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ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

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From: KEYSER MARSTON ASSOCIATES, INC.

Date: May 5, 2014

Subject : Coast Highway Corridor Study
Market Analysis

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I. INTRODUCTION

A. Background

Keyser Marston Associates, Inc. (KMA) prepared a market analysis and evaluation of development potential for the Coast Highway Corridor Study Area (Study Area) for the City of Oceanside (City). For the purposes of the KMA market analysis, the Study Area is defined as the area of the City west of Interstate 5 (I-5), bounded by Harbor Drive to the north and Buena Vista Lagoon to the south.

It is the KMA understanding that the City is interested in determining the types of land uses that the Study Area could support based on prevailing market factors, trade area growth projections, and anticipated macroeconomic changes within each major land use category.

B. KMA Approach

The focus of the KMA market analysis was to evaluate current and future market trends and the potential market conditions for the Study Area. The analysis relied upon readily available third-party demographic and market data sources. KMA reviewed both existing and historical market trends to better understand future development potential. KMA also prepared market demand projections for various land uses within the Study Area through 2030.

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

- Reviewed relevant background materials, resource documents, and maps.
- Compiled data on regional and local commercial and residential market conditions.
- Reviewed proposed developments planned or under construction.
- Identified the key strengths and weaknesses affecting development potential in the Study Area.
- Identified the near-, mid-, and long-term development opportunities and estimated supportable demand for office, residential, hotel, and retail/restaurant land uses.

C. Report Organization

This memorandum report has been organized as follows:

- Section II presents the KMA key findings.
- Section III presents an overview of demographic conditions and projects in the development pipeline within the Study Area.
- Sections IV through VII present the KMA market overviews for office, residential, hotel, and retail/restaurant land uses, respectively.
- Section VIII presents the KMA projections of supportable demand for each of the four land uses evaluated.
- Section IX details limiting conditions pertaining to the KMA market analysis.

II. KEY FINDINGS

A. Study Area

The Study Area benefits from excellent freeway frontage and access. There is a broad mix of land uses within the Study Area, including office, lodging, residential, and specialty and service retail. The Study Area is largely built out, with very limited undeveloped contiguous land

remaining for development. However, numerous opportunities exist for privately owned land to be redeveloped with new buildings and uses that are better suited for current and future market conditions.

B. Overview of Strengths and Weaknesses

Table II-1 presents the KMA summary of the principal strengths and weaknesses affecting development potential within the Study Area.

Table II-1: Study Area Strengths and Weaknesses	
Strengths	Weaknesses
<ul style="list-style-type: none"> • The Study Area has excellent freeway access (I-5, SR 78, SR 76). • The Study Area is situated in close proximity to executive housing in North County coastal neighborhoods. • The Study Area is served by commuter rail service offered by the Coaster (to Sorrento Valley and Downtown San Diego) and the Sprinter (across North County). • The Study Area is located within north coastal San Diego County close to high quality employment (Carlsbad and Golden Triangle). • The City has extensive natural and recreational amenities that attract both residents and visitors to the area. • The Study Area is experiencing a heightened level of development interest, offering an increased number of visitor-serving amenities such as restaurants, entertainment, and shopping opportunities. 	<ul style="list-style-type: none"> • It is difficult to assemble sites for new development due to the high cost of acquiring existing improved properties. • The City is not a significant employment center in San Diego County, accounting for only 1.3% of the County’s office inventory. • There is a limited amount of pure office space located in the City west of I-5, with most office tenants occupying retail storefronts. However, newly developed mixed-use projects in the Study Area are providing tenants with office space in traditional formats. • There are limited residential sites within the Study Area with beach access or views. • Current apartment rents and condominium values in the City do not support the cost of new higher density multi-family residential construction.

Table II-1 (cont'd.): Study Area Strengths and Weaknesses	
Strengths	Weaknesses
<ul style="list-style-type: none"> • A number of new developments are planned within the Study Area. • New development and the upgrade of existing housing stock west of I-5 has contributed to rising incomes and greater retail expenditure potential in the Study Area. • Development of the planned Pier Resort Hotel will serve as a catalyst for future development in the Study Area. 	<ul style="list-style-type: none"> • Many of the existing hotels along Coast Highway are outdated with limited service facilities. • The Coast Highway corridor has strong competition from major retail concentrations in both eastern Oceanside and Carlsbad. • The military commissary and Marine Corps Exchange at Camp Pendleton provide tax-free, discounted shopping opportunities to many members of the military, retirees, and their families, effectively siphoning off demand from private sector retail.

C. Market Support by Land Use

Based on the demographic trends and market conditions for the Study Area and surrounding trade area, KMA assessed the market support and possible locations for each land use in the near-, mid-, and long-term. These rankings are summarized in Table II-2 below.

Table II-2: Market Support by Land Use and Likely Locations for Future Development		
Market Support by Land Use	Mid- to Long-Term (5 to 10+ years)	Likely Locations for Future Development
Office	Moderate	Downtown
Residential	Strong	All areas of Study Area except near Oceanside Harbor
Hotel	Moderate	Oceanside Harbor, Downtown
Retail/Restaurant	Moderate	All areas of Study Area, along existing commercial corridors

D. Supportable Demand by Land Use

As shown in Table II-3, KMA projects that the Study Area can support a total of 4.0 to 5.8 million square feet (SF) of new development through 2030, broken out as follows:

Table II-3: Supportable Demand by Land Use		
Demand by Land Use, through 2030	Low	High
Office	142,000 SF	189,000 SF
Residential ⁽¹⁾	2,400 Units	3,600 Units
Hotel ⁽²⁾	1,540 Rooms	1,930 Rooms
Retail/Restaurant	157,000 SF	265,000 SF
Total New Development SF	4,007,000 SF	5,788,000 SF

(1) Assumes an average 1,160 gross SF per unit.
(2) Assumes an average 600 gross SF per room.

The KMA projection of supportable new development in the Study Area is based solely on market demand and does not address financial feasibility. Given that the Study Area is largely built out, constraints to achieving the projected new development include site assembly, building demolition or rehabilitation, environmental remediation, and the cost of public improvements and facilities. In light of these financial feasibility challenges, the projected new development may not be realized within the time horizon of this study. It should also be noted that the KMA estimate of retail/restaurant space demand considers demand from new residential, office, and hotel development; to the extent that these sectors do not meet the projections in this study, the demand for new retail/restaurant space will be correspondingly reduced.

III. DEMOGRAPHIC OVERVIEW AND PROJECTS IN PLANNING

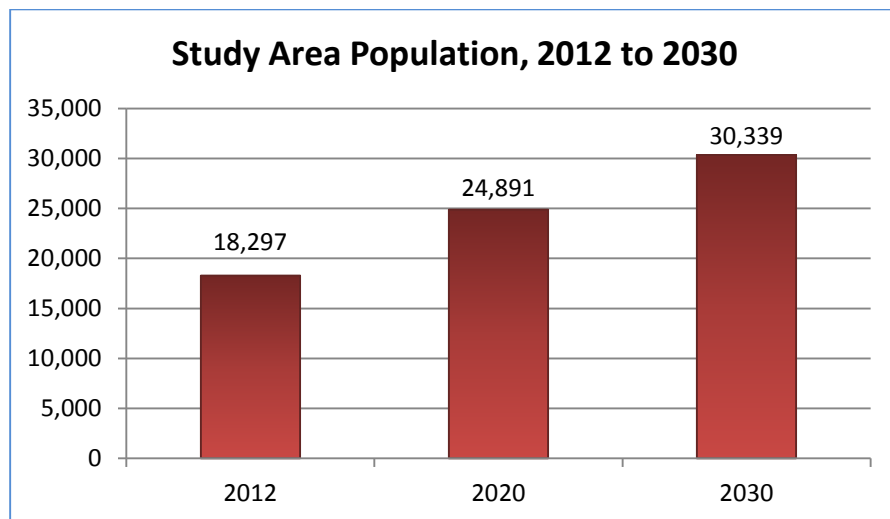
A. Demographic Overview

This section reviews the demographic factors, obtained through The Nielsen Company, U.S. Census, and San Diego Association of Governments (SANDAG), for the Study Area, the City, and the County of San Diego (County). The demographic tables can be found within Appendix A, attached. Key demographic factors are discussed below.

- Residents of the Study Area represent 11% of the City’s total population.
- As shown on Table III-1, residents of the Study Area are older and earn lower incomes compared to residents of the City and the County.

Table III-1: Demographic Factors			
Estimated Age/Income Characteristics, 2012	Study Area	City of Oceanside	County of San Diego
Median Age (years)	36.4	35.9	35.3
Median Household Income	\$45,000	\$59,600	\$60,700

- The Study Area’s growth in population is projected to outpace both the City and the State, increasing by 2.8% annually over the next 16 years.
- Between 2012 and 2030, the Study Area is expected to see an increase of approximately 12,000 people.



- There are approximately 42,000 persons who work within the City. The largest employment industries in the City include Retail Trade, Health Care and Social Assistance, Education Services, and Accommodation and Food Services.

B. Projects in Planning

According to the City’s Planning Department, there are 17 development projects currently in the pipeline within the Study Area, excluding residential developments with four units or less. These pipeline projects include developments with building permits pending, finalized, or issued; projects which have received entitlement approval; or projects currently under construction.

Table III-2: Projects in Planning			
Project Status	Commercial	Residential (1)	Hotel
Pending	---	69 Units	---
Entitled	50,581 SF	377 Units	611 Rooms
Finalized	5,000 SF	---	---
Issued	6,138 SF	---	---
Under Construction	37,400 SF	---	149 Rooms
N/A	---	8 Units	---
Total	99,119 SF	454 Units	760 Rooms
(1) Excludes residential developments with four (4) units or less.			

IV. OFFICE MARKET OVERVIEW

The national residential market downturn contributed to decreased office space demand from related users, e.g., mortgage, title, and escrow companies; lenders and investors; and homebuilders. While the residential downturn was likely the initial cause of the decreased demand for office space, the recession that followed was a major contributing factor for increased vacancies for office space. As businesses downsized or closed, the inventory of sublease space put additional downward pressure on rental rates for Class A and B office space.

As the amount of office space per employee declines and the desire to incorporate amenities and quality of life features within workplaces increases, office users are shifting toward non-traditional office space. High-tech companies are looking for unusual spaces that are reflective of their corporate culture. Knowledge-based firms are reviving inner-city neighborhoods by adapting and designing building to be more ecologically sustainable. Another new real estate trend that is expected to increase over the next few years is the development of data centers, mainly used by corporations requiring communication speed and power.

