



ASSESSMENT OF LAND USE CHANGE FROM COMMERCIAL TO RESIDENTIAL

Sweetwater Springs, San Diego, CA

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 CalAtlantic Homes.

Alexis Wilmot served as Project Director and oversaw all aspects of this assignment. Alexis Wilmot also managed the engagement on a day-to-day basis. Follow-up questions should be directed to Alexis Wilmot at (858) 381-4392 or awilmot@meyersllc.com.

OBJECTIVE

CalAtlantic Homes (“CalAtlantic”) has requested an assessment of the long term market viability of a 10.58 acre site in the Spring Valley neighborhood of San Diego, CA as a commercial shopping center. The Sweetwater Springs project is located just south of Highway 94 and is currently entitled as a commercial shopping center with no long term leases. Only 75% of the suites on site are leased, and of these, 2 of the leases are in default, resulting in a vacancy rate of over 30%. There are many factors contributing to the lack of viability of this site as a retail development, but the main one is location. The site is not well located near a major freeway or highly traveled road. With marginal exposure, an anchor tenant will likely not be interested in this site. The development of new unanchored retail is nearly impossible to finance, and makes attracting smaller tenants challenging.

Our primary focus will be to define the existing (General Commercial) and proposed (Residential) land use, economic and demographic factors driving demand and feasibility of housing and commercial uses in the area, competitive residential trends, a comparison of land values for residential and commercial uses in the vicinity. Additionally, Meyers will evaluate the proposed product and site plan, assuming a cluster SFD product with 67 detached courtyard homes with shared driveways, and 25 detached front-loaded homes on conventional lots with private driveways. In order to achieve a change from commercial uses to residential, the property will require a zone change and a GPA will be required for the Project. This will require the commercial shopping center on the site to be removed and the entire +/- 10.58 gross acres would be available for development for residential uses.

LIMITING CONDITIONS

CalAtlantic is 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 projected 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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Location Analysis

Sweetwater Springs, San Diego, CA

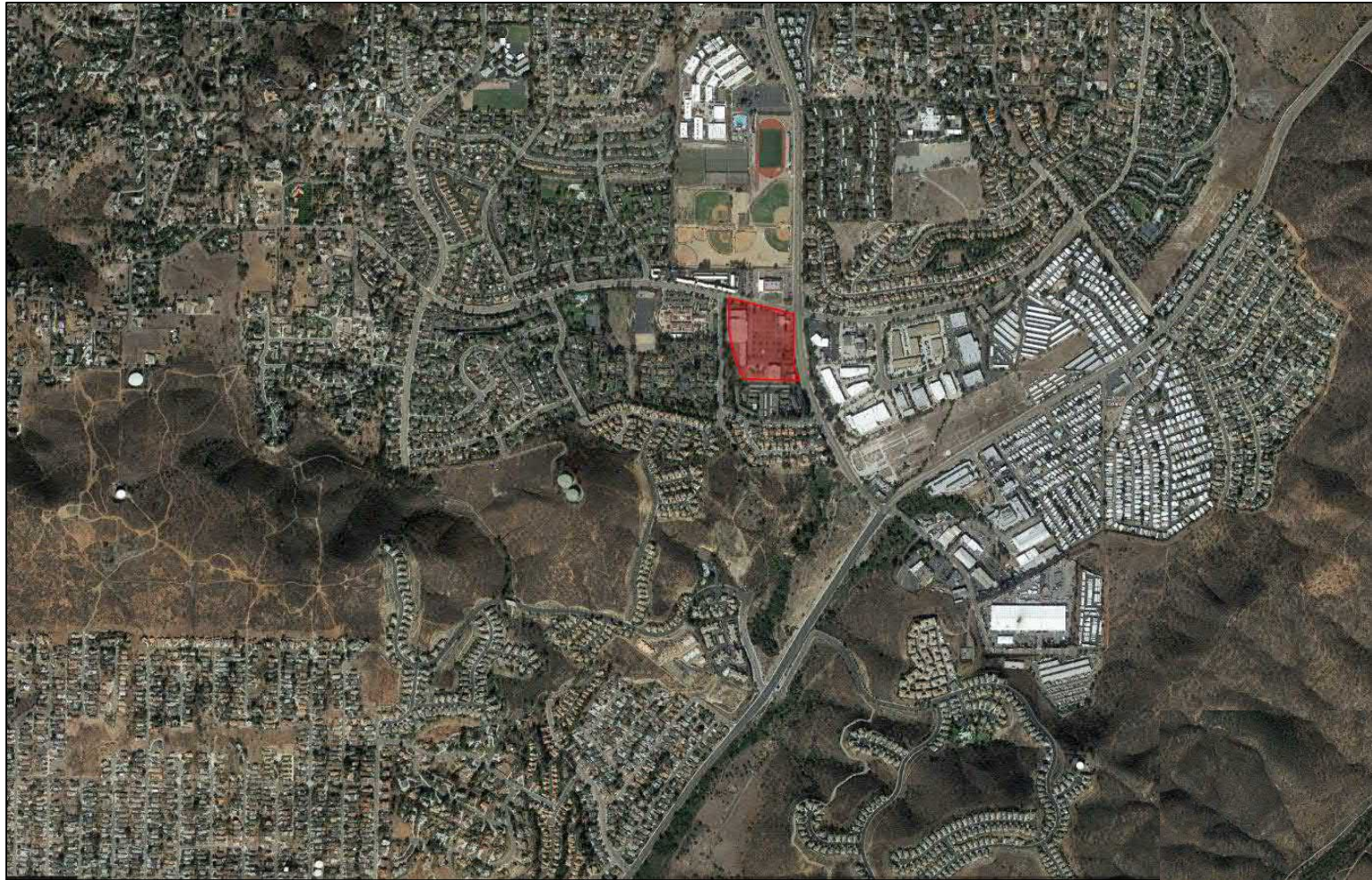
Proximity to Shopping, Schools, Services Supports Residential Use

The Subject is located in the City of Spring Valley, and is well suited to a residential for-sale use with its easy access to several shopping conveniences, restaurants and services along Highway 54 to the south, and Highway 94 to the north. Employment nodes are located in the adjacent cities of Lemon Grove to the west and El Cajon to the north, and roughly 15 miles to the west in Downtown San Diego.



Surrounding Uses Support Zone Change to For-Sale Housing

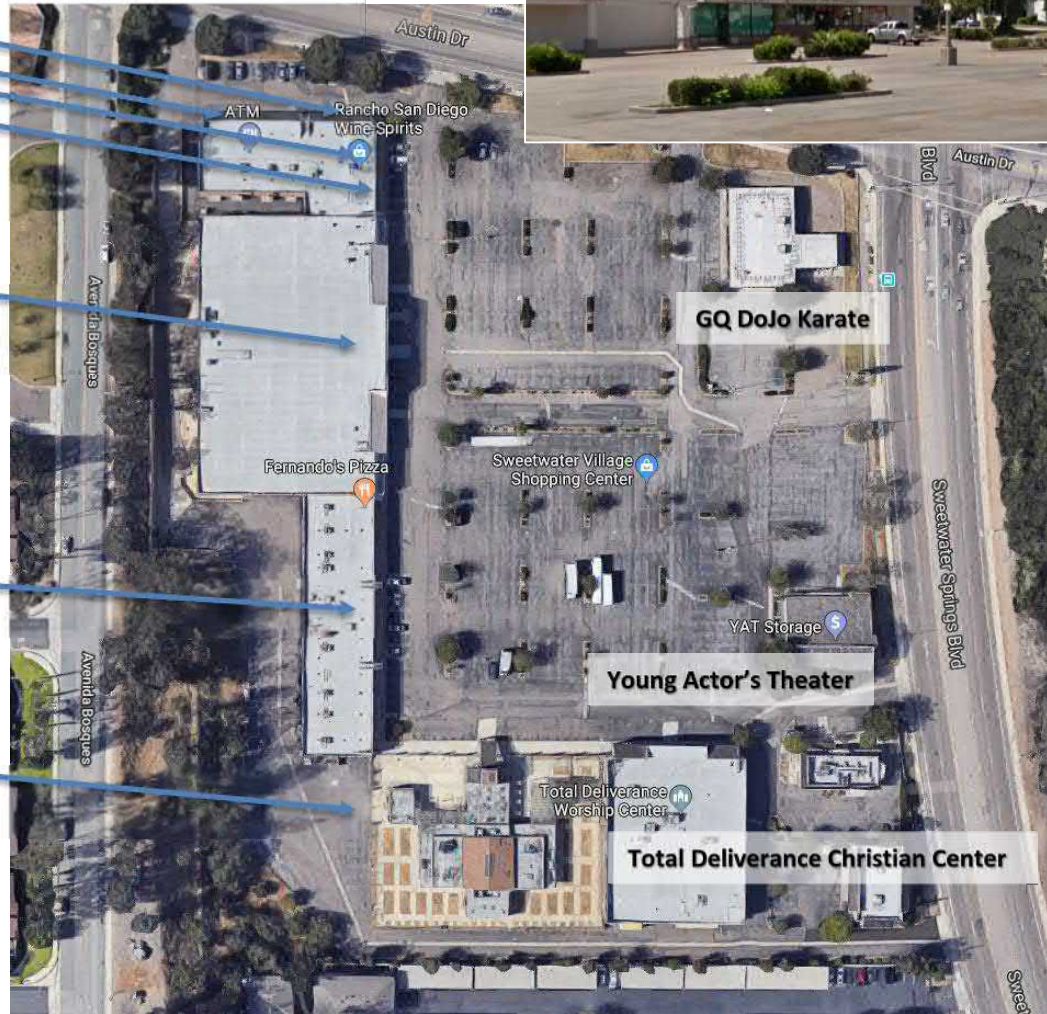
The proposed zone change from General Commercial to Residential is supported by the surrounding uses, and the residential development as proposed would fit in well with the neighborhood. The surrounding uses include single family detached homes to the west, a small retail strip center and school to the north, newer construction residential to the south (Lakeview Highlands Ranch and Pointe Lakeview Condominiums), and light industrial uses such as a distillery and self storage to the east.



Current Site Conditions DO NOT Support Continued Retail Use

The site currently has 82,458 leasable square feet, as is essentially vacant except for the Church at the south end, and the shops listed below at the extreme north end (top photo).

- Stepping Higher
- Guardian Academy Martial Arts
- Rancho San Diego Wine & Spirits
- National Discount Costume Club



Subject Site History as a Commercial Retail Center

The current tenants comprise secondary and marginal uses, with no anchor tenant since 2010, and the last time the center was fully occupied and successfully operating as a retail center was in 2000 (the attached July 2017 rent roll has several vacancies and defaults).

- The previous anchor tenants (Taco Bell, the two Washington Mutual banks and Rite Aid) all physically closed their stores around 1998-2000 when the original grocery store, Alpha Beta/Big Bear, went out of business.
- Although the center was technically fully leased up in July 2003, were only paying rent because they were obligated to fulfill their lease term.
- The property owner was unable to find another grocery store to fill the anchor space so the property owner opened up the Family Foods Market in an attempt to provide an anchor tenant. Family Foods went out of business in May 2010, and no other anchor tenant has been secured since that time.

Lease rate /Sq ft	\$ 0.42
Available Sq ft leased	38%
Leased Sq Ft paying rent	90%
Sq Ft Leased in Default	10%
Net Effective Vacancy	66%

Sweetwater Springs Lease Detail				Monthly	Current		
	Building	Previous Tenant	Sq Ft	Deposit	Rent	Pay	Suites
Total Deliverance Christian Center, Inc.	G	SD Office of Educ.	2,560	\$ 3,000	\$ 3,600	\$ 2,100	2770A&B
Total Deliverance Christian Center, Inc.	H	RiteAid	16,250	\$ 8,260	\$ 8,260	\$ 6,760	2774
Total Deliverance Christian Center, Inc.	A	Faith Deliverance	1,500	\$ 800	\$ 800	\$ 800	2778K&L
Total Deliverance Christian Center, Inc.	A	Knight Music	1,688	\$ 2,200	\$ 500	\$ 500	2778G
Total Deliverance Christian Center, Inc.	A	Pac n Ship	1,200	\$ 500	\$ 360	\$ 360	2778J
Total Deliverance Christian Center, Inc.	A	McCormack Auction	960	\$ 530	\$ 265	\$ 265	2778I
Total Deliverance Christian Center, Inc.	A	Young Actors Theater	1,080	\$ 1,080	\$ 325	\$ 325	2778D
Moore/Total Deliverance Christian Center, Inc.	A	Video Discount	1,020	\$ 500	\$ 360	\$ 360	2778C
Moore (Voices of Victory Christian Ministry)	A		2,400	\$ 2,700	\$ 2,700	\$ 2,700	2778AB
Robert Hatton (Marcomm Media)	A		960	\$ 800	\$ 200	\$ 200	2778H
Young Actor's Theater, Inc.	E	WaMu	4,143	\$ -	\$ -	\$ -	2788
Young Actor's Theater, Inc.	C	Majesticuts	1,800	\$ 240	\$ 240	\$ 240	2782A
Rancho San Diego Wine & Sprits	C		3,000	\$ 3,170	\$ -	\$ 3,332	2782B
Lyly Nguyen (National Discount Costume Club)	C	Peace of Christ	1,500	\$ 1,000	\$ 1,000	\$ 1,000	2782F
Craig Leonetti (320 sq ft area for storage container)	J			\$ -	\$ 50	\$ 50	2776
California DOT (10 parking spaces)				\$ -	\$ -	\$ -	Parking
Scot Conway (J.A. Guardian)	C	In default	3,600	\$ -	\$ 1,700	\$ -	2782E
Oseguera (Fernando's Pizza)	A	In default	1,080	\$ -	\$ 1,500	\$ -	2778E
Subtotal			44,741	24,780	21,860	18,992	
Vacant	A	Bonded Cleaners	1,452				2778F
Vacant	B	Family Foods Market	35,250				2780
Vacant	C	Dr Boyer	1,200				2782C
Vacant	C	Leasing Office	1,200				2782D
Vacant	D	WaMu	3,226				2792
Vacant	F	Taco Bell	1,621				2784
Vacant	J	McCormack Auction	30,000				2776
Totals			118,690	\$ 24,780	\$ 21,860	\$ 18,992	

Subject Site Operating Income

Lease Rates:

- Spring Valley and the surrounding areas such as Mount Helix, Rancho San Diego and south La Mesa / south El Cajon are currently commanding between \$16.20 and \$24.00 per year (\$1.35 to \$2.00 per month NNN), and area lease rates in the area have been decreasing continuously over the past 5 years.
- By contrast, the Subject is currently leasing at a much lower average of just \$0.42 per square foot, and the operating income has been consistently decreasing over the past several years, as shown on the income statement below, with an 8% drop in 2015 over 2014, and a further 11% drop in 2016, or a total depreciation of 19% in 3 years 2014 and 2016.

