Urban Land Institute

San Diego Rotary

January 15, 2015

Positioning Real Estate in San Diego for the Next Generation of Prosperity

Mary Lydon, Urban Land Institute
Bill Anderson, AECOM
Kelly Cunningham, National University

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Urban Land Institute

Founded in 1936
33,000+ members in 81 countries
53 District Councils
20 International District Councils

Our mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

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Emerging Trends in Real Estate 2015

Sustaining Momentum
but
Taking Nothing for Granted

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U.S. Markets to Watch

Total Rank	Market	Category Rank		
		Investment	Development	Homebuilding
1	Houston	1	1	2
2	**AUSTIN**	**2**	**4**	**1**
3	San Francisco	3	2	5
4	**DENVER**	**5**	**5**	**4**
5	Dallas/Ft. Worth	9	8	3
6	Los Angeles	6	6	6
7	**CHARLOTTE**	**7**	**7**	**7**
8	Seattle	4	3	17
9	Boston	8	9	14
10	**RALEIGH/DURHAM**	16	17	**9**
11	**ATLANTA**	17	15	**10**
12	Orange County	13	14	15
13	Nashville	21	12	13
14	New York-Manhattan	15	10	22
15	San Jose	19	19	11
16	**PORTLAND, OR**	26	21	**8**
17	Oakland-East Bay	11	20	24
18	Chicago	14	13	28
19	Miami	10	16	40
20	San Diego	20	33	16

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2015 Emerging Trends

The Changing Age Game

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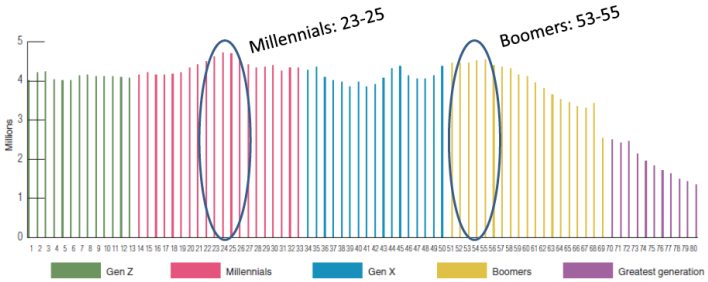
The Changing Age Game

2015 U.S. Population by Age



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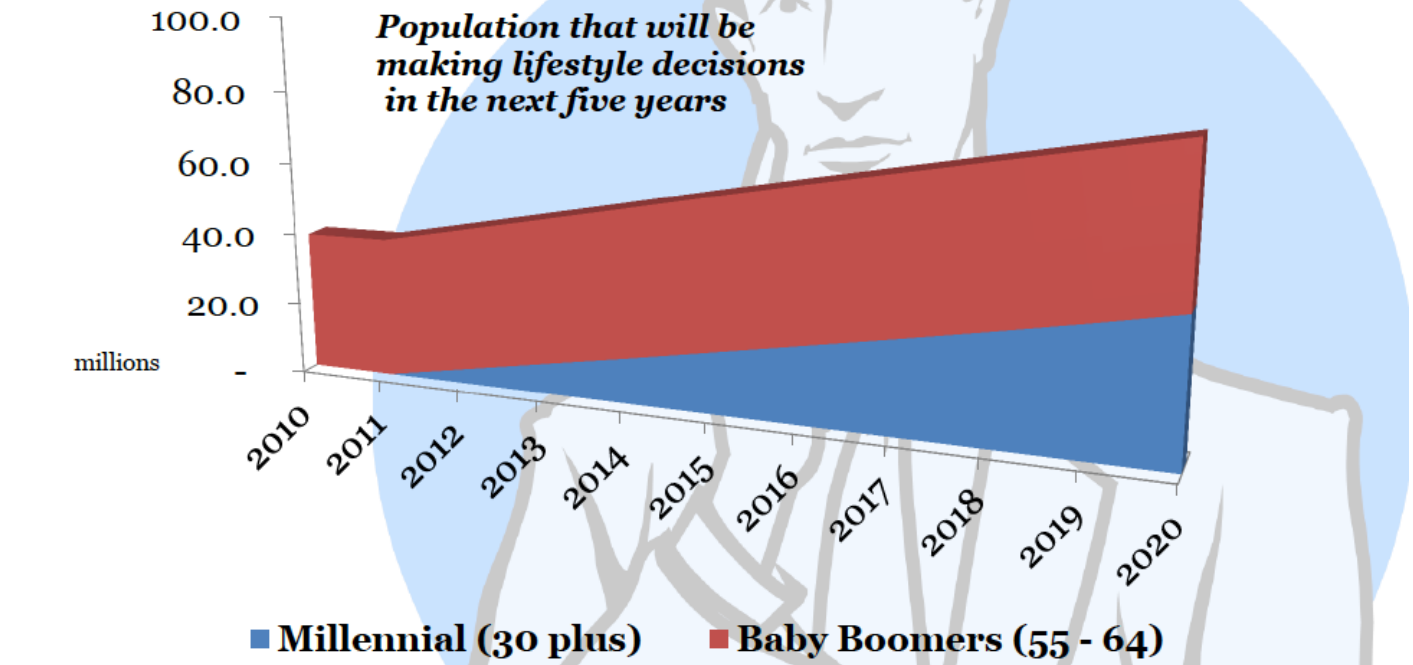
The Changing Age Game



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Source: US Census Bureau

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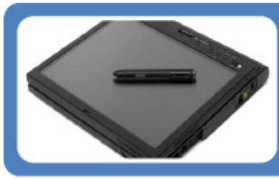
2015 Emerging Trends



Technology: Love it or Lose out

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Technology Disruption is Everywhere

Source: Kofi Annan

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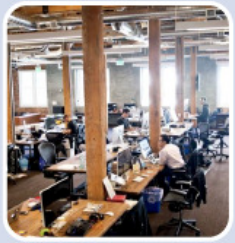
Technology Disruption is Everywhere

Industrial	Office	Retail	Hotel	Multifamily
				
Same day delivery 3-D printing RFID	Shared workspace Flexible layout Advanced building systems	Omni-channel 3-D printing Onsite marketing	Shared lodging Personal systems Mobility	Enhanced amenities Data security Automated services

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Recent San Diego Projects Built or in the Works

Civita – A City within a City - $2 Billion

Pinnacle in Downtown San Diego – Two 45 story towers, 956 units

Sempra Energy in Downtown San Diego – 16 stories

Lankford's Lane Field Project – 6 acres – hotel and public park

Celadon Affordable Housing in Downtown – 250 affordable units

The Headquarters – 115K SF Retail; Historical site adjacent to Seaport Village

Recent San Diego Projects Built or in the Works

UCSD - $2 Billion of new projects

City College - $475 Million Expansion

City of San Diego Central Library - $185 Million

Scripps Memorial Hospital La Jolla – First Tower $456 Million

Infrastructure – Completed and/or Entitled

San Ysidro Border Realignment - $735 Million

Binational Pedestrian Airport Crossing – Otay Mesa

Interstate 15 Mid City Express Lanes for Bus Rapid Transit – $1.3 Billion, HWY 78 to 163

Infrastructure – Completed and/or Entitled

Mid-City Rapid – Bus Rapid Transit - $44 Million – Downtown to SDSU

Mid-Coast Corridor Trolley expansion to University City - $1.7 Billion

North Embarcadero Visionary Plan – County Park Phase 1 - $28 Million

Entitled

MILLENIA

Millenia - $4 Billion Mixed-Use Urban Community in East Chula Vista

HOMEFED CORPORATION

Homefed's Otay Ranch – 385 Acres; Technology Park and University, Chula Vista

Working on Entitlements

- **One Paseo** – 23 Acres in Del Mar Heights
  - Compact, walkable, main street – connects to all land uses
- **Marina Bayfront Redevelopment**
  - Due to relocation of rental cars to North Side of Airport
- **Pacific Gateway –Navy Broadway Complex**
  - $1.3 Billion, 2.9 Million Mixed-Use
- **Qualcomm Stadium Redevelopment**