The national office market is continuing to recover at a very slow pace. According to Cassidy Turley, the U.S. office market had a vacancy factor of 15.1% during the 3rd quarter 2013, a difference of -2.2% from the recessionary-peak rate of 17.3%. Average asking lease rates in the U.S. during the 4th quarter 2013 were \$22.02 per SF per year, or \$1.84 per SF per month, a 1.6% increase from the previous year.

Per Voit Real Estate Services, the office market within the San Diego region also continues to recover with vacancy rates at 12.5% during the 3rd quarter 2013, a difference of -0.81% from the previous year; and average lease rates of \$2.20 per SF per month, a 3.3% increase from the previous year.

Appendix B, attached, presents the detailed market tables for office uses. The following presents a summary of the key market factors for office space in the County, City, and Study Area.

- Office uses within the Study Area are located primarily along Civic Center Drive, Coast Highway, and Mission Avenue.
- The City of Oceanside contains approximately 1.3 million SF of office space, or 1.3% of the County total.
- Approximately 290,000 SF of office space is located within the Study Area; this represents 22.8% of the City total. Of this amount, 125,000 SF is located in Class B space and 165,000 SF is located in Class C space.
- Office buildings in the Study Area were built primarily in the 1960s and 1970s.
- A number of the office buildings in the Study Area are adaptive re-uses of former residential buildings.
- The largest office building within the Study Area is the mixed-use Oceanside Terraces, consisting of 40,000 SF of office space, built in 2008.
- Office space within the City has a vacancy rate of 15.9%, higher than the County average vacancy rate of 12.5%.

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- The average asking lease rate in the City is \$1.70 per SF full service gross (FSG); lower than the average office lease rate in the County (\$2.20 per SF) and neighboring Carlsbad (\$2.09 per SF).
- Since 2008, the City has added approximately 374,000 SF of office space for a total current inventory of 1,271,000 SF.
- A survey of office building sales since 2011 indicates a median value of \$162 per SF of building area. A substantial number of these sales represented medical or office condominiums. Importantly, this median value is lower than replacement costs.

V. RESIDENTIAL MARKET OVERVIEW

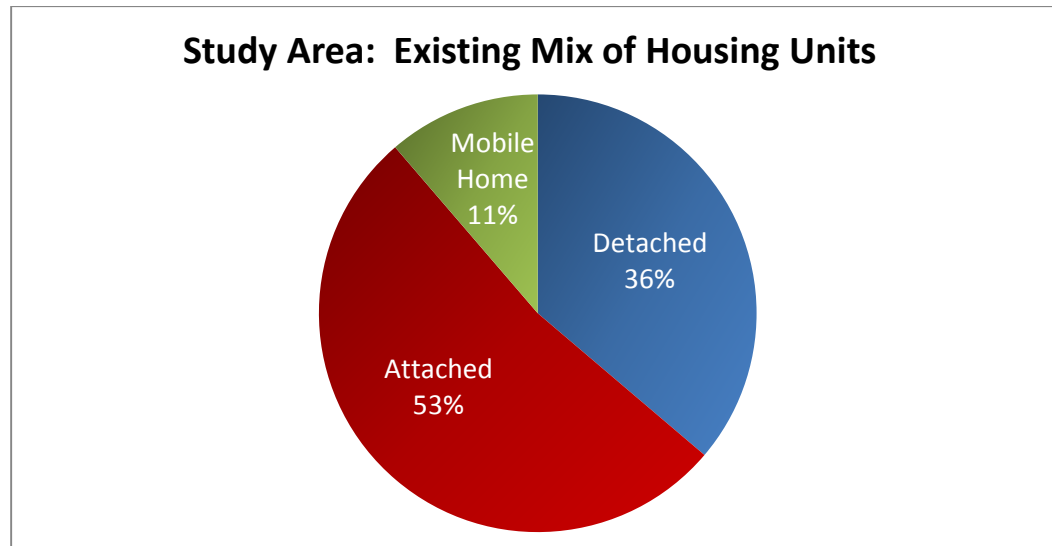
The national rental apartment market is expected to continue to strengthen for 2014 and beyond. Unemployment, foreclosures, and inventory have dropped, while home prices have started to increase. In the long term, there are strong fundamentals supporting attached housing development in in-fill locations. Scarcity of land, rising housing costs, and the increase in non-family households will continue to generate demand for townhomes, condominiums, and apartments. Additionally, studies show that higher-density residential developed as part of walkable, amenitized, mixed-use districts demonstrates value premiums.

Similar to the national housing market, the Southern California housing market seems to have hit bottom, but the recovery is expected to be sluggish. According to the real estate brokerage firm of Grubb & Ellis, development will continue to be slow due to the scarcity of developable land, high construction costs, and underwriting difficulties.

The improving demand and lower inventory of housing affecting the U.S. is also evident in the San Diego region. Demand from first-time homebuyers and investors has reduced inventory especially for lower-priced properties below \$500,000 to all-time lows where multiple offers and aggressive bidding are now commonplace in certain areas. If interest rates remain low and unemployment continues to decrease, this trend could continue for the foreseeable future. The apartment market in the San Diego region is expected to remain strong, as evidenced by increasing rents and the high number of apartment developments in the pipeline. MPF Research/RealPage reports that vacancy rates remain low for both older and new units, and average rents in the County increased approximately 3.5% from the previous year.

The residential market tables can be found within Appendix C, attached. The following presents key market factors impacting the Study Area's residential market:

- Residential uses are located throughout the Study Area in a mixture of single-family homes, rental apartments, townhomes, stacked flat condominiums, and mobile homes.
- There are a total of 9,900 housing units in the Study Area, distributed as follows:



- Of the City's total multi-family units, 69% are located within the Study Area.
- SANDAG projects that the Study Area will add an additional 2,870 units by 2030.
- The median sales price for single-family home resales in the City (zip code 92054) is \$456,000.
- The median sales price for condominium resales in the City (zip code 92054) is \$341,500.
- Apartment rents in the City average \$1,380 per month, or \$1.38 per SF.

VI. HOTEL MARKET OVERVIEW

Despite strong market performance in many submarkets, new hotels have been difficult to finance due to the recession, overall market performance, and more stringent lending requirements. In 2008, non-essential travel declined as individuals and businesses became more budget-conscious. This trend continued throughout 2009, with declining economic growth, historically high unemployment levels, declining home values, and depressed consumer confidence. Due to these factors, the U.S. hotel market experienced one of the deepest and longest recessions in the history of the lodging industry. In 2010, the lodging market began to

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see increases in demand for hotel rooms. According to PKF Consulting, between 2010 through 2013 profits industry-wide increased an estimated 49.9%. Increases in hotel room demand are projected to continue both nationally and in Southern California. Southern California remains one of the most desirable visitor destinations in the U.S., due to favorable climate, beaches, and ample entertainment, dining, and shopping opportunities.

The detailed hotel market tables can be found within Appendix D, attached. The following presents a summary of key market factors impacting the hotel market in the City and Study Area:

- Hotel uses within the Study Area are concentrated in the vicinity of Oceanside Harbor, and the Intersection of Highway 76 and Coast Highway.
- There are approximately 1,700 hotel rooms in Oceanside, of which 900 are located in the Study Area.
- The majority of the Study Area's lodging room inventory consists of limited-service and economy hotels/motels.
- A substantial portion of the hotels in the Study Area offer room rates below \$100 per night.
- Currently, 149 new hotel rooms are currently under construction in the Study Area, with an additional 611 new hotel rooms in the pipeline.
- Since 2003, an additional 337 rooms were added to the Study Area, an average increase of 4.1% per year. By comparison, 130 rooms were added in the balance of the City during this same period, an average increase of 2.4% per year.
- Citywide TOT revenues increased by \$2.5 million between 2003 and 2013, an average annual increase of 9.4%. Both the west and east sides of the City experienced extremely strong TOT growth during this period.
- In 2013, the City received TOT revenues totaling \$4.3 million. Of this amount, \$2.6 million, or 61%, came from rooms on the west side of the City, and \$1.7 million, or 39%, came from rooms on the east side of the City.
- In 2013, TOT revenues from vacation rentals reflected 45% of the total TOT revenues from rooms on the west side of the City, but only 0.6% of TOT revenues from rooms on the east side of the City.

For the purposes of this analysis, KMA defined the Coast Highway Corridor trade area for hotel uses as the area of the City west of I-5 and the portion of the City of Carlsbad west of El Camino Real, and north of Palomar Airport Road (Hotel Trade Area). A survey by Smith Travel Research for hotels within this Hotel Trade Area with rack rates in excess of \$100 indicates the following:

- There are 17 hotels consisting of 1,971 rooms with room rack rates of approximately \$100 per night or greater located within the Hotel Trade Area.
- Within the Hotel Trade Area, full service hotels achieving room rates in excess of \$100 are more likely found within the City of Carlsbad.
- Current occupancy rates for hotels located in the Trade Area are estimated at a relatively healthy 71.4%; with the Average Daily Rate (ADR) estimated at \$151.

VII. RETAIL/RESTAURANT MARKET OVERVIEW

Commercial real estate markets are still recovering from the recession and dysfunction of the national and global economy. However, many regional economists already are seeing the beginning of a market turnaround especially in Southern California. Continuing improvement in the national and local retail market will depend on the employment markets as well. Over the last year, the U.S. has added approximately 2.4 million jobs resulting in a decrease in the unemployment rate to 7.0%.

Overall, the San Diego region is also experiencing an improving retail market with higher occupancy rates and increasing leasing activity. As with the national retail market, San Diego's retail market depends on the improvement in the employment market. From 2012 to 2013, the region gained 22,800 jobs. The unemployment rate for the County was 7.0% as of October 2013, down from 8.6% in October 2012.

The San Diego County retail market contains a total of 137.2 million SF. Voit Real Estate Services reported at the end of the 3rd quarter 2013 that the County had an average asking rental rate of \$1.76 per SF triple net (NNN). The vacancy rate was measured at 4.4%.

Appendix E presents the detailed tables related to the retail market. The following summarizes key factors impacting the retail market in the Study Area:

- Retail and restaurant uses in the Study Area are located primarily along Coast Highway and Mission Avenue.

