
SCOTTISH RITE DEVELOPMENT SITE

1895 CAMINO DEL RIO SOUTH | SAN DIEGO, CA 92108
MISSION VALLEY

www.MissionValleyDevelopment.com



**CUSHMAN &
WAKEFIELD**

DISCLAIMER

Cushman & Wakefield (hereinafter “CW”) has been retained as exclusive advisor by (the “Owner”) for the long-term lease of the 10.93 acre real property located at 1895 Camino Del Rio South, San Diego, CA 92108.

This Offering has been prepared by CW for use by a limited number of parties and does not purport to provide a necessarily complete summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective investors may need or desire. All projections have been developed by CW, and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and CW, therefore, are subject to variation. No representation is made by CW or Owner as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, CW or Owner and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, CW, Owner, and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or for omission from, this Investment Offering or any other written or oral communication transmitted or made available to the recipient. This Offering does not constitute a representation that there has been no change in the business or affairs of the Property since the date of preparation of the package. Analysis and verification of the information contained in this package is solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors.

Owner and CW each expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligation to any entity reviewing this Offering or making an offer to purchase the Property unless and until a written agreement for the purchase of the Property has been fully executed, delivered, and approved by Owner and its legal counsel, and any conditions to Owner’s obligations thereunder have been satisfied or waived. CW is not authorized to make any representations or agreements on behalf of Owner.

This Offering and the contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein are called the “Contents”), are of a confidential nature. By accepting the package, you agree (i) to hold and treat it in the strictest confidence, (ii) not to photocopy or duplicate it, (iii) not to disclose the package or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Owner or CW, (iv) not use the package or any of the contents in any fashion or manner detrimental to the interest of Owner or CW, (v) to return it to CW immediately upon request of CW or Owner and (vi) not to contact any employee or agent of any governmental agency, including the City of San Diego, regarding the Owner or the Property.

If you have no further interest in the Property, please return this Investment Offering forthwith.

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WESTFIELD MISSION VALLEY

1.2M SF Mall with **131 stores and services**
Food Court with **28 restaurant options**



424,000 CARS PER DAY



N.A.P.

EXECUTIVE SUMMARY

Cushman & Wakefield is excited to announce the offering of a prime development site in the Mission Valley submarket of San Diego, CA. **Available for long-term ground lease only**, this site offers an exceptional opportunity for developers with the ability to structure deals creatively.

As part of this offering, the owner requires that the developer build a 36,000 gross SF two-story office / assembly hall building with 125 parking stalls on-site that will function as a replacement Scottish Rite facility.

- Up to 6.23 acres of developable land which must include a replacement facility
- Site has extensive optionality as zoning allows for multiple uses
- Central location in Mission Valley, a short distance to Downtown, beaches, shopping, local amenities, and the greater San Diego region
- Convenient access to Interstates 5, 8, 15, 805 and Highway 163 and trolley lines
- Potential Uses: Residential, Hotel, Office, Retail

PROPERTY OVERVIEW

ADDRESS

1895 Camino Del Rio South, San Diego, CA 92108

SUBMARKET

Mission Valley

APN

Portion of 438-090-33

ZONING

The site is within the jurisdiction of the City of San Diego and is zoned **MVPD-MV-CO-CV - Mission Valley Planned District Commercial Office - Commercial Visitor** (Residential Possible - See Zoning)

SITE SIZE

	Acres
Gross Site Area	10.93
Slope	4.70
Gross Buildable Area	6.23

CURRENT USE

The site is currently improved with the Scottish Rite Event Center and parking lot.

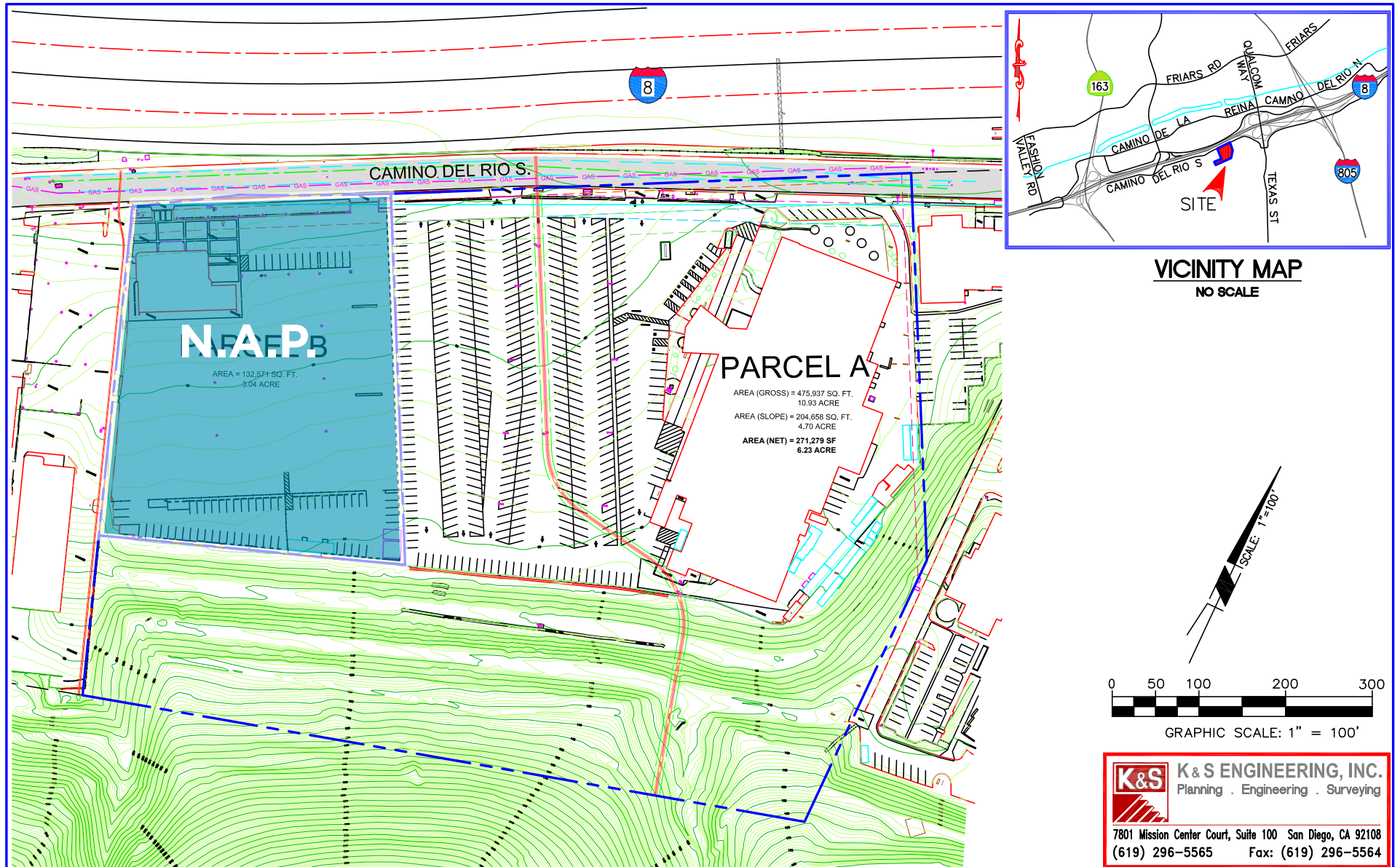
TRIPS

Development intensity is determined by number of average daily trips generated. See Trips section starting on page 3 for more details. [CLICK HERE](#) for full trip code.

KEY CONDITIONS

- The site is only available via a **long-term ground lease to be negotiated**.
- The developer will be required to build the owner a replacement office/assembly hall building on-site, comprising a two-story 36,000 gross SF building, with 125 associated parking spaces and site improvements.
- Building Specification available in “Replacement Structure Document” for download by clicking [HERE](#).

SITE PLAN



TERMS

The owner is interested in maximizing the return on the land lease for the remainder of the property and encourages the developer to be creative when offering on the property. The owner will consider a shared parking concept in order to maximize the buildable pad area and revenue.

Business Plan – The owner is looking for a turnkey development through the Certificate Of Occupancy. This will include having the developer entitle the project, design the project (with owner’s design approval), demolish the existing building, finance the project (**subject to a NNN, unsubordinated and guaranteed ground lease**), and construct the project including the replacement Scottish Rite facility. The owner is prepared to execute a long-term lease up to 99 years; however, any shorter term will be encouraged. The starting ground lease rate and escalations are to be proposed by the developer. The developer will assume all CAM responsibilities and costs through the duration of the lease.

In order to have consistency among developers, ***we request that your Letter of Intent to include the following:***

1. Resume of completed development
2. Financial references
3. Conceptual site plan (massing including the Scottish Rite facility)
4. Terms of the Letter of Intent, structured as an option to lease, including due diligence time and deposits, ground lease payments including proposed escalations.

PLEASE INCLUDE ALL OF THE FOLLOWING FIGURES IN PROPOSAL:

Value (price) of the property as **AS IF** the property was being purchased Fee Simple.

Less: Cost to entitle project and cost to construct a two-story, elevator-served, 36,000 gross SF office/assembly rated meeting hall. (See Building Specifications)

Less: Cost of 125 parking stalls if incorporated into a shared parking concept

Less: Cost of the real estate brokerage commissions (to be supplied) to be paid upon recordation of construction loan

Less: \$75/square foot for tenant improvements

Equals Net Value of the land

Percentage return on land value

Annual NNN lease payments

Proposed lease increases during the term of the lease

Proposed market rate lease adjustments during the term

Length of lease and proposed options to extend

ZONING

The site is within the jurisdiction of the City of San Diego and is zoned MVPD-MV-CO-CV. This zone has a 65 foot height limit. The following information is excerpted from the City of San Diego's Municipal Code. The full code is available by clicking this [LINK](#).