Sweetwater Springs Income Statement	<u>2014</u>	<u>2015</u>	<u>2016</u>
TOTAL INCOME	<u>\$ 331,686.30</u>	<u>\$ 305,241.14</u>	<u>\$ 271,746.01</u>
YEAR OVER YEAR CHANGE		-7.97%	-10.97%
TOTAL EXPENSES	<u>\$ 242,853.36</u>	<u>\$ 342,702.88</u>	<u>\$ 247,637.18</u>
NET INCOME	\$ 88,832.94	\$ (37,461.74)	\$ 24,108.83

Vacancy Rates:

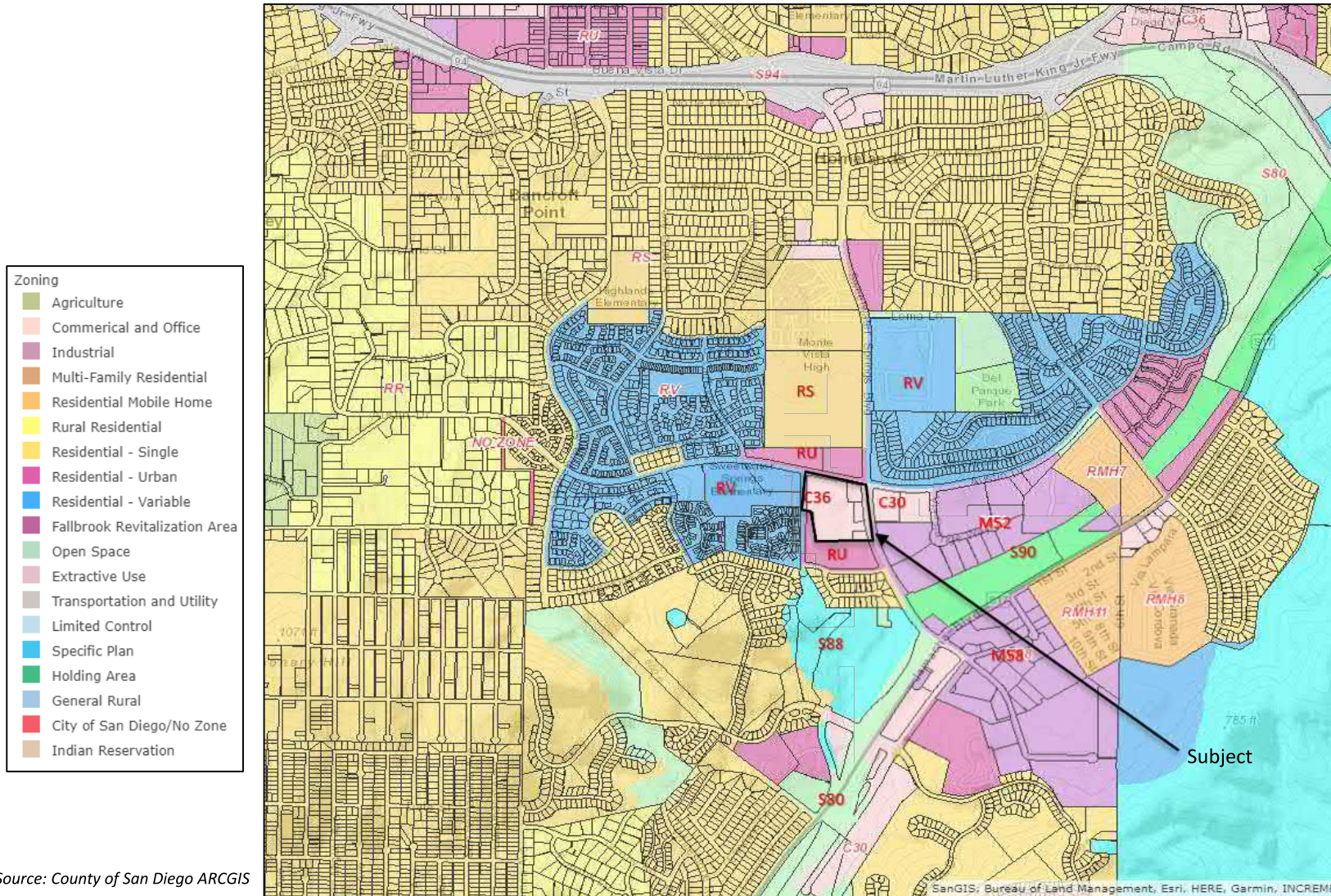
Of the available square footage at the Subject, just 38% of the square footage available is leased, with 10% of that space in default, resulting in an untenable total vacancy rate of 66%, based on leasable square footage.

Conclusion:

The Subject is dilapidated and would need to be entirely redeveloped. At the current lease rates (averaging \$0.38 per square foot), the Subject does not operate successfully, and even if the Subject were to achieve lease rates similar to the more successful retail areas in the vicinity these rates are still too low to finance a new construction retail center.

Current Zoning Map

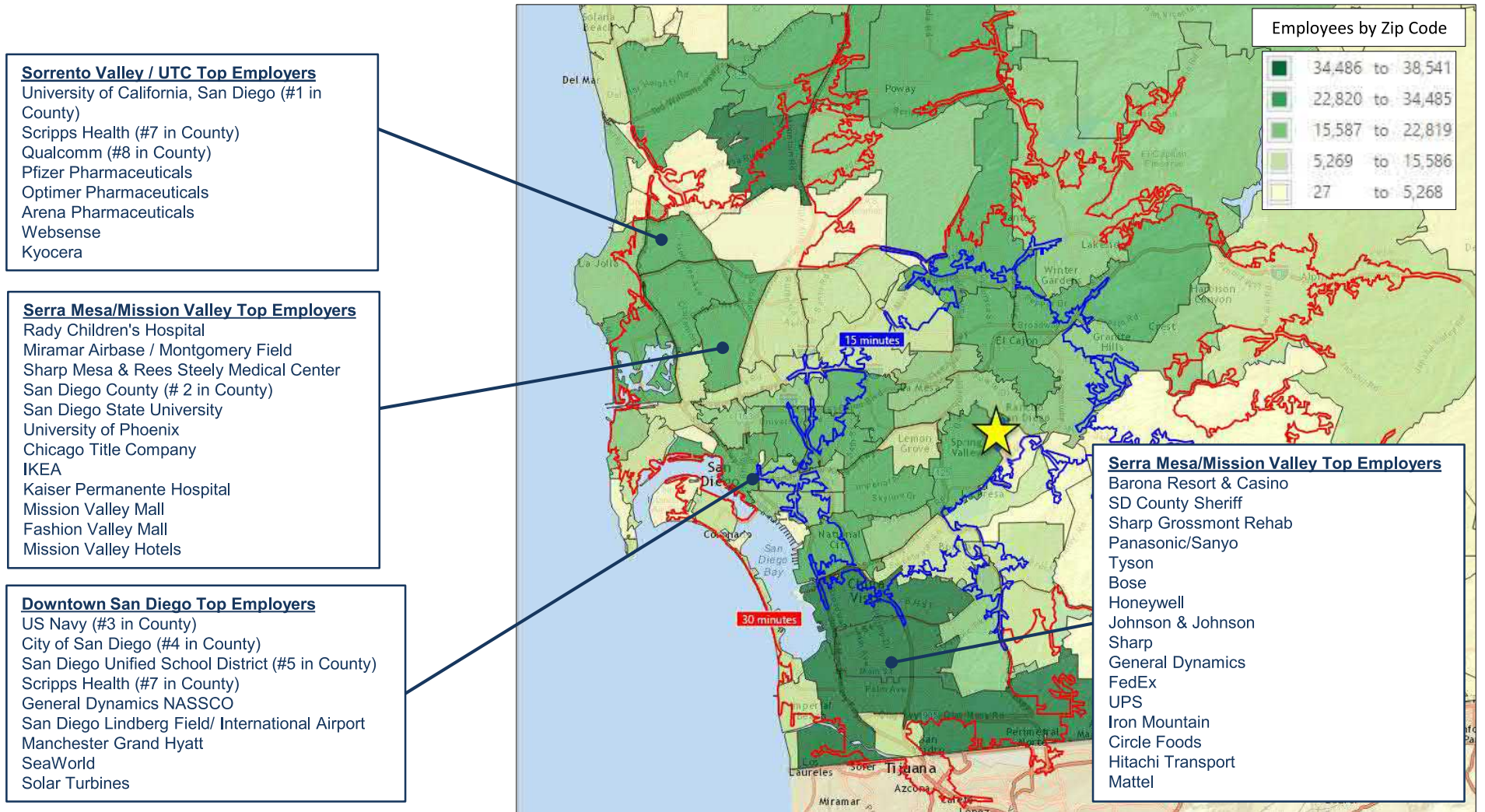
There are several different land uses immediately surrounding the Subject, which is currently zoned C36 (Commercial).



Source: County of San Diego ARCGIS

Employees By Zip Code Drive Time Map

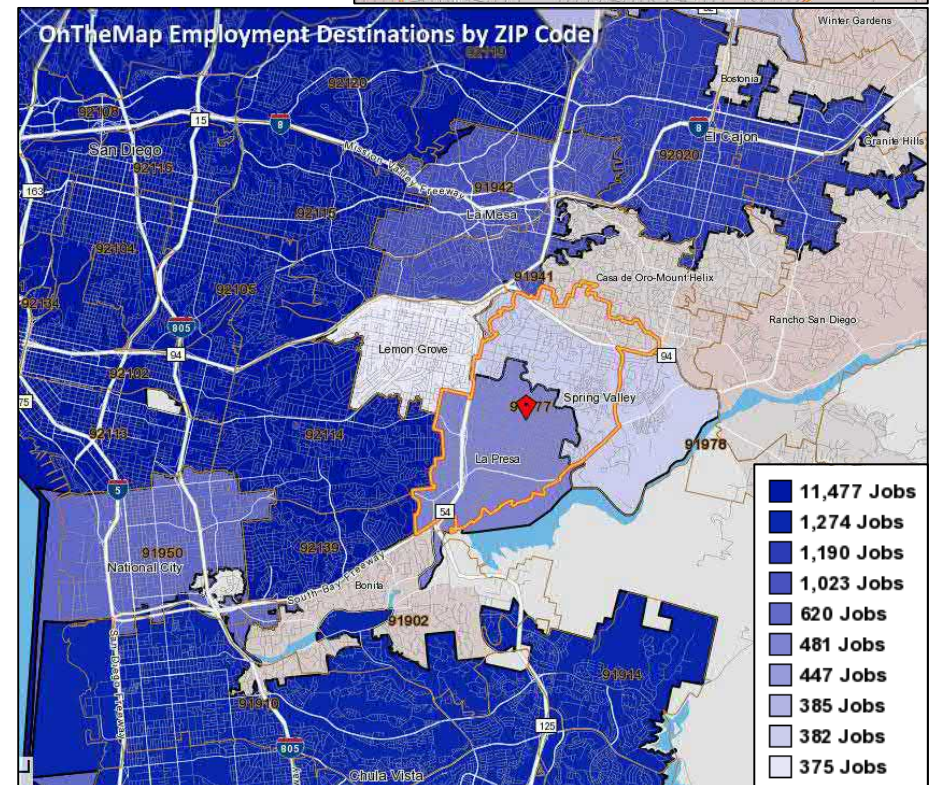
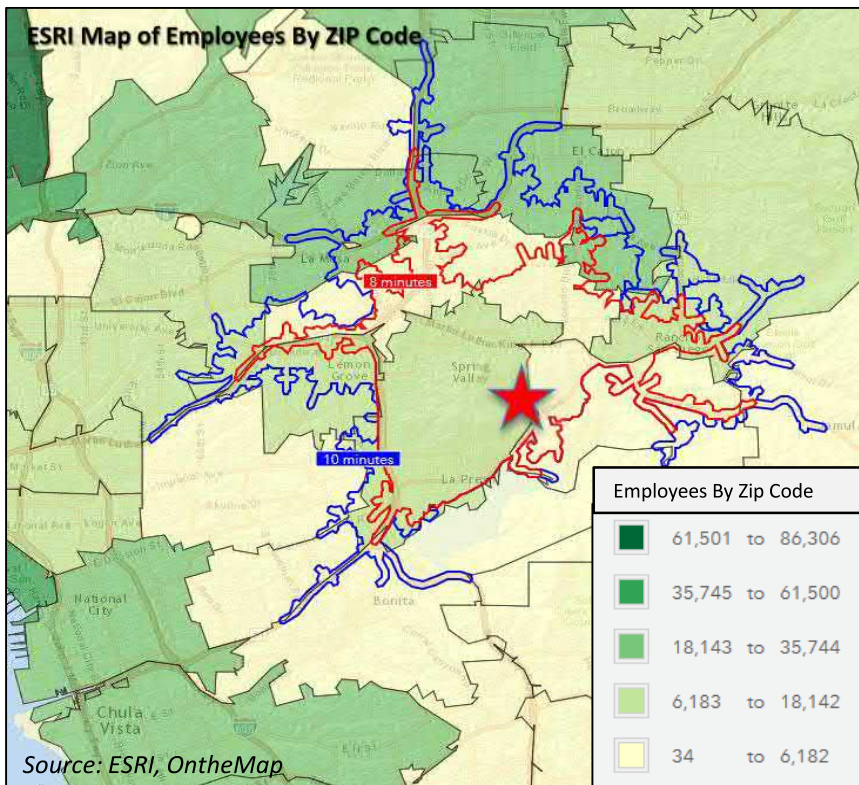
Proximity to employment is a strength for the Subject as a residential development. The Subject is located in Spring Valley, within a 15-minute drive of several employment centers including Downtown San Diego, Chula Vista, El Cajon, National City and La Mesa. Other employment nodes within a ±30 minute drive of the Subject include Otay Mesa, Serra Mesa/Mission Valley and Sorrento Valley/UTC.



Local Area Employment is Key Indicator of Retail Viability

The number of employees within 8 to 10 minute drive of the Subject is relatively low compared to other areas of East County and South Bay, and does not contribute to the viability of retail development in terms of quality lunch time restaurants and services for errands.

- OnTheMap data shows that Spring Valley supports under 1,000 jobs, and that the influx of employees is 5,911, while the outflow is 22,980 employees heading to other areas for work.
- Roughly 1,900 businesses with 13,700 employees exist within an 8 minute drive time of Austin Drive and Sweetwater Springs Boulevard.
- Approximately 4,200 establishments representing 34,200 employees are within 10 minutes of the intersection.



