

San Diego, California

Urban-Suburban Submarkets Trends

- Established live-work-play (LWP) submarkets in San Diego have existing residential density, including attractive options for both renters and buyers, plus a wide variety of shopping and entertainment options. These submarkets are also well-connected by public transit and accessible via highways.

- Emerging submarkets are those that have historically had one or two LWP elements, and are now starting to see an increase in development to address the missing pieces.

- For example, Del Mar Heights has been a premier office market with some of the highest rental rates in San Diego, but density has always been low, with shopping limited to a handful of auto-oriented centers. One Paseo is a massive new mixed-use project under construction that will add retail, residential and office space to the otherwise decentralized submarket.

- In the established UTC submarket, additions to residential, retail and transit offerings are further enhancing the LWP environment. One key development is a trolley extension that will connect UTC to Mission Valley, Downtown and other key submarkets. Another is Westfield UTC, a mall/shopping center that is undergoing a near billion-dollar renovation to improve retail/dining/nightlife options, as well as add a residential component.

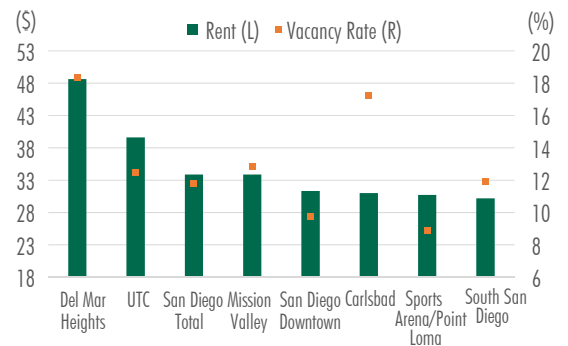
- Development activity will also continue to transform Mission Valley. This submarket already features all of the LWP elements and is well-connected to the transit network with multiple stops throughout the area. Competing plans for development of the former Qualcomm Stadium site all feature dense, mixed-use options, which will provide an urban feel and further boost demand.

Urban-Suburban Submarkets

Established	Emerging
UTC	Sports Arena/Point Loma
Mission Valley	Del Mar Heights
Carlsbad	South San Diego

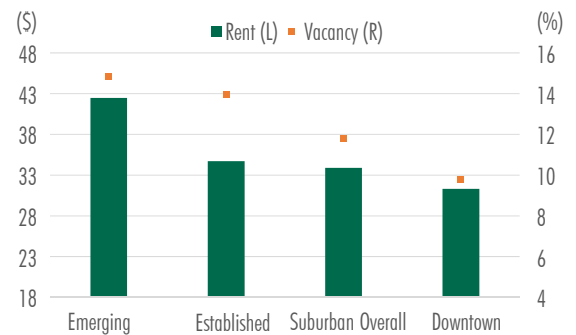
Source: CBRE Research, Q1 2017.

Q1 2017 Vacancy & Rent by Submarket



Source: CBRE Research, Q1 2017.

Q1 2017 Vacancy & Rent by Submarket Type



Source: CBRE Research, Q1 2017.

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