

November 15, 2018

Denise Russell
Land Use/Environmental Planner
San Diego County Planning & Development
Services 5510 Overland Ave
San Diego, CA 92123

Subject: Proposed 92-unit Single Family Detached Small Lot Development at Sweetwater Springs

Dear Denise Russell,

Meyers Research would like to support the proposed 92-unit for-sale residential single-family lot development known as Sweetwater Springs at the existing Sweetwater Village Shopping Center. Meyers has been involved on the market research for this development since 2016, and we are very familiar with the project.

Meyers believes that the rezoning of the site to for-sale residential small lot detached product is the highest and best use of this 1.93 acres for the following reasons:

- Sweetwater Springs will provide new homes in an area where there has been little development.
- It will eliminate the blighted shopping center which has been struggling for over 20 years and replace it with a vibrant community and quality new homes.
- The newly introduced households will serve to further support the existing retail along Highway 94.

Meyers Research has identified several barriers to developing the site as a Mixed-Use project including:

- Low site visibility from freeways will deter quality retailers from leasing at the site.
- Constrained East County leasing rates (currently \$1.35 to \$2.25/SF) cannot support new retail construction (rents of \$3.00/SF+ NNN are necessary to successfully build and operate new construction).
- The site is of insufficient size to successfully support a mix of three or more distinct uses, and the site size implies an insufficient number of onsite households to support the retail (each household supports \pm 50 square feet of retail).
- Low ADT (Average Daily Traffic) counts at the junction of Sweetwater Springs Blvd. and Austin Drive (around 9,300 cars per day over the past six years) do not support a Mixed-Use project that includes retail uses at this location, which would require far higher ADTs to operate successfully.

Meyers also determined that the development of the site as an apartment is not feasible for several reasons:

- A low projected demand of just 60 units per year is already met by current supply in the area within a 1-mile radius of the site.
- This low annual demand implies a slow potential lease up period of \pm 3.5 years.

- The site is not transit oriented, with the nearest public transit stop located over one mile away, and therefore will not attract young professional commuters at rents that can support a new construction apartment development.

Meyers Research strongly supports the proposed Sweetwater Springs residential development as it will provide housing to the local area and it will greatly improve the aesthetics of the site.

Sincerely,

A handwritten signature in blue ink, appearing to read "AW", with a small horizontal line at the end.

Alexis B. Wilmot
Manager - Advisory,
Meyers Research LLC – a Kennedy Wilson Company