- There are approximately 32.3 million SF of retail space in North County (includes Oceanside, Carlsbad, Escondido, and Vista) consisting of:
 - 11.3 M SF General Retail (35%)
 - 3.9 M SF Mall Market (12%)
 - 1.9 M SF Power Center (6%)
 - 14.8 M SF Shopping Center (46%)
 - 0.37 M SF Specialty Center (1%)
- There are only two anchored shopping centers in the Study Area, OceanPlace Cinemas at Coast Highway and Mission Avenue; and Mission Square Shopping Center at 1040 Mission Avenue (which is opened a new Walmart Neighborhood Market in January 2014). All other anchored shopping centers in the City are located east of I-5.
- There are a limited number of grocery stores and drug stores within the Study Area.
- The average asking lease rate for retail space in North County is \$1.56 per SF per month, lower than the average lease rate for retail space in the County as a whole, at \$1.76 per SF per month.

Using ESRI data on existing household retail expenditures and retail outlet sales volumes, KMA prepared retail sales surplus/(leakage) models for the trade area. The models present a comparison of retail demand and supply, and resulting surplus/(leakage), within 1.5-mile and 3.0-mile radii of the Study Area.

- As shown in Table VII-1, within a 1.5-mile radius of the Study Area, ESRI estimates total retail expenditure potential (demand) of \$177 million, compared to total retail sales (supply) of \$209 million. This results in a retail sales surplus of approximately \$32 million. Although the results indicate an overall retail sales surplus within 1.5 miles of the Study Area, the ESRI data shows retail sales leakage in certain categories. Specifically, ESRI estimates leakage totaling \$28 million in the areas of sporting goods, general merchandise, building materials, clothing, and health and personal care.
- Within a 3-mile radius of the Study Area, ESRI estimates total retail expenditure potential (demand) of \$504 million, compared to total retail sales (supply) of \$836 million. This results in a retail sales surplus of approximately \$332 million. However, within the 3-mile radius, the ESRI estimates retail sales leakage totaling \$49.8 million in the areas of building materials and health and personal care.

Table VII-1: Retail Surplus/(Leakage) ⁽¹⁾

	1.5-mile Radius around Study Area ⁽²⁾	3.0-mile Radius around Study Area ⁽²⁾
Total Demand (Retail Expenditures) ⁽³⁾	\$177,110,000	\$504,421,000
Total Supply (Retail Sales) ⁽⁴⁾	\$209,213,000	\$836,443,000
Retail Surplus/(Leakage) ⁽⁵⁾	\$32,103,000	\$332,023,000

(1) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.
(2) Assumes the centerpoint of radius is Oceanside Boulevard and S. Coast Highway.
(3) Reflects the amount spent by consumers at retail establishments.
(4) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
(5) A negative value represents “leakage” of retail outside trade area. A positive value represents a “surplus” of retail sales, a market where customers are drawn in from outside the trade area.

VIII. SUPPORTABLE DEMAND BY LAND USE

This section presents the KMA projections of supportable demand for each land use evaluated. As summarized in Tables 1 and 2 (attached), KMA estimates that the Study Area can support a total of 4.0 to 5.8 million SF of development through 2030. For purposes of estimating the amount of land area required, KMA has translated this potential development using typical ranges of densities for each land use. As shown in Table 2, the KMA density assumptions range from non-residential Floor Area Ratios (FARs) of 0.40 to 0.75 and residential densities of 30 to 40 units per acre. On this basis, then, KMA estimates that the projected development would require approximately 100 to 194 acres of land.

It is important to recognize that the KMA projection of supportable new development in the Study Area is based solely on market demand and potential capture rates. The KMA projection does not address financial feasibility. The Study Area is largely built out and there are no large vacant sites available. Therefore, the projected development will likely occur through site assembly, adaptive re-use, and new construction at higher densities than existing improvements. These types of urban in-fill development typically face feasibility challenges, which will potentially constrain absorption of the projected development. Specific constraints to achieving the projected new development include: assembly of adequately sized development parcels; feasibility of acquiring and demolishing existing improvements; feasibility of adaptive re-use, expansion, and/or conversion of existing buildings; remediation of environmental hazards; costs of new and/or upgraded public improvements and facilities; and other challenges. Given that the City has limited resources to assist private developers in

overcoming these constraints, the projected new development may not be realized within the time horizon of this study.

The key KMA assumptions and findings for each land use demand projection are presented in Appendix F and summarized below.

A. Office Demand

KMA prepared an estimate of office space demand within the Study Area through 2030. As shown in Table VIII-1, KMA estimates that the City can support 944,000 SF of office space through 2030. This figure is based on anticipated growth in the employment by sector in the City and the percent of new work force requiring office space. Assuming the potential capture of office space in the Study Area of 15.0% (low) to 20.0% (high), KMA estimates that the Study Area can support between 142,000 SF and 189,000 SF of office space through 2030.

Table VIII-1: Summary of Office Space Demand through 2030		
	Low	High
City of Oceanside, Office Space Needed	944,000 SF	944,000 SF
Study Area Capture @	15.0%	20.0%
Total Office Space Demand through 2030	142,000 SF	189,000 SF

B. Residential Unit Demand

KMA prepared a demand forecast for new residential units in the Study Area. The KMA analysis was based on the anticipated growth of housing units in the City and applying capture rates to estimate the number of housing units that can be supported in the Study Area. As shown in Table VIII-2, KMA projects Citywide market demand for 8,000 residential units through 2030. Assuming the Study Area can capture between 30.0% (low) and 45.0% (high) of these new units, KMA estimates that the Study Area can support a total of 2,400 to 3,600 units through 2030.

Table VIII-2: Summary of Residential Demand through 2030		
	Low	High
City of Oceanside, Additional Housing Units through 2030	8,000 Units	8,000 Units
Study Area Capture @	30.0%	45.0%
Total Residential Demand through 2030	2,400 Units	3,600 Units

C. Hotel Room Demand

KMA prepared a demand forecast for hotel rooms in the Study Area. KMA evaluated the existing hotel room inventory in the Hotel Trade Area, occupancy trends, and planned/proposed hotels in order to estimate future hotel demand in the Study Area. KMA then applied capture rates to estimate the number of rooms that can be supported in the Study Area. Based on this approach, KMA estimates that a total of 1,180 to 1,570 new hotel rooms can be supported in the Study Area through 2030.

The proposed Beach Resort Hotel, totaling 360 rooms, will generate demand from new market segments currently not present in the Study Area. As such, KMA assumed demand for an additional 360 rooms beyond the above projection. This results in total projected demand through 2030 for 1,540 rooms to 1,930 rooms in the Study Area.

As indicated in Section IV, 611 new rooms are planned for the Study Area, including the Beach Resort Hotel. Accounting for these new rooms as an offset against demand, KMA estimates that the net demand for hotel rooms in the Study Area through 2030 (beyond the existing pipeline) to be 930 rooms to 1,320 rooms.

Table VIII-3 summarizes KMA’s findings for hotel room demand:

Table VIII-3: Summary of Hotel Room Demand through 2030		
	Low	High
Total Hotel Room Demand	1,180 Rooms	1,570 Rooms
Add: Demand from Beach Resort Hotel	360 Rooms	360 Rooms
Grand Total Demand	1,540 Rooms	1,930 Rooms
(Less) Planned Hotels in Study Area	611 Rooms	611 Rooms
Net Total Hotel Room Demand through 2030	930 Rooms	1,320 Rooms

D. Retail/Restaurant Space Demand in the Study Area

The KMA estimate of retail/restaurant space demand considers four separate sources of demand, as described below. To the extent that new residential, office, and hotel development does not meet the projections in this study, the demand for new retail/restaurant space will be correspondingly reduced.

1. Existing residents – based on current estimates of retail sales leakage within the Study Area¹ and the estimated potential recapture within the Study Area assuming improvements in the national and regional economic and supportive local public policies that encourage site assembly, investment, and development of new commercial buildings.
2. New residents in the Study Area – based on the spending potential of residents choosing to live in the Study Area as a result of new housing developed in the Study Area.
3. New office workers in the Study Area – based on the capture of a portion of the daily retail expenditures for retail goods, dining, and services by new employment work force (daytime population) in new office development.
4. New hotel visitors in the Study Area – based on the capture of a portion of visitor spending from new hotel visitors occupying newly developed hotel rooms within the Study Area.

As shown in Table VIII-4, based on the above assumptions, KMA estimates that these segments will support additional retail development of 157,000 SF to 265,000 SF through 2030. Importantly, only a small portion of demand is estimated to be derived from recapture of existing retail sales leakage, i.e., 13% to 17%. The vast majority of new retail/restaurant space demand (83% to 87%) results from new residential, office, and hotel development.

	Low	High
Retail Space Recapture	26,000 SF	34,000 SF
Retail Demand from New Residents	66,000 SF	132,000 SF
Retail Demand from New Office Workers	8,200 SF	13,000 SF
Retail Demand from Hotel Visitors	57,000 SF	86,000 SF
Net Total Retail Space Demand through 2030	157,000 SF	265,000 SF

¹ Defined as 1.5-mile radius from the intersection of Ocean Boulevard and Coast Highway.

IX. LIMITING CONDITIONS

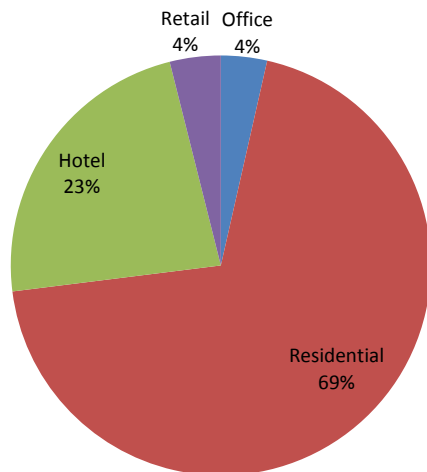
1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including State and local government, planning agencies, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the possible effect on development of current or future Federal, State, or local legislation including environmental or ecological matters.
2. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project-specific data, and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.
5. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

TABLE 1

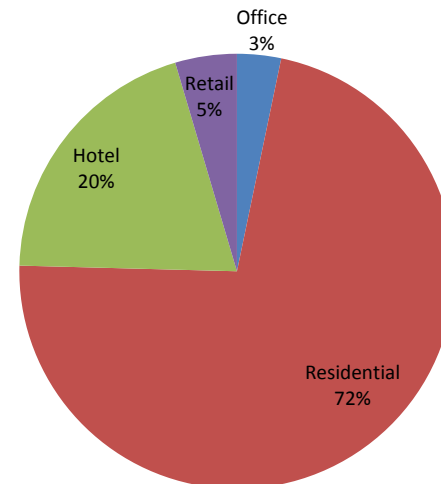
SUMMARY OF TOTAL MARKET DEMAND BY LAND USE, THROUGH 2030 (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

