Real Estate & Development
Class of 2020

The capstone course for Real Estate and Development (RED) majors in the Department of Urban Studies and Planning (USP) is a two-quarter sequence. The course is designed to leverage knowledge and skills students have developed throughout their academic career in a collaborative environment on a real-world development site by analyzing the potential land uses, site constraints, financial considerations, and the market realities of the potential development site. Students must be a RED major and be in their final year at UC San Diego to be enrolled.

CASE STUDY DEVELOPMENT SITE

The site used for this course is located in the city of San Diego within the community of North Park. The site is bounded by El Cajon Boulevard to the south, Park Boulevard to the west, Meade Avenue to the north, and an existing alley to the east.

North Park has diverse neighborhoods that contribute to its human-scale, pedestrian-oriented residential and commercial land uses, and diverse architectural styles.

North Park is planned for more infill development along transit and commercial corridors. The site is in the Community Commercial part of the El Cajon Boulevard high-density mixed-use corridor. The interaction of El Cajon Boulevard and Park Boulevard also serves as a community "node". El Cajon Boulevard, known as The Boulevard, is a multi-modal transportation corridor, emphasizing public transit, bicycling, and walking. Future infill development will serve many market segments, along with a mix of commercial, retail, civic, and residential uses. This study site allows students in the RED Capstone the opportunity to comprehensively evaluate the feasibility of a theoretical development project on a key infill site within the North Park community.

Each student will prepare a 36"x48" poster to display during the URBAN EXPO. The purpose of the poster is to present the data, process, and the skills that each student utilized to evaluate the highest and best use of the development site located at El Cajon Blvd and Park Blvd. Each student will give a brief (3 minute) "elevator pitch" about your Poster during the URBAN EXPO on March 12, 2020.

Poster Checklist

- Concept Map
- Site Location Map
- Demographics / Socio-Economic Data
- Market Analysis
- Development Program and Estimated Rents
- Proposed Site Plan
- Sketchup 3D model with building massing

Brief description of Financial Analysis

Course Outline: The Real Estate Development Process

- PLAN
  - Create an investment strategy (risk, returns, target yields, etc.)
  - Identify a product type and a market
  - Perform a market study and identify opportunities

- ANALYZE & ACQUIRE
  - Source potential deals
  - Develop preliminary program and cost/revenue assumptions
  - Perform site diligence (102)

- ENTITLE & DESIGN
  - Entitle, design, and permit the project
  - Create a budget and construction schedule
  - Secure funding partners

- DEVELOP & MARKET
  - Execute the project
  - Market and stabilize the project
  - Sell or Secure long-term financing

Acknowledgments

W.G. Fenton Project Tours

Atlantic Group

L&M Group

CoStar Group

The Exposition Magazine

Seth Badek, Associate at the Urban Studies and Planning Department of USP

H.G. Fenton Company

H.G. Fenton Company

Allied Group

U.S. Army Corps of Engineers

Z. Sanders, M.A.

M. R. Nelson, M.A.

M. R. Nelson, M.A.

M. R. Nelson, M.A.
<table>
<thead>
<tr>
<th>Name</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ali, Armann</td>
<td>Kilpatrick, Connell</td>
</tr>
<tr>
<td>Julian Atienza, Kim</td>
<td>Ruiz-Jimenez, Kevin</td>
</tr>
<tr>
<td>Chea, Pichly (Crystal)</td>
<td>Sison, Yvan</td>
</tr>
<tr>
<td>Dollison, Kyle</td>
<td>Snowball, Sabrina</td>
</tr>
<tr>
<td>Garnica, Kenia</td>
<td>Springer, Kaegan</td>
</tr>
<tr>
<td>Giammanco, Chris</td>
<td>Steinbeck, Steven</td>
</tr>
<tr>
<td>Hanna, Anthony</td>
<td>Turner, Tyus</td>
</tr>
<tr>
<td>Herrera, Andres</td>
<td>Weinstock, Alec</td>
</tr>
</tbody>
</table>
Arman Ali
University of California, San Diego • Real Estate & Development • March 12, 2020

PLUME: A MIXED USE DEVELOPMENT
located on El Cajon Blvd, Park Blvd, and Meade Ave.

