



OFFICE DEMAND AND OPPORTUNITY ANALYSIS

City of Menifee
Menifee, California
October 2019

CONTACT INFORMATION

This market analysis was prepared by Meyers Research, a market research and consulting firm specializing in the real estate industry. It has been commissioned by City of Menifee.

Tim Sullivan, Senior Managing Principal, reviewed all recommendations and conclusions. Shaun McCutcheon served as Project Director and oversaw the office aspects of the study. Follow-up questions should be directed to Tim Sullivan at (858) 381-4381 or tsullivan@meyersllc.com.

OBJECTIVE

The objective of this analysis is to assess the market-based opportunity for additional office uses in the City of Menifee. The scope of this assignment includes a demand analysis, commentary on existing and planned office uses, market trends as well as economic and demographic indicators. The data used in this report was collected in October, 2019.

LIMITING CONDITIONS

The City of Menifee is responsible for representations about its development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

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Key Findings

Office Demand and Opportunity Analysis, Menifee, California

Based on our research, including site visits, office market trends, supply-demand factors and conversations with local commercial brokers, Menifee offers an in demand opportunity for additional office uses with a focus on medical office uses and professional business services. Factors that drive this opportunity include: household, employment and income growth; tight office market conditions; a new Mid-County Civic Courthouse that will drive demand for attorney office space; incoming working families and a senior population that is driving demand for medical providers. Key conclusions from the office demand analysis are as follows:

- **Demographics support additional professional office and medical office development in Menifee.** Menifee is a high growth area of Riverside County, characterized by a base of retiree households (in Sun City and other communities) as well as working families seeking relief from soaring housing costs in coastal areas of Southern California and more expensive areas of South Riverside County such as Temecula and Murrieta. Menifee increased in population by 41% from 2008 to 2016, and key indicators continue to increase: Menifee is projected to increase by 2,557 households over the next five years (a 7.8% increase) and median household income is projected to increase by 21.7% (from \$63,413 to \$77,142). A seven mile radius is projected to increase by 5,624 households over the next five years (an 8.4% increase) and household income is projected to increase by 15.6% (from \$75,908 to \$87,744). In terms of age segments, Menifee has a higher proportion of children and 65 Plus residents than Riverside County, and over the next five years the strongest growth will occur in the 25 to 34 and 35 to 44 segments which indicates an increase in young families and mature families. Medical visits and spending on medical procedures are a significant factor in Menifee, in part due to the base of seniors that reside in the City. There were nearly one million medical patient visits by Menifee residents in 2016 alone, according to Cushman and Wakefield. The total medical visits is projected to increase to 1,191,000 visits by 2021 (a 19.6% increase over 2016 levels) and 1,355,000 medical patient visits are expected by 2026 (a 36% increase over 2016 levels). The increase in medical services over the next decade indicates demand for additional medical providers—and additional medical office space—be introduced in Menifee.
- **Office market conditions are improving in the Inland Empire in general, and are relatively strong in the South Riverside submarket.** South Riverside has higher average lease rates (\$1.92 per square foot) than the overall market and lower vacancies (5.5%) than the Inland Empire overall, indicating this is a relatively strong office market. Further, net absorption has exceeded new deliveries for nine consecutive years, indicating demand is exceeding supply. Class A space naturally achieves the highest lease rates and also has a lower vacancy rate than other building classes, at 3.9% vacancy—this data indicates that newer, higher quality space is in demand and tenants are willing to pay for it.
- **Office lease rates in the local area range from as low as \$1.50 per square foot per month for existing office space, to \$2.50 per square foot per month for medical space in proposed new development.** Occupancy rates are relatively high in Menifee, with the Newport Commons medical office building at 95% occupancy and other major office buildings in surrounding cities at 90% to 95% occupancy. See the Appendix for office building profiles.
- **There is currently +/-80,000 square feet of unmet demand for office development, and it grows by 29,300 square feet annually.** Our office demand analysis is based on job growth projections by industry for the Riverside County office market, then refined by applying low and high capture (%) estimates for the appropriate submarkets, and ultimately for the City of Menifee. The office space demanded in our model in Menifee is **293,000 square feet over the next ten years, or 29,300 square feet annually**. This level of demand is consistent with the +/-60,000 square feet of office space that is currently in the planning stages among four office developments in Menifee (see Appendix), though no space is scheduled for completion in the near term. This annual office space demanded represents a lost opportunity for each year that space is not delivered to meet this demand—office tenants may locate in other cities where space is available.
- **While there is demand for additional office development in Menifee, some challenges exist.** Commercial brokers we interviewed cited a very strong local office market, with demand for more professional office space and medical office space. One broker cited “endless” demand for medical offices, and another reported “getting calls every day” for tenants looking for professional office space. The challenge for office developers is that most demand is for small suites (1,500 square feet), but buildings are typically 10,000 to 20,000 square feet in size and need to get a large anchor tenant (8,000 square feet) to commit in order to secure construction financing. Brokers reported that there are some larger tenants in talks with medical office developers currently, and it’s only a matter of time before one or more commits to a new medical office development. Demand for office space is evident that the City is missing out on capturing—the City has inquiries for businesses that need office space now, but nothing is available.