2015 Economic Outlook

Post-recession economic recovery

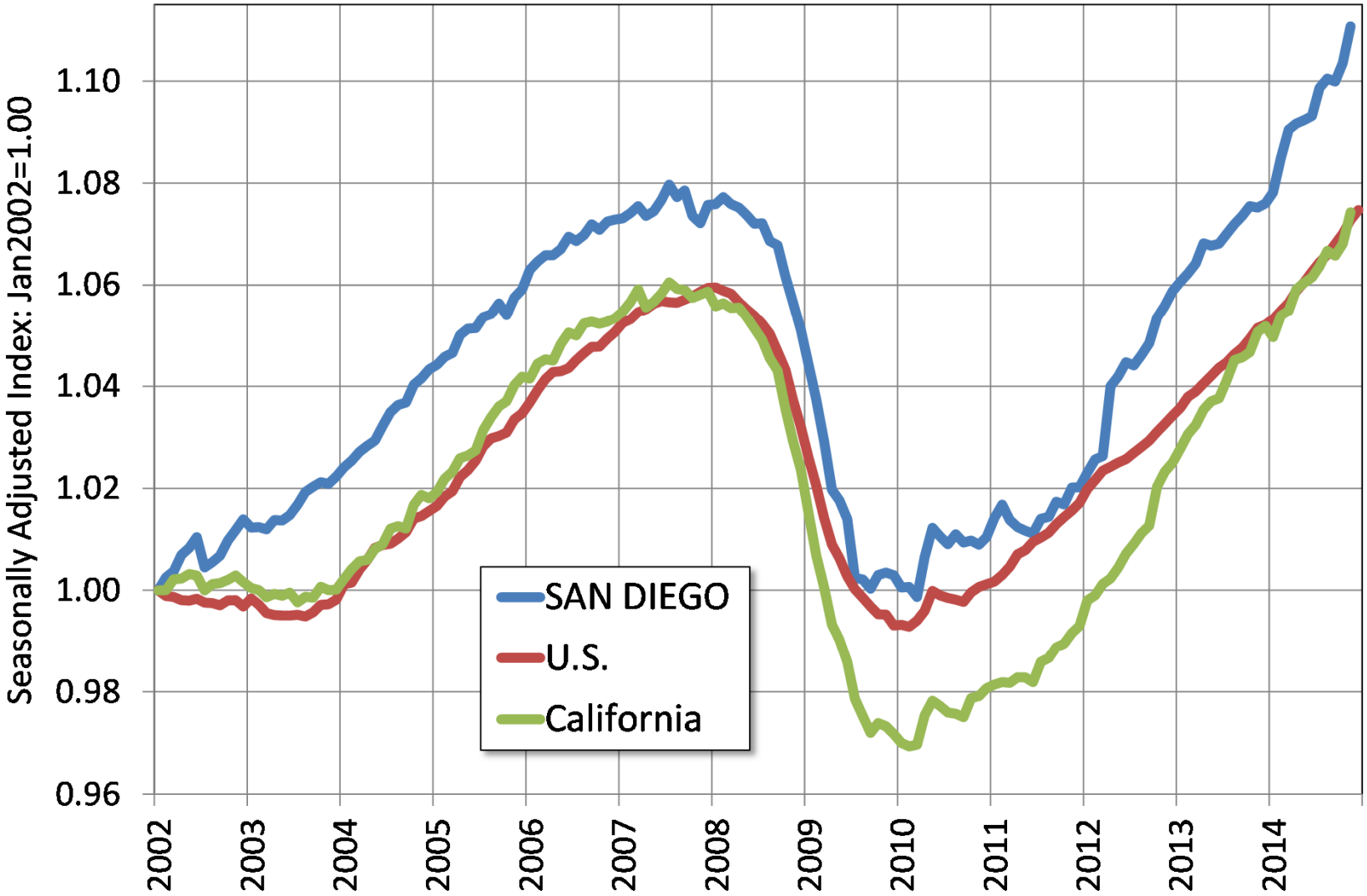
January 15, 2015

National University System
Institute For Policy Research

Kelly Cunningham
Economist, Senior Fellow
www.nusinstitute.org

San Diego, California, U.S. Jobs

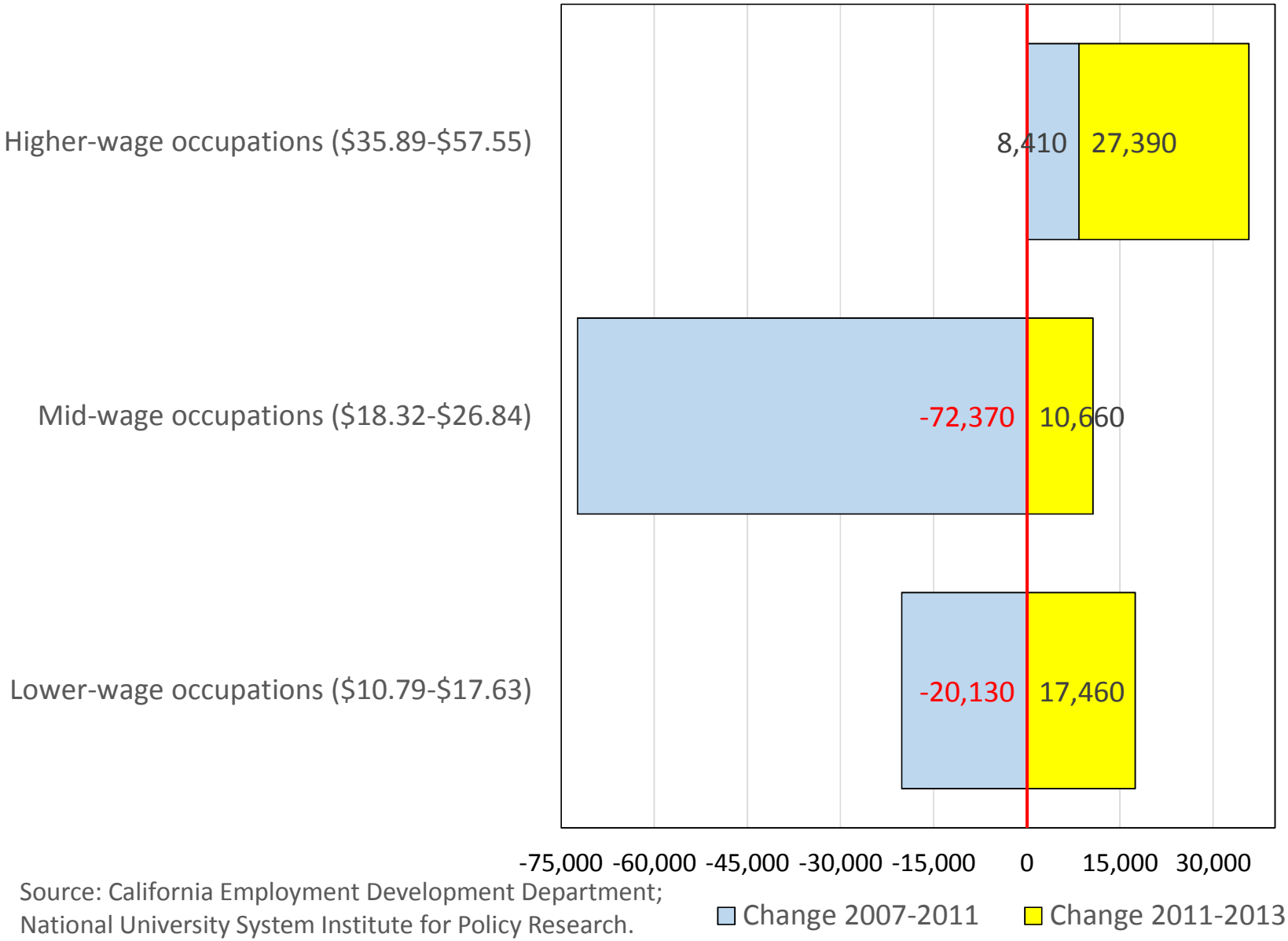
Nonfarm payroll employment seasonally adjusted



Source: U.S. Department of Labor, Bureau of Labor Statistics;
California Employment Development Department.