Land Use	Market Demand, Through 2030		Assumed SF per Unit/Room	Total Gross Building Area	
	Low	High		Low	High
I. Office	142,000 SF	189,000 SF	---	142,000 SF	189,000 SF
II. Residential					
Single Family/Townhome	480 Units	720 Units	1,600 SF	768,000 SF	1,152,000 SF
Multi-Family - For-Sale	960 Units	1,440 Units	1,200 SF	1,152,000 SF	1,728,000 SF
Multi-Family - Rental	<u>960</u> Units	<u>1,440</u> Units	900 SF	<u>864,000</u> SF	<u>1,296,000</u> SF
Total/Average	2,400 Units	3,600 Units	---	2,784,000 SF	4,176,000 SF
III. Hotel	1,540 Rooms	1,930 Rooms	600 /SF/Room	924,000 SF	1,158,000 SF
IV. Retail	157,000 SF	265,000 SF	---	157,000 SF	265,000 SF
V. Total				4,007,000 SF	5,788,000 SF

Distribution of Gross Building Area - Low



Distribution of Gross Building Area - High



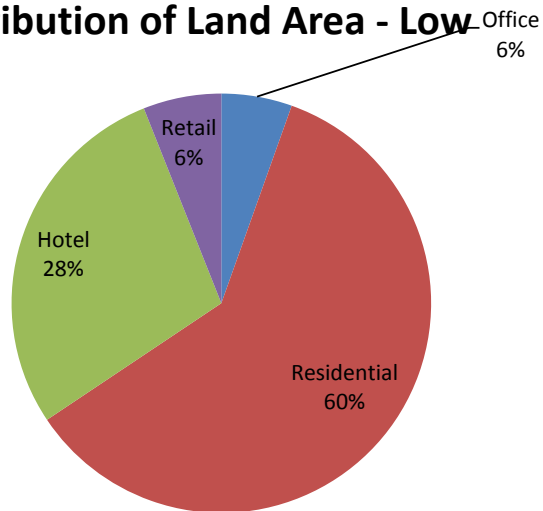
(1) City of Oceanside, west of Interstate 5.

TABLE 2

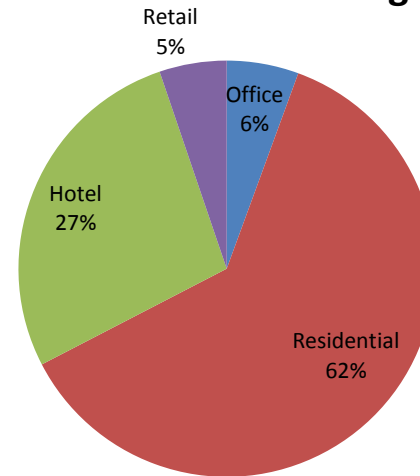
TOTAL LAND AREA NEEDED BY LAND USE, THROUGH 2030 ⁽¹⁾
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

Land Use	Market Demand, Through 2030		Assumed Density		Land Area Needed	
	Low	High	Low	High	Low	High
I. Office	142,000 SF	189,000 SF	0.60 FAR	0.40 FAR	5.4 Acres	10.8 Acres
II. Residential	2,400 Units	3,600 Units	40 Units/Acre	30 Units/Acre	60.0 Acres	120.0 Acres
III. Hotel	1,540 Rooms	1,930 Rooms	0.75 FAR	0.50 FAR	28.3 Acres	53.2 Acres
IV. Retail	157,000 SF	265,000 SF	0.60 FAR	0.40 FAR	6.0 Acres	10.1 Acres
V. Total					99.7 Acres	194.2 Acres

Distribution of Land Area - Low



Distribution of Land Area - High



(1) City of Oceanside, west of Interstate 5.

Appendix A

Demographic Overview

TABLE A-1

**OVERVIEW OF DEMOGRAPHIC FACTORS, 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>Coast Highway Study Area (1)</u>	<u>City of Oceanside</u>	<u>County of San Diego</u>
Population	18,266	172,103	3,192,594
Households	7,781	61,020	1,120,442
Average Household Size	2.32	2.81	2.76
Median Age (years)	36.4	35.9	35.3
Median Household Income	\$45,049	\$59,635	\$60,651

(1) City of Oceanside, west of I-5.

Source: The Nielsen Company

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;ibl

TABLE A-2

**AGE DISTRIBUTION BY AREA, 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Area/City	17 and Under	18-24	25-44	45-64	65 and Older	Total
Coast Highway Study Area (1)	20.7%	9.1%	32.8%	25.9%	11.5%	100.0%
City of Oceanside	23.7%	10.3%	27.9%	24.8%	13.4%	100.0%
County of San Diego	23.1%	11.1%	28.8%	24.9%	12.0%	100.0%

(1) City of Oceanside, west of I-5.

Source: The Nielsen Company

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;ibl

TABLE A-3

**HOUSEHOLD INCOME DISTRIBUTION BY AREA, 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Area/City	Less than \$15,000	\$15,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$124,999	\$125,000 or More	Total
Coast Highway Study Area (1)	16.0%	12.3%	11.5%	15.1%	18.5%	10.3%	5.4%	10.8%	100.0%
City of Oceanside	9.3%	8.9%	10.2%	13.9%	19.9%	14.7%	9.4%	13.7%	100.0%
County of San Diego	10.5%	9.1%	9.5%	13.5%	17.6%	13.3%	9.1%	17.5%	100.0%

(1) City of Oceanside, west of I-5.

Source: The Nielsen Company

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;ibl

TABLE A-4

**POPULATION GROWTH FORECAST THROUGH 2030 BY AREA
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Area/City</u>	<u>2012</u>	<u>2020</u>	<u>2030</u>	<u>Change, 2012 to 2030</u>	
				<u>Total</u>	<u>Average Annual</u>
Coast Highway Study Area (1)	18,297	24,891	30,339	12,042	2.8%
City of Oceanside	169,319	195,455	209,602	40,283	1.2%
San Diego Region	3,143,429	3,535,000	3,870,000	726,571	1.2%

(1) City of Oceanside, west of I-5. Reflects aggregate data for Census Tracts 181, 182, 183, 184.

Source: SANDAG, Demographic and Socio Economic Estimates, 2012 and 2050 Regional Growth Forecast

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;rks

TABLE A-5

EMPLOYMENT PROFILE BY INDUSTRY, CITY OF OCEANSIDE, 2011
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

<u>Industry</u>	<u>Number of Employees</u> ⁽¹⁾	<u>% of Total</u>
Retail Trade	5,224	14%
Health Care and Social Assistance	5,156	14%
Education Services	4,793	13%
Accommodation and Food Services	4,317	12%
Administration & Support, Waste Management and Remediation	2,871	8%
Professional, Scientific, and Technical Services	2,621	7%
Manufacturing	2,120	6%
Other Services (excluding Public Administration)	1,740	5%
Wholesale Trade	1,704	5%
Construction	1,377	4%
Arts, Entertainment, and Recreation	977	3%
Public Administration	909	2%
Agriculture, Forestry, Fishing, and Hunting	821	2%
Real Estate and Rental, and Leasing	656	2%
Finance and Insurance	537	1%
Management of Companies and Enterprises	534	1%
Transportation and Warehousing	434	1%
Information	415	1%
Utilities	170	0%
Mining, Quarrying, and Oil and Gas Extraction	3	0%
Total	37,379	100%

(1) Source: Work Area Profile Report - City of Oceanside, U.S. Census Bureau, OnTheMap Application.
 Reflects employment by place of work for 2011.

TABLE A-6

PROJECTS IN PLANNING - COAST HIGHWAY STUDY AREA (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

Project Name	Location	Status	Commercial (SF)	Residential (Units)	Hotel (Rooms)
700 The Strand	The Strand	Pending		17	
Seacliff Terraces	N Cliff Dr	Pending		52	
1010 Oceanside	550 Seagaze Drive	Entitled	8,357	90	124
Trade Winds		Entitled	2,000	10	
Hyatt Place	North Coast Highway	Entitled		24	127
Beach Resort Hotel - South	Pacific Street	Entitled			225
Beach Resort Hotel - North	Pacific Street	Entitled			135
CityMark - Block 5	1 Mission Avenue	Entitled	1,602	43	
CityMark - Block 18	1 Mission Avenue	Entitled	9,665	48	
CityMark - Block 19	1 Mission Avenue	Entitled	13,900	101	
CityMark - Block 20	1 Mission Avenue	Entitled	15,057	39	
Portola	Horne St	Entitled		15	
Myers Street Condos	Ash St	Entitled		7	

(1) Excludes residential developments with 4 units or less.

Source: City of Oceanside

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;ibl

TABLE A-6

**PROJECTS IN PLANNING - COAST HIGHWAY STUDY AREA (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Project Name	Location	Status	Commercial (SF)	Residential (Units)	Hotel (Rooms)
Guestrooms	909 N Coast Hwy	Issued	6,138		
CityMark - Marriott SpringHill Suites	1 Mission Avenue	Under construction	6,400		149
Walmart Neighborhood Market	1040 Mission Avenue	Under construction	31,000		
314 S. The Strand	The Strand	N/A		8	
Total			94,119	454	760

(1) Excludes residential developments with 4 units or less.