OFFICE DEMAND SUMMARY

Key Findings

Our demand model supports the amount of office space planned in Menifee currently, and demand will continue over the next decade. Our office demand analysis is based on job growth projections by industry for the Riverside County office market, then refined by applying low and high capture (%) estimates for the appropriate submarkets, and ultimately for the City of Menifee. The tables below represent realistic demand (average of low and high capture %) for office space annually over the next ten years. **The office space demanded in our model in Menifee is 293,000 square feet over the next ten years, or 29,300 square feet annually.** This annual office space demanded represents a lost opportunity for each year that space is not delivered to meet this demand—office tenants me locate on other cities where space is available.

MEYERS Realistic Buildout for the CITY OF MENIFEE - Office Size and Demand (SF) Capture Rates				
Year	Estimated Annual Capture: SOUTH RIVERSIDE (%)		Estimated Annual Capture: CITY OF MENIFEE (%)	
	Low	High	Low	High
2019	30.0%	40.0%	8.0%	12.0%
2020	30.0%	40.0%	8.0%	12.0%
2021	30.0%	40.0%	8.0%	12.0%
2022	30.0%	40.0%	8.0%	12.0%
2023	30.0%	40.0%	8.0%	12.0%
2024	30.0%	40.0%	8.0%	12.0%
2025	30.0%	40.0%	8.0%	12.0%
2026	30.0%	40.0%	8.0%	12.0%
2027	30.0%	40.0%	8.0%	12.0%
2028	30.0%	40.0%	8.0%	12.0%

For Perspective - ESRI Employee Data

Estimated Office-Oriented Employees in South Riverside County	33,009
Estimated Office-Oriented Employees in Menifee	2,071
Office-Oriented Employees in Menifee (% of So. Riverside Co.)	6.3%

Assumptions/ Rationale:

Submarket:	The total market share of inventory in South Riverside County equates to 25.8% of the total office inventory in Riverside County, and the capture of key indicators has been even stronger over the past year: net absorption (59% capture), new deliveries (43% capture), and construction activity (23% capture). Accordingly, we estimate that the South Riverside submarket can capture 30% to 35% of office demand going forward.
Subject:	There are an estimated 33,000 employees in office-oriented industries in South Riverside County, an area that includes Menifee, Lake Elsinore, Murrieta, Perris, Wildomar and surrounding areas. A total of 2,071 of these employees are based in Menifee, which accounts for 6.3% of all office oriented employees. Accordingly, we estimate demand for additional office space in Menifee would equate to a "fair share" market capture of 6% to 12%, which is on the upper end of the current share but reasonable since this is a growing area of South Riverside and an underserved office market. Menifee offers a viable location for office uses, with freeway access, new restaurants/ retail, and entertainment uses are planned (Krikorian Theater). In addition, the Menifee Valley Medical Center, Kaiser-Permanente, and Loma Linda University Health hospitals serve as anchors for additional medical office. Further, the Mid-County Civil Courthouse is planned for 89,000 square feet in the Menifee Town Center which will attract law firms and other professional businesses that require office space.