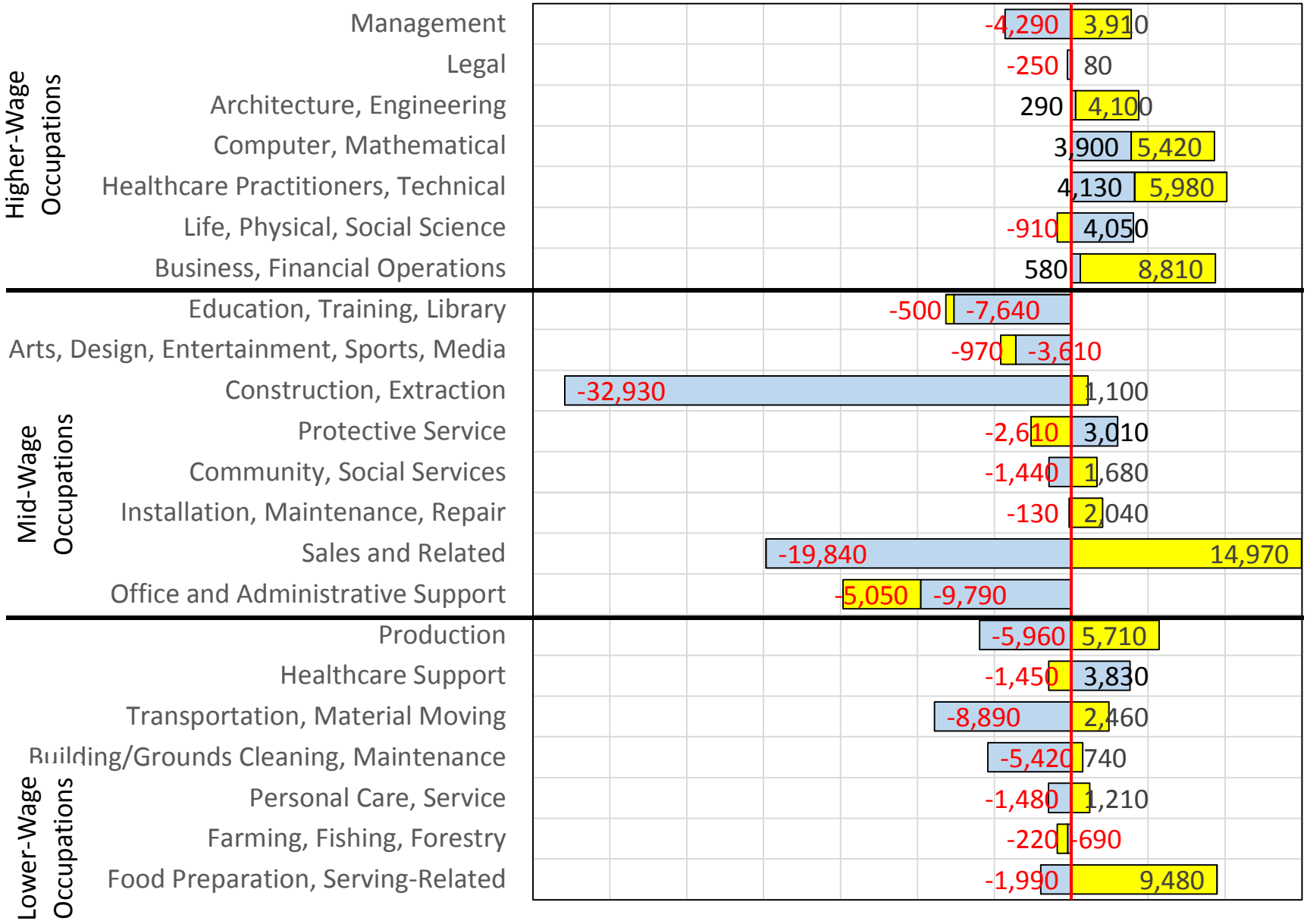
Net Change in San Diego Employment

2007-11 and 2011-13



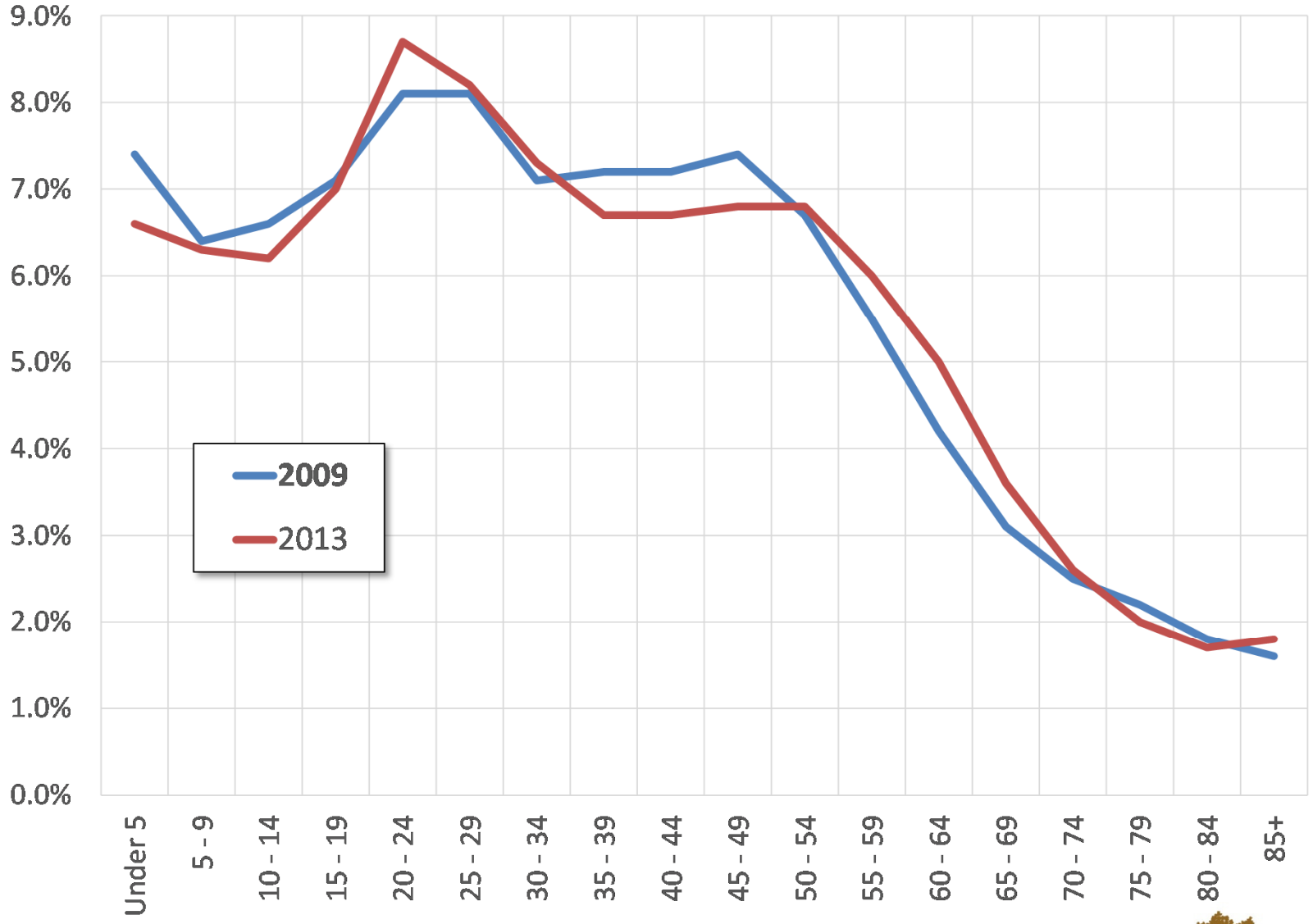
Source: California Employment Development Department;
National University System Institute for Policy Research.

Net Change by Occupation, San Diego



Source: California Employment Development Department;
National University System Institute for Policy Research.

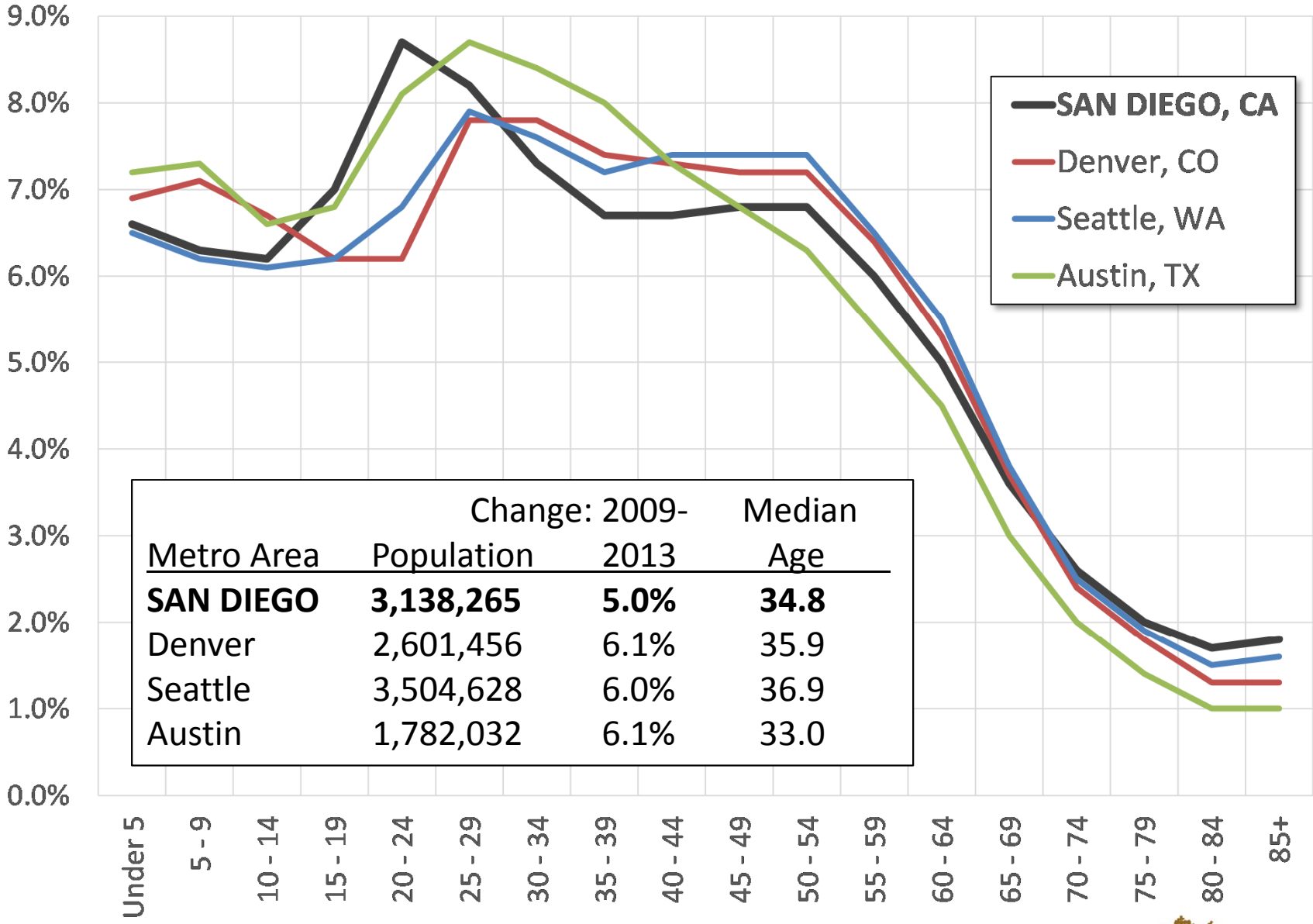
Change in San Diego Population by Age
2009-13