§1514.0305 Commercial Zones (MV-CO, MV-CV, MV-CR)

(a) Purpose

The commercial zones provide for office, hotel and retail commercial uses as defined in the Mission Valley Community Plan. These regulations are intended to create well landscaped sites and a wide variety of distinctive architectural styles. The zone boundaries are coterminous with the following community plan land use designations:

(1) Mission Valley - Commercial Office (MV-CO) District

- (A)** Applied to properties within the Mission Valley Community Plan (MVCP) Commercial-Office land use designations.
- (B)** This zone is primarily intended to provide for business and professional offices and certain allied services normally associated with such offices.

(2) Mission Valley - Commercial Visitor (MV- CV) District

- (A)** Applied to properties within the MVCP Commercial-Recreation land use designation.
- (B)** This zone is primarily intended to provide for establishments catering to the lodging, dining, and shopping needs of visitors.

- (2) Residential uses shall not be permitted in commercial zones unless the multiple use option in Section 1514.0307(c) is utilized.**

1514.0307(c)

(c) Permitted Uses

- (1) Within the MV-M Zone on sites of four or more acres, and on all commercially zoned sites utilizing the multiple use option, each proposal shall include land uses from at least **three of the following zones** in combinations as follows:
 - (A) One or two** of the following three commercial uses: MV-CV, MV-CO, MV-CR; and
 - (B) One or two** of the following five residential uses: MVR-1, MVR-2, MVR-3, MVR-4, MVR-5.
- (2) Within the MV-M Zone on sites of less than 4 acres that existed as of the date of adoption of the Mission Valley Planned District Ordinance, each proposal shall be exclusively residential or include land uses from at least two zone categories including a residential use. The residential land use portion shall account for at least 20 percent of the Average Daily Trips allocated to the project.

ZONING

\$1514.0305 Commercial Zones (MV-CO, MV-CV, MV-CR)

One or two of the following:

COMMERCIAL	MV-CO	MV-CV
Apparel Shops	L ¹	L ¹
Advertising, Secretarial & Telephone answering services	P	—
Antique Shops	—	P
Bakeries	L ¹	P
Beauty Shops	L ¹	P
Childcare Facilities	P	P
Churches, Temples or buildings of a permanent nature used for religious purposes in accordance with Section 141.0602	L	L
Drug Stores	L ¹	L ¹
Dry Cleaning & Laundry establishments (no truck delivery of finished cleaning)	L ¹	L ¹
Financial institutions over 5,000 sq. ft	L ¹	—
Financial institutions 5,000 sq. ft. or less	P	P
Florists 5,000 sq. ft. or less	P	P
Gift Shops	L ¹	P
Gymnasium and health studios	P	P
Hotels, motels, and time-share projects	-	P
Jewelry stores	L ¹	P
Liquor stores	-	P
Offices; business and professional	P	P ²
Parking lots/structures	P	P
Pharmacies	L ¹	L ¹
Restaurants	P	P

*Including but not limited to

[Click here to see complete list of accepted uses](#)

\$1514.0304 Residential Zones (MVR-1, MVR-2, MVR-3, MVR-4, MVR-5)

One or two of the following:

Table 1514-03E Residential Zones Use Table	
PERMITTED USES	ALL RESIDENTIAL ZONES
Residential/Compatible Residential	P
Single-family dwellings	P
Boarding and Lodging houses	P
Temporary Real Estate Offices/Model Homes new Subdivisions	P
Institutions/Home - full time child care (Maximum 15 children under 16 years)	CUP
Residential Care Homes for 7 or more clients	CUP
Residential Care Homes for 6 or fewer clients	P
Schools, limited to primary, elementary, junior high and senior high in accordance with Section 141.0407, and child care centers in accordance with Section 141.0606	L
Public Parks and Playgrounds	P
Churches, Temples or buildings of a permanent nature used for religious purposes in accordance with Section 141.0602	L ²
Branch Public Libraries	P
Fraternities, Sororities	CUP
Mobilehome Park	CUP
Mobilehome (1) Watchman	CUP
Housing for the elderly	CUP ³
Neighborhood Commercial uses per Section 101.0426	L ^{1,4}
Any other use which the Planning Commission may find, in accordance with Process Four, to be similar in character to the uses, including accessory uses, enumerated in this section and consistent with the purpose and intent of this planned district. The adopted resolution embodying such finding shall be filed in the office of the City Clerk.	

Footnotes for Table 1514-03E

¹ Uses shall be limited to twenty-five percent (25%) of the gross floor area of permitted uses within the project area. Variances to increase this percentage may be requested.

² Permitted in the MVR-3, 4 and 5 Zones only.

³ Neighborhood Commercial uses are limited to twenty-five percent (25%) of the ground floor area of residential developments in the MVR-4 and MVR-5 zones, and are not permitted in the MVR-1, 2 or 3 Zones.

⁴ Except for Child Care Facilities in the MVR-1 Zone, where a CUP is required for more than 6 children.

TRIPS

The subject is located in area “K” of the Mission Valley Planned District Ordinance, Development Intensity District.

Area “K”, Threshold 1 allows 200 Trips Per Gross Acre, excluding steep hillsides and Threshold 2 allows up to 424 Trips Per Gross Acre. Any new project or addition to existing project which would cause the entire site to generate traffic in excess of that provided by Threshold 1 (200 trips/gross acre) but not exceeding the limits established by Threshold 2 (424 trips/gross acre) shall be processed by a discretionary Mission Valley Development Permit.

Potential trips are estimated in the table below:

Office Trips = 20/1,000 SF
 Scottish Rite Trips = 5/1,000 SF (City of SD Trip Generation Manual, May 2003)
 Retail = 49/1,000 SF
 Residential = 6 trips/unit

**TABLE 1514-03A
 DEVELOPMENT INTENSITY DISTRICT**

District	Trips Per Gross Acre	
	Threshold 1	Threshold 2
A	150 ⁽¹⁾	338 ⁽¹⁾
B	150	263
C	150 ⁽¹⁾	417 ⁽¹⁾
D	200 ⁽¹⁾	380 ⁽¹⁾
E	140 ⁽¹⁾	353 ⁽¹⁾
F	140 ⁽¹⁾	140 ⁽¹⁾
G	140	344
H	140	323
I	140	571
J	200 ⁽¹⁾	671 ⁽¹⁾
K	200 ⁽¹⁾	424 ⁽¹⁾
L	140	267
M	140	157

Footnote for Table 1514-03A

¹ Excluding acreage within steep hillsides.

**TABLE 1514-03B
 DEVELOPMENT INTENSITY FACTORS**

Symbol in Table 1514-03B d.u. sq.ft. gfa	Description of Symbol Dwelling Units Square Feet of Gross Floor Area
Use	
Rate/Units	
Residential	
Single-family	10 trips per d.u.
Multi-family (under 30 du/ac)	8 trips per d.u.
Multi-family (30 or more du/ac)	6 trips per d.u.
Offices	
Commercial Office (under 100,000 sq. ft. gfa)	20 trips/1000 sq.ft. gfa
Commercial Office (100,000 or more sq. ft. gfa)	16 trips/1000 sq.ft. gfa
Retail	
Neighborhood Shopping Center (under 100,000 sq. ft. gfa)	60 trips/1000 sq.ft. gfa
Community Shopping Center (100,000 - 225,000 sq. ft. gfa)	49 trips/1000 sq.ft. gfa
Regional Shopping Center	
(over 1,250,000 sq. ft. gfa)	25 trips/1000 sq.ft. gfa
(1,000,000-1,250,000 sq.ft. gfa)	30 trips/1000 sq.ft. gfa
(500,000-1,000,000 sq.ft. gfa)	32 trips/1000 sq.ft. gfa
(225,000-500,000 sq.ft. gfa)	51 trips/1000 sq.ft. gfa
Freestanding Retail/Strip Commercial	40 trips/1000 sq.ft. gfa
Restaurants	40 trips/1000 sq.ft. gfa
Hotel/Motel	8 trips/room
Automobile Dealer	30 trips/1000 sq.ft. gfa building area
Health Club	45 trips/1000 sq.ft. gfa
Rental Storage	2 trips/1000 sq.ft. gfa
Industry	
Small Industry (under 100,000 sq.ft. gfa)	14 trips/1000 sq.ft. gfa
Large Industry (100,000 or more sq.ft. gfa)	8 trips/1000 sq.ft. gfa
Small Industrial/Business Park (under 100,000 sq.ft. gfa)	18 trips/1000 sq.ft. gfa
Convalescent Hospital	3 trips/bed
Four-year College	2.8 trips/student
High School	1.5 trips/student
Jr. High School	1.0 trips/student
Elementary School	1.4 trips/student

(“Development Intensity Overlay District” added 3-27-2007 by O-19601 N.S.; effective 4-26-2007.)



NEW DEV - Civita



Mission Valley East

SCOTTISH RITE DEVELOPMENT SITE

Mission Hills



NEW DEV - The Millenium



TROLLEY STOP

MISSION VALLEY TODAY

Mission Valley is experiencing a renaissance of development in the current cycle. Residential builders have spearheaded the recent development push into Mission Valley, with office developers monitoring the employment base that may want to work nearby. The Fashion Valley mall and Mission Valley mall continue to dominate the retail landscape in central San Diego with their high-end stores and trolley line proximity.