BACKGROUND & MAPS

- The site (shaded in yellow) is nestled in the neighborhood of North Park and33
  Vickery Heights.34
- It is in near proximity to Highway 163 and Interstate 8. A
  major road in San Diego, it is a major traffic corridor.
- The site is also near two large parks, Forbes and Trolley Park.
- The site is also close to the center of town.
- San Diego State University (SDSU) is also near in proximity.
- Figure 1-6: This site is in relation to main points of interest in the San Diego
  Metropolitan Region.
- The site is located on Meade Avenue, Park Blvd, and El Cajon Blvd.
- Park and El Cajon are main retail corridors.
- Meade is a residential street.
- New 2 major landmarks - University Heights, Trolley Sign & Boulevard
  sign.
- There are four bus stops serving the site, 3 and 8.
- There is a major landmark in East Trolley
  Station is a public elementary school to the west.
- Walkability and Safety are prime factors going forward for development.

DEMOGRAPHIC & SOCIO-ECONOMIC ANALYSIS

- Figure 1-7 shows population growth in North Park, San DiegoCounty, and the
  City of San Diego.
- North Park has a slightly higher population density than the City of San
  Diego and the County.
- Figure 1-8 shows the median household income and average years
  spent in housing.
- North Park has a median household income of $59,000 to 2025.
- Higher earning plans to downtown are growing.

VISION & BRANDING

- Figure 3-1 shows median household income for North Park and San Diego
  County. Income is growing, as are median household incomes.
- The number of families is also increasing in North Park.
- The median household income is expected to grow.
- "The major characteristic of North Park is the green.
  "The green space is vital to the neighborhood. It is a place to relax, enjoy the
  outdoors, and socialize."

SITE PLAN & MODEL

- The proposed plan is a mixed-use development aiming to create 370 residential
  units and 22,800 SF of retail and commercial space.
- The site is currently zoned as CD-9, with 100% of the land use in
  residential.
- This project aims to increase density to 165
dweller and FAR of 3.8 by approving the Planned
  Development Project (PDP) plan.

NORTH PARK MARKET ANALYSIS

- 1 bed and 2 bed units are growing in both North Park and San Diego.
- This is due to the growing amount of jobs in the near proximity, especially
  downtown.
- San Diego State University and El Cajon offer off campus housing.
- Vacancy is hovering around 6%, allowing for people to move into North Park.

FINANCIAL ANALYSIS

- Rents for retail have not been growing at a slower pace and have a CAGA of
  around 2.6%.
- The current growth rate of property values is in line with the average annual
  inflation rate of 3.2%.
- Year-over-year rent increases are steady.
- Vacancy rates and low vacancy rates are crucial to the North Park
  community.
- The historical trend of high volume rates could be a sign of an under
  accepted retail market in North Park and the opportunity to provide retail space in
  our development.

CONCLUSION

- Based on the market, 1-bed apartments are in high demand and will continue to
  be. The demand for 1-bed units is due to the high demand for real estate in the
  neighborhood due to many young professionals in the area.
- Parking rates are more than their counterparts.
- Parking is not required by the city, which gives developers more flexibility to
  build.
- This project will add value to the neighborhood and at a minimal impact of major
  travel conditions, it can truly become a place and a destination for all.

UC San Diego
Real Estate & Development

Arman Ali
The Parker LUX at El Cajon and Park Blvd

Presented by Kim Julian Atienza | USP 185B Winter 2020 | March 12, 2020

Development Program

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedroom</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># Units</td>
<td>450</td>
<td>600</td>
<td>1,850</td>
<td>2,500</td>
</tr>
<tr>
<td>Rent (USD)</td>
<td>550</td>
<td>590</td>
<td>950</td>
<td>1,190</td>
</tr>
<tr>
<td>Total Rent (USD)</td>
<td>26,250</td>
<td>35,400</td>
<td>17,950</td>
<td>32,100</td>
</tr>
</tbody>
</table>

Target Customers

- Millennials

Economic Data

- Key Points:
  - The 44+ million in North Park sits at $ (insert number) to $ (insert number) per square foot.
  - A large percentage of residents in these types of mixed-use developments are single.
  - North Park’s average household income is $ (insert number) per year.

Market Study

- Key Points:
  - Market rent per unit type in North Park has been increasing since 2000.
  - Increasing areas by studio, 1 and 2 beds suggests a demand for multifamily in North Park.

Financial Summary

- Completed analysis of comparable sales identifying overall capitalization rates, price per SF and price per unit.
- Proforma financial report to estimate stabilized and terminal overall capitalization rates.
- Completed financial analysis of current market trends, vacancy and operating expenses to project a two-year look-ahead period and a one-year discounted cash flow.
- Developed construction cost analyses and rollover percentages for a low-interest loan applying current commercial loan terms and amortization schedule.
- Analyzed IMI, NPI and overall yield for the ten-year discounted cash flow (DCF) analysis.
- Estimated terminal stabilized value deducting total construction cost to approximate to estimate residual value.