Key Area Demographic Is Income-Qualified to Own at Subject

An analysis of key demographic characteristics within a short distance of the Subject, and ascertained that there is a strong demand pool of income-qualified buyers for residential for-sale product in this area. The area around the Subject shows:

- Median household income of roughly \$85,000, and average household income of above \$60,000 (supports recommended for-sale pricing)
- Predominantly Caucasian ethnicity
- An average household size of 3



Demographic and Income Comparison Profile

Spring Valley Subject Site
Rings: 2.5, 5, 7 mile radii

Prepared by Esri

Latitude: -

Longitude: -

	2.5 miles		5 miles		7 miles	
2017 Summary						
Population		69,420		320,186		646,376
Households		22,604		107,979		214,358
Families		16,966		76,880		152,201
Average Household		3.05		2.93		2.97
Owner Occupied	60.8%	13,733	54%	58,281		117,610
Renter Occupied	39.2%	8,872	46%	49,698		96,748
Median Age		36.2		36.3		35.5
Median Household		\$65,140		\$61,434		\$61,194
Average Household		\$86,967		\$83,210		\$82,928
Per Capita Income		\$28,771		\$28,504		\$28,011

2017 Race and	2.5 miles		5 miles		7 miles	
	Number	Percent	Number	Percent	Number	Percent
White Alone	38,396	55.3%	180,995	56.5%	350,186	54.2%
Black Alone	7,689	11.1%	32,705	10.2%	65,143	10.1%
American Indian Alone	499	0.7%	2,259	0.7%	4,409	0.7%
Asian Alone	4,661	6.7%	31,557	9.9%	83,610	12.9%
Pacific Islander Alone	617	0.9%	2,384	0.7%	4,469	0.7%
Some Other Race	12,538	18.1%	47,588	14.9%	95,636	14.8%
Two or More Races	5,021	7.2%	22,698	7.1%	42,923	6.6%
Hispanic Origin (Any)	26,106	37.6%	109,363	34.2%	227,689	35.2%

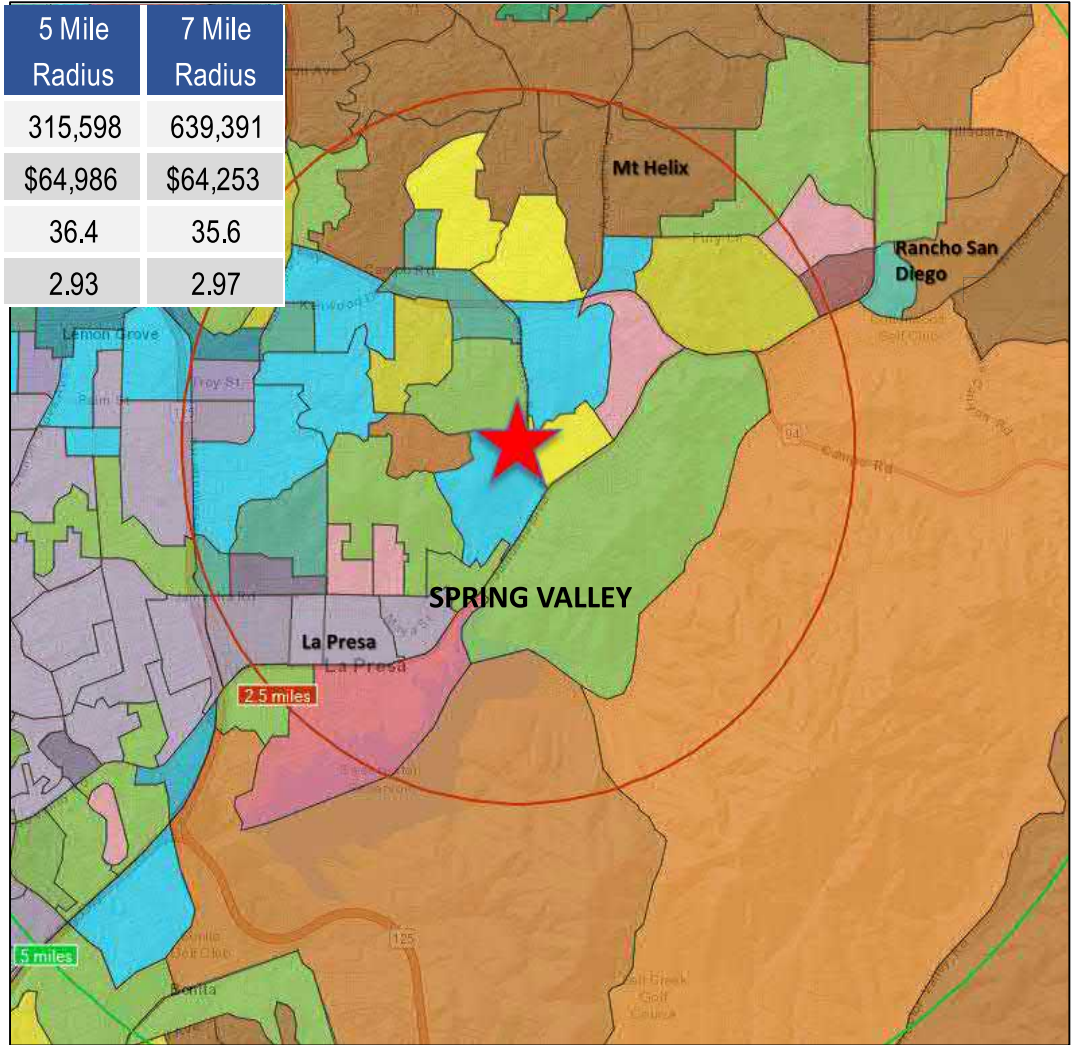
Source: ESRI

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2017 and 2022.

Spring Valley Tapestry Map

A closer look at the area immediately surrounding the Subject shows a slightly more affluent consumer profile than Spring Valley as a whole. Spring Valley comprises two ZIP codes (91977 and 91978), but only the western-most portion of this ZIP code is developed with residential and commercial.

Area	San Diego County	Spring Valley ZIP Codes 91977 / 91978	2.5 Mile Radius	5 Mile Radius	7 Mile Radius
Population	3,344,185	71,380	67,339	315,598	639,391
Median HH Income	\$72,156	\$66,747	\$69,953	\$64,986	\$64,253
Median Age	35.7	35.0	36.4	36.4	35.6
Average HH Size	2.77	3.17	3.06	2.93	2.97



8A City Lights

Prof / Svcs
College Degree
White

Household: Married Couple, No Kids, Single Family

- Play the lottery
- Shop for brand labels
- Listen to classic rock, alternative, hip-hop radio
- Like public transportation

Households: 1,755,000

SB In Style

Prof / Mgmt
College Degree
White

Household: Married Couple, Single Family

- Support arts, theater, concerts, museums
- Hold retirement savings, investment policies
- Use cars, mobile phones
- Own lawnmower, SUV or truck

Households: 2,675,000

2D Enterprising Professionals

Prof / Mgmt
College Degree
White

Household: Married Couple, Single Family

- Gravitate toward necessity
- Buy trendy clothes online
- Watch news, TV as demand
- Buy digital books for tablet

Households: 1,577,000

Key Demographics: Spring Valley vs San Diego County

The Spring Valley Area key demographic of small established families with good average median incomes and a propensity for home ownership, are favorable for the establishment of neighborhood retail, and compare favorably to San Diego County overall.

However, the demographics alone are not sufficient make a retail site perform at acceptable sales volumes necessary to support rents needed to sustain a neighborhood retail center. The site characteristics discussed elsewhere in this report represent a significant barrier to develop quality retail at the subject site. These include site characteristics, local rental rates, extent and location of local competitive retail, etc.

KEY DEMOGRAPHICS		
COMPARISON SUBJECT (SPRING VALLEY) VS SAN DIEGO COUNTY		
	SPRING VALLEY AREA	SAN DIEGO COUNTY
HH INCOME	\$86,967	\$101,373
HH AVG. SIZE	\$3	2.77
MEDIAN AGE	36.1	35.7
ETHNICITY	56.3% White 16.8% Other 11.4% Black	61.5% White 14.5% Other 12% Asian
HOME OWNERSHIP	58.80%	50.20%

Retail Market Overview

Sweetwater Springs, California

Retail Market Overview for San Diego

According to CBRE's research, the retail market conditions in the San Diego MSA as at Q2 2018 were generally positive, with record high asking rates and increased leasing activity.

- Stagnant retail job growth is more a sign of employers adapting to technological change, tight labor market conditions and wage pressures than struggling sales. According to CBRE Econometric Advisors, retail sales grew by an estimated 3.8 percent year over year in Q2.
- Tenants continue to pursue higher grade properties which demand higher asking rates that are pushing average rental rates up, and asking rates for quality Class A shopping centers at an all-time high.
- The Square at Bressi Ranch broke ground this quarter, with 90,000 sq. ft. set to deliver in Q4 of this year.
- The average asking lease rate increased significantly, up \$0.13 (+5.8 percent) quarter over quarter to \$2.39 NNN.
- Strip center rates increased significantly, up \$0.14 (+7.5 percent) to \$2.02 NNN. This can be attributed to high priced availabilities coming online, such as at The La Jolla Marketplace and Otay Crossroads.
- Neighborhood centers slightly increased \$0.08 (+4.0 percent) to \$2.10 NNN, due to a large (43,794 sq. ft.) relatively high-priced availability coming online at The District at Eastlake.
- Downtown San Diego rates once again remained the highest at \$2.92 NNN.
- In Q2 2018, net absorption remained negative at (83,225) sq. ft., bringing year-to-date net absorption to (97,327) sq. ft. There were also a few large vacancies this quarter that came to market, one being a former Sears in Carmel Mountain, which helped drive the vacancy rate up to 4.7% despite the leasing momentum.

Subject Is Located In East County Retail Market

The San Diego MSA is comprised of 36 retail submarkets. The Subject site is located in the Lemon Grove / Spring Valley / Ranch Submarket of the East County market. The two other comparable East County Submarkets include El Cajon, and La Mesa / San Carlos.

It is interesting to note that the most numerous recent key lease and sale transactions have occurred in the east Central Market and east South Market.

- Eastlake - 56,304 SF leased
- Chula Vista - 188,915 SF sold
- East Central - 38,987 SF leased
- 41,152 SF sold

Key Lease Transactions

Occupier	Industry Sector	Location	Building Class	Sq. Ft. Leased
Bevmo	Consumer Products/Grocery	Mira Mesa/Scripps Ranch	Power	38,987
Ross	Consumer Products	Eastlake	Neighborhood	26,004
Grocery Outlet	Grocery	Imperial Bch/South SD	Neighborhood	24,594
Home Goods	Home Improvement	Eastlake	Neighborhood	21,000
Cost Plus	Home Improvement	Eastlake	Neighborhood	18,300

Key Sales Transactions

Property	Buyer	Location	Price (Mil)	S/SF	RBA
Gateway Marketplace	American Assets Trust, Inc.	Chula Vista	\$42.0	\$328	127,943
Eastlake Terraces	Crow Holdings	Chula Vista	\$40.8	\$670	60,972
Rancho Carmel Village	Jade Group 1 LLC	Carmel Mountain Ranch	\$10.5	\$388	27,110
Torrey Highlands Plaza	Undisclosed	Rancho Penasquitos	\$10.4	\$741	14,042
PB Gateway Center	Oakland Sutter Hotel	PB/Rose Canyon/Morena	\$3.9	\$267	14,400

Source: CBRE



San Diego MSA Retail Inventory Is Increasing

Retail inventory in San Diego has been increasing since 2009, with an average of 123,756 square feet added in 2017, and a further 134,590 square feet under construction.

Region	RBA	Direct Vacancy %	Overall Vacancy %	Qtr Net Absorption	Under Const.	Const. Deliveries	Asking Lease Rate \$
Central San Diego	16,646,472	3.2%	3.2%	(30,273)	0	0	\$2.45
Downtown	700,717	7.3%	7.5%	(5,677)	0	0	\$2.33
East County	11,256,903	3.5%	3.9%	1,245	38,719	0	\$1.74
North County	21,771,057	5.1%	5.2%	139,207	95,871	0	\$2.49
South San Diego	9,757,424	4.7%	4.9%	(13,495)	0	0	\$2.71
SW Riverside	9,397,942	6.9%	7.3%	32,749	0	0	\$1.87
San Diego Totals	69,530,515	4.6%	4.8%	123,756	134,590	0	\$2.29

Source: CBRE

Subject Redeveloped as Neighborhood Retail Could Lease at \$1.50/SF

- The Subject developed as a retail center would likely fall under the Neighborhood classification (a shopping complex constructed around a supermarket or drugstore as the only anchor tenant).
- It is estimated that the Subject could achieve an average lease rate of \$1.50/SF, which is well below the San Diego performance average of \$2.00/SF.
- Absorption over the past quarter was positive for all retail types except for specialty retail, which also commands the lowest rental rates at \$1.30/SF on average.
- Power centers appear to be the most lucrative in terms of both rental rate (average \$3.56/SF) and overall vacancy, at 2.8%.

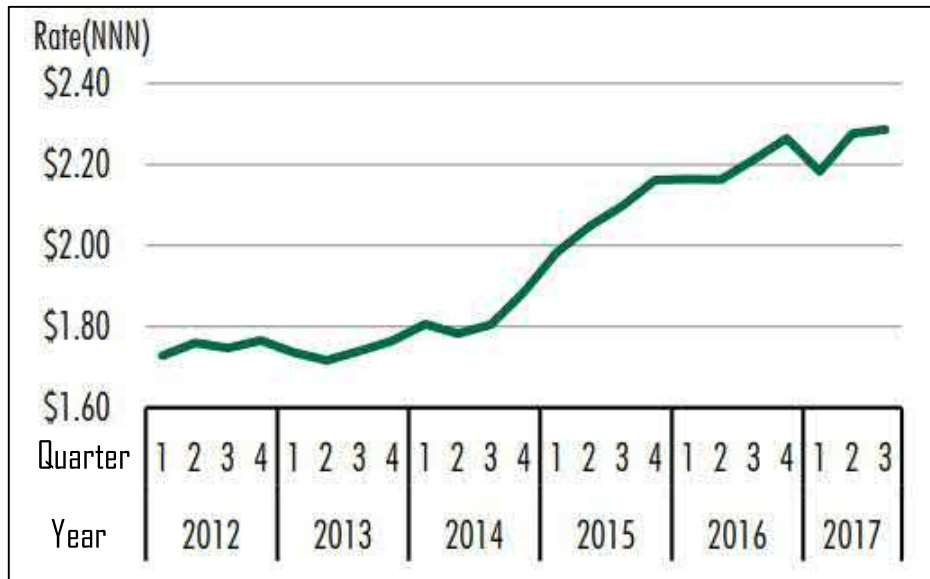
Region	RBA	Direct Vacancy %	Overall Vacancy %	Qtr Net Absorption	Under Const.	Const. Deliveries	Asking Lease Rate \$
Community	23,933,874	4.4%	4.8%	47,462	0	0	\$2.25
Neighborhood	27,238,029	5.7%	5.8%	39,065	95,871	0	\$2.00
Power	13,365,158	2.7%	2.8%	26,892	0	0	\$3.56
Specialty	1,434,337	2.7%	3.2%	(389)	0	0	\$1.30
Strip	3,559,117	5.1%	5.2%	10,726	38,719	0	\$1.78
San Diego Totals	69,530,515	4.6%	4.8%	123,756	134,590	0	\$2.29

Source: CBRE

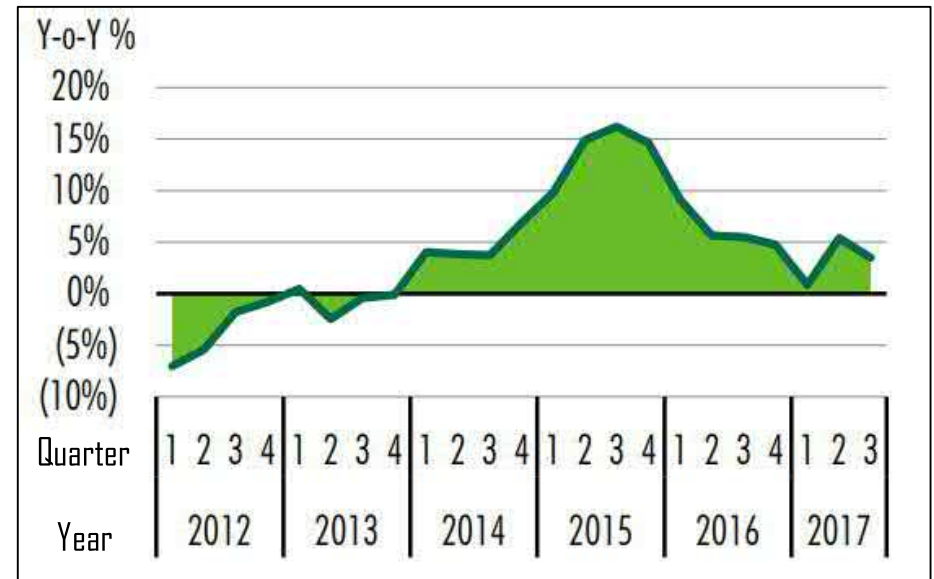
San Diego Lease Rates Are Increasing Slightly

The average asking lease rate increased \$0.01 (+0.4%) quarter-over-quarter to \$2.29 NNN, breaking the previous record set in Q2. Power centers continued to drive most of the increase in Q3, up \$0.16 (+4.7%) quarter-over-quarter to \$3.56 NNN. This is mostly due to a substantial increase in the availability of high-priced centers. Strip center, specialty center and neighborhood center rates remained relatively stable, while community centers experienced the sharpest decrease, down \$0.12 (-5.0%) quarter-over-quarter. This can be attributed to additional lower-priced space becoming available. With major fluctuations in the average rate, South San Diego is now the highest priced region in San Diego at \$2.71 NNN, driven largely by Otay Ranch Town Center and Palm Promenade.