DRIVE TIMES



14 Minutes
to San Diego
International
Airport (SAN)



15 Minute Walk
to nearest
trolley station



10 Minutes
to Fashion Valley Mall



10 Minutes
to downtown
San Diego



10 Minutes
to University
of San Diego



10 Minutes
to San Diego
State University

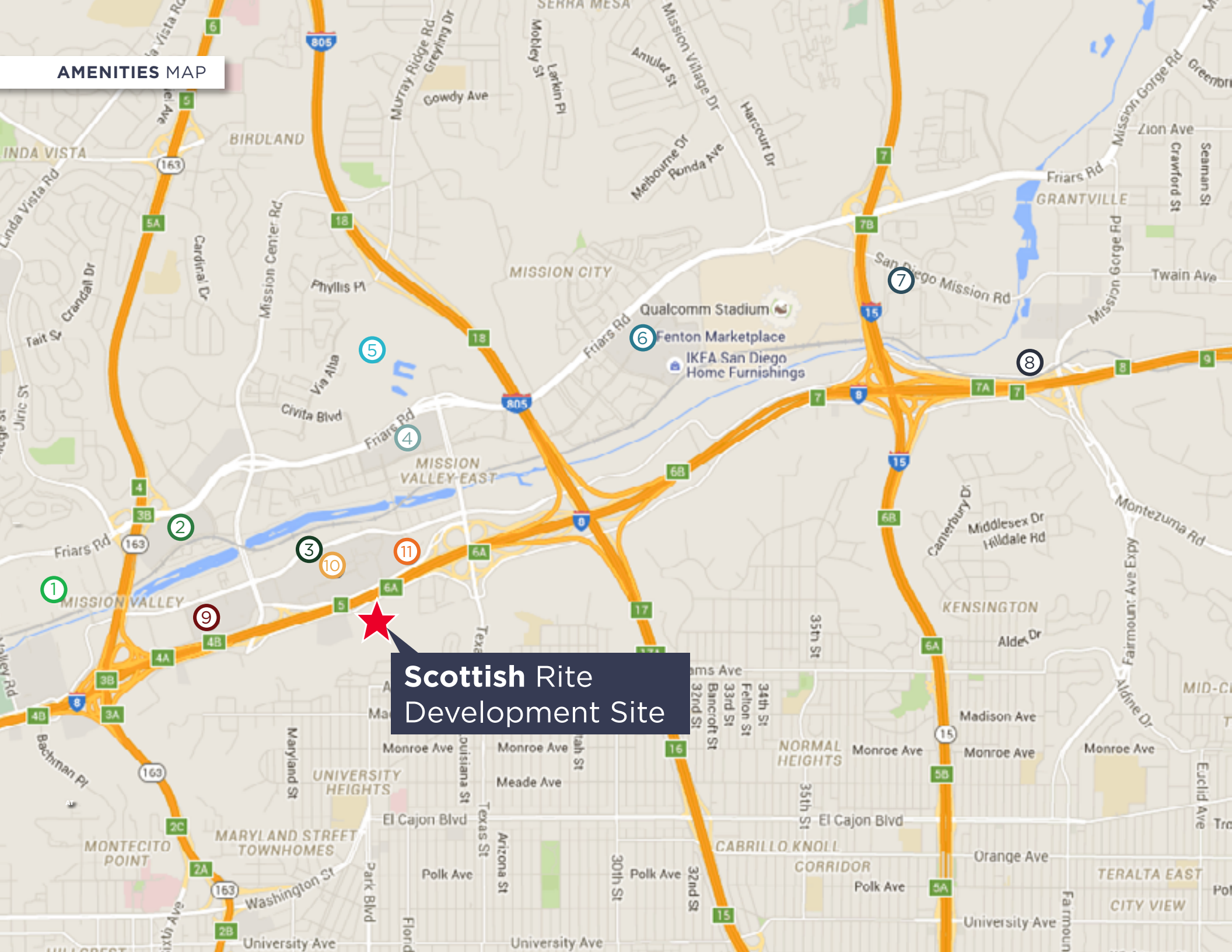


12 Minutes
to UTC Work Center



12 Minutes
to Mission Beach

AMENITIES MAP



**Scottish Rite
Development Site**

AMENITIES MAP

★ Scottish Rite Development Site

① Fashion Valley Mall

- Bloomingdale's
- The Cheesecake Factory
- The Container Store
- Neiman Marcus
- Nordstrom
- PF Chang's
- Stacked
- True Foods Kitchen

② Hazard Center

- Applebee's
- Barnes & Noble
- BJ's Brewhouse
- Digiplex Cinemas
- FedEx Office
- Joe's Crab Shack
- Smashburger
- Which Wich

③ Park in the Valley

- Aaron Brothers
- Best Buy
- Hooters
- On The Border
- Saks Off 5th
- Sammy's Pizza
- Staples
- Thomasville

④ Rio Vista Plaza

- Living Spaces
- O's American
- Kitchen
- Office Depot
- Party City
- Ross
- Sports Authority

⑤ Civita Development

- Planned/Existing/
Under Construction
4,780 Residential Units
900,000 SF Commercial
Retail & Office

⑥ Fenton Market Place

- Costco
- IKEA
- Islands Burgers
- Lowe's
- Oggi's Pizza

⑦ Rancho Mission Plaza

- Chiba Japanese
- Chicago Pizza Bros
- Kati Thai Cuisine
- McGregor's Grill & Ale House
- Mission Taco Mexican Food

⑧ Valley Del Rio Shopping Center

- Chili's Grill & Bar
- Osaka Japanese Food & Sushi
- Togo's

⑨ Mission Valley Center West

- BevMo!
- DSW Shoes
- Fuddruckers
- Golfsmith
- Gordon Biersh Brewery
- King's Fish House
- Lazy Dog Restaurant & Bar
- Marshalls
- Trader Joe's
- Old Navy
- ULTA
- West Elm

⑩ Mission Valley Mall

- AMC Theater
- Bed Bath & Beyond
- Broken Yolk Cafe
- Loehmann's
- Macy's / Macy's Home
- Michaels
- Nordstrom Rack
- Outback Steakhouse
- Ruby's
- Target
- Tilted Kilt

⑪ Mission Valley Center East

- In -N- Out
- El Pollo Loco
- PETCO Pooch Hotel
- Pick Up Stix
- Rubio's
- Taco Bell



MULTI-FAMILY MARKET OVERVIEW

MARKET OVERVIEW

Vacancy: The San Diego County multi-family vacancy rate has decreased 288 basis points (bps) from the peak rate of 5.05% recorded five years ago to 2.17% as of September 2016. A vacancy rate below 5% is considered to be a landlord's market. Evaluating vacancy by submarket, East County recorded the lowest vacancy rate at 1.48% in September 2016 followed by Highway 78 Corridor at 1.69%. The San Diego Central submarket recorded the highest vacancy rate at 2.64% followed by Interstate 15 Corridor at 2.59%, North County Coastal at 2.42% and South County at 2.13%.

Evaluating vacancy by bedroom category, the lowest vacancy was reported in four bedroom apartments (1.13%). The vacancy rates in studio, one-bedroom, and two-bedroom apartments were 1.88%, 2.13% and 2.15%, respectively as of September 2016. The highest vacancy rate was reported in three-bedroom apartments (2.71%).

Rental Rates: Countywide multi-family average rental rate was \$1,743, 8.4% higher than a year ago and 15.1% higher than two years ago. The average rent for units built between 2009 and 2015 was \$2,303 compared to \$1,570 for units built before 1998. Average asking rent was the highest in North County Coastal (\$2,152) followed by San Diego Central, Interstate 15 Corridor, Highway 78 Corridor, South County and East County (\$1,422).

Net Absorption: The San Diego County multi-family market absorbed 893 units between March 2016 and September 2016. Of the 35,249 units released since 1998, nearly 94% have been absorbed. Only two new projects entered the market over the past six months adding 370 units of which 353 were absorbed. The other 523 units that were absorbed in the six months came from projects that opened earlier and are still in their initial lease-up period, according to MarketPointe Realty.



SAN DIEGO MULTI-FAMILY

Economic Indicators

	2015	2016	12-Month Forecast
San Diego Employment	1.40M	1.43M	▲
San Diego Unemployment	5.1%	4.8%	▼
U.S. Unemployment	5.0%	4.6%	▼

- San Diego as of 10/16.;U.S. as of 11/16.

Market Indicators

	2015	2016	12-Month Forecast
Vacancy	2.89%	2.17%	▼
Asking Rent	\$1,607	\$1,743	▲
Units Surveyed	129,876	131,287	▲
Net Absorption*	1,404	893	▼

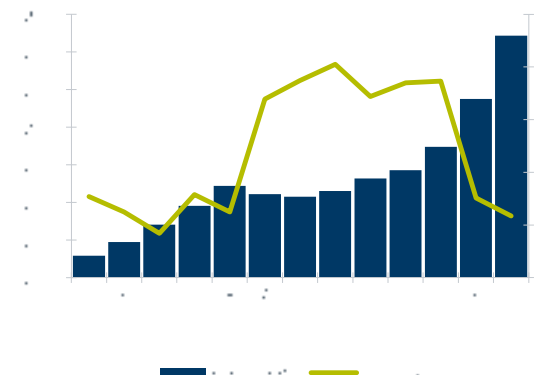
-as of 9/16. *March to September 2016.