Source: American Community Survey, U.S. Census Bureau; National University System Institute for Policy Research.

National University System
Institute For Policy Research

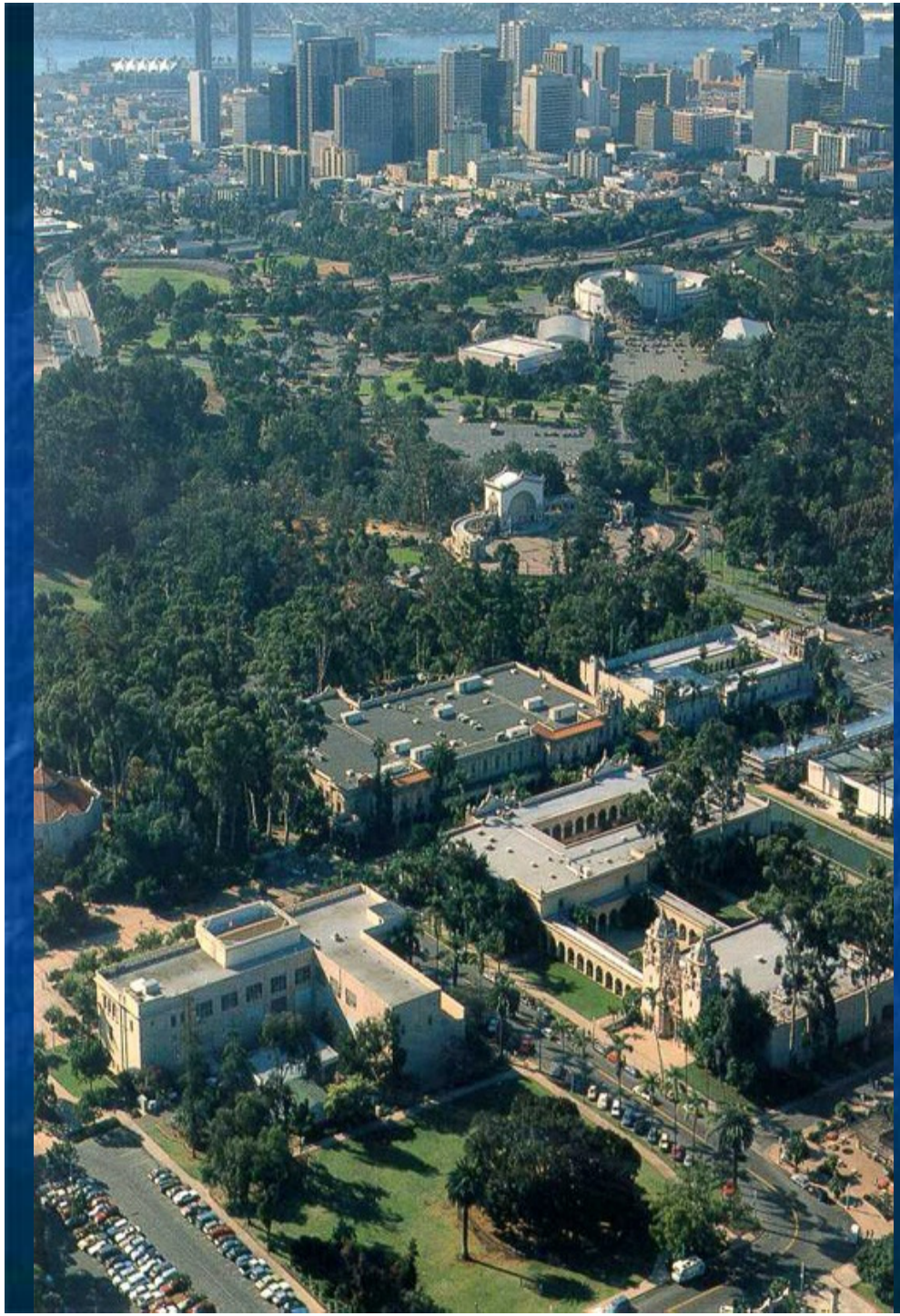
Distribution of Population by Age, 2013



Metro Area	Population	Change: 2009-2013	Median Age
SAN DIEGO	**3,138,265**	**5.0%**	**34.8**
Denver	2,601,456	6.1%	35.9
Seattle	3,504,628	6.0%	36.9
Austin	1,782,032	6.1%	33.0

Source: American Community Survey, U.S. Census Bureau; National University System Institute for Policy Research.