Source: City of Oceanside

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\Oceanside_Coast Highway_Appendix A_Demographics Tables;5/5/2014;ibl

Appendix B

Office Market Overview

TABLE B-1

**OFFICE MARKET PROFILE, COUNTY OF SAN DIEGO, 3RD QUARTER 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Submarket</u>	<u>Total SF</u>	<u>3rd Quarter Vacancy Rate</u>	<u>SF Under Construction</u>	<u>Average Asking Lease Rate</u>
Downtown	12,821,023	16.0%	0	\$2.20
Kearny Mesa	10,641,583	11.9%	0	\$1.74
Sorrento Mesa	9,680,968	8.6%	0	\$2.21
UTC	7,679,280	13.6%	414,575	\$3.10
Mission Valley	6,939,835	9.7%	0	\$2.21
Rancho Bernardo	6,576,067	9.1%	0	\$2.09
Carlsbad	5,928,263	18.9%	0	\$2.09
Del Mar Heights/Carmel Valley	4,288,045	17.0%	70,000	\$3.69
East County	3,811,207	7.5%	0	\$1.06
Chula Vista	2,781,517	13.5%	0	\$1.92
Scripps Ranch	2,704,833	21.3%	0	\$2.15
Torrey Pines	2,703,818	5.2%	0	\$3.75
Uptown/Hillcrest	2,693,720	7.8%	0	\$2.10
Old Town/Point Loma	2,483,200	8.9%	0	\$1.60
North Beach Cities	2,456,605	6.8%	33,917	\$1.85
Escondido	1,933,440	14.4%	0	\$1.86
Miramar	1,777,942	18.7%	0	\$1.16
La Jolla	1,717,132	12.5%	0	\$2.74
San Marcos	1,382,781	15.7%	0	\$1.05
Poway	1,295,562	6.2%	0	\$1.42
Rose Canyon/Morena	1,272,659	7.1%	0	\$1.76
Oceanside	1,271,116	15.9%	0	\$1.70
Vista	1,147,954	15.2%	0	\$1.47
City Heights/University	1,024,202	11.7%	0	\$1.70
Governor Park	870,078	14.0%	0	\$2.26
Sorrento Valley	798,299	14.7%	0	\$2.17
Mission Gorge	582,823	8.6%	0	\$1.13
National City	541,398	32.6%	0	\$0.00
Southeast San Diego	426,932	25.3%	0	\$0.00
Otay Mesa	338,316	9.7%	0	\$1.34
Park East	176,637	1.2%	0	\$2.25
Coronado	124,741	0.0%	0	\$0.00
Total, San Diego County	100,871,976	12.5%	518,492	\$2.20

Source: Voit Real Estate Services

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix B_Office Market Overview;5/5/2014;ibl

TABLE B-2

**OFFICE SPACE MARKET FACTORS, CITIES OF OCEANSIDE AND CARLSBAD, 2008-2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	2008	2009	2010	2011	2012	2013 (1)	Change, 2008-2013	
							Absolute	Average Annual
I. Oceanside								
Rentable Area (SF)	843,164	893,288	1,158,859	1,196,217	1,212,525	1,271,116	427,952	8.6%
Vacancy Rate	22.6%	24.1%	18.6%	19.9%	17.4%	15.9%	-	-6.8%
Average Asking Lease Rate (2)	\$1.42	N/A	\$1.52	\$1.81	N/A	\$1.70	(\$0.05)	3.7%
Net Absorption YTD	67,141	310	98,016	4,489	26,721	66,265	-	-
II. Carlsbad								
Rentable Area (SF)	5,899,138	6,087,667	6,200,653	6,058,727	5,687,294	5,928,263	29,125	0.1%
Vacancy Rate	24.2%	23.2%	25.8%	23.4%	21.4%	18.9%	-	-4.8%
Average Asking Lease Rate (2)	\$2.30	\$2.27	\$2.39	\$2.09	\$1.48	\$2.09	(\$0.21)	-1.9% (3)
Net Absorption YTD	-137,067	17,405	14,585	222,022	81,952	127,820	-	-
III. Total Rentable Inventory - Oceanside/Carlsbad	6,742,302	6,980,955	7,359,512	7,254,944	6,899,819	7,199,379	745,317	1.3%

(1) Based on 3rd quarter data.

(2) Per SF/month full-service gross.

(3) Average annual rate between 2008 and 2013.

Source: Voit Real Estate Services

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix B_Office Market Overview\5/5/2014;ibl

Appendix C

Residential Market Overview

TABLE C-1

**HOUSING INVENTORY BY UNIT TYPE AND AREA, 2012
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Area/City</u>	<u>Single-Family (detached)</u>	<u>Single-Family (multiple-unit)</u>	<u>Multi-Family</u>	<u>Other (includes mobile homes)</u>	<u>Total</u>
Coast Highway Study Area (1)	2,335	1,253	5,201	1,119	9,908
<i>Percent of Total</i>	<i>23.6%</i>	<i>12.6%</i>	<i>52.5%</i>	<i>11.3%</i>	<i>100.0%</i>
Oceanside	33,818	8,433	19,706	3,512	65,469
<i>Percent of Total</i>	<i>51.7%</i>	<i>12.9%</i>	<i>30.1%</i>	<i>5.4%</i>	<i>100.0%</i>
Carlsbad	23,283	6,948	13,626	1,314	45,171
<i>Percent of Total</i>	<i>51.5%</i>	<i>15.4%</i>	<i>30.2%</i>	<i>2.9%</i>	<i>100.0%</i>
San Diego Region	566,103	136,247	420,898	42,570	1,165,818
<i>Percent of Total</i>	<i>48.6%</i>	<i>11.7%</i>	<i>36.1%</i>	<i>3.7%</i>	<i>100.0%</i>

(1) City of Oceanside, west of I-5. Reflects aggregate data for Census Tracts 181, 182, 183, and 184.

Source: SANDAG, Demographic and Socio Economic Estimates, Current Estimates

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix C_Residential Market Overview;5/5/2014;ibl

TABLE C-2

**HOUSING UNIT GROWTH FORECAST THROUGH 2030 BY AREA
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Area/City</u>	<u>2012</u>	<u>2020</u>	<u>2030</u>	<u>Change, 2012 to 2030</u>	
				<u>Total</u>	<u>Average Annual</u>
Coast Highway Study Area (1)	9,908	10,668	12,785	2,877	1.4%
City of Oceanside	65,469	69,565	73,425	7,956	0.6%
San Diego Region	1,165,818	1,262,488	1,369,807	203,989	0.9%

(1) City of Oceanside, west of I-5. Reflects aggregate data for Census Tracts 181, 182, 183, and 184.

TABLE C-3

**COMPARISON OF MEDIAN HOME PRICES - SINGLE-FAMILY AND CONDOMINIUM RESALES, OCTOBER 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Community</u>	<u>Zip Code</u>	<u>Median Home Price Single-Family</u>	<u>Median Home Price Condominium</u>
Cardiff	92007	\$895,000	\$750,000
Carlsbad NW	92008	\$630,000	\$245,000
Carlsbad SE	92009	\$790,000	\$342,000
Carlsbad NE	92010	\$599,000	\$381,000
Carlsbad SW	92011	\$819,750	\$565,000
Carmel Valley	92130	\$1,118,000	\$525,000
Del Mar	92014	\$1,779,750	\$704,500
Encinitas	92024	\$759,000	\$471,000
Oceanside S	92054	\$455,750	\$341,500
Oceanside E	92056	\$400,000	\$230,000
Oceanside N	92057	\$360,000	\$247,500
Oceanside (Central)	92058	\$340,000	\$227,000
Solana Beach	92075	\$1,100,000	\$580,000
Total, North County Coast	N/A	\$595,000	\$408,500

Source: SANDAG, Demographic and Socio Economic Estimates, Current Estimates

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix C_Residential Market Overview;5/5/2014;ibl

Appendix D

Hotel Market Overview

TABLE D-1

**TRANSIENT OCCUPANCY TAX (TOT) REVENUES, CITY OF OCEANSIDE
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	Average Annual Growth
<u>West of I-5</u>												
Room Count	780	780	818	818	850	865	975	975	1,117	1,117	1,117	3.66%
Hotel/Motel	\$879,753	\$915,930	\$987,632	\$954,824	\$1,096,967	\$1,056,656	\$1,014,616	\$977,323	\$1,342,926	\$1,387,752	\$1,430,608	4.98%
<i>Per Room</i>	<u>\$1,128</u>	<u>\$1,174</u>	<u>\$1,207</u>	<u>\$1,167</u>	<u>\$1,291</u>	<u>\$1,222</u>	<u>\$1,041</u>	<u>\$1,002</u>	<u>\$1,202</u>	<u>\$1,242</u>	<u>\$1,281</u>	1.28%
Vacation Rentals	<u>\$219,223</u>	<u>\$376,633</u>	<u>\$471,665</u>	<u>\$505,082</u>	<u>\$646,959</u>	<u>\$1,001,669</u>	<u>\$868,914</u>	<u>\$1,144,229</u>	<u>\$887,077</u>	<u>\$1,155,836</u>	<u>\$1,191,530</u>	18.45%
Total TOT	\$1,098,976	\$1,292,563	\$1,459,298	\$1,459,906	\$1,743,926	\$2,058,325	\$1,883,529	\$2,121,552	\$2,230,003	\$2,543,588	\$2,622,138	9.09%
<u>East of I-5</u>												
Room Count	544	544	544	544	544	654	654	654	674	674	674	2.17%
Hotel/Motel	\$645,456	\$634,493	\$723,535	\$768,990	\$905,900	\$1,148,046	\$1,113,777	\$1,144,784	\$1,214,130	\$1,593,101	\$1,642,299	9.79%
<i>Per Room</i>	<u>\$1,186</u>	<u>\$1,166</u>	<u>\$1,330</u>	<u>\$1,414</u>	<u>\$1,665</u>	<u>\$1,755</u>	<u>\$1,703</u>	<u>\$1,750</u>	<u>\$1,801</u>	<u>\$2,364</u>	<u>\$2,437</u>	7.46%
Vacation Rentals	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,500</u>	<u>\$10,190</u>	<u>\$10,900</u>	<u>\$11,630</u>	<u>\$10,048</u>	<u>\$10,358</u>	N/A
Total TOT	\$645,456	\$634,493	\$723,535	\$768,990	\$905,900	\$1,157,546	\$1,123,967	\$1,155,684	\$1,225,760	\$1,603,149	\$1,652,657	9.86%

Source: City of Oceanside

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix D_Hotel Market Overview;5/5/2014;ibl

TABLE D-2

INVENTORY OF EXISTING HOTELS, 2013 ⁽¹⁾
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

<u>Hotel Name</u>	<u>City</u>	<u># of Rooms</u>	<u>Date Opened</u>	<u>Room Rate</u>
Legoland California Resort Hotel	Carlsbad	250	April 2013	\$349
Hilton Carlsbad Oceanfront Resort & Spa	Carlsbad	215	June 2012	\$199
Holiday Inn & Suites Oceanside Marina	Oceanside	110	November 2009	\$102
Sheraton Hotel Carlsbad Resort & Spa	Carlsbad	250	February 2008	\$149
Homewood Suites Carlsbad N San Diego County	Carlsbad	145	February 2008	\$121
West Inn & Suites @ Carlsbad	Carlsbad	86	May 2006	\$169
Hyatt House San Diego Carlsbad	Carlsbad	97	December 2001	\$107
Hilton Garden Inn Carlsbad Beach	Carlsbad	161	June 2000	\$169
Courtyard San Diego Carlsbad	Carlsbad	145	June 2000	\$134
Comfort Suites Marina	Oceanside	71	April 2000	\$99
Residence Inn San Diego Carlsbad	Carlsbad	121	July 1999	\$169
Grand Pacific Palisades Resort	Carlsbad	90	June 1998	\$119
Oceanside Marina Suites	Oceanside	57	June 1989	\$109
Tamarack Beach Resort	Carlsbad	23	June 1986	\$169
Carlsbad Inn Beach Resort	Carlsbad	61	March 1985	\$129
Beach Terrace Inn	Carlsbad	48	June 1972	\$199
Best Western Plus Beach View Lodge	Carlsbad	41	June 1964	\$114
Total		1,971		

(1) Reflects hotels within Coast Highway Study Area and in the City of Carlsbad (west of El Camino Real, south of the 76 freeway, and north of Palomar Airport Road), with rack rates of approximately \$100 per night or greater.