Asking Lease Rate



Year-Over-Year Rent Growth

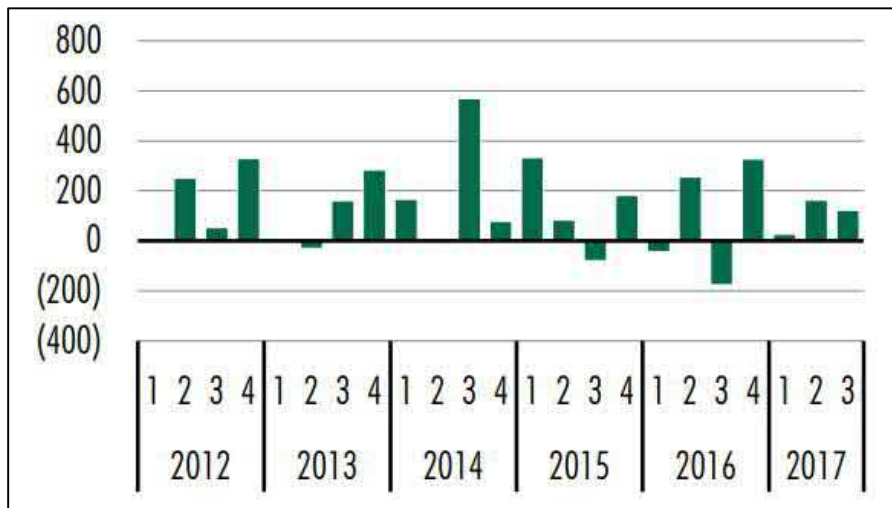


Source: CBRE

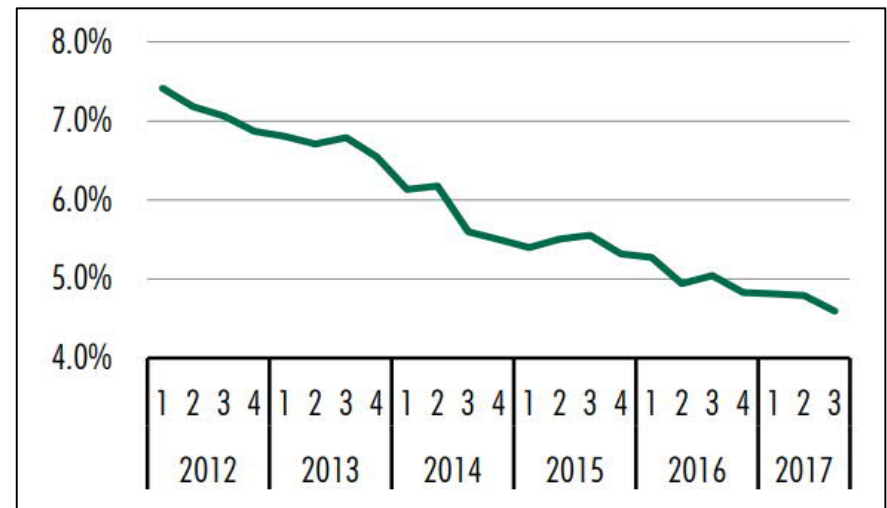
San Diego MSA Absorption is Healthy, Vacancy Declining

Net absorption remained positive in Q3 2017 at 123,756 sq. ft., bringing year-to-date net absorption to 313,140 sq. ft. Absorption was driven by North County markets, which saw 139,207 sq. ft. in Q3. Due to strong net absorption, overall vacancy rates declined slightly by 0.2% quarter-over-quarter and 0.9% year-over-year to 4.8%. Slowed leasing activity increased total availability slightly to 8.1%, up from 7.8% last quarter. Downtown experienced the biggest increase in vacancy, while vacancy declined the most in North County, where the total vacancy rate was 5.2% in Q3, down from 5.8% the previous quarter, and compared to 6.8% the same time last year. Strip center vacancy fell by 0.3% quarter-over-quarter, the most prominent decrease of all subtypes.

Net Absorption



Overall Vacancy



Source: CBRE

Local Retail Market Analysis

Sweetwater Springs, California

Assessment of Subject Opportunity vs Local Retail Market

To determine the viability of the Subject as an ongoing retail operation, Meyers analyzed the following factors:

1. Local Competitive Retail Uses

- Supply vs. Consumer Demand (Gap)
- Location of competition
- Type of surrounding retail: (Convenience Centers, Strip Centers, Neighborhood Center, Community Centers, Regional Shopping Malls.

2. Subject Site Characteristics

- Accessibility,
- Visibility
- Traffic
- Lease and vacancy rates

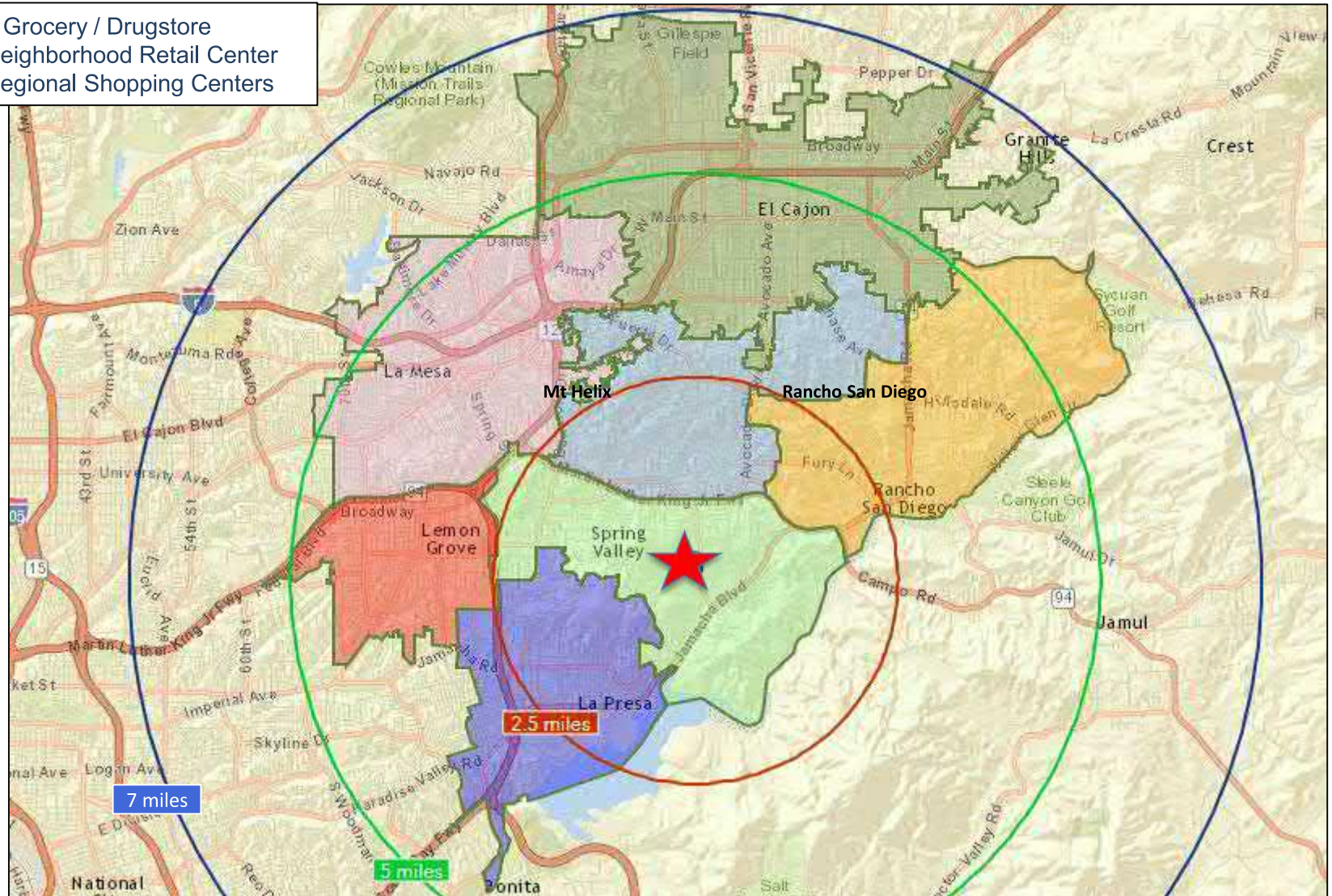
3. Local Consumer Demographics

- Population density,
- Household income,
- Age,
- Education

Subject Site Radius Map

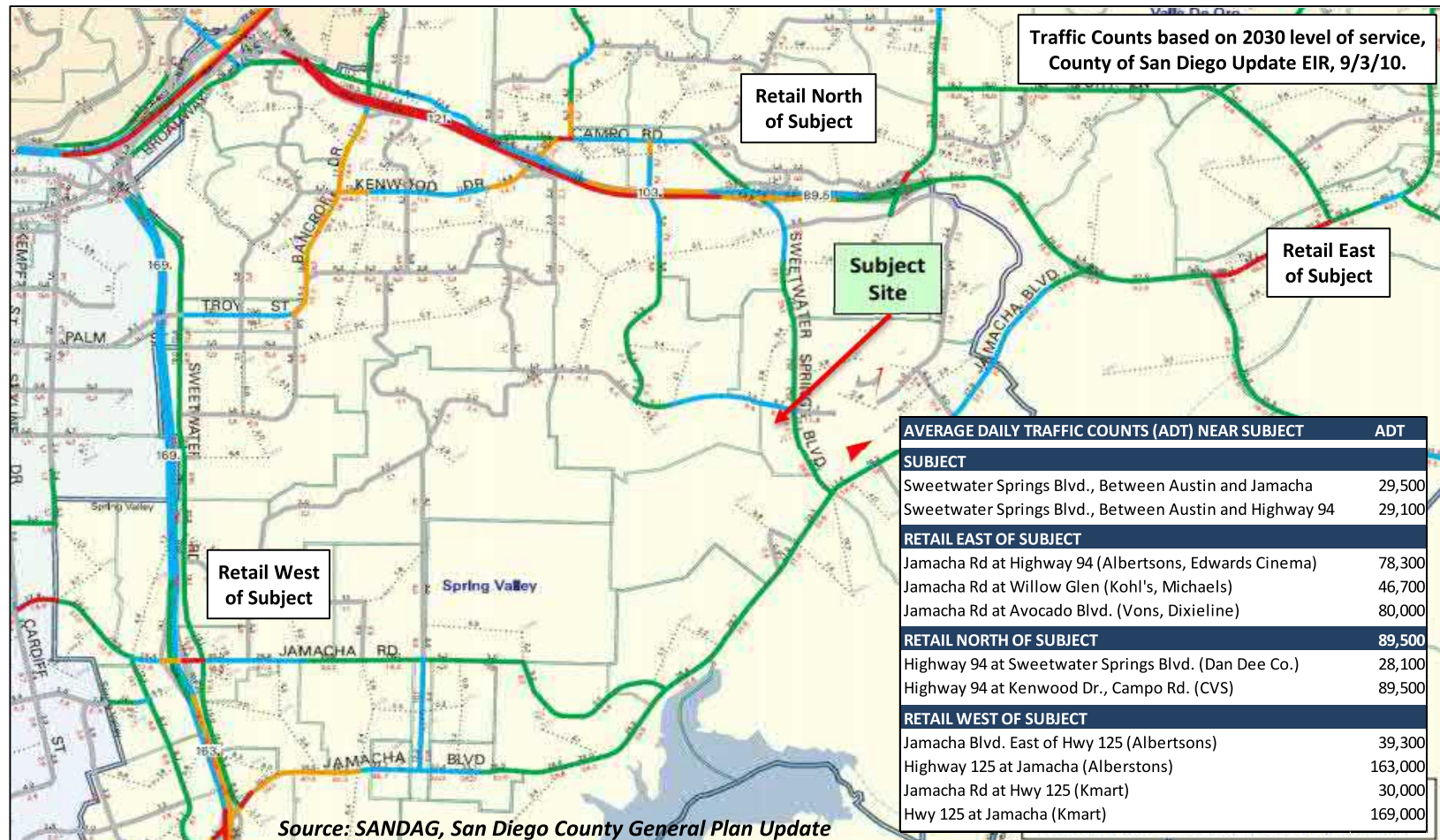
Meyers conducted an inventory of the retail-oriented uses located as follows:

- 2.5 Mile Radius: Grocery / Drugstore
- 5 Mile Radius: Neighborhood Retail Center
- 7 Mile Radius: Regional Shopping Centers



Successful Subject Retail Center Not Supported by High ADT

Sweetwater Springs Blvd. has an ADT count of 25,000 to 29,500 cars, and its junction with Austin Drive has had a consistent ADT of between 8,300 and 9,700 cars over the past six years, and does not support the redevelopment of the Subject as Neighborhood Retail Center. The most successful retail centers in the area are located in the areas with the highest traffic counts along Highway 94, Highway 54 and the I-125, with anywhere from 46,700 to 169,000 ADT (average daily traffic), as shown on the map below.

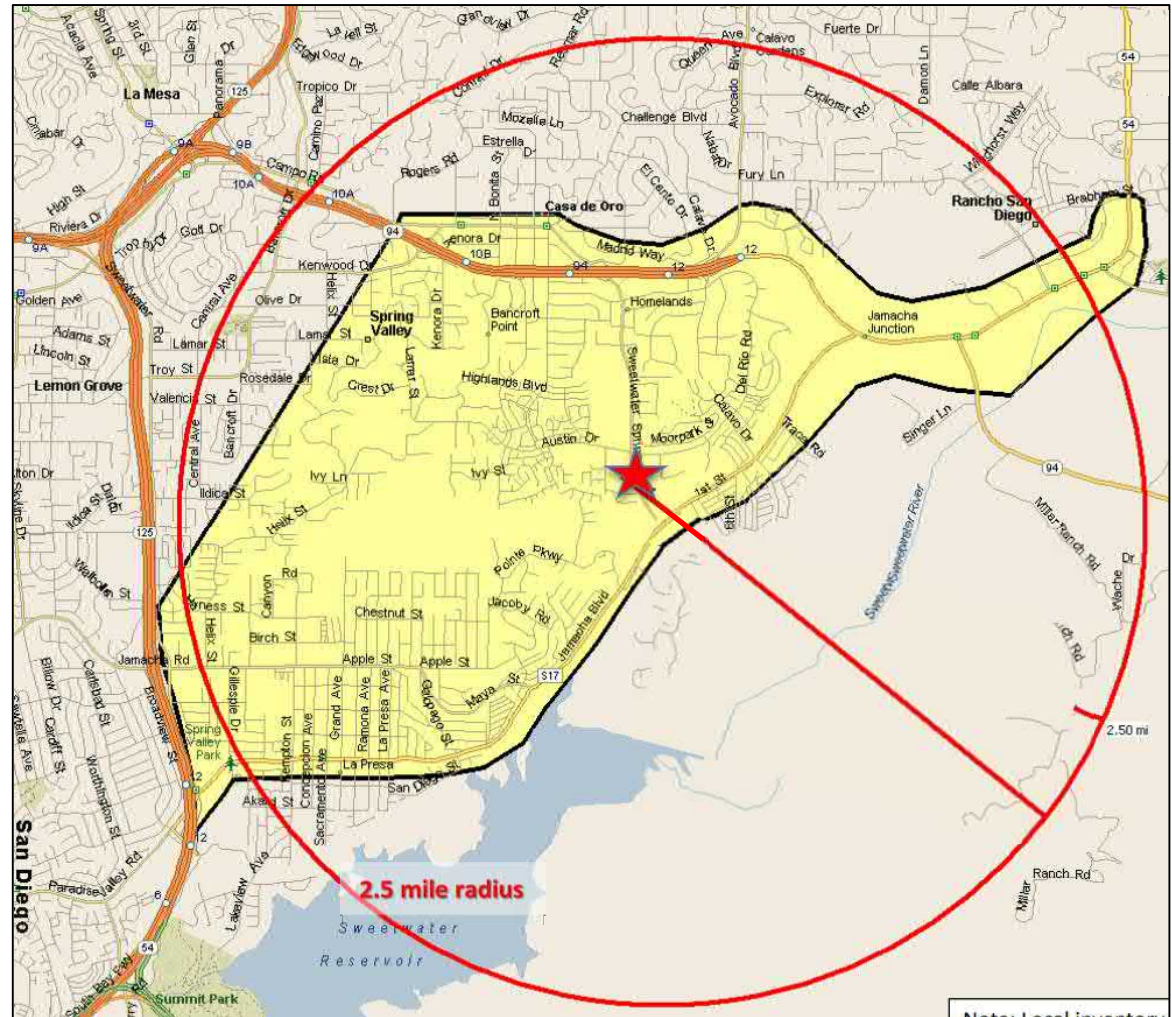


Local Area Supply Negatively Impacts Retail Opportunity

A closer look at the Spring Valley Retail market shows that there are approximately 625 uses near the Subject, which indicates an oversupply should the Subject site continue to operate as a retail center. The local area appears to be over-retailed, as shown in the inventory table below by individual retail category, and mapped in detail on the following pages.