National University System Institute For Policy Research

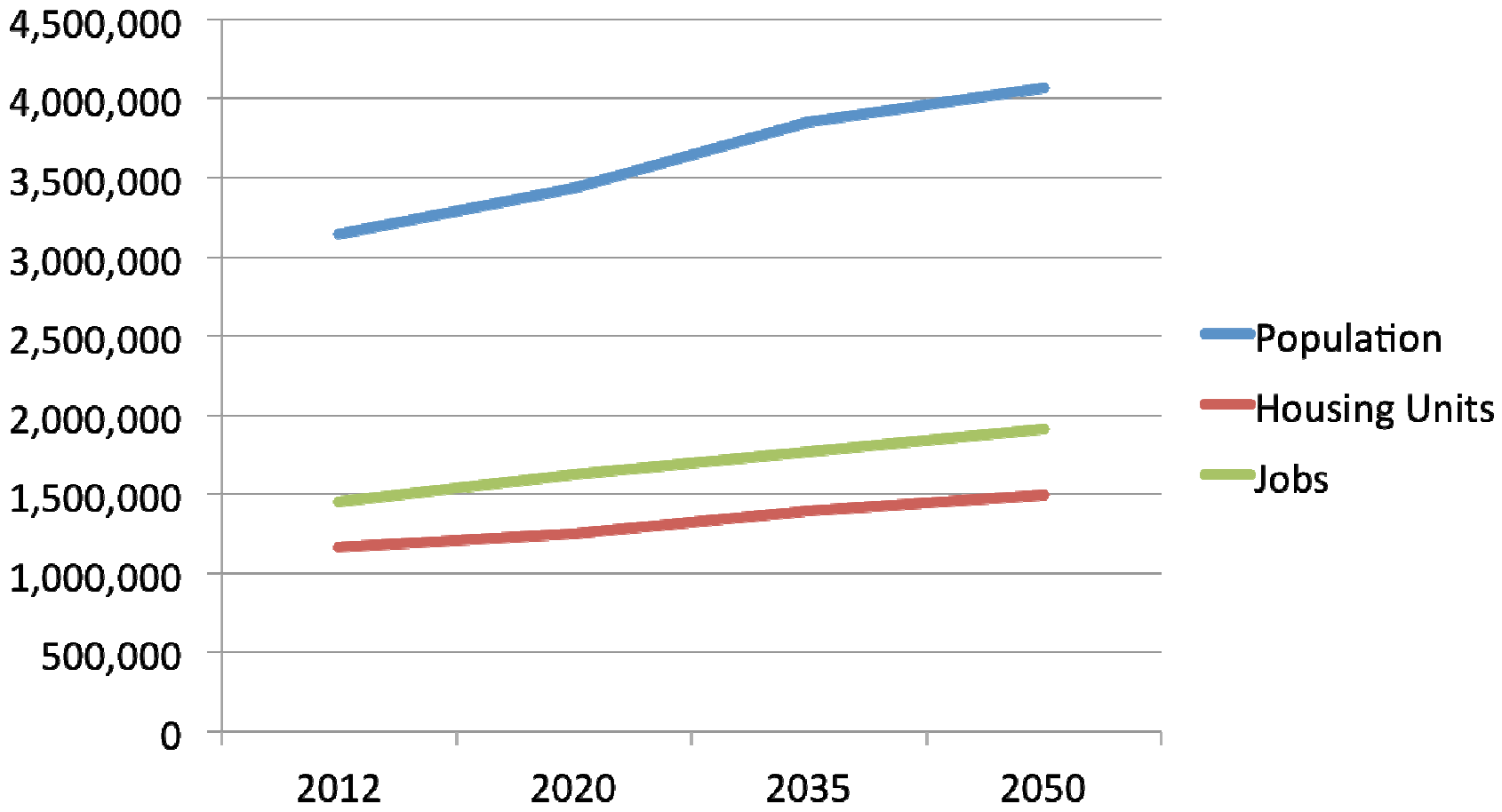


The Drivers of How We Grow

San Diego

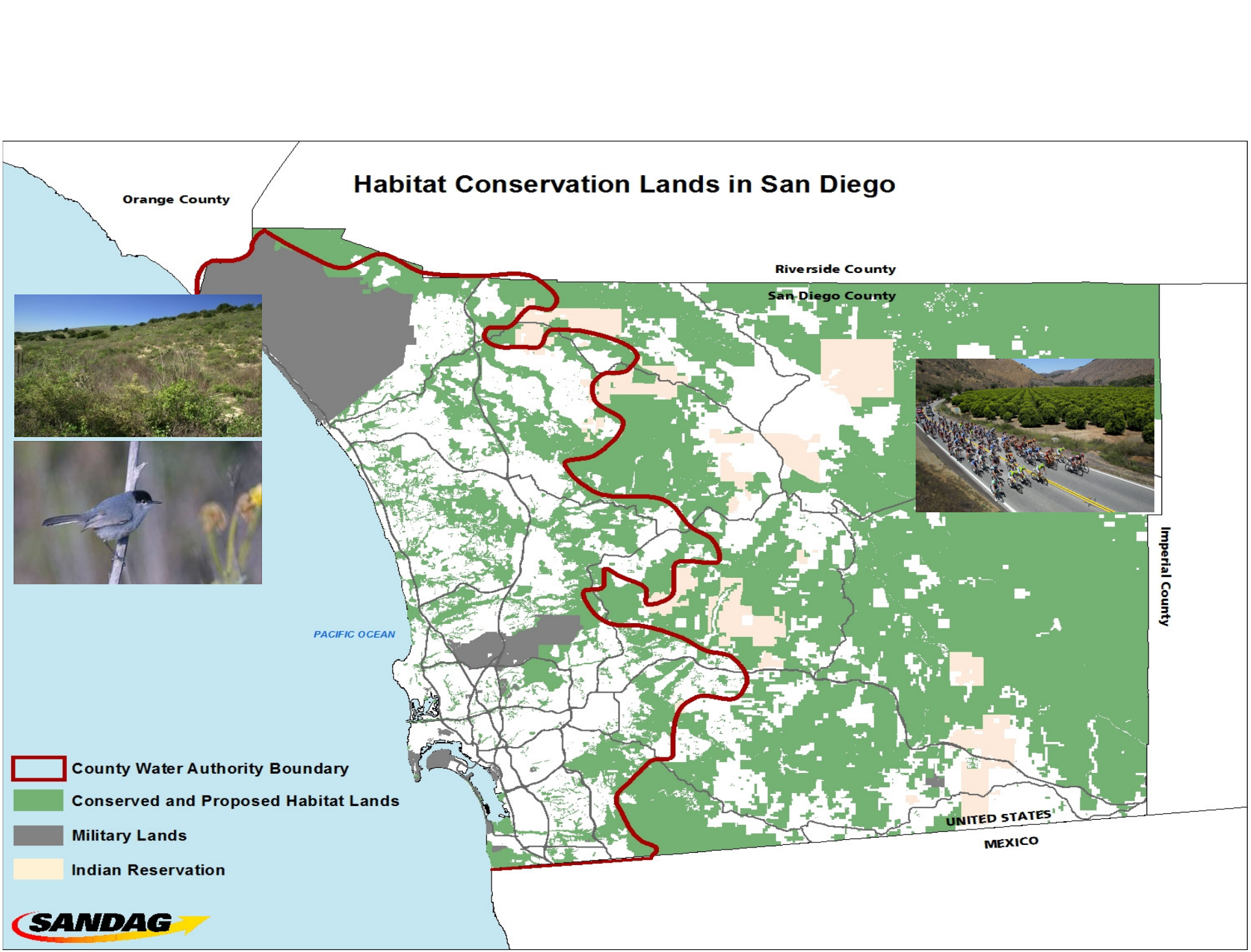
William Anderson, FAICP,
Principal/Vice-President, AECOM
President, American Planning Association
William.anderson3@aecom.com