Source: Smith Travel Research

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\Oceanside_Coast Highway_Appendix D_Hotel Market Overview;5/5/2014;ibl

TABLE D-3

**HOTEL PROJECTS IN PLANNING
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Oceanside

<u>Hotel Name</u>	<u>Room Count</u>
CityMark Mixed-Use / SpringHill Suites Marriott	150 Rooms
1010 Oceanside	124 Rooms
Hyatt Place	127 Rooms
Beach Resort Hotel - South	225 Rooms
Beach Resort Hotel - North	<u>135</u> Rooms
Total	761 Rooms

Carlsbad

<u>Hotel Name</u>	<u>Room Count</u>
DKN Hotel - SpringHill Suites	104 Rooms
Fairfield Inn	100 Rooms
Lumiere Hotel	39 Rooms
Sheraton Phase II	<u>100</u> Rooms
Total	343 Rooms

Total **1,104 Rooms**

TABLE D-4

**HOTEL SUBMARKET TRENDS, FY 2009 - FY 2013 ⁽¹⁾
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE**

<u>Fiscal Year</u> (2):	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Average Annual Change</u>
Occupancy	74.0%	73.3%	74.1%	75.4%	71.7%	-0.8%
Average Daily Rate (ADR)	\$146.41	\$138.39	\$141.63	\$145.83	\$154.78	1.4%

(1) Reflects dataset from Table D-2, which includes 17 hotels with 1,971 rooms within the Coast Highway Study Area and the City of Carlsbad west of El Camino Real, south of 76 freeway, and north of Palomar Airport Road.

(2) Fiscal year reflects period July 1 through June 30.

Appendix E

Retail Market Overview

TABLE E-1

**RETAIL MARKET PROFILE, 3RD QUARTER 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Submarket</u>	<u>Rentable SF</u>	<u>Overall Vacancy Rate</u>	<u>Average Asking Lease Rate</u>
North County (1)	32,274,489	6.5%	\$1.56
General Retail	11,312,555	3.6%	\$1.14
Mall Market	3,912,551	1.0%	\$2.75
Power Center	1,904,566	5.2%	\$2.58
Shopping Center	14,777,002	10.6%	\$1.57
Specialty Center	367,815	33.0%	N/A
<hr/>			
San Diego County	137,214,274	4.4%	\$1.76

(1) North County consists of Carlsbad, Escondido, Oceanside, San Marcos, and Vista.

Source: Voit Real Estate Services

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix E_Retail Market Overview;5/5/2014;ibl

TABLE E-2

**RETAIL SPACE MARKET FACTORS, NORTH COUNTY/SAN DIEGO COUNTY, 2010-2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (1)</u>	<u>Change, 2010-2013</u>	
					<u>Absolute</u>	<u>Average Annual</u>
I. North County (2)						
Rentable Area (SF)	32,510,772	32,512,008	32,248,522	32,274,489	(236,283)	-0.2%
Vacancy Rate	8.2%	7.0%	6.3%	6.5%	-	-7.2%
Average Asking Lease Rate (3)	\$1.73	\$1.72	\$1.56	\$1.56	(\$0.17)	-3.4%
Net Absorption YTD	14,875	358,573	300,489	(109,548)	-	-
II. San Diego County						
Rentable Area (SF)	141,408,581	138,040,671	138,244,055	137,214,274	(4,194,307)	-1.0%
Vacancy Rate	5.4%	5.1%	4.6%	4.4%	-	-6.3%
Average Asking Lease Rate (3)	\$1.82	\$1.80	\$1.76	\$1.76	(\$0.06)	-1.1%
Net Absorption YTD	313,013	776,707	1,291,437	497,116	-	-

(1) Based on 3rd quarter data.

(2) North County consists of Carlsbad, Escondido, Oceanside, San Marcos, and Vista.

(3) Per SF/month triple-net.

TABLE E-3

**ANCHORED CENTERS, CITY OF OCEANSIDE (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Anchored Center	Anchor Tenant(s)	Location	West of I-5	East of I-5
Best Plaza Shopping Center	Ralphs	1702 Oceanside Blvd, Oceanside		X
Fire Mountain Center	Trader Joe's	2570 Vista Way, Oceanside		X
N/A	Stater Bros	2150 Vista Way, Oceanside		X
Ocean Place Cinemas	Regal Cinemas	Coast Hwy & Mission Ave, Oceanside	X	
Pacific Coast Plaza	Walmart, Stater Bros. Market, Best Buy, The Sports Authority	NWC Hwy 78 & Jefferson St., Oceanside		X
El Camino North	Vacant, Sears, Toys R Us, Ross	S. El Camino Real & Vista Way, Oceanside		X
Mission Square Shopping Center	Walmart Neighborhood Market (under construction), Radio Shack, AutoZone	1040 Mission Ave, Oceanside	X	
Camino Town & Country	Target, Vacant, 24 Hour Fitness, Jo-Ann Fabrics & Crafts	NWC Hwy 78 & El Camino Real, Oceanside		X

Source: Yonit Real Estate Services
City of Oceanside Shopping Centers located within the City of Oceanside, west of I-5 plus two (2) miles east of I-5.

Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix E_Retail Market Overview;5/5/2014;ibl

TABLE E-4

**GROCERY AND DRUG STORE INVENTORY, CITY OF OCEANSIDE (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Name</u>	<u>Address</u>	<u>West of I-5</u>	<u>East of I-5</u>
Fresh & Easy	1640 Oceanside Blvd	X	
Ralphs	1702 Oceanside Blvd		X
Smart & Final	1737 Oceanside Blvd		X
Trader Joe's	2570 Vista Way		X
Stater Bros	2170 Vista Way		X
Rite Aid Pharmacy	1201 South Coast Highway	X	
CVS Pharmacy	1706 Oceanside Blvd		X
Target	2255 South El Camino Real		X
Coast Compounding Pharmacy	1838 South Coast Highway	X	

Source: Voigt Real Estate Services

(1) Grocery and drug stores located within the City of Oceanside, west of I-5 plus two (2) miles east of I-5.
Prepared by: Keyser Marston Associates, Inc.

Filename: Oceanside_Coast Highway_Appendix E_Retail Market Overview;5/5/2014;ibl

TABLE E-5

TAXABLE SALES BY SUB-AREA, COAST HIGHWAY STUDY AREA, 2005 - 2013
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Change, 2005 - 2013</u>	
										<u>Absolute</u>	<u>Average Annual</u>
Retail Group (1)											
Main Street	\$1,420,740	\$1,499,865	\$1,513,594	\$1,466,596	\$1,443,738	\$1,484,386	\$1,419,191	\$1,457,263	\$1,676,747	\$256,007	2.1%
% change		5.6%	0.9%	-3.1%	-1.6%	2.8%	-4.4%	2.7%	15.1%		
South Oceanside	\$541,144	\$595,729	\$471,292	\$401,275	\$412,940	\$397,857	\$452,213	\$503,158	\$534,688	(\$6,456)	-0.1%
% change		10.1%	-20.9%	-14.9%	2.9%	-3.7%	13.7%	11.3%	6.3%		
Harbor	\$176,698	\$193,862	\$208,142	\$214,586	\$208,318	\$194,571	\$208,505	\$221,837	\$238,301	\$61,603	3.8%
% change		9.7%	7.4%	3.1%	-2.9%	-6.6%	7.2%	6.4%	7.4%		
Total	\$2,138,582	\$2,289,456	\$2,193,028	\$2,082,457	\$2,064,996	\$2,076,814	\$2,079,909	\$2,182,258	\$2,449,736	\$311,154	1.7%
% change		7.1%	-4.2%	-5.0%	-0.8%	0.6%	0.1%	4.9%	12.3%		

(1) Includes apparel stores; auto dealers and supplies; eating and drinking places; furniture and appliances; service stations; and other retail stores.

Appendix F

Estimated Demand, Through 2030

Office Space Demand

TABLE F-1

ESTIMATE OF ADDITIONAL OFFICE SPACE NEEDED THROUGH 2030
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE

<u>Sector</u>	<u>Number of Employees</u> <u>2013</u> ⁽¹⁾	<u>Average Annual Rate</u> <u>2013 - 2030</u> ⁽²⁾	<u>Number of Employees</u> <u>2030</u>	<u>%</u> <u>of Total</u>	<u>Number of Employees</u> <u>Added</u>	<u>Portion Using Office</u> <u>Space</u> ⁽²⁾	<u>Number of New Office</u> <u>Users</u>	<u># of SF</u> <u>Per Person @</u> <u>200</u> ⁽³⁾
Agriculture, Forestry, Fishing, and Hunting	821	1.0%	972	2%	151	5%	8	2,000 SF
Mining, Quarrying, and Oil and Gas Extraction	3	0.0%	3	0%	0	0%	0	0 SF
Utilities	170	1.5%	219	0%	49	10%	5	1,000 SF
Construction	1,377	2.0%	1,928	4%	551	10%	55	11,000 SF
Manufacturing	2,120	0.0%	2,120	4%	0	5%	0	0 SF
Wholesale Trade	1,704	1.0%	2,018	4%	314	5%	16	3,000 SF
Retail Trade	5,224	1.0%	6,187	12%	963	10%	96	19,000 SF
Transportation and Warehousing	434	0.0%	434	1%	0	5%	0	0 SF
Information	415	1.0%	491	1%	76	50%	38	8,000 SF
Finance and Insurance	537	2.5%	817	2%	280	75%	210	42,000 SF
Real Estate and Rental, and Leasing	656	3.0%	1,084	2%	428	75%	321	64,000 SF
Professional, Scientific, and Technical Services	2,621	6.0%	7,058	13%	4,437	50%	2,218	444,000 SF
Management of Companies and Enterprises	534	7.5%	1,826	3%	1,292	50%	646	129,000 SF
Administration & Support, Waste Management and Remediation	2,871	3.0%	4,745	9%	1,874	10%	187	37,000 SF
Education Services	4,793	1.0%	5,676	11%	883	10%	88	18,000 SF
Health Care and Social Assistance	5,156	2.0%	7,220	13%	2,064	25%	516	103,000 SF
Arts, Entertainment, and Recreation	977	1.5%	1,258	2%	281	10%	28	6,000 SF
Accommodation and Food Services	4,317	2.0%	6,045	11%	1,728	5%	86	17,000 SF
Other Services (excluding Public Administration)	1,740	1.0%	2,061	4%	321	25%	80	16,000 SF
Public Administration	909	2.5%	1,383	3%	474	25%	119	24,000 SF
Total	37,379	2.1%	53,546	100%	16,167	29%	4,718	944,000 SF

(1) Source: Work Area Profile Report - City of Oceanside, U.S. Census Bureau, OnTheMap Application. Reflects employment by place of work for 2011. KMA assumes 0.0% growth for 2011-2013, i.e., KMA has used 2011 figures for 2013.

