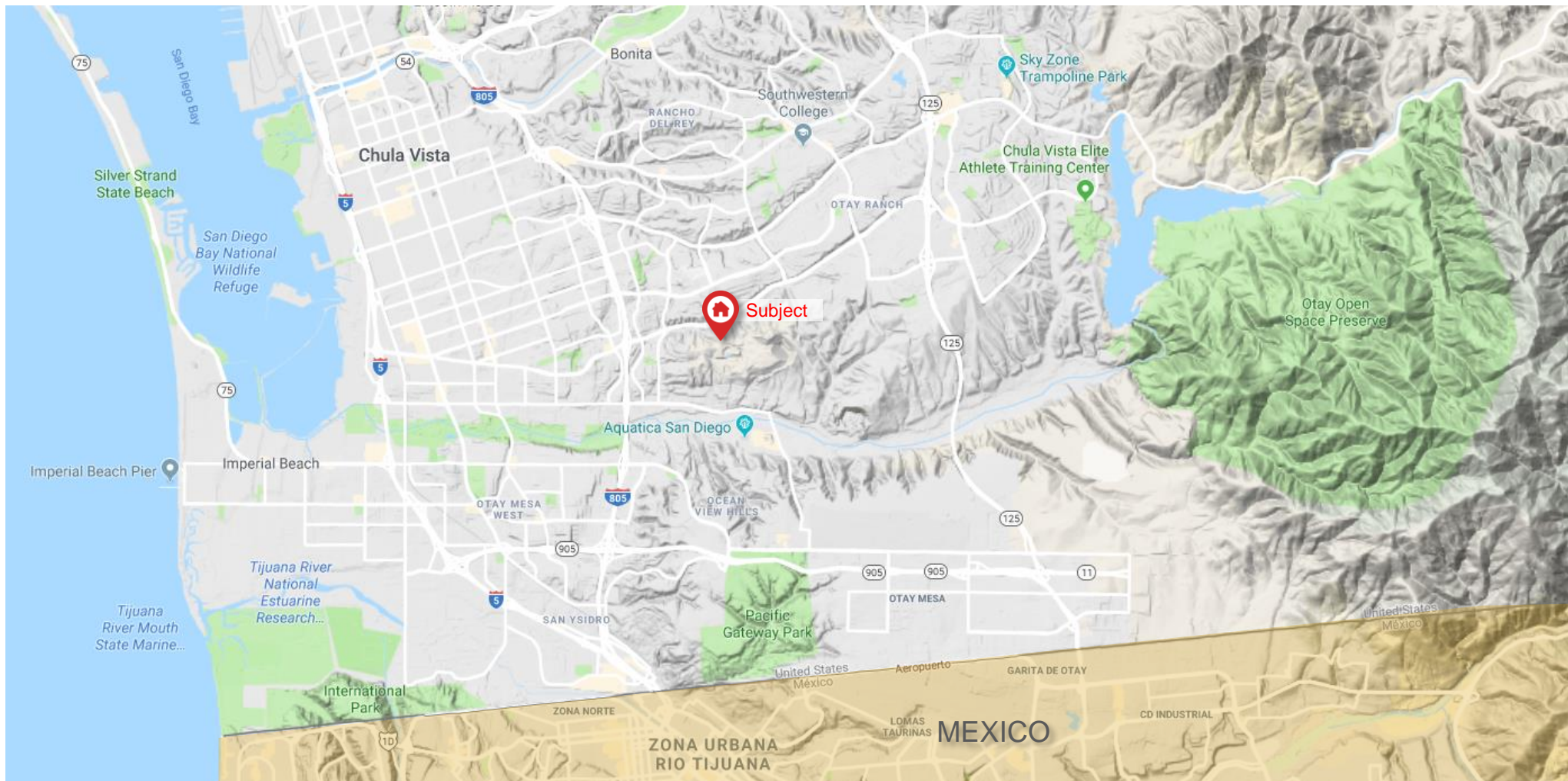


Regional Location and Attributes



MSA	San Diego MSA
County	San Diego County
City	Chula Vista
Location	In the Sunbow community, directly south of Olympic Parkway and north of the Otay Landfill.