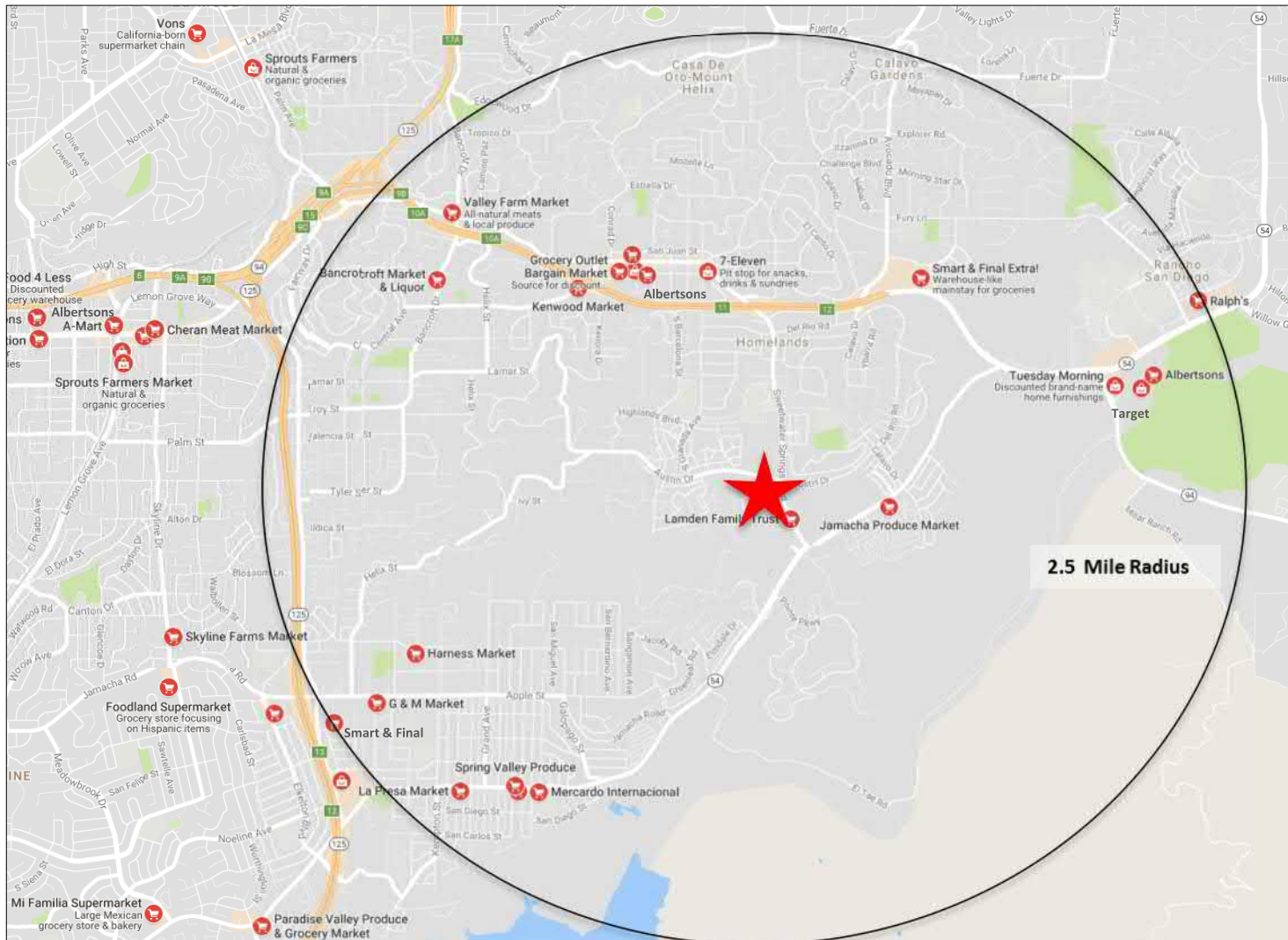
Major categories include:

Anchor Stores	30
Automotive Uses	83
Food - Restaurants	108
Market/Liquor - local	32
Services	259
Specialty Retail Uses	68
Vacancies	45
Total Uses	625



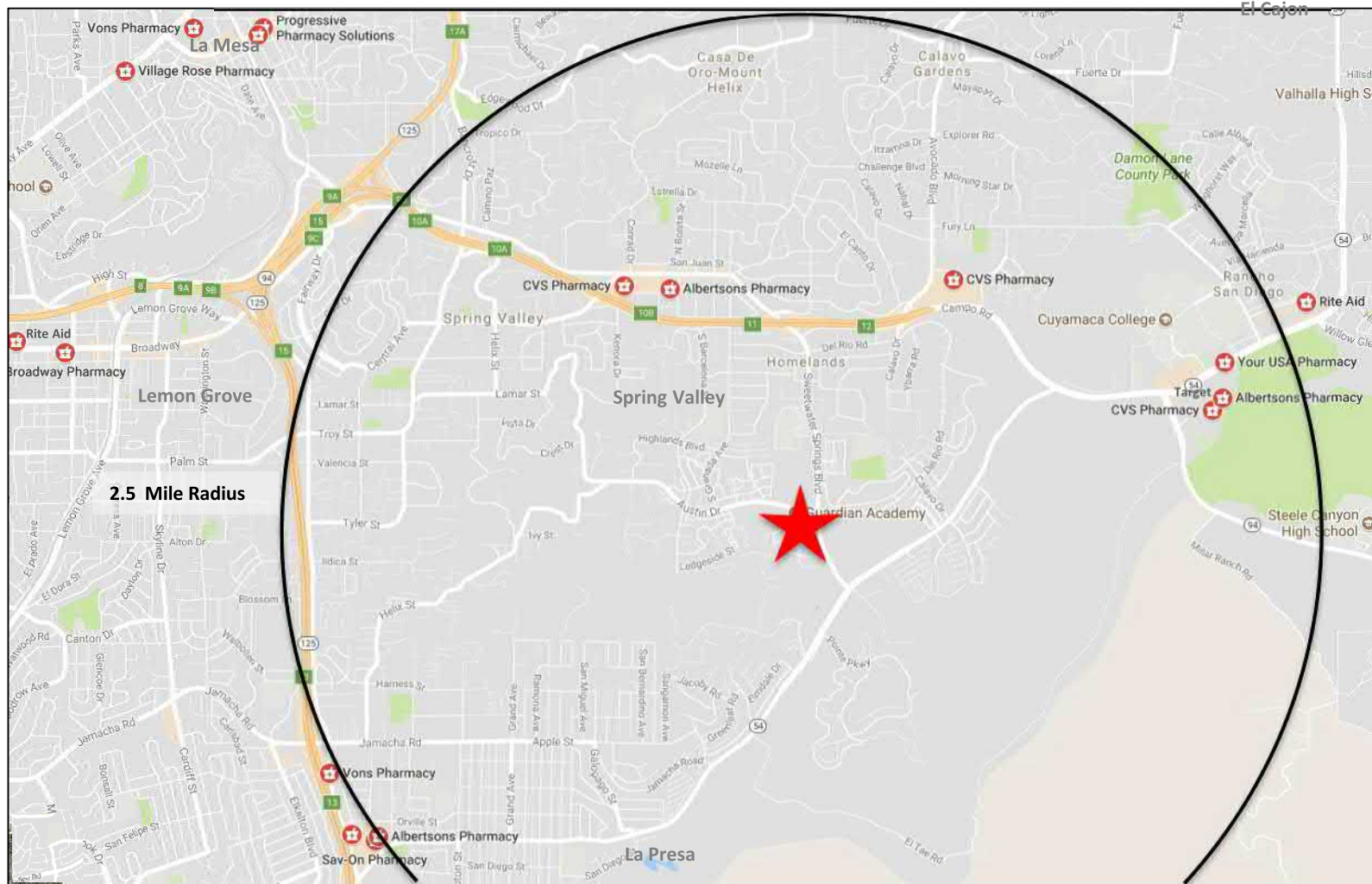
2.5 Mile Radius: Existing, High Visibility Grocery Stores

An additional grocery store at the Subject is not supported, as there are several high-visibility grocery stores near the Subject (thirteen within a 2.5 mile radius), all visible from the major thoroughfares of I-125, and Highway 94 and 54.



2.5 Mile Radius: Existing Drug Stores all Located on Freeway

The Subject is not visible from a freeway, and is therefore has historically not attracted a mainstream grocery or pharmacy tenant as a necessary anchor to a neighborhood retail establishment. Spring Valley residents are served by several anchor pharmacies within a short distance of the Subject, again distributed along the major freeways.



5-Mile Radius: Local Area Competitive Retail Centers

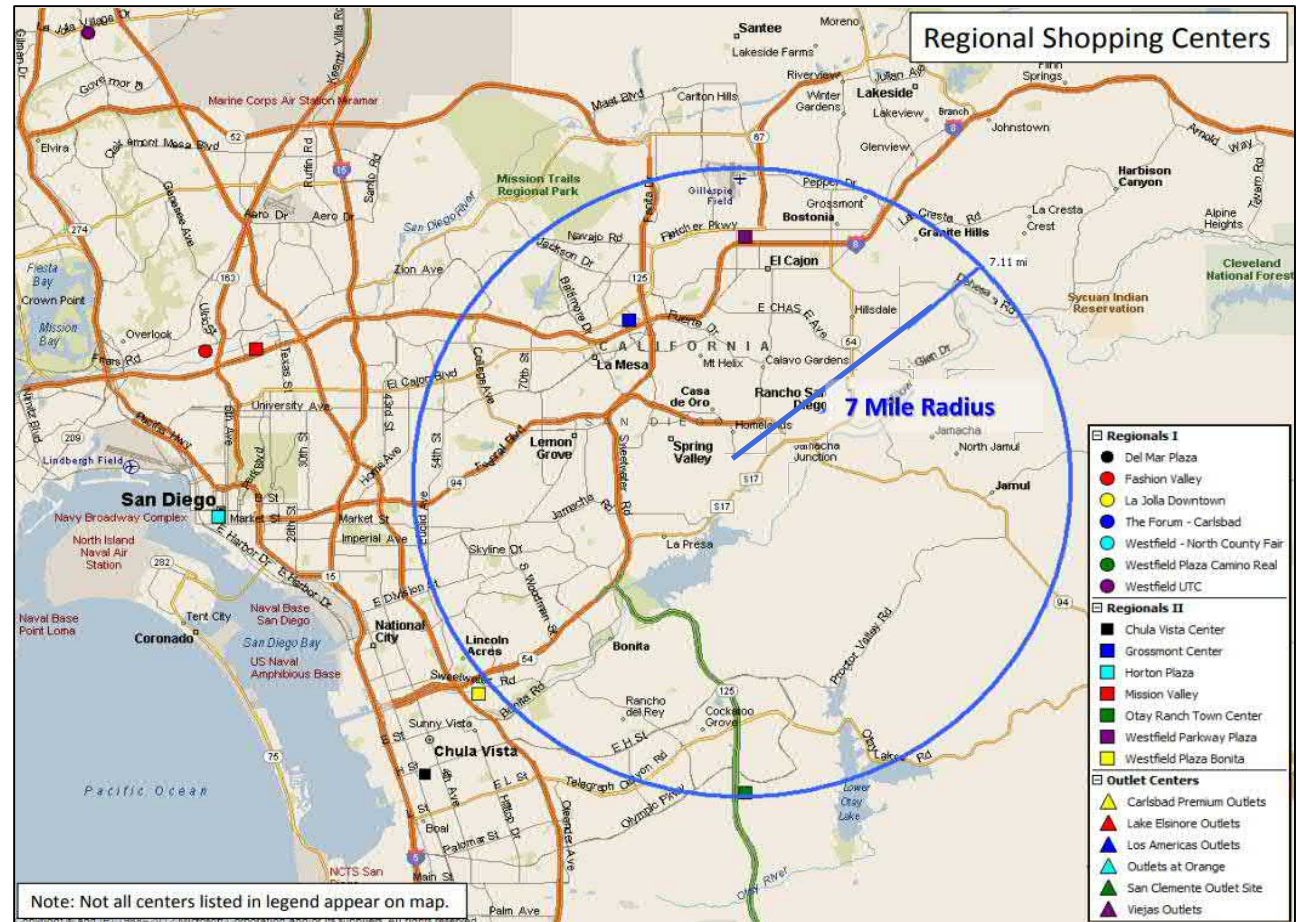
Local Spring Valley residents typically go to highly visible shopping centers in La Mesa and El Cajon less than 5 miles away to run errands.