Conclusion

- Based on this demographics and market data, the site on El Cajon and Park Blvd is a good investment and worth pursuing.
- There is a demand for apartments and retail in North Park.
- Studios, 1-beds, and 2-beds apartment units are in demand than 3-beds.
- The mixed-use project proposal has a positive return on investment (ROI to be calculated).
I. PROJECT SUMMARY

Proposed Site

- **Location:** bordered by Xi Cajon Blvd to the South, Park Blvd to the West, Moods Avenue to the North, the alley to the East.
- **Site Area:** 3.866 acres
- **Zoning:** CO-3-9
- **Density:** up to 108 du/acre or 141 du/acre for a mixed-use residential
- **PAR:** 2.0, bonus 0.0
- **Parking:** No requirement
- **Set Backs:** North: 10', West: 10', South: 25'
- **Step Back:** 60 Degrees transition plane
- **Sidewalks:** 15' on Park Blvd, 20' on Xi Cajon Blvd, 10' Moods Ave
- **Building height limits:** No limit; minimum 15' active frontage ground floor

II. FINDINGS & ANALYSIS

Demographic & Socio-Economic Outlook

In North Park, 2019 data and [CA:GR] from 2000 to 2019:

- **Population:** 51,066 (9.9%)
- **Median Age:** 37.8
- **Average HH Income:** $66,768 (21.7%)
- **Average Housing Expenditure:** Top 3 Components by Industry:
  1. Educational Services
  2. Healthcare and Social Assistance
  3. Professional Scientific, Management & Administrative

Residential Market Trend

The rental rate, absorption and net deliveries of multi-family has steadily seen every year in both North Park and San Diego:

- **Vacancy Rates:** 4% and 14%

Retail Market Trend

Properties < 10,000 SF

- **Vacancy Rate:** 6.0%
- **Market Cap Rate:** 3.7%
- **Market Rent:** $33.13
- **Inventory:** 39,200 SF
- **Net Absorption:** (94,860 SF)

Properties > 10,000 SF

- **Vacancy Rate:** 8.5%
- **Market Cap Rate:** 3.9%
- **Market Rent:** $41
- **Inventory:** 1.9 Million SF
- **Net Absorption:** (58,700 SF)

III. PROJECT DEVELOPMENT PROGRAM & PLANNING

- City view and lounge area at the roof top
- BBQ area and dog run rendering
- Good quality of room appliances and view
- Active frontend retail store, outdoor seating and good walkability score

IV. VISION & BRANDING

The apartment is located at the heart of North Park, 100 Street and University Heights. The residence, rental rate, open space and clear absorption will attract people from everywhere daily from day to night.

V. CONCLUSION

- **Great Location:** Hotspot visibility and proximity to University Heights, Hillcrest and Downtown San Diego.
- **Development Program:** The mixed-use project with affordable units get an incentive up to PAR 3.0.
- **Demographic Trend:** Medium age professional with high stable income and growing number of renter in North Park since 2000 and absorption rate and net deliveries are positive over the year.
- **Market Trend:** The increasing growth rate of residential and retail rate indicate investment opportunity of feasibility.
The Glade: Free Your Mind and Soul
Kyle Dollison, UCSD RED, kdollison@ucsd.edu

Executive Summary
- This project is located in the heart of North Park, with San Diego and major locations within 15 min (refer to figure 1.1).
- North Park is 5 years old, and very different from what it was, and is becoming today. (referring to figure 1.1).
- The project is located on a major intersection, which is the focal point of North Park.
- The project is situated on a major thoroughfare with an open space in the middle, which can be a great opportunity for the project.
- The vision is to make it vibrant, hip, and unique.
- The project is designed to create a welcoming and community-oriented atmosphere.

Context and Site Location
- Refer to figure 1.2.
- The site is located within 15 minutes of major San Diego destinations and surrounded by major thoroughfares.
- The site is located on a major intersection.

Demographics and Socio-Economic Data
- Refer to figure 1.3.
- North Park is becoming more educated, and the average income is increasing.

Market Analysis
- Refer to figure 1.4.
- North Park is experiencing a high vacancy rate.
- The project is located in a high-income area.
- The project is in a high-income area.

Development Program
- Refer to figure 1.5.
- The development is divided into two phases.
- Phase 1 includes retail and residential units.
- Phase 2 includes additional retail and residential units.