MEYERS Realistic Buildout for the CITY OF MENIFEE - (SUBJECT) - Office Size and Demand (SF)			
Year	Riverside County Office Market Demand (SF)	South Riverside Demand (SF)	Total Office Demand (SF) MENIFEE
2019	755,525	264,434	27,199
2020	749,498	262,324	26,982
2021	818,386	286,435	29,462
2022	837,513	293,130	30,150
2023	793,481	277,718	28,565
2024	814,851	285,198	29,335
2025	829,917	290,471	29,877
2026	846,630	296,321	30,479
2027	850,761	297,766	30,627
2028	851,751	298,113	30,663
AVERAGE:	814,831	285,191	29,334
TOTAL:	8,148,312	2,851,909	293,339

For Perspective - CoStar Market Data

South Riverside submarket share of Riverside County	25.8%	
Average Annual Deliveries in Inland Empire (1982 - 2018)	1,223,684	
Average Annual Absorption in Inland Empire (2007 - 2018)	965,514	
Average Annual Deliveries in Inland Empire (2007 - 2018)	1,021,378	
Average Annual Absorption in Inland Empire (2014 - 2018)	805,760	
Average Annual Deliveries in Inland Empire (2014 - 2018)	208,216	
Average Annual Absorption in Inland Empire (2019P - 2023P)	728,040	
Average Annual Deliveries in Inland Empire (2019P - 2023P)	810,048	
Average Annual Absorption in South Riverside (2007 - 2018)	234,991	
Average Annual Deliveries in South Riverside (2007 - 2018)	232,390	
Average Annual Absorption in South Riverside (2014 - 2018)	213,163	
Average Annual Deliveries in South Riverside (2014 - 2018)	108,492	
Average Annual Absorption in South Riverside (2019P - 2023P)	171,269	
Average Annual Deliveries in South Riverside (2019P - 2023P)	199,361	
Office Absorption in Riverside County (Last 12 Months)	232,309	
Office Deliveries in Riverside County (Last 12 Months)	70,000	South Riverside Capture (%)
Office Under Construction in Riverside County (Last 12 Months)	683,953	
Office Absorption in South Riverside submarket (Last 12 Mo.)	137,479	59%
Office Deliveries in South Riverside submarket (Last 12 Mo.)	30,000	43%
Office Under Construction in South Riverside submarket (Last 12 Mo.)	154,786	23%