7 Mile Radius: Regional Shopping Centers Near Subject

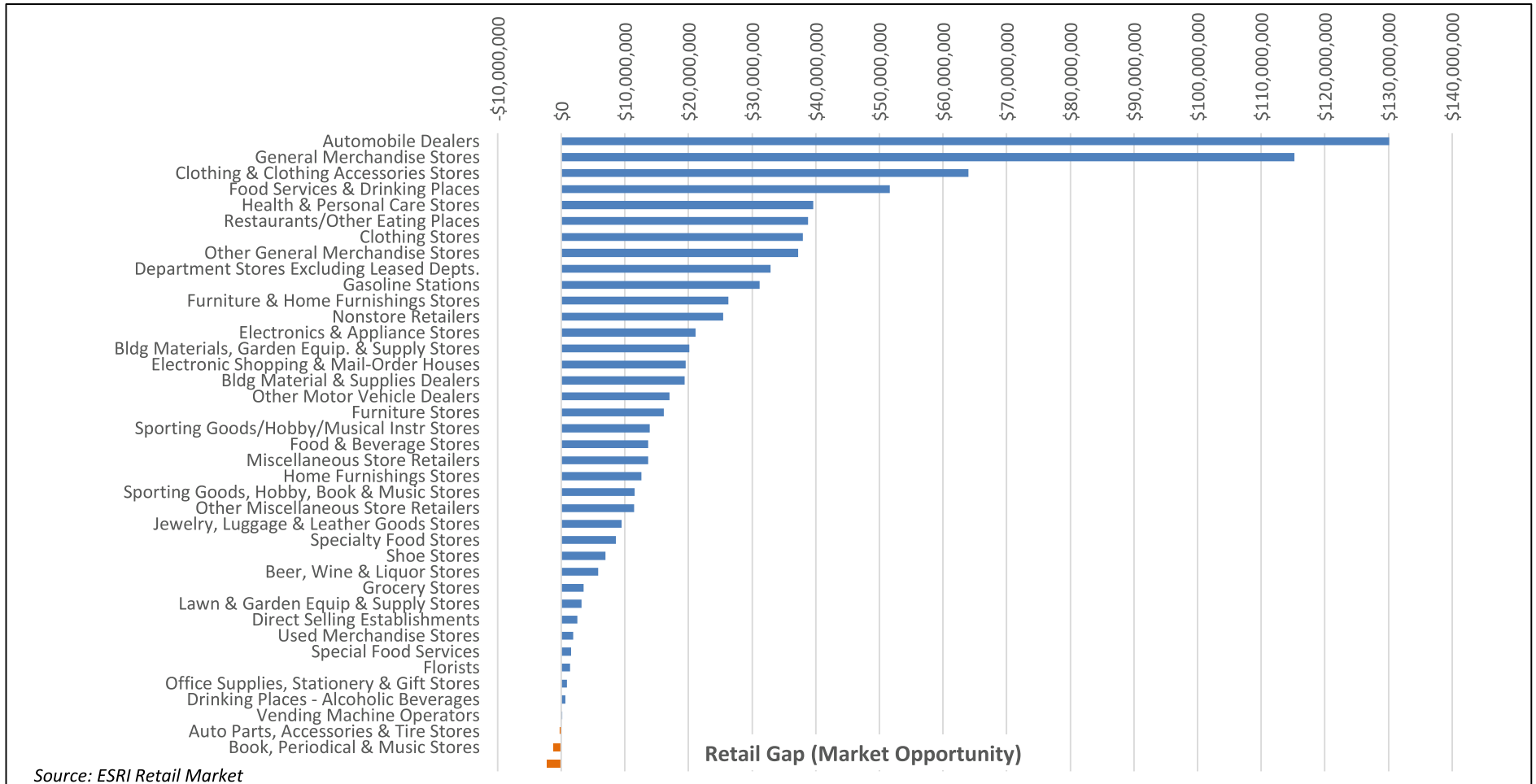
In conjunction with the balance of supply in the area, the four major retail centers within a 7-mile radius of the Subject implies that a retail center at the Subject is not viable (two located within 5 miles of the Subject, as noted on the previous page).

1. Grossmont Center –
Macy's, Target, Walmart, Reading Cinemas
2. Westfield Parkway Plaza –
Macy's, JCPenney, Sears, Walmart
3. Westfield Plaza Bonita –
Macy's, JCPenney, Target
4. Otay Ranch Town Center –
Macy's, AMC Cinema



Spring Valley Retail Over and Undersupply

The retail sectors with over and under supply in Spring Valley are indicated on the accompanying chart. Consumer demand is measured against supply in the area, to measure the over or undersupply gap. There appears to be undersupply in the Spring Valley retail market mainly in General Merchandise, Clothing, Food and Beverage. However, this apparent undersupply is attributable to the fact that **the retail needs of Spring Valley residents are met in other neighboring areas within a 5-mile driving distance, outside of Spring Valley in areas like Rancho San Diego, La Mesa and El Cajon (see following page), and therefore there is no demand for another retail center at the Subject.**



Detailed Local Inventory Summary

Summary Of Retail-Oriented Uses Near Spring Valley Site

<u>Category</u>	<u>Uses</u>	<u>Category</u>	<u>Uses</u>	<u>Category</u>	<u>Uses</u>
Anchor - Apparel, Discount	1	Market/Liquor - Water Store	3	Specialty - Apparel, Shoes	7
Anchor - Arts, Crafts, Party	2	Market/Liquor (Local/convenience)	29	Specialty - Appliances	0
Anchor - Dollar Stores	4	Pharmacy (Independent)	0	Specialty - Beauty	4
Anchor - Drug	3	Service - Chiropractic, Acupuncture	4	Specialty - Books, Music	0
Anchor - Electronics	0	Service - Cleaners, Laundry	15	Specialty - Electronics	18
Anchor - Movie Theater	1	Service - Computers	1	Specialty - Home Furnishings	3
Anchor - Fitness	1	Service - Education	3	Specialty - Home Improvement	6
Anchor - General Merchandise	4	Service - Financial - Bank	13	Specialty - Jewelry, Accessories	5
Anchor - Grocery	10	Service - Financial - Money	3	Specialty - Misc., Gifts, etc.	7
Anchor - Hardware	0	Service - Financial - Taxes	7	Specialty - Nutrition	3
Anchor - Home Furnishings	0	Service - Fitness	14	Specialty - Office Supplies	0
Anchor - Home Improvement	1	Service - Hair	35	Specialty - Pets	2
Anchor - Linens and Bath	0	Service - Home Repair - Misc.	8	Specialty - Sporting Goods	4
Anchor - Office Supplies	1	Service - Insurance	12	Specialty - Tobacco	6
Anchor - Party Goods	0	Service - Mailing, Shipping, Printing	8	Specialty - Thrift Stores	3
Anchor - Pet Supplies	2	Service - Medical, Dental	34	Vacancy - Big/Medium Box Spaces	1
Anchor - Sporting Goods	0	Service - Misc.	33	Vacancy - In-line Space (29 listings)	44
Automotive - Car Wash	7	Service - Misc. Gov't, Public	0		
Automotive - Gas	12	Service - Nails, Skin, Spa, Massage	20		
Automotive - Motorcycles, Other	0	Service - Optometry	5		
Automotive - Parts (only)	7	Service - Pet Care	5		
Automotive - Repair, Parts	48	Service - Real Estate - Sales, Rentals	5		
Automotive - Sales - Cars, Trucks	9	Service - Real Estate Services	1		
Food - Asian	13	Service - Religious	14		
Food - Bar/Grill	10	Service - Rentals	2		
Food - Mexican	17	Service - Storage	4		
Food - Pizza	12	Service - Tailoring, Alterations, Repair	4		
Food - QSR (Quick Serve, Fast Food)	23	Service - Tanning	1		
Food - Sit Down	13	Service - Travel	2		
Food - Specialty - Bakery, Donuts	3	Service - Veterinary	4		
Food - Specialty - Coffee, Tea	6	Service - Video Rental	1		
Food - Specialty - Ice Cream, Yogurt, Juice	11	Service - Weight Loss	1		
	221		291		113
					625

Viability of Current Commercial Use

Sweetwater Springs, California

Barriers to Success as Continuing Current Retail Use

Meyers assessed the three main metrics for successful retail development, (site characteristics, demographics and retail competition), and identified several barriers to the continued operation of the Subject with the current retail uses.

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> - Visible to local streets - Easy ingress and egress - Growing population base of small families - Local demographic has strong household income comparable to San Diego County average 	<ul style="list-style-type: none"> - Low Visibility and too far from 94 and 54 from freeways to support retail - Not located at key intersection - Insufficient Average Daily Traffic Counts of 9,300 cars (need 40,000+) - Not able to attract solid anchor tenant - Poor existing retail performance (66% vacancy, lease rate \$0.42/SF NNN) - Insufficient site size to create retail critical mass - Hilly topography - No synergy with other retail - High local vacancy rates (7%) diminishing asking lease rates - Low area lease rates (\$16.00 to \$21.00/SF NNN) continue to decline - Operating expenses and breakeven requirements cannot be met
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> - Develop site as residential 	<ul style="list-style-type: none"> - Nearby established shopping centers provide strong competition - Currently operating pizzeria restaurant on site not paying rent - Quality restaurant operators not considering Subject owing to low area employment of just 35,000 within 10 minute drive (+/-75,000 required) - Retailers attracted to newer spaces at Rancho san Diego
<p>Source: San Diego Union Tribune, San Diego County, SANDAG</p>	

Local Competitive Retail Lease Rates from \$1.35-\$2.25/SF

There are several competitive retail centers located within a short distance (2.5 miles) of the Subject along the Highway 94 and at the junction of Highway 94 and Highway 54, with lease rates ranging from \$1.35 to \$2.25 depending on location, class and quality of the space.



Subject Does Not Support Average Lease Rate of \$1.53/ SF

Area lease rates for retail space average \$1.53 per square foot, and given the location of the Subject, it is unlikely that a lease rate of more than \$1.50/SF (\$18.00 per year) could be achieved, even if the space was new construction. A lease rate of at least double this would be needed for a new construction center to break even.

The table shows current lease comparables within the defined retail Submarket (within a 5 to 7 mile radius), including Spring Valley, La Presa, Mt Helix, east Lemon Grove and the less developed areas of La Mesa and El Cajon oriented away from the I-8 freeway.

Triple net Lease rates range from \$1.35/SF (\$16.20 per year) for the least desirable spaces off the I-125, to \$2.00/SF (\$24.00 for larger spaces up to \$27.00 for smaller spaces) for the most upmarket spaces in Rancho San Diego to the east of the Subject.

No.	Building Name Address	Built	Total Building Leasable SF	Available Space	Occupancy Rate (%)	Vacancy Rate (%)	Asking Lease Rate (Per SF Per Yr.)	Terms	Description
1	933 Sweetwater Rd	1972	34,386	8,561			\$16.80	NNN	Smart & Final/Kmart
			Total	8,561	75.1%	24.9%	\$16.80		
2	Rancho San Diego Medical Plaza 10225 Austin Dr	1988	20,696	1,193			\$19.00	NNN	Medical Office
				2,306			\$19.00	NNN	Medical Office
				1,085			\$19.00	NNN	Medical Office
			Total	4,584	88.0%	12.0%	\$19.00		
3	Rancho San Diego Village 3681 Avocado Blvd	2018	20,840	20,840	100.0%	0.0%	\$23.00	NNN	Restaurant
			Total	20,840	100.0%	0.0%	\$23.00		
4	Plaza Rancho San Diego	1987	71,813	1,450			\$25.00	NNN \$0.35	In-Line Space
				700			\$26.00	NNN \$0.35	
				1,800			\$27.00	NNN \$0.35	
				1,993			\$18.00	NNN \$0.35	
				1,990			\$24.00	NNN \$0.35	In-Line Space
				1,230			\$18.00	NNN \$0.35	
				680			\$18.00	NNN \$0.35	
			Total	10,543	95.8%	4.2%	\$22.16		
5	Bonita Grande Plaza 8300 Paradise Valley Rd	2018	34,580	2,000			\$19.56	NNN	First Floor retail
			Total	2,000	94.2%	5.8%	\$19.56		
6	Plaza De Oro 9621 Campo Rd		12,998	900			\$16.20	NNN	In-Line Space
			Total	900	83.0%	17.0%	\$16.20		
7	Casa De Oro	1974	40,180	1,625			\$20.40	NNN \$0.45	Restaurant
				14,000			\$16.20	NNN \$0.45	Anchor
				2,100			\$30.00	NNN \$0.45	Drive Through
				849			\$26.40	NNN \$0.45	
				750			\$21.00	NNN \$0.45	Restaurant
				438			\$21.00	NNN \$0.45	Restaurant
				750			\$21.00	NNN \$0.45	
			Total	22,794	43.3%	56.7%	\$18.85		
8	1078 Elketon Blvd		2,400	2,400			\$29.88		Restaurant
			Total	2,400	0.0%	100.0%	\$29.88		
			Min	2,400	900	0.0%	0.0%	\$16.20	\$1.35
			Max	71,813	22,794	100.0%	100.0%	\$30.00	\$2.50
			Mean	20,840	2,200	100.0%	0.0%	\$19.00	\$1.58
			Average	29,737	6,012	64.4%	22.1%	\$18.38	\$1.53

Source: Broker representatives, Loopnet

Retail Sales Comparables

Assuming a slightly discounted value per acre to the medical office complex directly opposite the site, the Subject could be valued as is at \$1.5 million per acre (\$34/SF), for a total price of \$15.8 million for a retail center as-is.

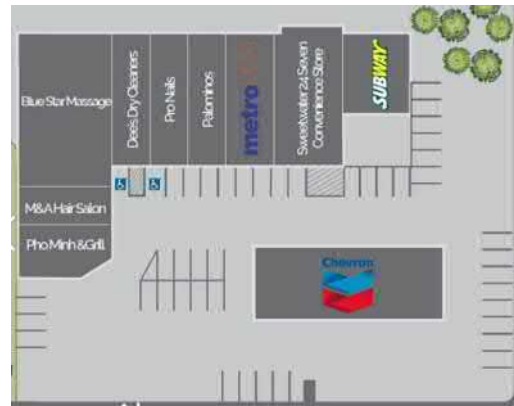
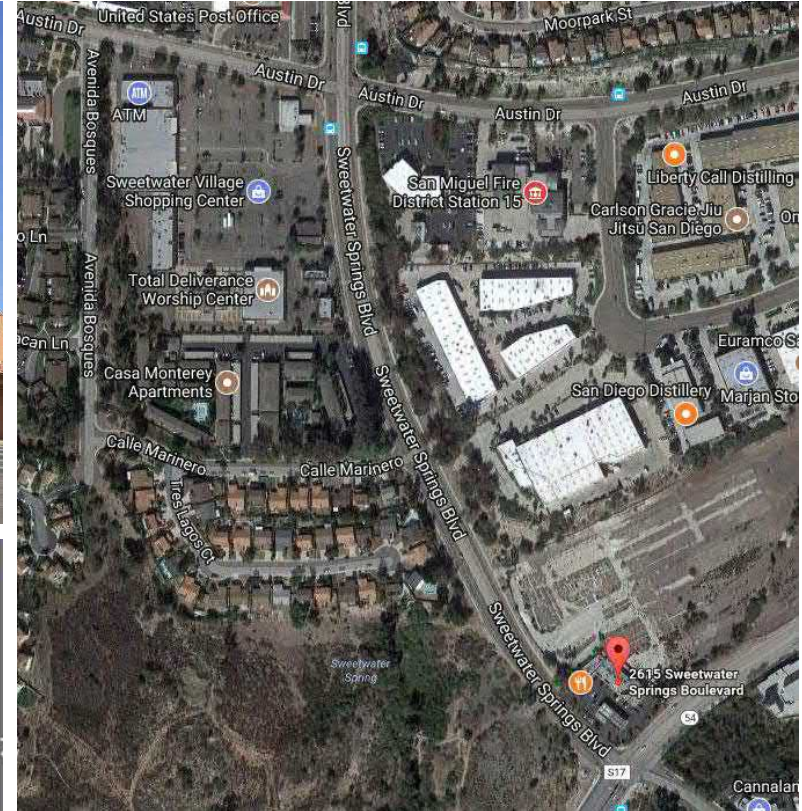
- The medical offices on Austin Drive are the closest comparable to the Subject in terms of location. However, these offices are operational and 60% leased. It is assumed that the Subject could not achieve a 60% lease rate as is, and therefore should be attributed a lower value per acre.
- Retail sales transactions in the area indicate a cap rate of just over 5.0%, with a price per square foot ranging from \$213 to \$657.
- It should be noted that the only high-value comparable is a prime listing for a well established retail development with 10 tenants anchored by a fully operational gas station on the key intersection of Sweetwater Springs Blvd. and Jamacha with an ADT of 40,900 cars per day (see listing details on following page).