Employment: San Diego's employment market has improved notably over the last year, growing 2.1% (+29,500 jobs) between October 2015 and October 2016, above the five year or post-recession average job growth of 1.7%.² All employment sectors except for the manufacturing sector (-0.3%) are expected to grow 2.1% in 2017, in line with the 30-year job growth average of 2.0%.³ As a result of improved hiring, the annual unemployment rate in San Diego has dropped 630 basis points from its 2010-peak rate of 11.1% to 4.8% in October of 2016 and is forecasted to decrease to 4.4% by the end of 2017. To put these numbers into perspective, San Diego's 26-year annual average unemployment rate is 6.0%. Unemployment around 5% is considered to be full employment - in other words, those members of the labor force who want a job have one.

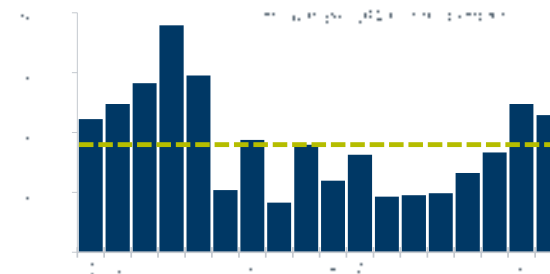
Affordability: San Diego has long held the distinction of being one of the most sought after places to live, a fact that is reflected in its home prices and affordability index. The combination of housing demand and a high barrier of entry for homeownership ensures strong demand for apartments and rental communities. In mid-2016, San Diego's housing affordability index was 21 compared to 62 nationwide. While this is not good news for those in pursuit of homeownership, it is very good news for the multi-family market.

Sales Activity: The total sales volume for properties \$5.0 million and greater was \$1.6 billion as of Q3 2016, a 6.5% decrease compared to the same time last year, but still above the long-term annual average of \$1.5 billion. Private investors were the leading buyers of San Diego multi-family properties in 2016, accounting for 57% of the total buying activity followed by institutional buyers (37%).