(2) KMA assumption.

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

TABLE F-2

**SUMMARY OF OFFICE SPACE DEMAND, THROUGH 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>Low</u>	<u>High</u>
I. Estimated Office Demand		
City of Oceanside Office Space Needed through 2030	944,000 SF	944,000 SF
Coast Highway Study Area Capture @	15.0%	20.0%
II. Total Office Space Demand through 2030	142,000 SF	189,000 SF

Residential Demand

TABLE F-3

PROJECTED NUMBER OF HOUSING UNITS, STUDY AREA VS. CITY, 2012 - 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

<u>Housing Units</u>	<u>2012</u>	<u>2020</u>	<u>2030</u>	Average Annual Growth Rate <u>2012-2030</u>
I. Coast Highway Study Area ⁽¹⁾	9,908	10,668	12,785	1.43%
<hr/>				
II. City of Oceanside	65,469	69,565	73,425	0.64%
Coast Highway Study Area as % of City	15.1%	15.3%	17.4%	

(1) City of Oceanside, west of I-5. Reflects aggregate data for Census Tracts 181, 182, 183, and 184.

Source: SANDAG Demographic & Socio Economic Estimates, 2012; and 2050 Regional Growth Forecast (Adopted October 2011).

TABLE F-4

ESTIMATE OF RESIDENTIAL DEMAND, THROUGH 2030
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE

City of Oceanside Total Housing Units, 2012 ⁽¹⁾			
Single-Family	42,251	65%	
Multi-Family	19,706	30%	
Other (includes mobile homes)	<u>3,512</u>	<u>5%</u>	
Total	65,469	100%	

Year	City of Oceanside Projected Total Housing Units			Coast Highway Study Area Capture of Projected Citywide Growth			
	Annual Increase		Total Inventory	30.0%	Low	45.0%	High
	Percent	Absolute					
2012			65,469 ⁽¹⁾		9,908		9,908
2013	0.76%	499	65,968	150	10,058	224	10,132
2014	0.76%	502	66,470	151	10,208	226	10,358
2015	0.76%	506	66,976	152	10,360	228	10,586
2016	0.76%	510	67,486	153	10,513	229	10,816
2017	0.76%	514	68,000	154	10,667	231	11,047
2018	0.76%	518	68,518	155	10,823	233	11,280
2019	0.76%	522	69,039	157	10,979	235	11,515
2020	0.76%	526	69,565 ⁽²⁾	158	11,137	237	11,751
2021	0.54%	377	69,942	113	11,250	170	11,921
2022	0.54%	379	70,320	114	11,363	170	12,091
2023	0.54%	381	70,701	114	11,478	171	12,262
2024	0.54%	383	71,084	115	11,593	172	12,435
2025	0.54%	385	71,469	115	11,708	173	12,608
2026	0.54%	387	71,856	116	11,824	174	12,782
2027	0.54%	389	72,245	117	11,941	175	12,957
2028	0.54%	391	72,636	117	12,058	176	13,133
2029	0.54%	393	73,030	118	12,176	177	13,310
2030	0.54%	<u>395</u>	<u>73,425</u> ⁽²⁾	<u>119</u>	12,295	<u>178</u>	13,488
Total (Rounded)		8,000		2,400 Units		3,600 Units	
Single Family / Townhome				480	20%	720	20%
Multi-Family - For-Sale				960	40%	1,440	40%
Multi-Family - Rental				<u>960</u>	<u>40%</u>	<u>1,440</u>	<u>40%</u>
Total				2,400	100%	3,600	100%

(1) Source: SANDAG Demographic & Socio Economic Estimates, January 1, 2012.

(2) Source: SANDAG 2050 Regional Growth Forecast, February 2010.

Hotel Room Demand

TABLE F-5

**HOTEL ROOM SUPPLY AND DEMAND
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

<u>Year</u>	<u>Participating Number of Hotels</u> (1)	<u>Number of Rooms</u> (1)	<u>Room Night Supply</u> (2)	<u>Room Night Demand</u> (2)	<u>Room Occupancy</u> (3)
2013	17	1,971	650,915	466,415	71.7%

(1) Reflects hotels in the vicinity of Coast Highway Study Area with room rack rates of approximately \$100 per night or greater. See Table D-2.

(2) Reflects the average room night supply and room night demand for fiscal year 2013.

(3) Reflects average occupancy rate for participating hotels for fiscal year 2013.

Source: Smith Travel Research.

TABLE F-6

ESTIMATE OF FUTURE HOTEL ROOM NIGHT DEMAND, THROUGH 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

Existing Demand for Occupied Room by Market Segment		
Market Segment	Estimated Mix	2013
Tourism / Leisure	50%	233,208
Commercial / Corporate	30%	139,925
Meeting / Groups	<u>20%</u>	<u>93,283</u>
Total Existing Demand	100%	466,415 ⁽¹⁾

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2030</u>
Tourism / Leisure	6.0% annual rate of increase	247,000	262,000	278,000	295,000	313,000	332,000	352,000	373,000	395,000	419,000	631,000
Commercial / Corporate	5.5% annual rate of increase	148,000	156,000	165,000	174,000	184,000	194,000	205,000	216,000	228,000	241,000	350,000
Meeting / Groups	5.0% annual rate of increase	<u>98,000</u>	<u>103,000</u>	<u>108,000</u>	<u>113,000</u>	<u>119,000</u>	<u>125,000</u>	<u>131,000</u>	<u>138,000</u>	<u>145,000</u>	<u>152,000</u>	<u>214,000</u>
Subtotal Demand		493,000	521,000	551,000	582,000	616,000	651,000	688,000	727,000	768,000	812,000	1,195,000
Annual Increase in Demand	Absolute	26,585	28,000	30,000	31,000	34,000	35,000	37,000	39,000	41,000	44,000	64,000
	Percent	5.7%	5.7%	5.8%	5.6%	5.8%	5.7%	5.7%	5.7%	5.6%	5.7%	5.7%

(1) Source: Smith Travel Research. Reflects the average room night demand for fiscal year 2013 for hotels in the vicinity of Coast Highway Study Area with room rack rates of approximately \$100 per night or greater.

TABLE F-7

PROJECTED HOTEL ROOM SUPPLY VS. DEMAND, 2014 - 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2030</u>
I. Estimated Room Night Demand	493,000	521,000	551,000	582,000	616,000	651,000	688,000	727,000	768,000	812,000	1,195,000
Estimated Room Nights Needed @ 70% Stabilized Occupancy	704,286	744,286	787,143	831,429	880,000	930,000	982,857	1,038,571	1,097,143	1,160,000	1,707,143
II. Estimated Supply of Hotel Room Nights	650,915	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665
Add: Hotels Under Construction											
CityMark Mixed-Use (1)		<u>150</u> Rooms									
Total, Oceanside	54,750	150 Rooms									
III. Subtotal, Estimated Supply of Hotel Room Nights	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665	705,665
IV. Over/(Under) Supply of Hotel Rooms	1,379	-38,621	-81,478	-125,764	-174,335	-224,335	-277,192	-332,906	-391,478	-454,335	-1,001,478
V. Over/(Under) Supply of Rooms @ 70.0% Stabilized Occupancy	5	(151)	(319)	(492)	(682)	(878)	(1,085)	(1,303)	(1,532)	(1,778)	(3,920)

(1) SpringHill Suites Marriott.

TABLE F-8

**SUMMARY OF HOTEL ROOM DEMAND, THROUGH 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>Low</u>	<u>High</u>
I. Trade Area Hotel Room Demand through 2030	3,920 Rooms	3,920 Rooms
II. Coast Highway Study Area Capture of Trade Area Demand	30%	40%
III. Total Hotel Room Demand through 2030	1,180 Rooms	1,570 Rooms
IV. Add: Demand from Beach Resort Hotel North and South (1)	360 Rooms	360 Rooms
V. Grand Total Demand through 2030	1,540 Rooms	1,930 Rooms
VI. (Less) Planned Hotels in Study Area		
Beach Resort Hotel - North	(225) Rooms	(225) Rooms
Beach Resort Hotel - South	(135) Rooms	(135) Rooms
1010 Oceanside	(124) Rooms	(124) Rooms
Hyatt Place	<u>(127) Rooms</u>	<u>(127) Rooms</u>
Total Planned Hotels in the Study Area	(611) Rooms	(611) Rooms
VII. Net Total Demand through 2030 (Rounded)	930 Rooms	1,320 Rooms

(1) Development of Beach Resort Hotel North (225 keys) and South (135 keys) is expected to generate demand from new market segments currently not present in the trade area.

Retail Space Demand

TABLE F-9

RETAIL SURPLUS/(LEAKAGE) - COAST HIGHWAY STUDY AREA 1.5-MILE RADIUS (1)
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE

<u>Industry</u>	<u>Coast Highway Study Area-1.5 mile radius</u>			
	<u>Demand (Retail Expenditure)</u> (2)	<u>Supply (Retail Sales)</u> (3)	<u>Retail Surplus/(Leakage)</u> (4)	
Food Services & Drinking Places	\$27,270,147	\$44,564,559	\$17,294,412	
Food & Beverage Stores	\$44,540,146	\$58,773,178	\$14,233,032	
Miscellaneous Store Retailers	\$7,407,628	\$20,714,522	\$13,306,894	
Electronics & Appliance Stores	\$6,194,347	\$17,924,617	\$11,730,270	
Furniture & Home Furnishing Stores	\$5,542,130	\$9,614,574	\$4,072,444	
Sporting Goods, Hobby, Musical Instrument Stores	\$6,223,637	\$5,883,020	(\$340,617)	
General Merchandise Stores	\$36,633,318	\$34,988,762	(\$1,644,556)	
Building Materials, Garden Equipment & Supply Stores	\$6,962,916	\$3,217,034	(\$3,745,882)	
Clothing & Clothing Accessories Stores	\$16,575,438	\$7,913,524	(\$8,661,914)	
Health & Personal Care Stores	<u>\$19,760,008</u>	<u>\$5,618,711</u>	<u>(\$14,141,297)</u>	
Total (5)	\$177,109,715	\$209,212,501	\$32,102,786	18.1% Surplus
Per Capita	\$6,597	\$7,792	\$1,196	

(1) Assumes a 1.5-mile trade ring around the intersection of Oceanside Boulevard and S. Coast Highway.
 (2) Reflects the expected amount spent by consumers at retail establishments.
 (3) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
 (4) A negative value represents "leakage" of retail outside the trade area. A positive value represents a "surplus" of retail sales, a market where customers are drawn in from outside the trade area.
 (5) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.