No.	Property Name Address	% Leased	# Units	Acreage	Year Built	Type	Square Feet	Sale Price	Price/ Acre	Price/ Acre	Cap Rate	Sale Date
1	566 Paraiso Ave	100%	5 Shops	0.41	1989	Strip Retail	6,000 <u>6,000</u>	\$1,450,000	\$242	\$3,536,585	5.0%	Listed
2	2615 Sweetwater Springs Rd	100%	10 Tenants	0.95	2004	Strip Retail	11,342 <u>11,342</u>	\$7,450,000	\$657	\$7,842,105	5.4%	2/9/2015
3	Helix Square, 3827 Conrad	95%	44 apartments	1.05	1971	Apartments	37,024 <u>37,024</u>	\$8,199,999	\$221	\$7,809,523	5.3%	Listed
4	10225 Austin Dr Rancho San Diego Medical Office	60%	5 medical suites	2.69	1988	Commercial	20,696 <u>20,696</u>	\$4,400,000	\$213	\$1,635,688	4.9%	Sold 2017
5	Grand Avenue	0%	Zoned Commercial	0.18	2018	Commercial	0 <u>0</u>	\$200,000	\$0	\$1,111,111		Listed
							Min	6,000	\$200,000	\$0	\$1,111,111	4.90%
							Max	37,024	\$8,199,999	\$657	\$7,842,105	5.40%
							Total	75,062	--	--	--	--
							Average	15,012	\$4,340,000	\$267	\$4,387,002	5.15%

Source: Broker representatives, Loopnet

Key Retail Sales Comparable: 2615 Sweetwater Springs Blvd.

2615 Sweetwater Springs Blvd is listed for \$7,450,000. The 0.95-acre parcel has a gross leasable area of 11,342 SF (lot coverage of 27.4%) and although built in 1968, was fully remodeled in 2004. The site is a multi-tenant listing with traffic counts of 40,900 vehicles per day, and good ingress/egress off Sweetwater and Jamacha. The retail center currently has ten active tenants including a dry cleaner, nail salon, hair salon, two small restaurants serving Asian and Mexican food, a massage parlor, a 24-7 convenience store, with a Subway, Metro PCS and Chevron as anchors (these retail tenants are far better quality than those the existing site center has been able to attract).



Source: Broker representatives, CoStar, Loopnet

Viability as New Retail Center

Sweetwater Springs, California

Assessment of Subject as New Retail Opportunity

There are seven different retail real estate categories, and the Subject is currently defined and assessed as a **Neighborhood Retail Center**. The Subject site scores negatively in many of the key retail site selection metrics, making it difficult to attract quality retailers, who, according to local brokers, would not consider a location at this site.

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> - Visible to local streets - Easy ingress and egress - Growing population base of small families - Local demographic has strong household income comparable to San Diego County average 	<ul style="list-style-type: none"> - Low Visibility from Freeways unlikely to attract retailers - Not located at key intersection - Insufficient Average Daily Traffic Counts of 9,300 cars (need 40,000+) - Site not attractive to anchor tenant based on historical performance - Poor existing retail performance (66% vacancy, lease rate of \$0.42/SF) - Insufficient site size to create retail critical mass - Hilly topography - No synergy with other retail - High local vacancy rates (7%) diminishing asking lease rates - Low achievable lease rates cannot support new construction retail (East County currently commanding \$1.35 to \$2.25 – need \$3.00/SF+ NNN to support new construction) - Operating expenses and breakeven requirements cannot be met
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> - Develop site as residential 	<ul style="list-style-type: none"> - Nearby established shopping centers provide strong competition

Viability as New Mixed Use

Sweetwater Springs, California

Barriers to Success of Subject as Mixed Use Product

Successful Mixed Use development entails the seamless integration of at least 3 distinct uses that interact with and enhance each other to serve visitors, workers, and residents, and would be difficult to execute at the Subject owing to several negative conditions:

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> - Within walking distance from three local schools K-12 - Only one retail shopping center within walking distance (1-mile radius) - Mixed Use would be compatible with surrounding uses 	<ul style="list-style-type: none"> - Site size is insufficient to support 3 distinct uses – each sustainable - Hilly topography limits mixed use development elements - Retail tenants cannot be retained at this location - High vacancy rates in the area - Low Spring Valley lease rates - Spring Valley Blvd/Austin Drive intersection ADT is too low for mixed use - Site size implies insufficient number of onsite households to support retail (each household supports +/- 50 SF)
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> - Large local community base with healthy income and demographics 	<ul style="list-style-type: none"> - 3 planned residential communities to the south will create pressure on sales rates and prices - Mixed Use development financing difficult to secure, with bankers arguing that multiuse poses conflicts and higher risks for return on investment - Limited marketing window

Barriers to Success of Subject as Mixed Use Product

Examples of **successful** mixed use developments in San Diego County: 1) The Village at Morena Vista, 2) Capri Encinitas



1

Location: San Diego / Morena
 Built: 2006
 Site Size: 5.78 acres
 Distance to freeway: 0.2 miles
 Product Types: Rental & Retail

Commercial SF: 17,000 SF Retail
 Vacant SF: 2,161 SF (12.7%)

Major Tenants: Mission Federal Credit Union, Fed Ex, Starbucks

Residential Units: 184
 Residential Type: Flats & 2-story TH's
 Residential Unit Size: 678 - 1,450 SF
 Residential Pricing: \$1,622 - 2,809 per month



2

Location: Encinitas
 Built: 2017
 Site Size: 8,081 SF
 Distance to freeway: 1.0 mile
 Product Types: For-sale & Retail

Commercial SF: 5,027 SF
 Vacant SF: 0%

Major Tenants: Pilates & Soul, Lolo, EnviouSkin

Residential Units: 4
 Residential Type: Luxury Condominiums
 Residential Unit Size: 1,251 - 1,415 SF
 Residential Pricing: \$1,050,000+

Barriers to Success of Subject as Mixed Use Product

Examples of **failed** mixed use developments in San Diego County: 3) Urbana, 4) Pacific Station



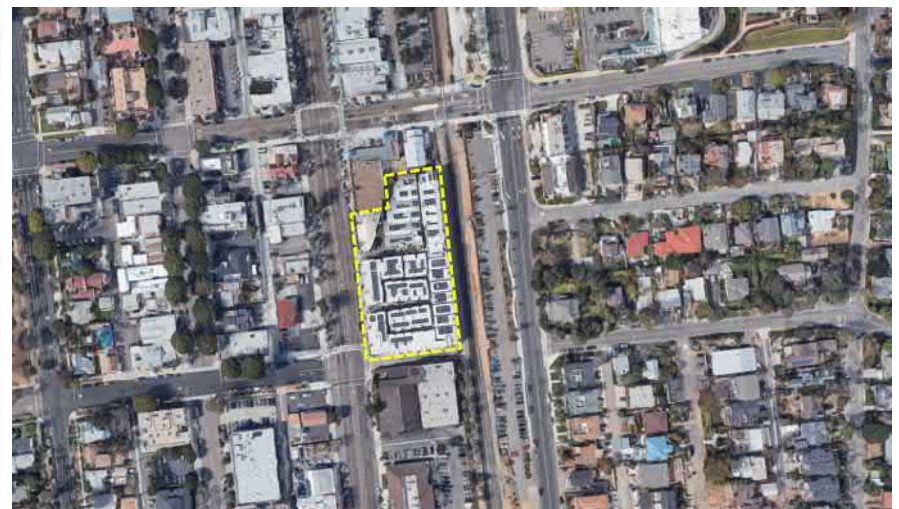
3

Location: Escondido
 Built: 2005
 Site Size: 3.19 acres
 Distance to freeway: 0.3 miles
 Product Types: Townhomes & Retail

Commercial SF: 12,700 SF Retail
 Vacant SF: 0%

Major Tenants: Cocoon Crossfit, Get Juiced

Residential Units: 362
 Residential Type: Townhomes
 Residential Unit Size: 1,492 - 1,543 SF
 Residential Pricing: \$340,000 - 450,000



4

Location: Encinitas
 Built: 2010
 Site Size: 1.53 acres
 Distance to freeway: 0.4 miles
 Product Types: Flats & TH's, Retail

Commercial SF: 40,000 SF Retail & 10,500 SF Office
 Vacant SF: 3,274 SF (6.5%)

Major Tenants: Biergarten, Wells Fargo, Solace Restaurant

Residential Units: 43
 Residential Type: Flats & 2-story TH
 Residential Unit Size: 593 - 2,197 SF
 Residential Pricing: \$500,000 - 940,000

Viability as For-Rent Apartments

Sweetwater Springs, California

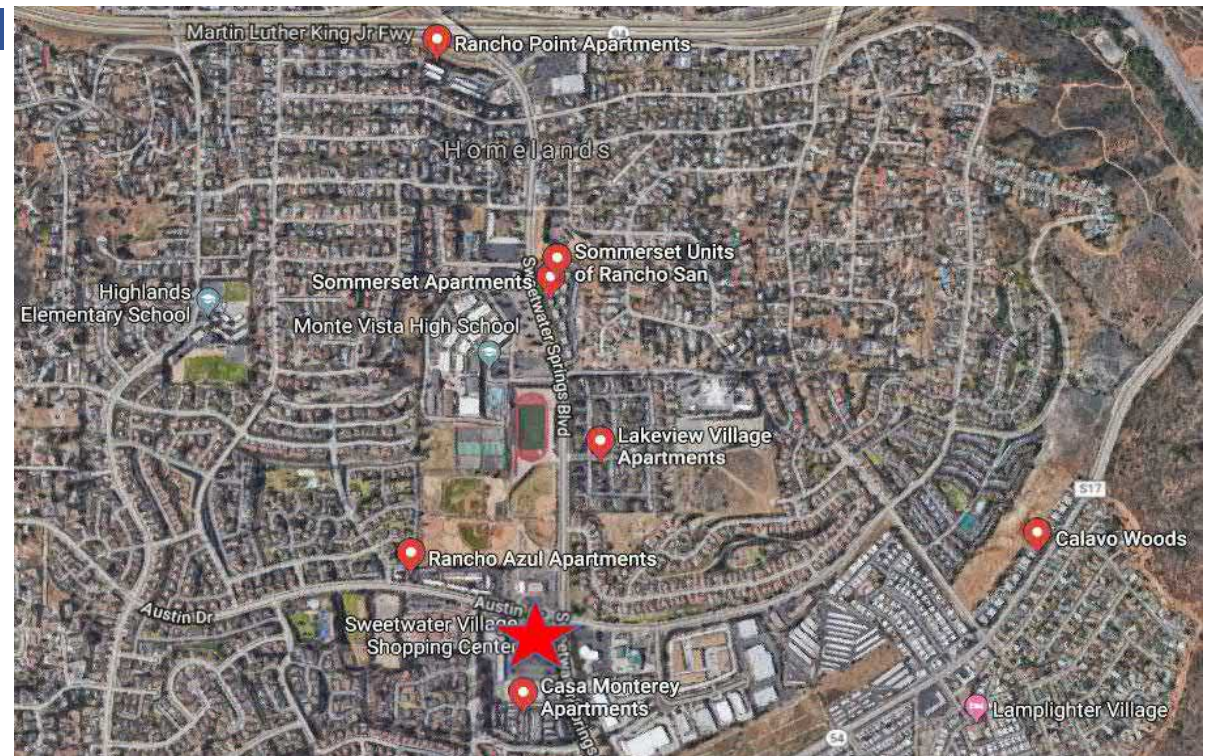
Local Apartment Market Appears Over-supplied

There are a total of 777 apartment units in 6 communities in the immediate vicinity

1-Mile Radius Around Subject

Apartment Project Name	Year Built	Unit Count	Unit Size (SF)	Price Range	Management	Address
Casa Monterey Apartments	1978	116	499 - 1,176	\$1,495 - 2,225	FDC Management	10108 Calle Marinero, Spring Valley, CA 91977
Rancho Del Sol	1979	74	480 - 1,200	\$1,375 - 2,250	-	10130 Austin Dr, Spring Valley, CA 91977
Lakeview Village	1987	300	775 - 1,035	\$1,555 - 1,895	AMC LLC.	3115 Sweetwater Springs Blvd, Spring Valley, CA 91977
Sommerset Rancho San Diego	1985	110	786 - 1,152	\$1,580 - 2,120	-	3201-3297 Sweetwater Springs, Spring Valley, CA 91978
Rancho Pointe Apartments	1977	61	850 - 900	\$1,595	-	3536 Sweetwater Springs Blvd, Spring Valley, CA 91977
Calavo Woods	1983	116	400 - 990	\$1,195 - 1,695	Progress Management	10850 Jamacha Blvd, Spring Valley, CA 91978

Sum Total: 777



Barriers to Success of Subject as For-Rent Apartments

As discussed on the previous page, the Subject's main barrier to entry as an apartment development is the current strong supply of 777 apartments within a 1-mile radius of the site, offset by low demand of just 60 new units per year.

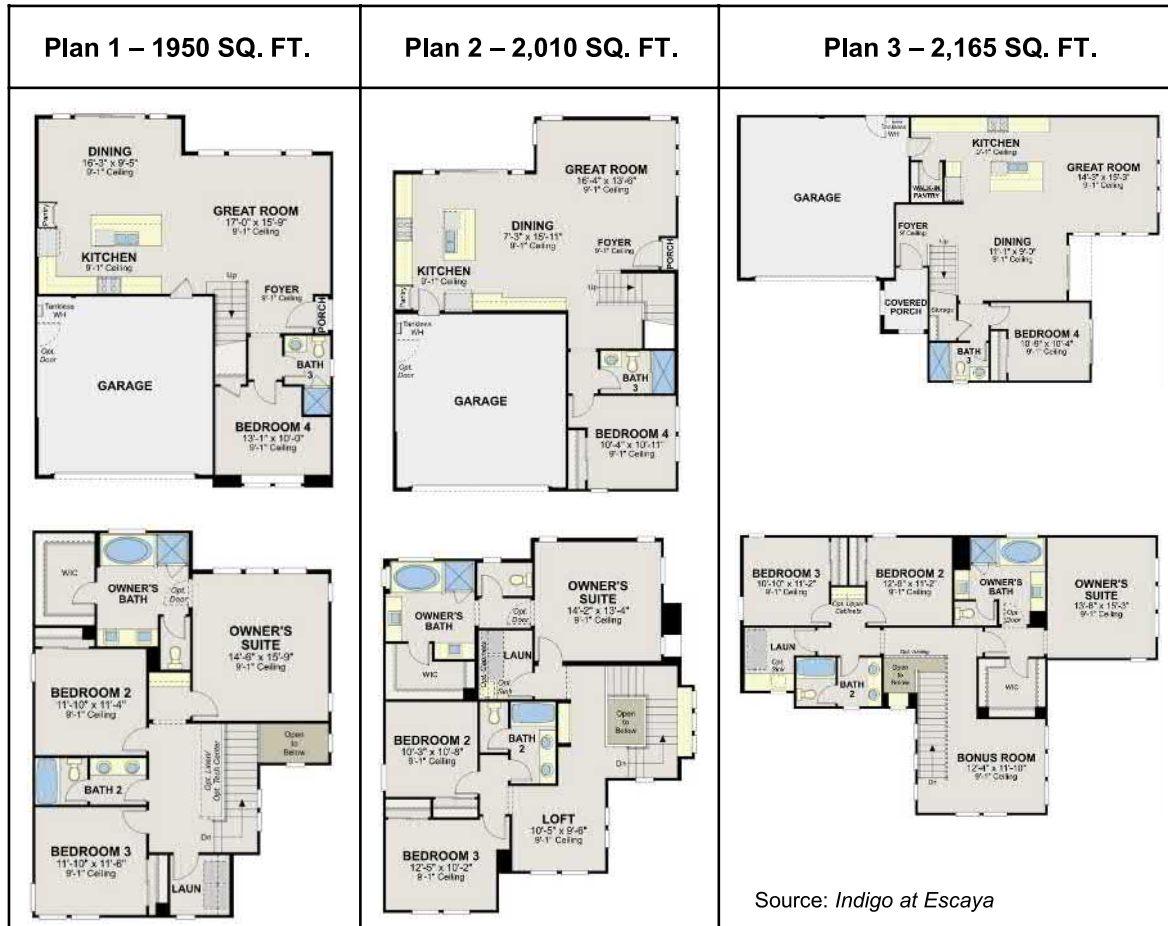
INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> - Site zoned residential variable could support for-rent apartments - Good site size for apartment development (+/-212 units at 20 du/acre) 	<ul style="list-style-type: none"> - Projected demand low at 60 new units per year, met by current supply - Low annual demand translates to slow potential lease up over long period of +/-3.5 years - Extended market time could preclude project financing - Site is not transit-oriented, located more than 1 mile from nearest public transit stop
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> - No new apartment inventory in area implies potential rent upside 	<ul style="list-style-type: none"> - Strong competition - 6 other apartments totaling 777 units within 1 mile of site - Limited marketing window