Asking Rent vs. Vacancy



Net Absorption



DEMOGRAPHICS

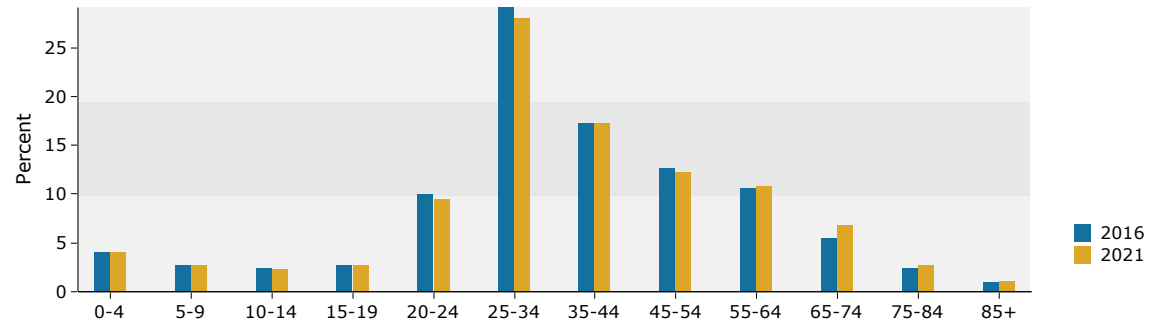
1

MILE RADIUS

2016 Population
24,772

Median Age
34.7

Population by Age



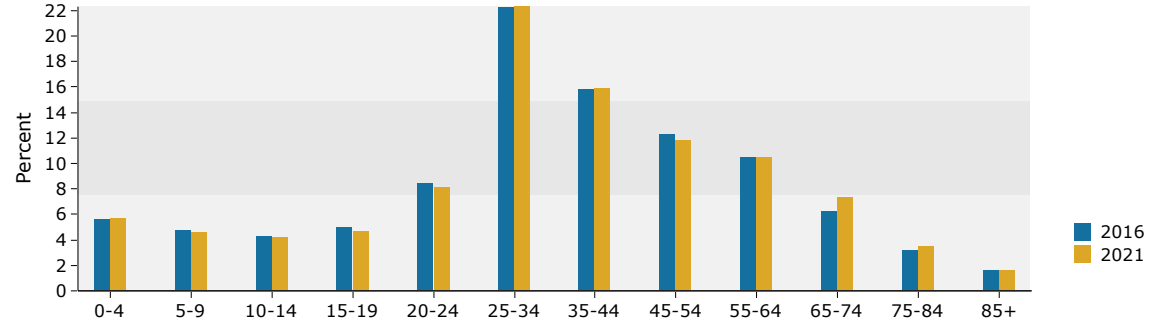
3

MILE RADIUS

2016 Population
230,112

Median Age
34.8

Population by Age



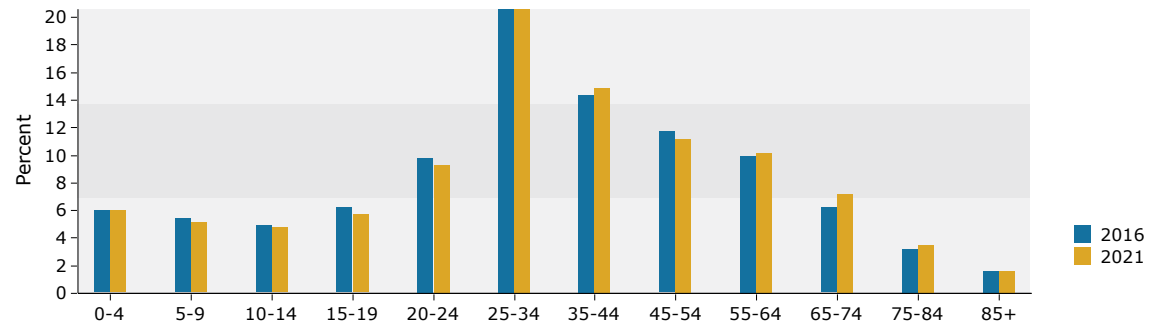
5

MILE RADIUS

2016 Population
539,510

Median Age
33.6

Population by Age



POPULATION BY INCOME

1

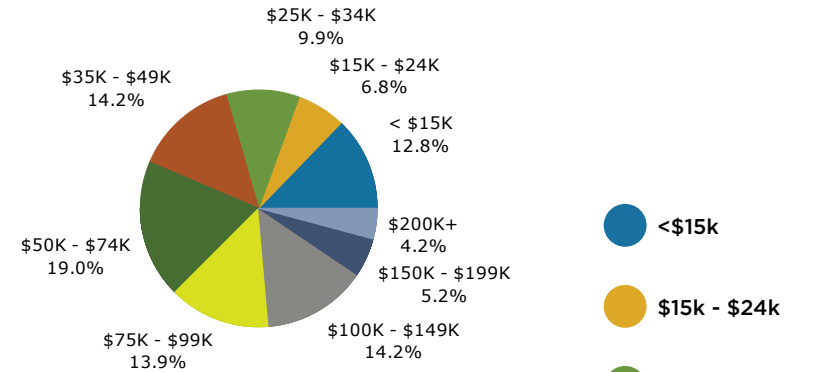
MILE RADIUS

Median Household Income

\$56,322

Average Household Income

\$74,865



3

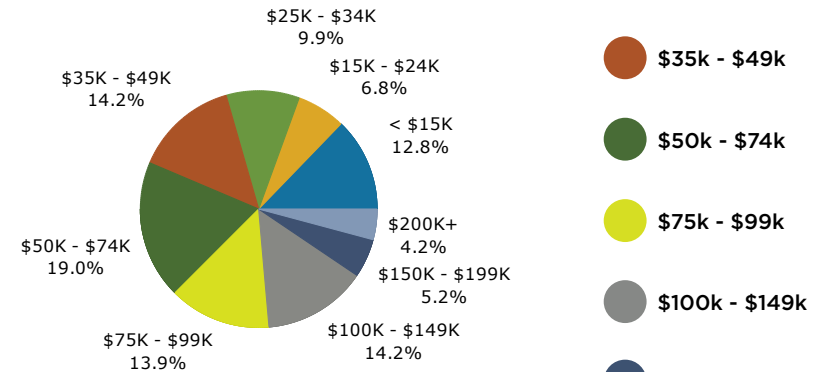
MILE RADIUS

Median Household Income

\$54,074

Average Household Income

\$75,628



5

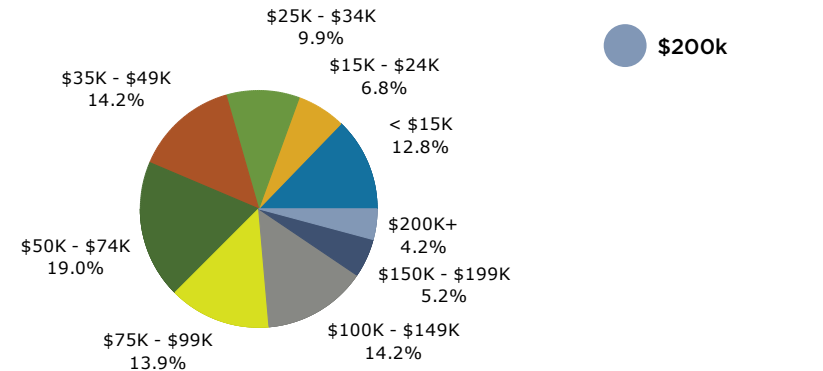
MILE RADIUS

Median Household Income

\$52,001

Average Household Income

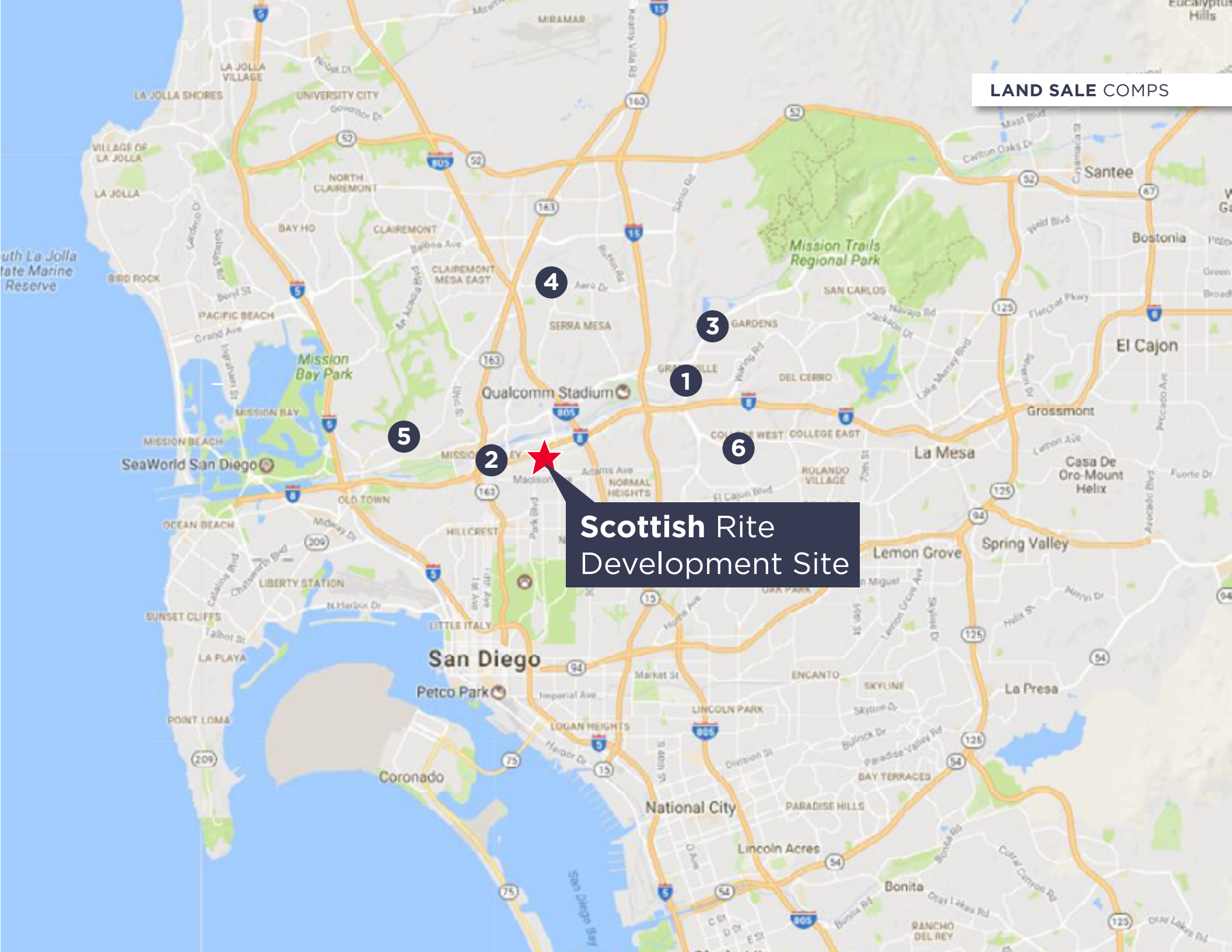
\$73,619



MULTI-FAMILY LAND SALE COMPS

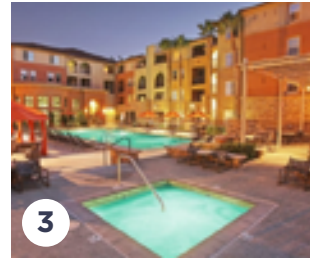
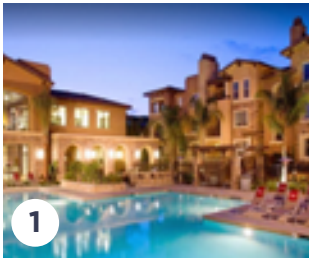
	1	2	3	4	5	6
PROJECT ADDRESS	6154 Mission Gorge Road San Diego, CA 92120	730 Camino Del Rio N San Diego, CA 92101	6850 Mission Gorge Road San Diego, CA 92108	8601 Aero Drive San Diego, CA 92123	5961 Linda Vista Road San Diego, CA 92110	4929 Collwood Boulevard San Diego, CA 92115
SALE DATE	2/12/16	12/23/14	10/24/13	12/12/12	11/2/10	8/18/08
BUYER	Hanover	Dinerstein	BH Multifamily REIT/ JV Richard Lamprecht	Alliance	Carmel Partners	Dinerstein
REPORTED SALE PRICE	\$25,500,000	\$21,298,000*	\$26,350,000	\$15,707,049	\$41,000,000	\$25,565,000
# OF UNITS	588	305	444	360	533	260
PRICE/UNIT	\$43,367	\$69,830*	\$59,347	\$43,630	\$76,923	\$98,327
ACRES	12.00	5.37	10.22	7.42	13.92	6.79
PRICE/AC	\$2,125,000	\$3,964,432	\$2,578,278	\$2,116,853	\$2,945,402	\$3,765,096
UNITS/AC	49.00	56.80	43.44	48.51	38.29	38.29
SF	522,720	233,917	445,183	323,215	606,355	259,772
\$/SF	\$48.78	\$91.05	\$59.19	\$48.60	\$67.62	\$98.41

* Price per unit includes liquifaction expense



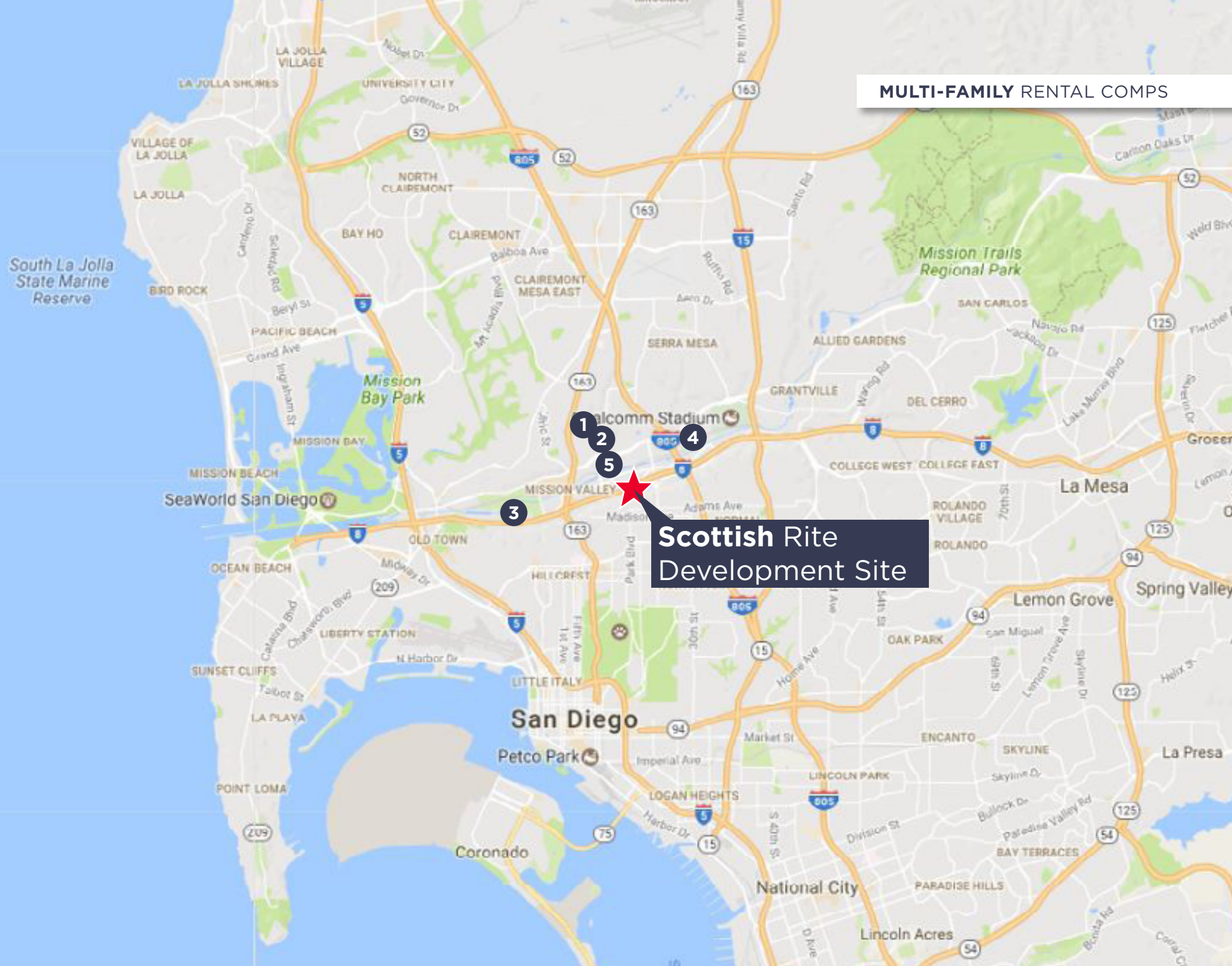
**Scottish Rite
Development Site**

MULTI-FAMILY RENTAL COMPS



NAME	Aquatera	Circa 37	Presidio View	The Club At River Run	West Park At Civita
ADDRESS	5777 Mission Center Rd. San Diego CA 92108	7800 Westside Drive, San Diego, CA 92108	1440 Hotel Cir N , San Diego, CA 92108	10041 Rio San Diego Dr. San Diego CA 92108	7777 Westside Dr. San Diego CA 92108
YEAR BUILT	2009	2012	2006	1988	2015
# OF UNITS	254	306	350	368	612
VACANCY RATE	2.76%	7.19%	3.43%	1.36%	1.14%
AVG. UNIT SIZE	1,027	950	929	805	894
AVG. \$/SF	\$2.31	\$2.63	\$2.21	\$2.50	\$2.58