San Diego County Growth

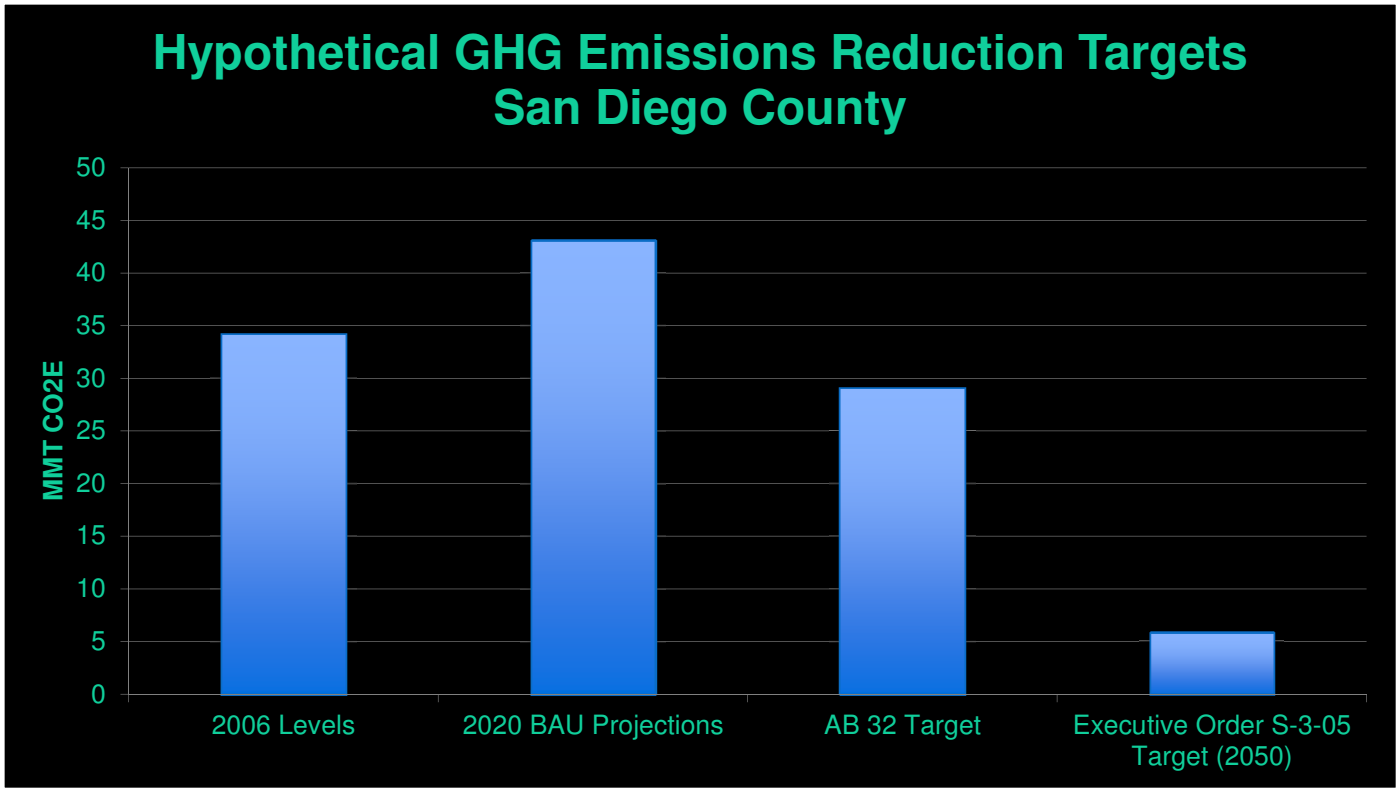


Source: SANDAG, Series 13

Habitat Conservation Lands in San Diego



GHG Inventory Project Results



www.sandiego.edu/epic

Smart Growth Concept Map

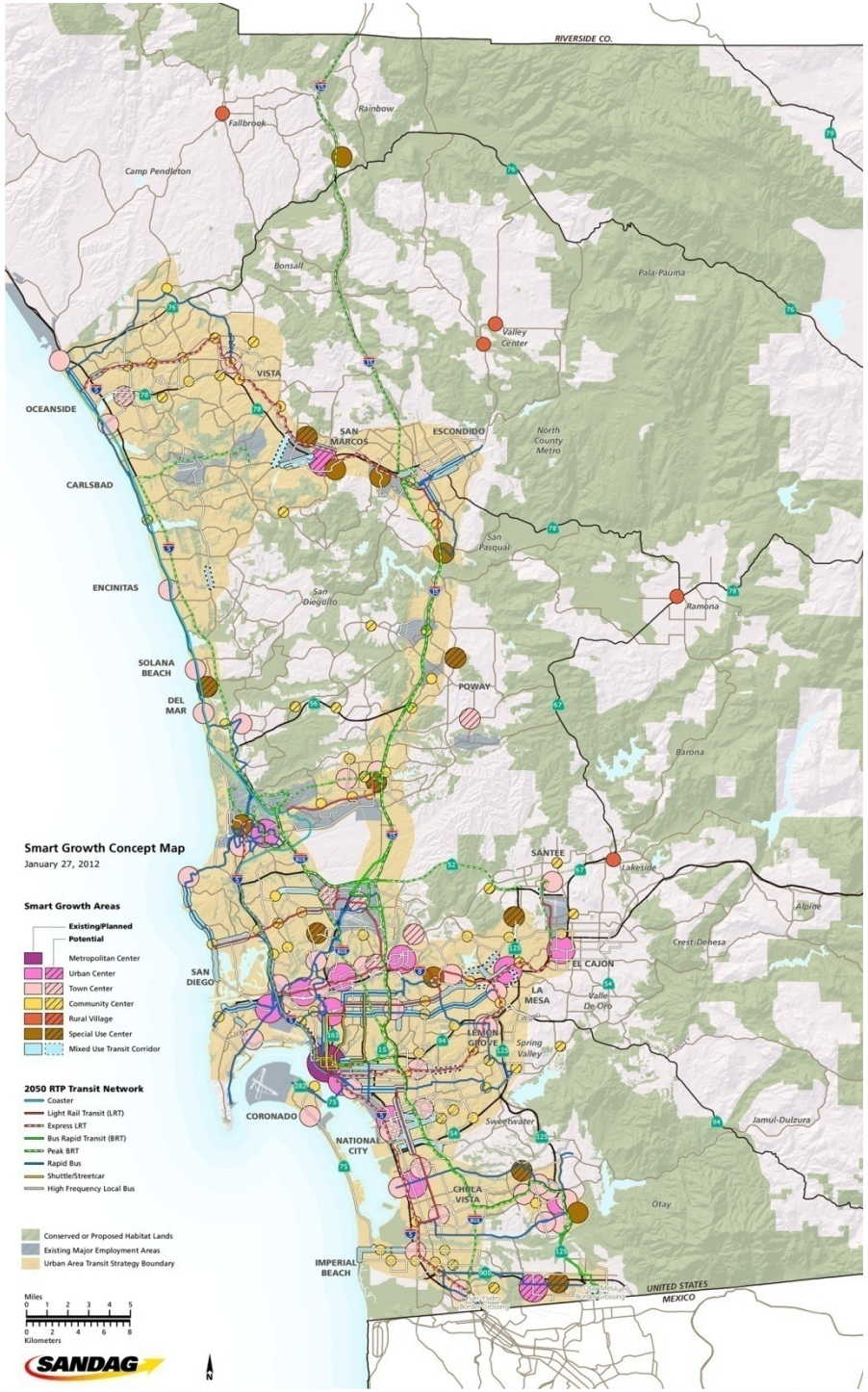
Smart Growth Areas

Existing/Planned

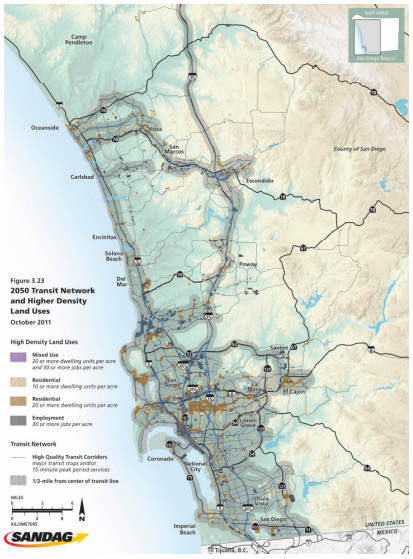
Potential

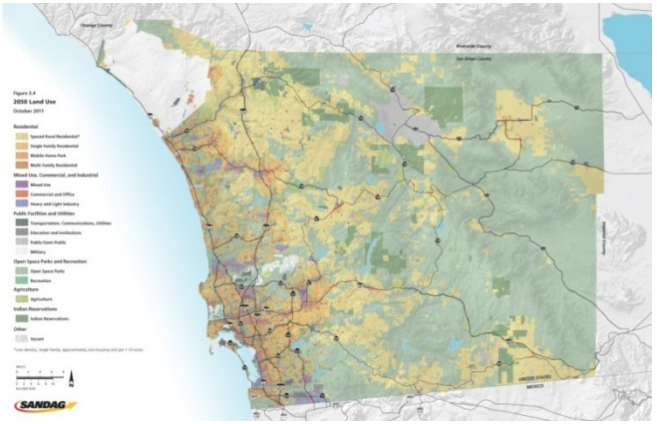
- Metropolitan Center
- Urban Center
- Town Center
- Community Center
- Rural Village
- Special Use Center
- Mixed Use Transit Corridor

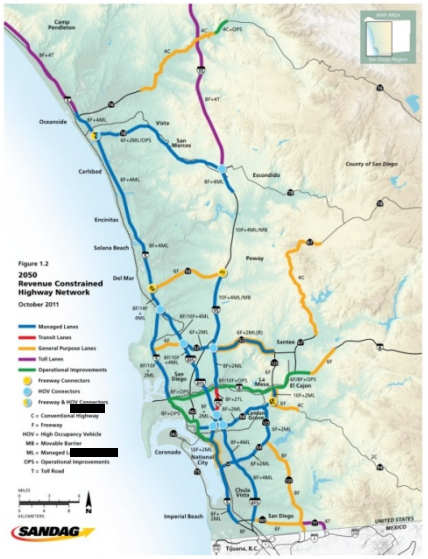
- Habitat Planning Preserve Areas
- Existing Major Employment Areas
- Urban Area Transit Strategy Boundary