Residential Product, Pricing and Absorption

Sweetwater Springs, San Diego, CA

Analysis of Proposed Residential Site Plan and Product

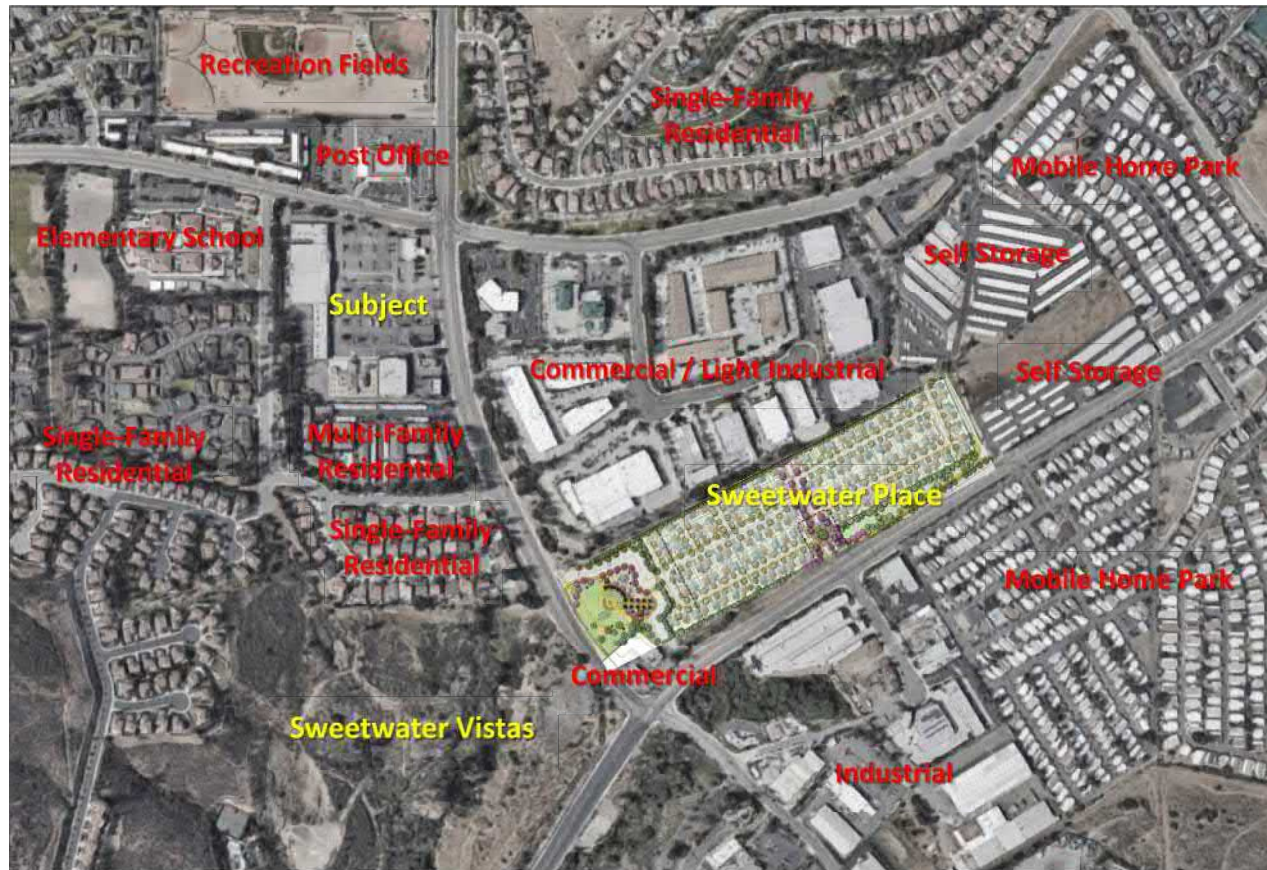
The recommended residential product program would plot 92 detached condos (a mix of conventional and cluster single family detached product) with a minimum lot area of 2,310 square feet. While the majority of the units have a cluster SFD layout, 25 of the 92 lots will be front loaded homes that do not share a driveway. The proposed residential community would include a community park/recreation area.



Future Residential Developments: Sweetwater Place

Sweetwater Place is a proposed 122-unit residential condominium single family detached development located 1,000 yards from the Subject. The proposed project entail single family detached homes with exclusive backyards, attached two-car garages, open space with a riding/hiking trail, and a 2.08-acre public park. The parcel is currently for a mixed use town center development, and the developer is seeking to rezone the parcel to residential for-sale, owing to the proved infeasibility of developing further retail at this location. The existing retail development on the corner of the site is the 2615 Sweetwater Springs Blvd is listed for \$7,450,000 as discussed on the previous page.

Sweetwater Vistas is another residential development across the road from this site (see following page). The presence of Sweetwater Place and Sweetwater Vistas' demonstrates the compatibility of the project with the surrounding land uses in the immediate vicinity and further underscores the infeasibility of locating commercial retail uses at the Subject.



Future Residential Developments: Sweetwater Vistas

Sweetwater Vistas is located just south of the Subject, and is Tentative-mapped for a proposed 155-unit residential townhome development with 100 apartments, and 29 acres of preserved open space. The project includes a proposed rezone from S80 (Open Space), S88 (Specific Plan) C30 (Office Professional) and RS (Single Family Residential) to RU (Urban Residential) and S80.

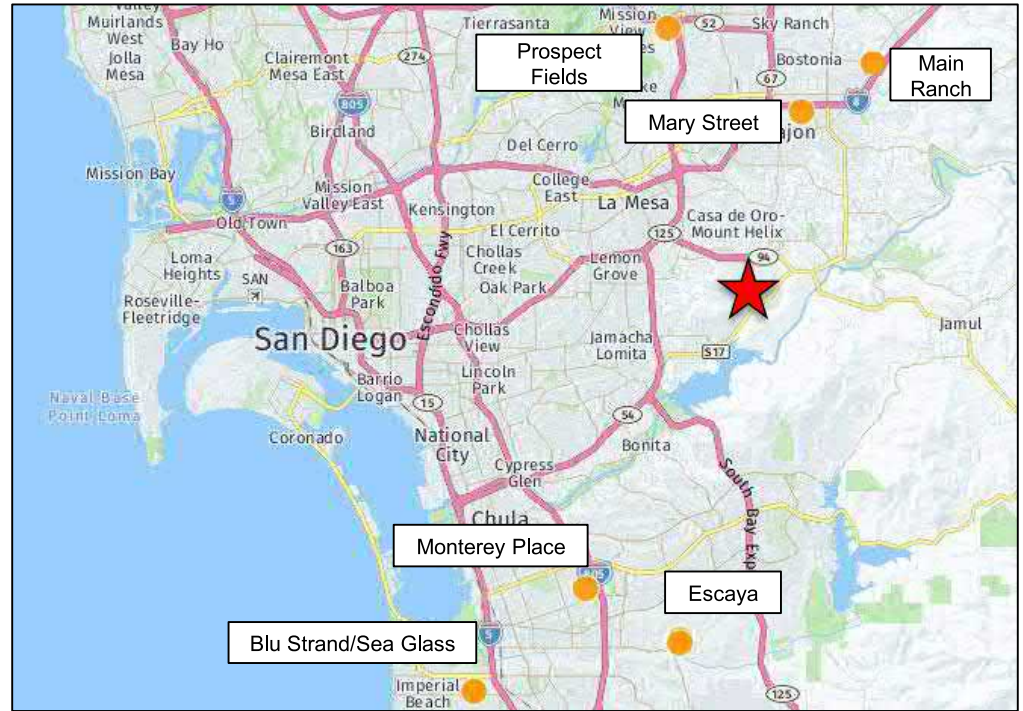


Source: Broker representatives, CoStar, Loopnet

Map - Active Communities Surveyed

There are very few comparable actively selling new construction communities in the area, which makes a compelling argument for the establishment of the Subject site as for-sale residential.

Compared to the other actively selling single family detached communities, the Subject as a residential development offers a location in an established community with good access to freeways, schools, and retail/services without the high tax rates and HOA fees seen in many South County master plans such as Otay Ranch.



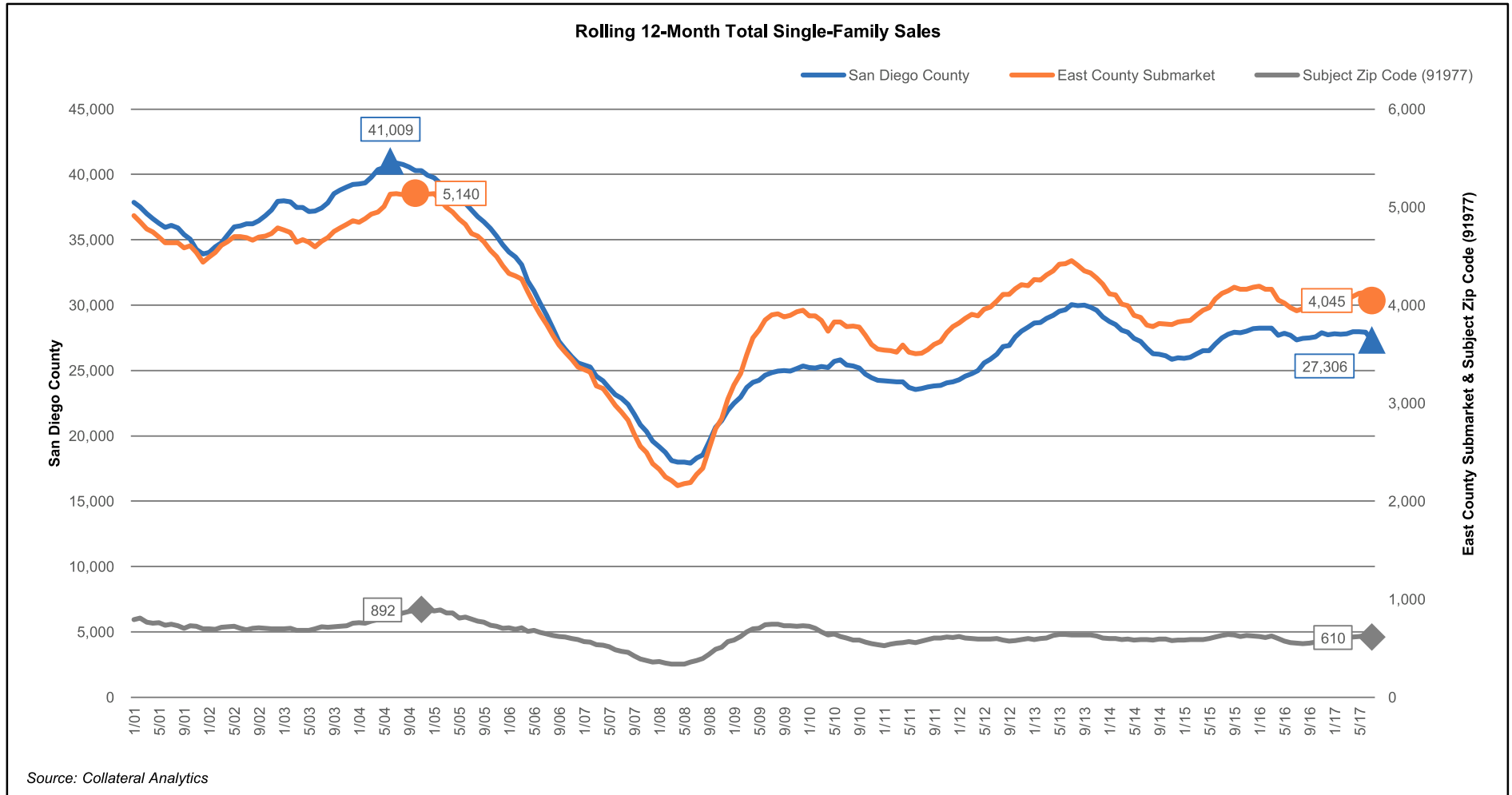
COMMUNITY	BUILDER / DEVELOPER	CITY	LOT SIZE	UNIT COUNT SUMMARY					SALES PACE		AVERAGE			MONTHLY		
				TOTAL	RLSD	SOLD	AVAIL.	REMAIN	ALL	3 MO.	SF	NET PRICE	\$/SF	HOA	TAX	PAYMENT
Main Ranch	California West	El Cajon	-	139	0	26	0	0	6.9	7.3	1,676	\$517,675	\$309	\$130	1.25%	\$3,309
Mary Street	DP Homes	El Cajon	4,000	16	16	9	7	7	0.9	2.3	1,594	\$504,900	\$317	\$124	1.25%	\$3,092
Valencia at Escaya	CalAtlantic Homes	Chula Vista	2,800	118	21	21	0	97	10.0	10.0	2,108	\$594,400	\$282	\$125	2.00%	\$3,991
Monterey Place	Douglas Wilson Company	Chula Vista	5,000	23	23	22	1	1	1.7	1.7	1,973	\$610,400	\$309	\$107	1.10%	\$3,619
Sea Glass	Shea Homes	San Diego	2,000	91	91	67	24	24	4.9	4.3	1,811	\$481,333	\$266	\$123	1.17%	\$2,920
Blu Strand	Shea Homes	San Diego	3,250	84	84	66	18	18	4.9	4.3	2,243	\$520,667	\$232	\$123	1.17%	\$3,149
Sierra at Escaya	Shea Homes	Chula Vista	1,900	122	25	17	8	105	8.5	8.5	1,970	\$530,000	\$269	\$125	2.00%	\$3,572
Indigo at Escaya	CalAtlantic Homes	Chula Vista	2,500	111	36	19	17	92	10.2	10.2	2,042	\$542,400	\$266	\$110	2.00%	\$3,637
Prado at Escaya	Brookfield Residential	Chula Vista	3,120	130	14	13	1	117	6.0	6.0	2,417	\$613,867	\$254	\$125	2.00%	\$4,117
Prospect Fields	KB Home	Santee	4,000	75	75	19	56	56	7.7	7.7	2,077	\$659,243	\$317	\$148	1.17%	\$3,979
NEW HOME AVERAGE:				770	385	253	132	517	6.1	6.1	2,026	\$561,912	\$279	\$123	1.54%	\$3,564
NEW HOME MEDIAN:				770	385	253	132	517	6.0	6.0	2,042	\$542,400	\$269	\$124	1.25%	\$3,619

Housing Market Overview

Sweetwater Springs, California

Average Sales Volume Trend

Annualized sales volumes for detached product in the Subject zip code has experience 11% growth over the past 12 months, while San Diego County, and the East County Submarket overall has seen minimal increases (0%-2%). All three geographies are still well below previous peak levels and the Subject ZIP code is positioned at the lower end of the East County Submarket in terms of sales volume, indicating constrained supply.





ASSESSMENT OF LAND USE CHANGE FROM COMMERCIAL TO RESIDENTIAL

Sweetwater Springs, San Diego, CA

November 2018 | CalAtlantic Homes
Sweetwater Springs, San Diego, CA

MEYERS RESEARCH
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