The Site has excellent east/west access via Olympic Parkway and north/south regional access via Interstate 805 (1.0 mile west of the Subject) and SR 125 (toll road) to the east. Two international border crossings are located within about five and ten miles of the Site.



Neighborhood Location



Conceptual Site Plan



LEGEND

- Village 1 – 2-Story Triplexes
- Village 2 – 2-Story Back-to-Back Townhomes
- Village 3 – 3-Story Townhomes
- Village 4 – 2-Story Townhomes
- Village 5 – 2 & 3-Story Motor Court Townhomes
- Village 6 – 3-Story Stacked Flats
- Village 7 – Future Commercial/Employment - 8 acres
- Village Parks

SUNBOW PLANNING AREA 23 Proposed Mixed-Use Concept Plan



APPENDIX





This report's conclusions and recommendations are based on our analysis of the information available to us from our research and from the client as of the date of this report. We assume that the information is correct and reliable and that we have been informed about any issues that would affect project marketability or success potential.

Our conclusions and recommendations are based on current and expected performance of the national, and/or local economy and real estate market. Given that economic conditions can change and real estate markets are cyclical, it is critical to monitor the economy and real-estate market continuously and to revisit key project assumptions periodically to ensure that they are still justified.

Due to changes in market conditions, as well as changes in consumer psychology, projected and actual results will likely differ. Events and circumstances frequently do not occur as expected, and the differences may be material. We do not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions.

In general, for projects out in the future, we are assuming "normal" real estate market conditions and not a condition of either prolonged "boom" or "bust" market conditions. We do assume that economic, employment, and household growth will occur more or less in accordance with current expectations. We are not taking into account major shifts in the level of consumer confidence; in the ability of developers to secure needed project entitlements; in the cost of development or construction; in tax laws that favor or disfavor real estate markets; or in the availability and/or cost of capital and mortgage financing for real estate developers, owners and buyers. Should there be such major shifts affecting real estate markets, this analysis should be updated, with the conclusions and recommendations summarized herein reviewed and reevaluated under a potential range of build-out scenarios reflecting changed market conditions.

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



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- Proprietary Surveys

Consumer & Product Insights

- Consumer & Product Insights National Report
- Product Segmentation
- Mapping Studies
- Consumer Segmentation
- Site & Product Validation
- Custom Survey Analysis
- Focus Groups



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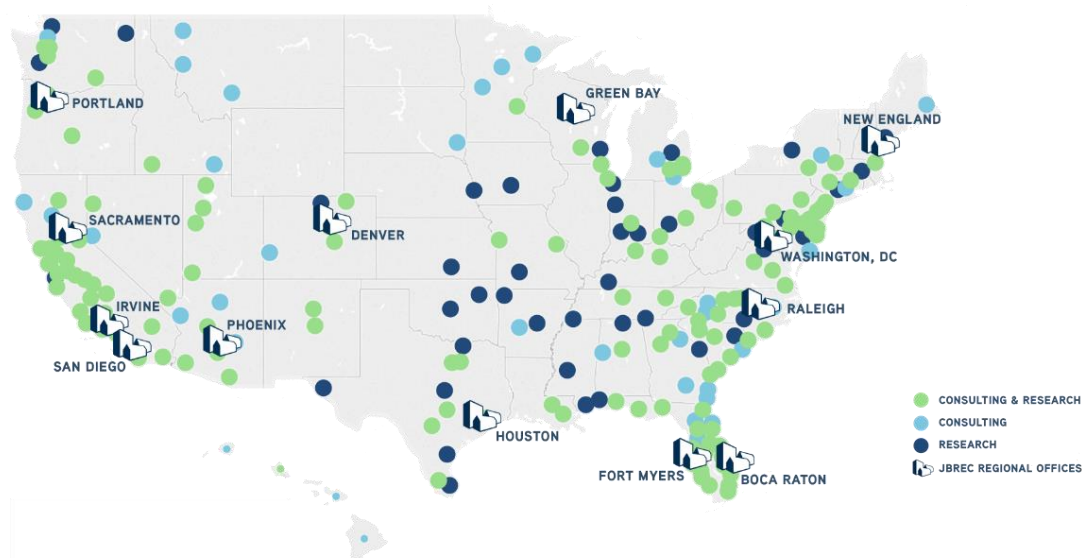
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