MULTI-FAMILY RENTAL COMPS



1 Alcom Stadium

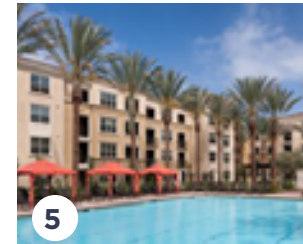
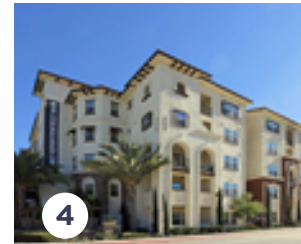
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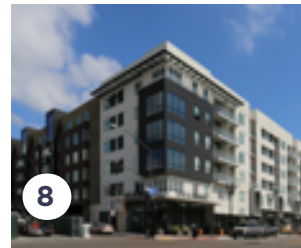
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Scottish Rite
Development Site

MULTI-FAMILY SALE COMPS

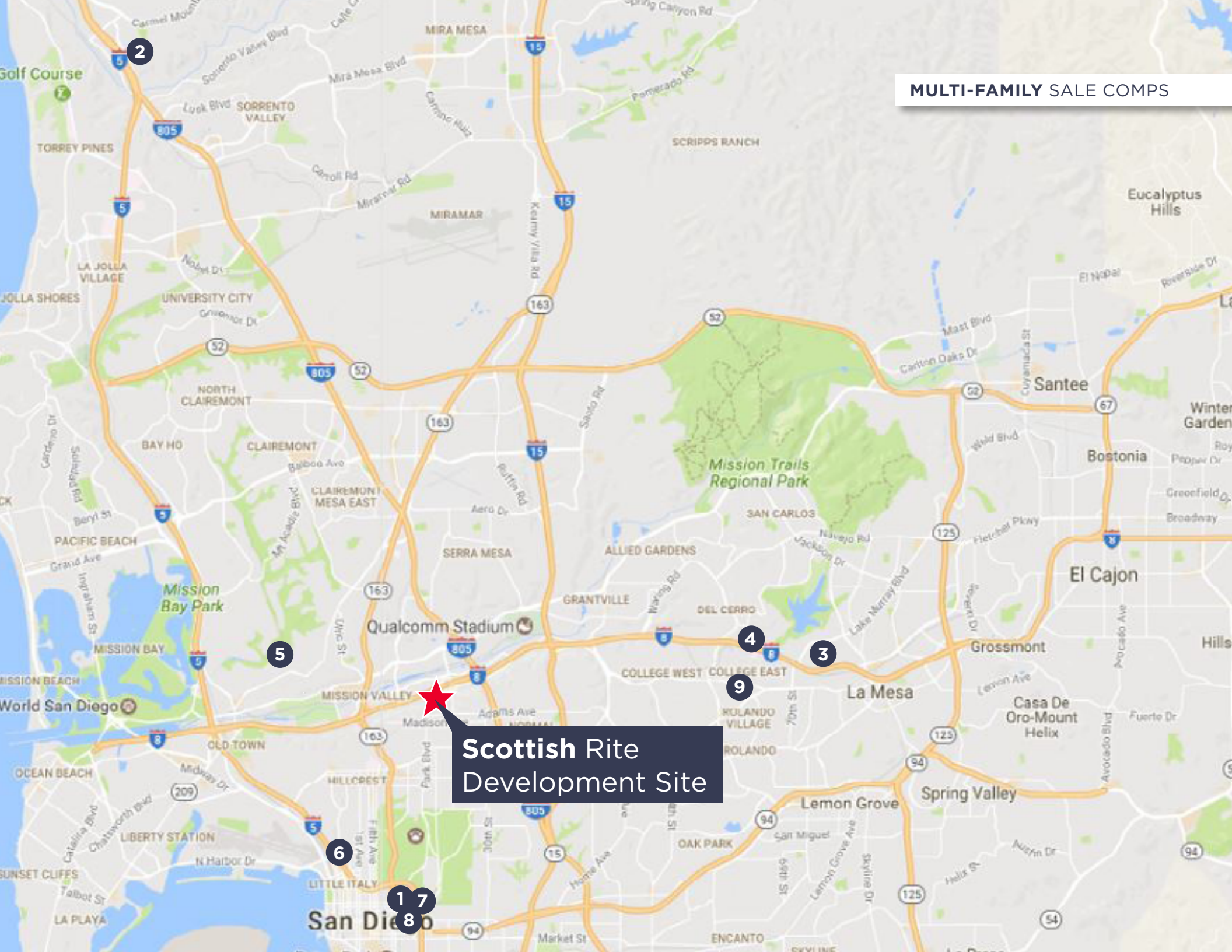


NAME	EV Lofts	Ocean Air	Seta	Sterling Alvarado	Carmel Pacific Ridge
ADDRESS	688 13th St	10500 W Ocean Air Dr	7346 Parkway Dr	6625 Alvarado Rd	5945 Linda Vista Rd
CITY, STATE ZIP	San Diego, CA 92101	San Diego, CA 92124	La Mesa, CA 91942	San Diego, CA 92120	San Diego, CA 92110
SALE PRICE	\$83,950,000	\$52,500,000	\$69,900,000	\$98,100,000	\$232,000,000
PRICE/UNIT	\$403,606	\$525,000	\$353,030	\$305,607	\$435,272
AVG. UNIT SIZE	737 SF	1,132 SF	989 SF	868 SF	1,158 SF
SALE DATE	9/9/15	10/30/15	6/1/16	12/13/16	5/1/17
BUYER	Monogram Residential Trust	TIAA	R&V Management Corporation	Campus Evolution, LLC	American Assets



NAME	Broadstone Little Italy	Form 15	13th & Market	BLVD63
ADDRESS	1980 Kettner Blvd	1450 Market St	1330 Market St	6345 El Cajon Blvd
CITY, STATE ZIP	San Diego, CA 92124	San Diego, CA 92101	San Diego, CA 92101	San Diego, CA 92115
SALE PRICE	\$102,500,000	\$97,400,000	\$54,000,000	\$156,000,000
PRICE/UNIT	\$504,926	\$402,479	\$417,440	\$469,879
AVG. UNIT SIZE	823 SF	752 SF	800 SF	1,254 SF
SALE DATE	9/8/14	3/23/16	12/1/14	11/3/16
BUYER	Invesco	Essex Property Trust, Inc.	MetLife, Inc.	TH Real Estate

MULTI-FAMILY SALE COMPS



**Scottish Rite
Development Site**

OFFICE MARKET OVERVIEW

SAN DIEGO ECONOMY

The San Diego employment market continued to record job growth, adding 26,700 jobs (+1.9%) year-over-year through February 2017. Of the 26,700 jobs added, 7,400 (or 28%) were office jobs consisting of two sectors: professional and business services and financial activities. During the same time period, the unemployment rate decreased 60 basis points (bps), dropping to 4.2%. The current rate is 180 bps below the 26-year average of 6%. All employment sectors are expected to grow at a combined growth rate of 2.1% in 2017, according to Moody's Analytics. Office employment is forecasted to record 2.3% growth in 2017, positively affecting demand for office space. San Diego's economy of \$220.6 billion as measured by gross regional product grew an estimated 3.2% in 2016 - consistent with its 10-year average growth rate of 3.2% - and is forecasted to grow an additional 3.2% in 2017.

OFFICE MARKET

Office vacancy (including sublease) fell to 14.4% in Q1 2017, down 120 bps from the 15.6% rate posted a year ago, and reflects a substantial decline (730 bps) from the peak post-recession vacancy level of 21.7%, reported nearly eight years ago. Compared to Q4 2016, total vacancy decreased 10 bps to 14.4% as occupancy grew by 456,700 square feet (SF) across all classes in Q1. Five buildings totaling 488,000 SF were completed in Q1 - all in Central County - of which 366,100 SF had commitments in place.

In Q1 2017, tenants absorbed 212,000 SF of Class A space countywide, the best Q1 performance in 10 years. Class A still remains a prime choice for occupiers as leasing in this class has been positive for 28 of the last 31 quarters. During this stretch, tenants have absorbed a total of 6.4 million square feet (MSF), equating to an average of 207,000 SF per quarter. This growth, however, was disproportionate by region as tenants absorbed 220,800 SF of Class

A space in Central County submarkets, 37,500 SF in North County submarkets, but returned 46,400 SF to South County submarkets. Since peaking at 23% seven years ago, Class A vacancy (including sublease) countywide has plummeted 740 bps to 15.6% at the end of Q1 2017.