Source: ESRI

TABLE F-10

RETAIL SURPLUS/(LEAKAGE) - COAST HIGHWAY STUDY AREA 3-MILE RADIUS (1)
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE

Industry	Coast Highway Study Area 3-mile radius			Retail Surplus/(Leakage) (4)
	Demand (Retail Expenditure) (2)	Supply (Retail Sales) (3)		
Food Services & Drinking Places	\$77,757,669	\$196,126,606		\$118,368,937
Clothing & Clothing Accessories Stores	\$47,448,807	\$107,443,595		\$59,994,788
Food & Beverage Stores	\$125,321,557	\$183,949,235		\$58,627,678
General Merchandise Stores	\$103,813,187	\$156,920,494		\$53,107,307
Electronics & Appliance Stores	\$17,794,975	\$62,720,311		\$44,925,336
Sporting Goods, Hobby, Musical Instrument Stores	\$17,870,477	\$42,269,069		\$24,398,592
Miscellaneous Store Retailers	\$21,238,695	\$38,162,270		\$16,923,575
Furniture & Home Furnishing Stores	\$16,040,491	\$21,508,608		\$5,468,117
Building Materials, Garden Equipment & Supply Stores	\$20,771,450	\$7,035,229		(\$13,736,221)
Health & Personal Care Stores	\$56,363,245	\$20,308,079		(\$36,055,166)
Total (5)	\$504,420,553	\$836,443,496		\$332,022,943
Per Capita	\$7,338	\$12,169		\$4,830

(1) Assumes a 3-mile trade ring around the intersection of Oceanside Boulevard and S. Coast Highway.
 (2) Reflects the expected amount spent by consumers at retail establishments.
 (3) Reflects sales to consumers by retail establishments. Sales to businesses are excluded.
 (4) A negative value represents "leakage" of retail outside the trade area. A positive value represents a "surplus" of retail sales, a market where customers are drawn in from outside the trade area.
 (5) Excludes gasoline stations, non-store retailers, and motor vehicle & parts dealers.

Source: ESRI

TABLE F-11

SALES EXPORT RECAPTURE POTENTIAL - CITY OF OCEANSIDE (1.5-MILE RADIUS)
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE

<u>Retail Category</u>	<u>Export</u>	<u>Estimated Recapture Rate</u>		<u>Assumed Sales Productivity Per SF Per Year</u>	<u>Estimated Recapture of Retail Space</u>	
					<u>Low</u>	<u>High</u>
Sporting Goods, Hobby, Musical Instrument Stores	(\$340,617)	20%	- 30%	\$350 /SF	200 SF	- 300 SF
General Merchandise Stores	(\$1,644,556)	30%	- 40%	\$350 /SF	1,400 SF	- 1,900 SF
Building Materials, Garden Equipment & Supply Stores	(\$3,745,882)	30%	- 40%	\$500 /SF	2,200 SF	- 3,000 SF
Clothing & Clothing Accessories Stores	(\$8,661,914)	20%	- 30%	\$350 /SF	4,900 SF	- 7,400 SF
Health & Personal Care Stores	<u>(\$14,141,297)</u>	50%	- 60%	\$400 /SF	<u>17,700 SF</u>	- <u>21,200 SF</u>
Total	(\$28,534,266)				26,000 SF	- 34,000 SF

TABLE F-12

**AGGREGATE ANNUAL INCOME FROM PROJECTED RESIDENTIAL DEVELOPMENT - LOW
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Projected Residential Development, Through 2030			
	<u>Single-Family Households</u>	<u>Multi-Family For-Sale Households</u>	<u>Multi-Family Rental Households</u>
I. Number of Households			
Number of Units - Low (1)	480	960	960
Average Occupancy Rate	95.0%	95.0%	95.0%
Number of Occupied Households	460	910	910
II. Home Value			
Market Value Per Unit	\$650,000	\$485,000	---
Monthly Rent	---	---	\$1,500
III. Minimum Income Required (Rounded) (2)	\$132,000	\$100,000	\$51,000
IV. Aggregate Annual Income	\$60,720,000	\$91,000,000	\$46,410,000

(1) See Table F-4.

(2) KMA estimate of minimum household income required, assumes:

- % of Income Spent on Housing Costs 35%
- Housing Costs to include:
- Monthly Mortgage Payment @
- Down payment 10%
- Interest Rate 4.5%
- Term (Years) 30
- Property Tax 1.25% of Value
- HOA Fees (Per Month) \$200 /Month

TABLE F-13

**AGGREGATE ANNUAL INCOME FROM PROJECTED RESIDENTIAL DEVELOPMENT - HIGH
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

Projected Residential Development, Through 2030			
	<u>Single-Family Households</u>	<u>Multi-Family For-Sale Households</u>	<u>Multi-Family Rental Households</u>
I. Number of Households			
Number of Units - High	720	1,440	1,440
Average Occupancy Rate	95.0%	95.0%	95.0%
Number of Occupied Households	680	1,370	1,370
II. Home Value			
Market Value Per Unit	\$650,000	\$485,000	---
Monthly Rent	---	---	\$1,500
III. Minimum Income Required (Rounded) ⁽¹⁾	\$132,000	\$100,000	\$51,000
IV. Aggregate Annual Income	\$89,760,000	\$137,000,000	\$69,870,000

(1) See Table F-4.

(2) KMA estimate of minimum household income required, assumes:

- % of Income Spent on Housing Costs 35%
- Housing Costs to include:
- Monthly Mortgage Payment @
- Down payment 10%
- Interest Rate 4.5%
- Term (Years) 30
- Property Tax 1.25% of Value
- HOA Fees (Per Month) \$200 /Month

TABLE F-14

**RETAIL SPACE SUPPORTED BY PROJECTED RESIDENTIAL DEVELOPMENT
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

		<u>Low</u>	<u>High</u>
I.	Total Annual Aggregate Income		
	Single Family /Townhome Households	\$60,720,000	\$89,760,000
	Multi-Family For-Sale Households	\$91,000,000	\$137,000,000
	Multi-Family Rental Households	<u>\$46,410,000</u>	<u>\$69,870,000</u>
	Total Annual Aggregate Income	\$198,130,000	\$296,630,000
II.	Aggregate Annual Income Spent on Retail Expenditures ⁽¹⁾	33% \$65,383,000	33% \$97,888,000
III.	Retail Spending Captured in Coast Highway Study Area @	30% \$19,615,000	40% \$39,155,000
IV.	Add: Demand from Beyond Study Area as % of Locally Supported Demand @	35% <u>\$6,865,000</u>	35% <u>\$13,704,000</u>
IV.	Estimated Sales Productivity per SF per Year	\$400 /SF	\$400 /SF
V.	Estimate Retail Space Supported by New Households	66,000 SF	132,000 SF

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

TABLE F-15

RETAIL SPACE SUPPORTED BY NEW OFFICE WORKERS
 COAST HIGHWAY CORRIDOR STUDY
 CITY OF OCEANSIDE

	<u>Low</u>	<u>High</u>
I. Estimate of Office Space Demand (1)	142,000 SF	189,000 SF
II. Estimate of New Office Employment		
SF per Office Worker	200 SF	200 SF
Total New Office Workers	710 Workers	945 Workers
III. Estimated Office Worker Retail Expenditures per Year (2)	\$9,200	\$9,200
IV. Total Annual Retail Expenditures by Office Workers	\$6,532,000	\$8,694,000
V. Share of New Office Work Retail Expenditures Captured in Study Area	50%	60%
VI. Total New Office Worker Retail Expenditures Capture in Study Area	\$3,266,000	\$5,216,400
Estimated Sales Per SF	\$400 /SF	\$400 /SF
VII. Total Retail Space Demand from New Office Workers	8,200 SF	13,000 SF

(1) See Table F-2.

(2) Based on data provided by ICSC Office Worker Retail Spending report, 2003. Adjusted by KMA to reflect 2013 dollars.

TABLE F-16

**RETAIL SPACE SUPPORTED BY NEW HOTEL ROOMS THROUGH 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>Low</u>	<u>High</u>
I. Number of New Hotel Rooms (1)	1,540 Rooms	1,930 Rooms
Visitors per Room	1.5	1.5
Occupancy Rate	70%	70%
Number of Annual Visitor Nights	590,000	740,000
Add: Increase in Day Visitors 35%	<u>207,000</u>	<u>259,000</u>
Total Visitors	797,000	999,000
II. Retail Spending per Visitor per Night (2)	\$58	\$58
III. Percent of Retail Sales Captured per Day in Coast Highway Study Area	50%	60%
IV. Total Annual Retail Sales from New Hotel Room Visitors in Coast Highway Study Area	\$22,950,000	\$34,519,000
V. Estimated Sales Productivity per SF	\$400 /SF	\$400 /SF
VI. Total Estimated Demand from New Hotel Room Visitors through 2030	57,000 SF	86,000 SF

(1) See Table F-8.

(2) Based on data provided by California Welcome Center Oceanside in the Visitor Profile/Economic & Fiscal Impact Study, CY 2012. The study finds that visitors spend \$117.46/day/visitor. KMA has deducted per visitor lodging costs (\$30.50), local transportation/parking cost (\$17.45) and admission/recreation activities (\$11.92) in order to reflect only retail space supported commodity spending.

TABLE F-17

**SUMMARY OF RETAIL SPACE DEMAND, THROUGH 2030
COAST HIGHWAY CORRIDOR STUDY
CITY OF OCEANSIDE**

	<u>Low</u>	<u>High</u>
I. Estimated Retail Space Demand		
Retail Space Recapture	26,000 SF	34,000 SF
New Residents	66,000 SF	132,000 SF
New Office Workers	8,200 SF	13,000 SF
Hotel Visitors	<u>57,000 SF</u>	<u>86,000 SF</u>
II. Estimated Retail Demand, 2013-2030	157,000 SF	265,000 SF