Development Conclusion
- With an average rental rate of around $2,000, a month, this project is estimated to fetch a profit of $1,500 per unit.
- The project is expected to attract a high number of residents.
- The project is designed to be sustainable and environmentally friendly.
- The project is expected to create a vibrant and community-oriented atmosphere.

Vision/Branding/Naming
- Refer to figure 1.6.
- The project is designed to be open and inviting.
- The project is designed to be unique and welcoming.
- The project is designed to be a community-oriented development.

UC San Diego Real Estate Development
30th Annual Urban Expo
Kyle Dollison
Back to table of contents
PARK GATEWAY
University Heights, San Diego, CA
Chris Giammanco Real Estate and Development Capstone, 2020

Site Summary
- Zoning CC-3-5 Community Commercial
- Total: GCC: 309,097 Square Feet
- Development Program
- 329 Residential Apartment Units
- 85 Studio Rent: $3,950/5
- 115 1 Bedroom: Rent: $3,250/5
- 100 2 Bedroom: Rent: $3,000/5
- 32 3 Bedroom: Rent: $2,800/5
- 15,000 Square Feet of Commercial Retail Space
- Tenants: Bar/Restaurant, Fitness, Pet Service
- 206 Parking Spaces

Demographic Analysis
- North Park is an up and coming residential neighborhood characterized by unique single family homes.
- 90.6% of the population is Hispanic.
- Median household income is $50,000.
- 21.7% of households are older than 50 years old.
- 66.7% of households are single-family units.
- 80% of housing units are owner occupied.

Preliminary Design
- This development has a dense massing, bike, and pedestrian friendly design.
- North Park is an up and coming residential neighborhood characterized by unique single family homes.
- 90.6% of the population is Hispanic.
- Median household income is $50,000.
- 21.7% of households are older than 50 years old.
- 66.7% of households are single-family units.
- 80% of housing units are owner occupied.

Market Feasibility Study
- Residential
  - Median price for homes is $550,000.
  - Median price for homes is $350,000.
  - Median price for homes is $250,000.
  - Median price for homes is $150,000.

Summary
- Park Gateway creates value in the North Park market through a dense mixed-use development.
- The site is within the heart of the neighborhood, offering excellent access to the University Heights and North Park in one place and creates a new center of commercial activity that energizes the area.
- The project is designed to maximize density and achieve a higher residual value based on its prime location.
Plume a University Heights Development
Prepared by: Andres Herrera

Demographics/Socio-Economics

Population
Geographic Unit 2000 2018/ACS18
North Park 75,966 73,399
San Diego County 2,813,813 3,056,713

Median Household Income
Geographic Unit 2000 2018/ACS18
North Park $33,216 $51,551
San Diego County 48,549 54,950

Household Median Size
Geographic Unit 2000 2018/ACS18
North Park 2.27 2.19
San Diego County 2.63 2.57

A demographic analysis was conducted to understand the resident’s living in North Park and San Diego County. The median household size and population in North Park is declining, while the median household income in North Park is increasing annually. The median household size in North Park is smaller than the San Diego county as a whole.

Market Study

Retail Rents & Vacancy

A retail market study was completed to provide aggregate data for market size and occupancy. The data used was sourced from CoStar to provide a current snapshot of the market. The market analysis gathered from this study provides critical data for the project financial pro formas. The study confirms the North Park zone is San Diego city’s East for our single-family residential zone compared to other zip codes in the city.

Development Program

Commercial Tenant Profile

Studies
1 Bed 2 Bed
$3.10 $2.10 $1.95

Financial Summary

In conclusion, after analyzing the demographic analysis, market study and financial summary, this project would be feasible. Implementing 3,400 units to the market will not only provide housing but also contribute to the economic growth of the community. To this new development, implementing a new design to the development, focusing on the art community of University Heights.

Conclusion
USP 185 – Senior Capstone Project

"PLUME" by Connell Kilpatrick

Location:
- This site is located in the neighborhood of University Heights (Open 1).
- It is quickly accessible to many locations including Downtown and Balboa Park.
- The 2.35 acre site is bordered by Missouri Ave to the north, Park Blvd to the west, 2nd Ave to the south, and an approach to the east (Open 2).
- It is regarded as a transit-oriented development (TOD) due to the nearby public transport options.