Two large move-ins drove countywide absorption in Q1 2017. The City of San Diego moved multiple departments into 101 Ash St. Downtown, totaling 304,700 SF. In Campus Point, Eli Lilly, a pharmaceutical company, expanded their operations and moved into its 304,300 SF build-to-suit project, vacating 106,900 SF in another building in the same submarket. The 304,300 SF building, a \$136 million redevelopment of an existing building at 10290 Campus Point Dr., was completed by life science property owner Alexandria Real Estate Equities Inc. who purchased the building last year from Qualcomm Inc. for approximately \$105 million. Among other large move-ins was Otonomy's occupancy of their 62,000 SF newly constructed corporate headquarters at 4796 Executive Drive in Eastgate. The \$42.2 million redevelopment was also completed by Alexandria Real Estate. Also in Eastgate, MCTC took occupancy of 31,900 SF at 4690 Executive Dr., owned by Kilroy Realty Corporation.

In UTC, law firm Jones Day moved into 62,300 SF, vacating 54,500 SF in Del Mar Heights. In Kearny Mesa, the international school Le Lycee Francais occupied 60,500 SF while Guild Mortgage expanded into 37,800 SF. Sorrento Mesa saw two large blocks of space absorbed with USC moving into 40,800 SF and Competitor Group taking 25,600 SF. In Del Mar Heights, Seismic occupied 24,800 SF and BDO occupied 20,000 SF.

A number of large leases were signed in previous quarters that will further boost absorption in future quarters as these tenants begin occupying the space. Northrop Grumman signed a lease to expand

SAN DIEGO OFFICE

Economic Indicators

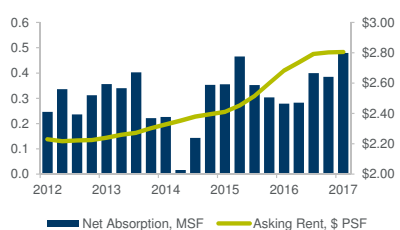
	Q1 16	Q1 17	12-Month Forecast
San Diego Employment	1.41M	1.44M	▲
San Diego Unemployment	4.9%	4.2%	▼
U.S. Unemployment	4.9%	4.8%	▼

Market Indicators (Overall, All Classes)

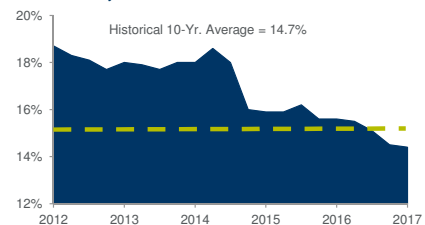
	Q1 16	Q1 17	12-Month Forecast
Vacancy	15.6%	14.4%	▼
Direct Net Absorption (sf)	81K	457K	▼
Under Construction (sf)	1.6M	1.5M	▼
Average Asking Rent	\$2.77	\$2.78	▲

*Rental rates reflect full service asking \$psf/monthly

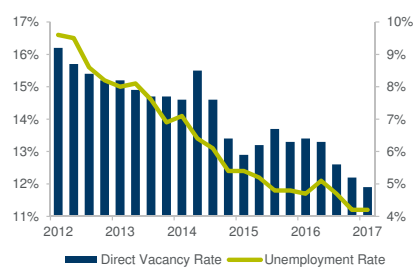
Direct Net Absorption/Asking Rent (Full Service, Monthly) 4-QTR TRAILING AVERAGE



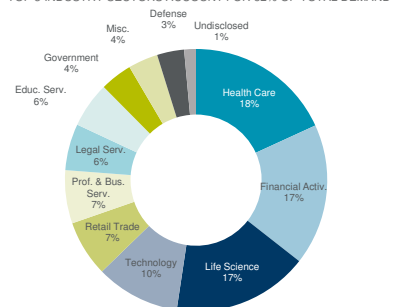
Overall Vacancy – All Classes, incl. Sublease



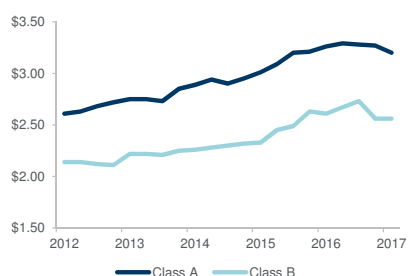
Direct Vacancy vs. Unemployment Rate DECLINE IN VACANCY CORRELATES DECLINE IN UNEMPLOYMENT



Tenant Demand by Industry Type TOP 3 INDUSTRY SECTORS ACCOUNT FOR 52% OF TOTAL DEMAND



Average Asking Rate by Class (Full Service) CLASS A RENT DECREASED 1.8% AND CLASS B DECREASED 1.9% YY



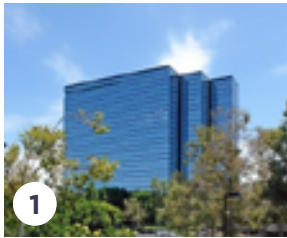
into another 220,000 SF at Summit Rancho Bernardo and renewed on an existing 156,000 SF. In Eastgate, ServiceNow signed a lease to occupy a 64,000 building currently subleased by Kratos and Plaza Home Mortgage. The County of San Diego will occupy 58,000 SF in Kearny Mesa and AVID is planning to occupy approximately 50,000 SF in a building they recently purchased from Bixby. In UTC, Wells Fargo signed a 45,000 lease at One La Jolla Centre. In Sorrento Mesa, Certona signed a lease to occupy 32,000 SF, while APS Solutions and BNBuilders will each take 10,000 SF at the Yard in late 2017.

A number of tenants returned significant blocks of space in San Diego County in Q1. In Scripps Ranch, HD Supply vacated the 151,400 SF building it sold to Newport National Corporation in 2016. In Sorrento Mesa, Novatel Wireless vacated 97,700 SF and in Rancho Bernardo, Broadcom downsized by 66,800 SF. Much of future absorption will come from leases signed for projects currently under construction. After occupying their 295,000 SF campus building in UTC in Q4 2016, Illumina will also occupy 316,000 SF at Biomed Realty's i3 in Eastgate later this year, a positive sign of the impact biotechnology and healthcare companies have on San Diego's economy. ViaSat, which is headquartered and employs nearly 2,000 workers in Carlsbad, is expanding its footprint as well. The company's Bressi Ranch site in Carlsbad is planned for approximately 500,000 SF at build out, with 200,000 SF scheduled to be completed in 2018. Later this year, Renovate America will occupy a 160,000 SF building currently under significant renovation in Rancho Bernardo. Pima Medical Institute will take 40,000 SF at the Icon@North City project in San Marcos, also later this year.

Of the 17 properties totaling 1.5 MSF under construction county-wide, 13 are scheduled for completion in 2017. Over half of the square footage under construction is part of build-to-suit projects. Three of the properties under construction are creative office renovations of previously existing buildings, including AMP&RSAND, a 320,000 SF renovation of the old Union-Tribune office and print buildings in Mission Valley and a smaller 34,000 SF renovation of the old San Diego Daily Transcript building in Uptown. Of the total 1.5 MSF of product countywide, 56% already have commitments in place. While we anticipate continued preleasing activity, this will likely result in a modest short-term uptick in vacancy as these projects come online later in the year.

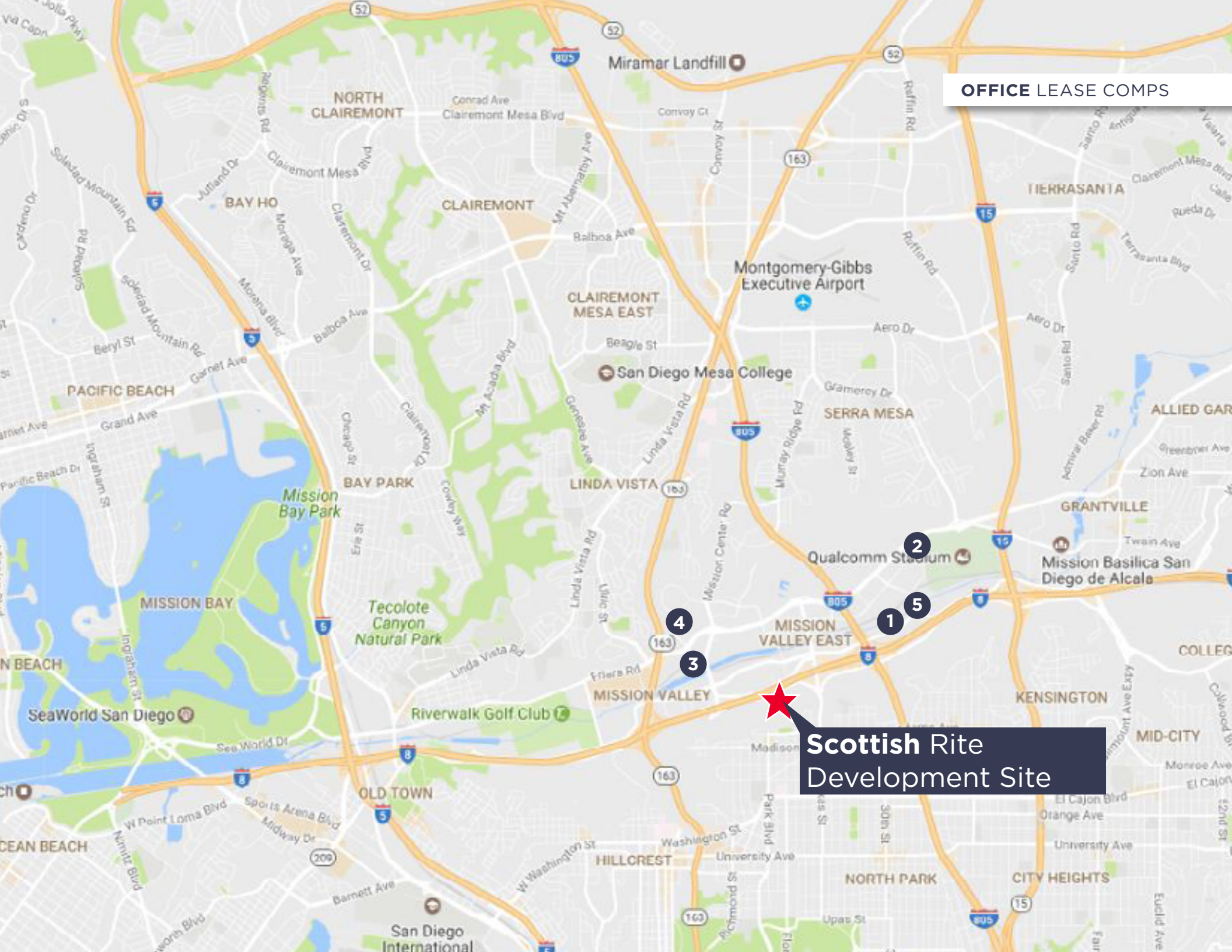
The countywide average asking rent for all classes is now \$2.78 per square foot (PSF) on a monthly full service basis. This metric has decreased 0.4% over the past three months and is up 0.4% from where it stood a year ago. Over the past 12 months, Class A rent has decreased by 1.8% to \$3.20 PSF, while the Class B rate has decreased by 1.9% to \$2.56 PSF. There is still plenty of room for growth in the A market guided by new construction, and the widening gap between the A and B markets will subsequently allow more room for the B market to increase.