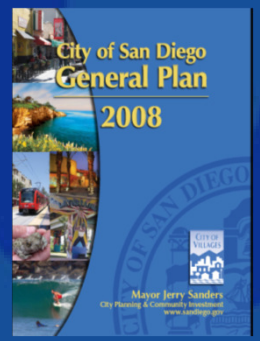
2050 Regional Transportation Plan

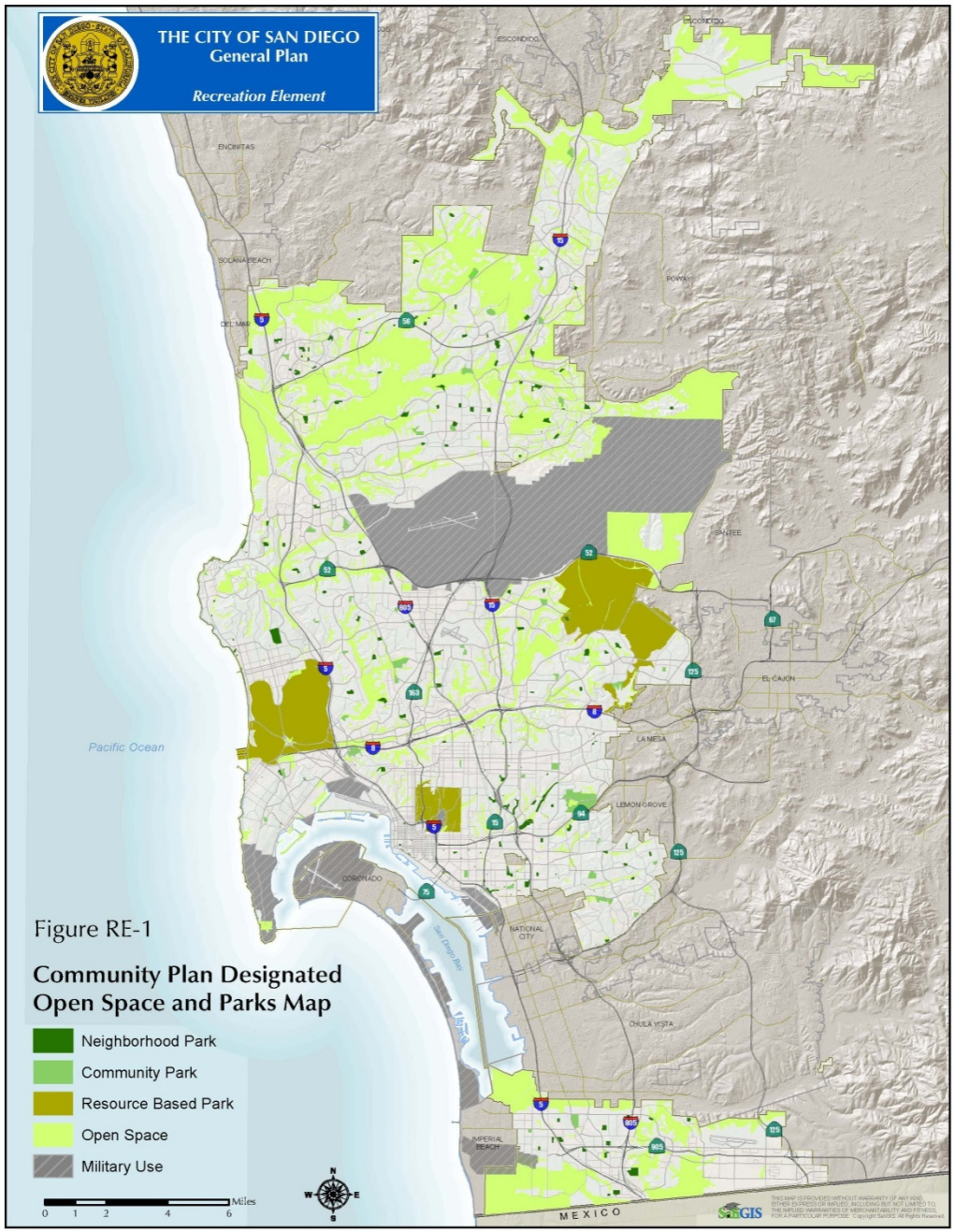




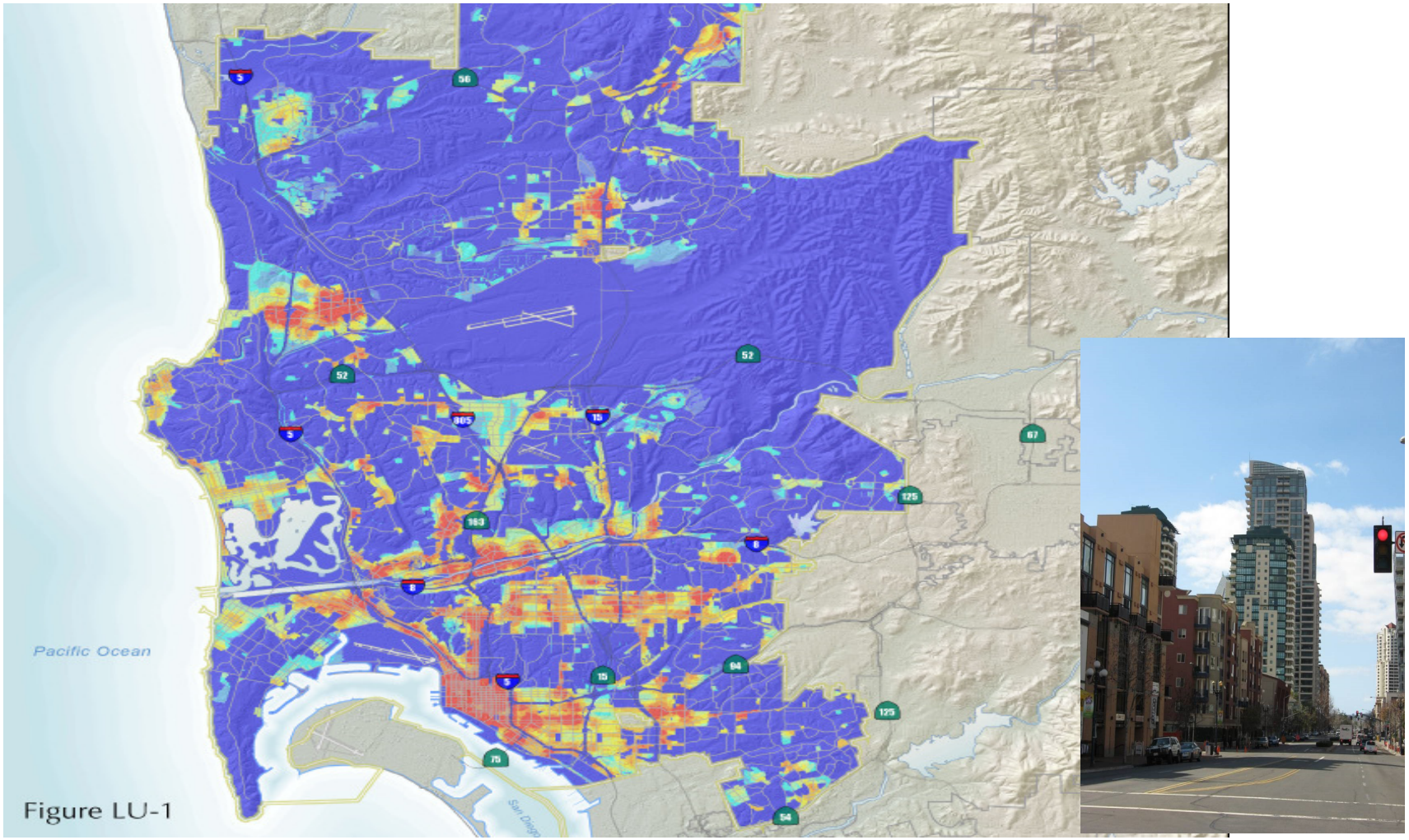


A City of Villages




THE CITY OF SAN DIEGO
General Plan
Recreation Element
ENCINITAS
SOLANA BEACH
DEL MAR
ESCONDIDO
POWAY
SANTEE
EL CAJON
LA MESA
LEMON GROVE
CORONADO
NATIONAL CITY
CHULA VISTA
IMPERIAL BEACH
Pacific Ocean
San Diego Bay
MEXICO
Figure RE-1
Community Plan Designated Open Space and Parks Map
Neighborhood Park
Community Park
Resource Based Park
Open Space
Military Use
Miles
0 1 2 4 6
N
W
E
S

Village Propensity Map



Plan for Market Choices

- Mobility
- Housing
- Community

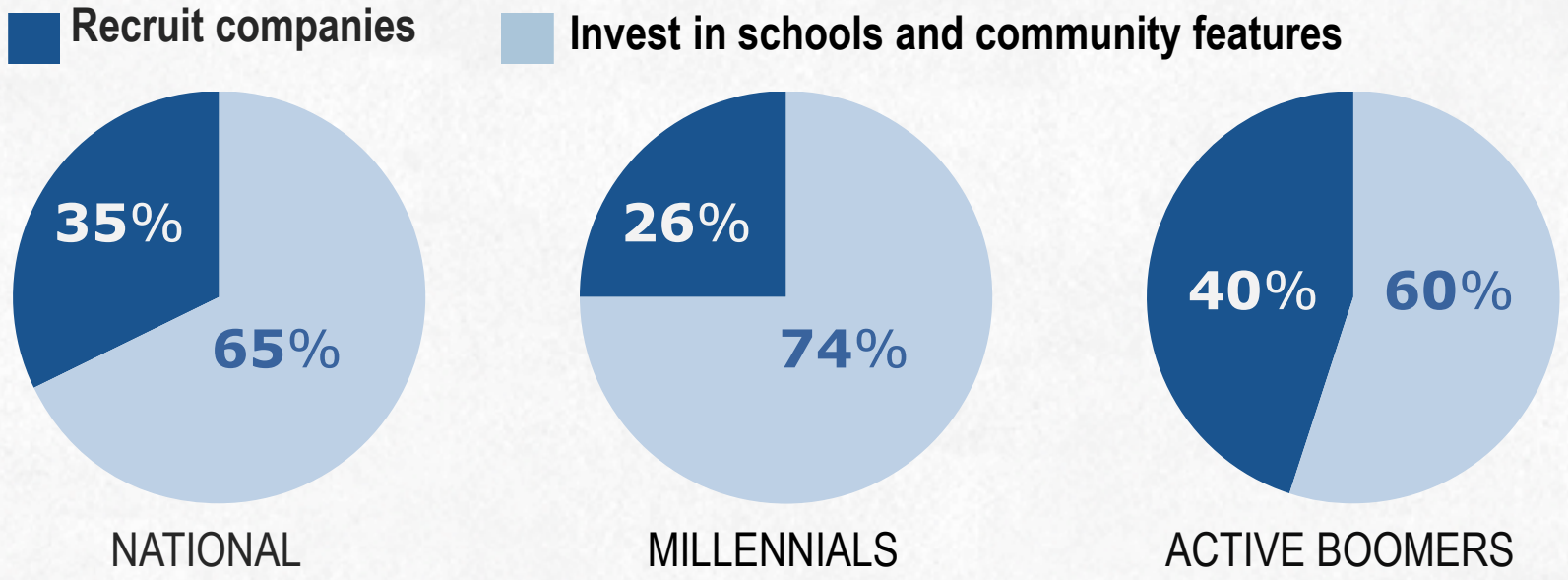
AT WHAT SCALES,

WITH WHAT PUBLIC FACILITIES, AND WHO PAYS FOR IT?