Source: Meyers Research, Woods & Poole, CoStar

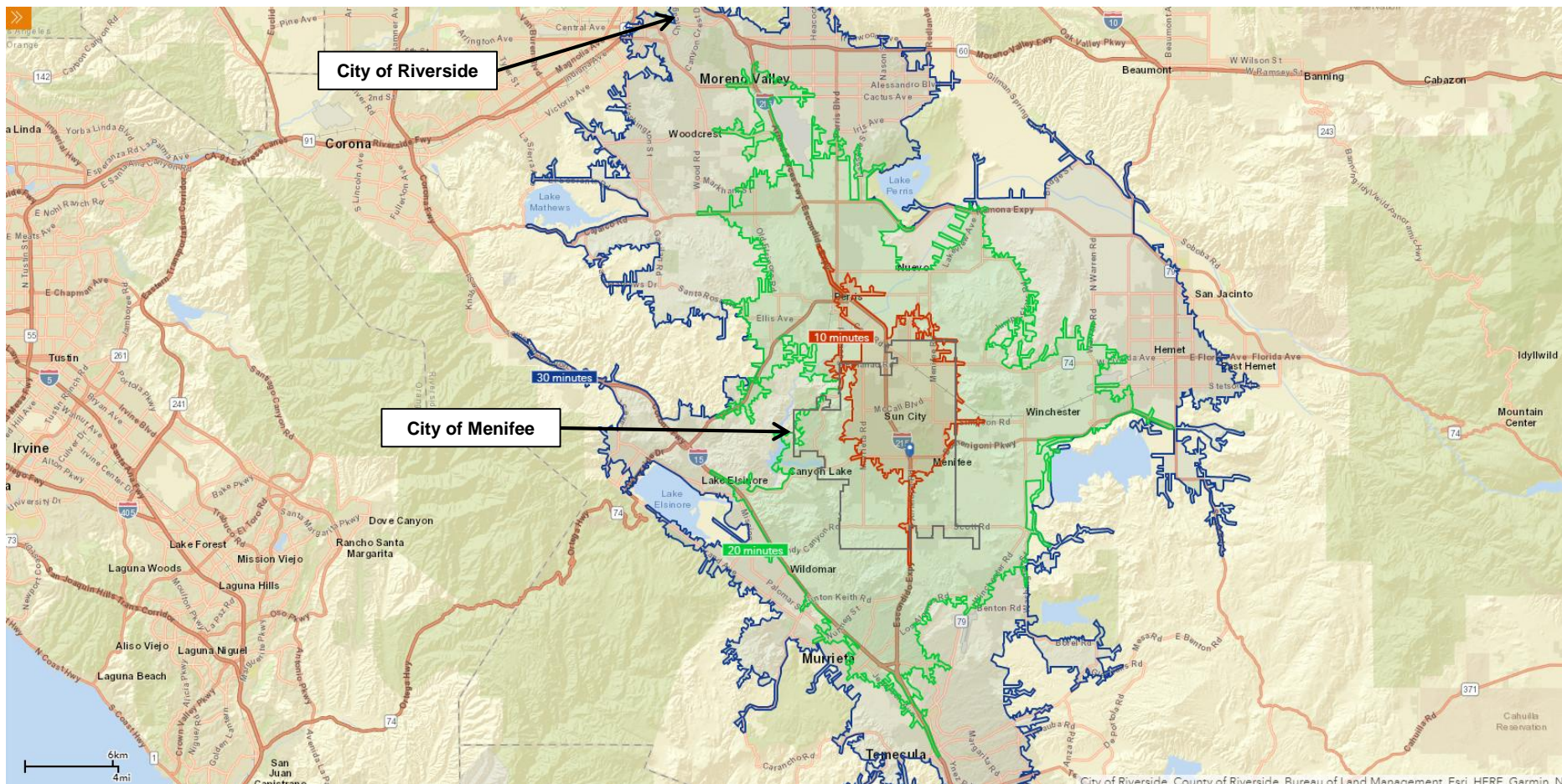
Location Overview

Office Demand and Opportunity Analysis, Menifee, California

AREA COMMUTE TIMES

Location Overview

Menifee is located in south Riverside County, within a 10 minute drive to Perris, a 20 minute drive to Murrieta and Moreno Valley and a 30 minute drive to Temecula and Riverside. This drive time origin is from the intersection of I-215 and Newport Road, which we consider the approximate center of Menifee.