Financial Summary:
- Data from the market study and comparable properties were used for an appropriate market value, rent growth, and vacancy rate.
- The rent was decided on the following:
  - **Unit Type**: Rent Rent Per SF
    - Studio: $1,900 $10/\text{SF}
    - 1 Bed: $2,750 $13/\text{SF}
    - 2 Bed: $3,400 $18/\text{SF}
    - Affordable: $1,600 $9/\text{SF}
    - Commercial: $35/\text{SF}

Development Programs:
- The development will contain 348 total units with 38% being affordable units.
- The ground floor along 2nd Ave will contain 36,000 SF of commercial space and the corner of Missouri Ave and Park will contain 5,000 SF.
- There will be a large open space in the middle that will bring natural light into all buildings and provide residents with green spaces.
- The open space will be used as a courtyard area for the residential and will contain seating and a large pergola.
- The northern side of the project contains a number of walkways to protect single-family homes.
- The north side will be more of a low-layer shape, which will take advantage of the great views.

Conclusions:
- This development is the highest and best use for the site because it promotes members of the community who qualify living open space green areas, accessible homes, and walk spaces.
- This project will attract young people to North Park who want to live amongst older people and around entertainment.
- The completion of this project will create a buzz in the area and make the surrounding community more vibrant.

Demographic Study:
- Consistent population growth.
- Increased costs are sustainability compared to the community.
- Higher levels of education compared to San Diego County (Open 1).
- Young demographic with a high concentration of people aged between 35 and 40 (Open 1).
- The site is well-timed with a high demand for rental units.

Market Analysis:
- Vacancy rates have been historically over slow but constant increases in rent (Open 1).
- Commercial space has also seen increases in rent at a rate between 5% and 6%.
- The area has seen increased absorption as new inventory is delivered (Open 1).
- Vacancy rates have been consistently high for both residential and commercial properties.

Connell Kilpatrick
Back to Table of Contents
Chantli at Park

Kevin Ruiz-Jimenez | Real Estate and Development Capstone | Winter 2020

Development Program

- Vision and Branding
  - "An offering for living, working, and connecting" (Figure 1)
  - "A place to call home" (Figure 1)

- Site Analysis
  - Location: Mediterranean Hills
  - vicinity: I-15
  - Surrounding amenities: retail, dining, entertainment, parks, and schools

- Demographics Highlights
  - Population:
    - Annual Growth:
      - 2016: 3.5%
      - 2020: 4.5%

Market Analysis

- What's happened in the last 6 years?
  - Market Trends (Figure 2)

- Financial Evaluations
  - Internal Rate of Return (IRR)
  - Cost Basis Analysis
    - Sales Price
    - Net Present Value (NPV)
    - Break-even Point
  - Net Operating Income (NOI)
  - Residual Land Value

Conclusion

- The project is feasible and meets market demands
- The activation of El Cajon Blvd, Mission Ave, and Park Blvd will create a new destination for retail, dining, and entertainment
- 1.2.3.4.5.6.7 will be an enabler's checklist.
Onyx @ El Cajon Boulevard
Kaegan Springer | USP 185 | UCSD | 2020
Real Estate & Development Capstone

Location
- Site is located directly between North Park & University Heights.
- Accessible by public transportation, including the trolley and bus routes.

Site Plan & Design
- Site Plan demonstrates the proposed layout of buildings and infrastructure.
- Design considerations include pedestrian-friendly pathways and green spaces.

Demographics & Socio-Economic Analysis
- Population analysis highlights key demographic trends and economic indicators.

Market Overview
- Comparative analysis of similar properties in the area.

Development Parameters
- Parcel Size: 30,000 SF
- Current Building Area: 95,000 SF
- Projected Market Size: 300,000 SF

Feasibility & Conclusion
- Analysis of financial projections and market trends for the project.

Back to Table of Contents
The Onyx: Live Young, Live Well

Demographic Analysis

- The primary age group of the tenants is 25-34 years old.
- The majority of tenants are single.
- The average income of tenants is $60,000.

Vision and Branding

- The Onyx offers modern, sleek design.
- The building is environmentally friendly.
- The logo and branding are modern and sleek.

Prepared Project Development

- The project includes retail and residential units.
- The retail is designed to attract young professionals.
- The residential units are designed for comfort and convenience.

Conclusion

- The Onyx will attract a mix of young professionals.
- The project is designed to be sustainable.
- The location is ideal for easy access to amenities.

Figures:

- Figure 1: Population Pyramid
- Figure 2: Educational Attainment
- Figure 3: Income Growth
- Figure 4: Development Mix
- Figure 5: Retail Tenant Mix
- Figure 6: Growth Analysis
- Figure 7: Multi-Family Analysis
- Figure 8: Retail Rent and Vacancy
- Figure 9: Absorption
- Figure 10: Comparables