INVESTING
IN PLACE

Growing the Local Economy

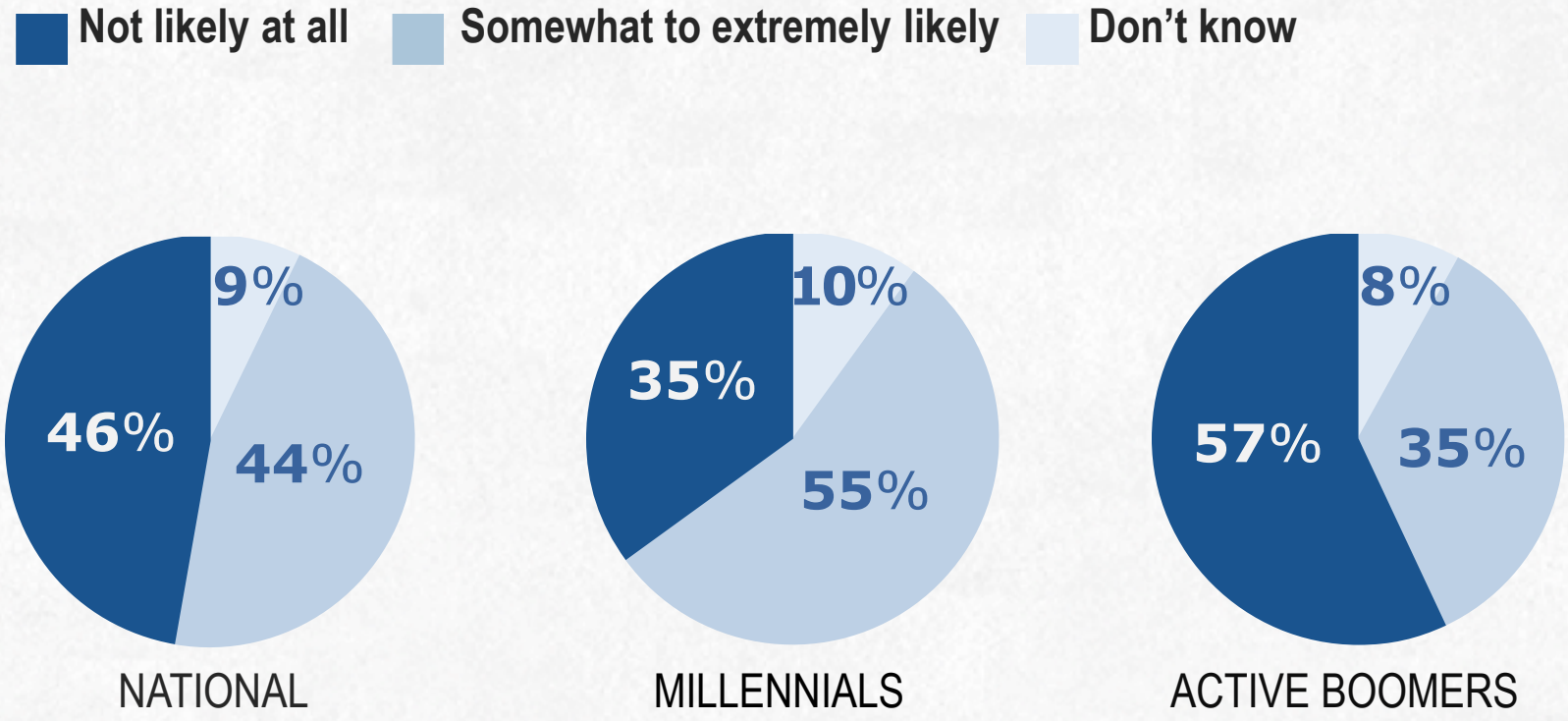
Some feel the best way to grow the economy is to recruit companies to the area. Others feel it is to invest in local schools, transportation choices, walkable areas and making the area as attractive as possible. Which is closer to your belief?



Poll conducted March 2014 of U.S. adults aged 21 – 65 with at least two years of college.

Talent and Generational Mobility

How likely is it that you will move to another part of your state or another state in the next five years?



Poll conducted March 2014 of U.S. adults aged 21 – 65 with at least two years of college.

Decline of the Traditional Suburb

Where do you live now and where do you want to live someday if you can affoed it?

A suburb where most people drive to most places

	Nat	Mil	AB
Now	40%	41%	39%
Someday	7%	8%	7%
Change	-33%	-33%	-32%

A suburb with walkable amenities

	Nat	Mil	AB
Now	18%	19%	14%
Someday	21%	25%	19%
Change	+3%	+6%	+5%

Poll conducted March 2014 of U.S. adults aged 21 – 65 with at least two years of college.

Location Decisions

Which of the following are MOST important to you when deciding where to live? Please select all that apply.

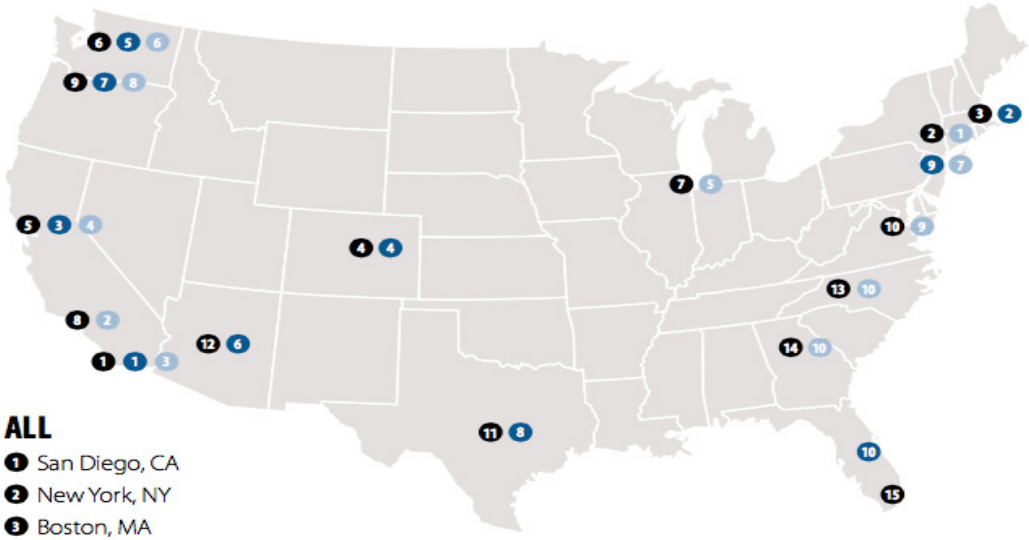
Percentage of priority	NAT	MIL	AB
Economic factors, such as jobs and business growth	**54%**	**64%**	**42%**
Living expenses, such as housing costs	**79%**	**83%**	**80%**
Metro features, such as schools, and safe streets	**44%**	**57%**	**32%**
Health and nature*	**53%**	**52%**	**59%**
Kinds of people, such as diversity and mix of ages	**43%**	**45%**	**44%**
Community engagement	**22%**	**25%**	**20%**

Poll conducted March 2014 of U.S. adults aged 21 – 65 with at least two years of college.

IKEA
SEAHAWKS

Top Metro Areas By Audience

Respondents were asked which three metro areas in the United States most interest them as a potential location.



ALL

1. San Diego, CA
2. New York, NY
3. Boston, MA
4. Denver / Boulder, CO
5. San Francisco, CA
6. Seattle, WA
7. Chicago, IL
8. Los Angeles, CA
9. Portland, OR
10. Washington, DC
11. Austin, TX
12. Phoenix, AZ
13. Charlotte, NC
14. Atlanta, GA
15. Miami, FL

Active Boomers

1. San Diego, CA
2. Boston, MA
3. San Francisco, CA
4. Denver, CO
5. Seattle, WA
6. Phoenix, AZ
7. Portland, OR
8. Austin, TX
9. New York, NY
10. Orlando, FL

Millennials

1. New York, NY
2. Los Angeles, CA
3. San Diego, CA
4. San Francisco, CA
5. Chicago, IL
6. Seattle, WA
7. Boston, MA
8. Portland, OR
9. Washington, DC
10. Atlanta, GA, Charlotte, NC (tie)

Thank you.

William.anderson3@aecom.com