OFFICE LEASE COMPS



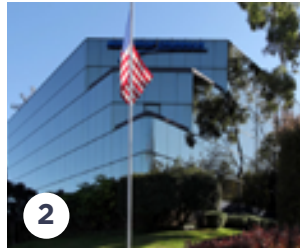
NAME	Centerside I	Mission City Corporate Center - Bldg. B	Hazard Center Office Tower	Pacific Center I	Centerside II
ADDRESS	3111 Camino del Rio	2355 Northside Dr.	7676 Hazard Center Dr.	1455 Frazee Rd.	3131 Camino del Rio
CITY, STATE ZIP	San Diego, CA 92108	San Diego, CA 92108	San Diego, CA 92108	San Diego, CA 92108	San Diego, CA 92108
CLASS	A	A	A	A	A
SQUARE FT	16,749 SF	12,254 SF	10,120 SF	7,590 SF	7,292 SF
START EXP.	3/1/2017 • 2/28/2022	5/1/2017 • 10/31/2022	11/1/2017 • 1/31/2023	12/1/2016 • 2/29/2020	3/1/2017 • 2/28/2022
START RATE	\$2.80	\$2.65	\$3.20	\$2.65	\$2.65
EFF. RATE	\$3.06	\$2.64	\$3.30	\$2.60	\$2.85
LEASE TYPE	FS	+U	FS	+E	FS
FLOOR	4	2	7	5	11
TERM	60 months	66 months	63 months	39 months	60 months
INDUSTRY	Prof. & Bus. Serv.	Prof. & Bus. Serv.	Financial Activities	Financial Activities	Financial Activities

OFFICE LEASE COMPS



**Scottish Rite
Development Site**

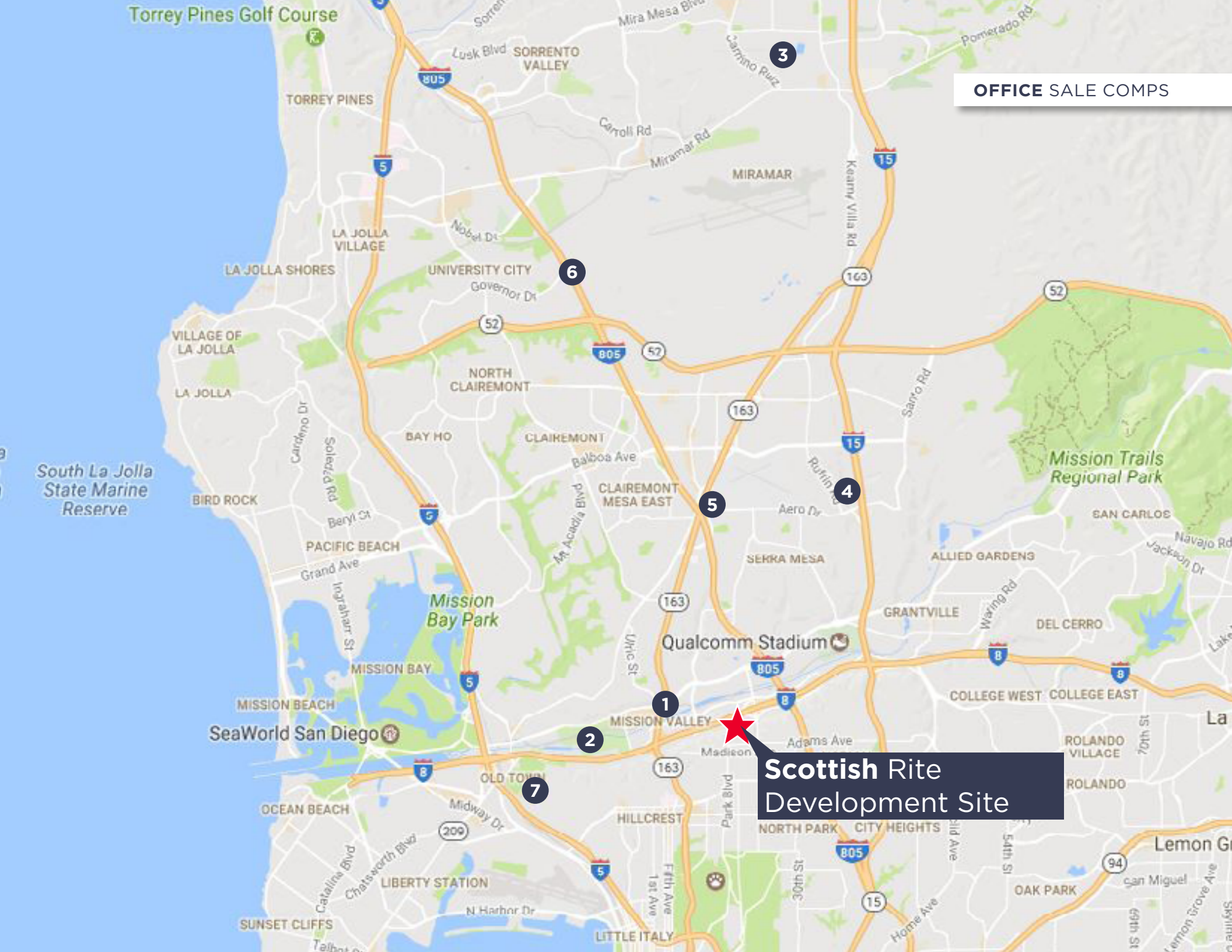
OFFICE SALE COMPS



NAME	Valley Corporate Center	Cush Plaza Mission Valley	8933 Activity Rd. Bldg A	9797 Aero Dr.	Coast Medical Center
ADDRESS	591 Camino De La Reina	1843 Hotel Cir S	8933 Activity Rd. Bldg A	9797 Aero Dr.	3444 Kearny Villa Rd.
CITY, STATE ZIP	San Diego, CA 92108	San Diego, CA 92108	San Diego, CA 92126	San Diego, CA 92123	San Diego, CA 92123
SALE PRICE	\$42,125,000	\$6,375,000	\$9,300,000	\$30,125,000	\$12,450,000
PRICE/SF	\$239.17	\$238.76	\$253.19	\$325.81	\$322.00
SIZE	176,132 SF	26,700 SF	36,731 SF	92,463 SF	38,665 SF
SALE DATE	1/31/2017	9/30/2016	6/30/2016	1/10/2017	7/19/2016
BUYER	The Casey Brown Company	California Schs Voluntary Emps	Sharp HealthCare	Avid Center	3444KVR Investors, LLC



NAME	Governor Executive Centre I & Governor Park Plaza	2251 San Diego Ave. Bldg A & B
ADDRESS	6165/6256/6333/6365 Greenwich Dr.	2251 San Diego Ave. Bldg A & B
CITY, STATE ZIP	San Diego, CA 92122	San Diego, CA 92110
SALE PRICE	\$83,560,001	\$13,825,000
PRICE/SF	\$320.86	\$228.55
SIZE	260,421 SF	60,490 SF
SALE DATE	1/31/2017	1/31/2017
BUYER	Regents of the University of California	SDOTP55 Owner, LLC



OFFICE SALE COMPS

**Scottish Rite
Development Site**

For more information, please contact:

TERRY JACKSON

DIRECTOR
CA LICENSE #00669485
858.558.5685
terry.jackson@cushwake.com

TIM WINSLOW

EXECUTIVE DIRECTOR
CA LICENSE #00891667
858.546.5436
tim.winslow@cushwake.com

**CUSHMAN & WAKEFIELD
OF SAN DIEGO, INC.**
4747 EXECUTIVE DRIVE #900
SAN DIEGO, CA 92121