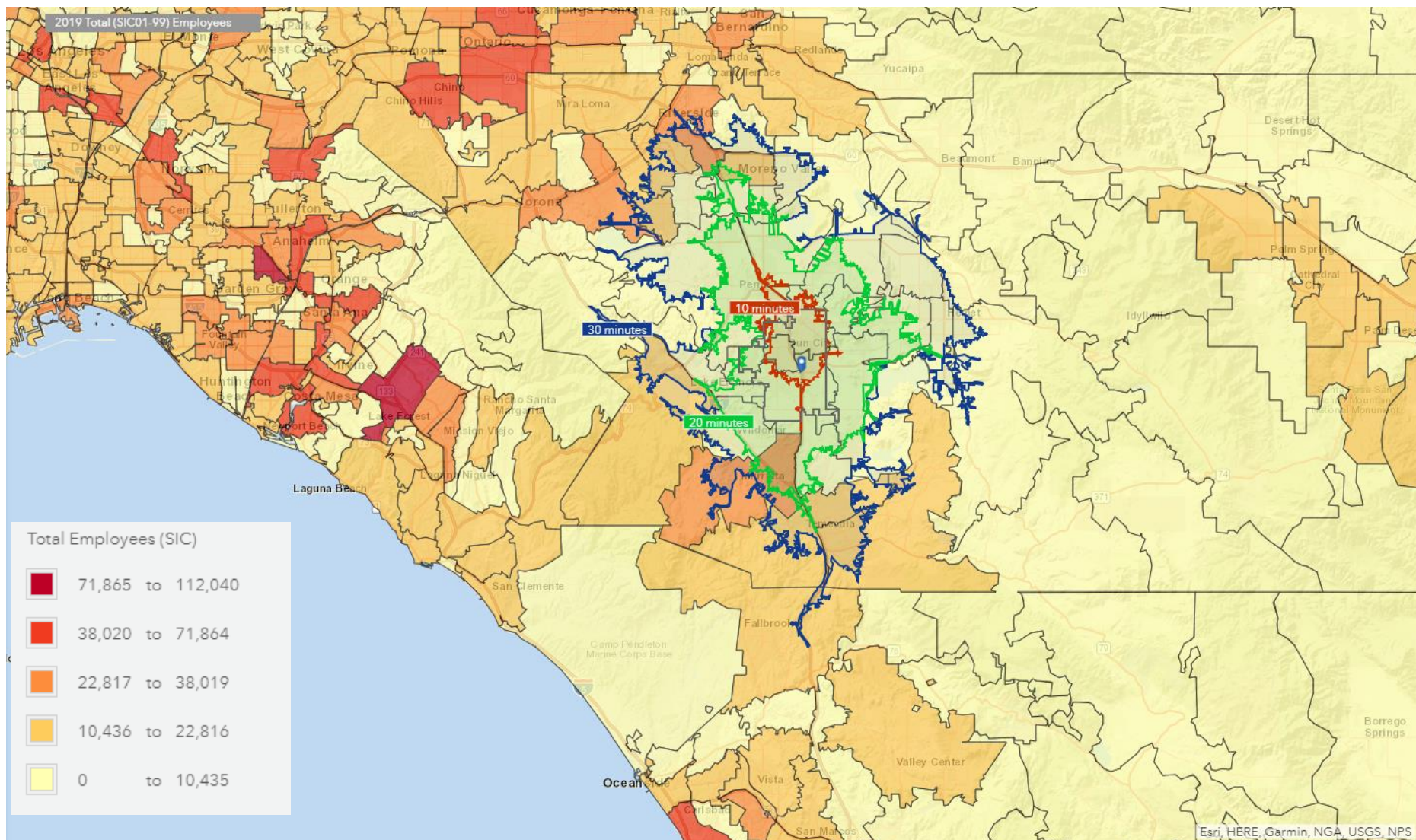


Source: ESRI

EMPLOYMENT CONCENTRAIONS

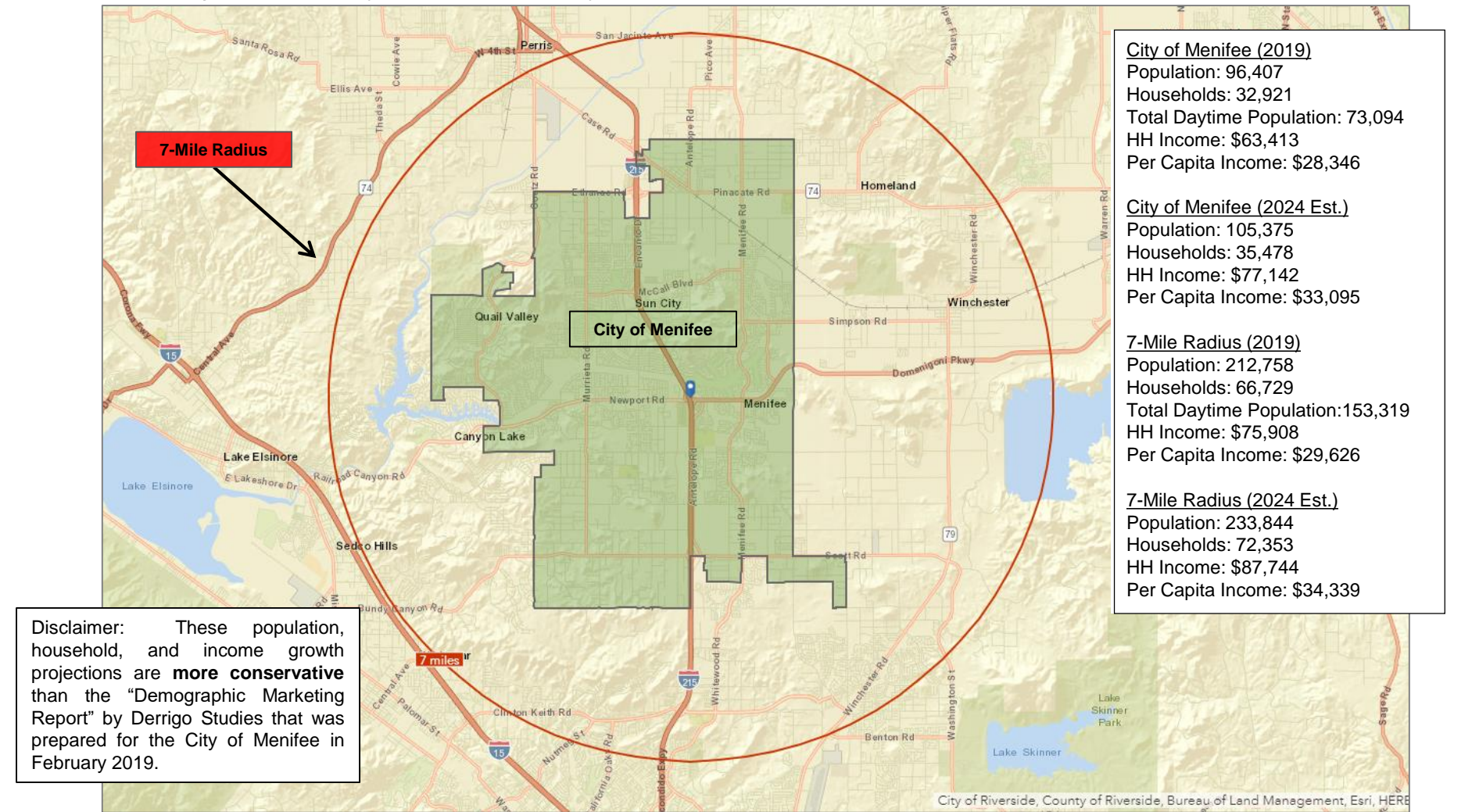
Location Overview

The employment base in Menifee is relatively low compared to surrounding counties. The total employees in Menifee and surrounding areas is low, as shown by the light yellow shading on the map below. There are moderate job levels in Murrieta to the south and Riverside to the north (in orange), but the most substantial employment concentrations are in Ontario to the north and Orange County to the west (Anaheim, Irvine and Santa Ana in particular).



Source: ESRI

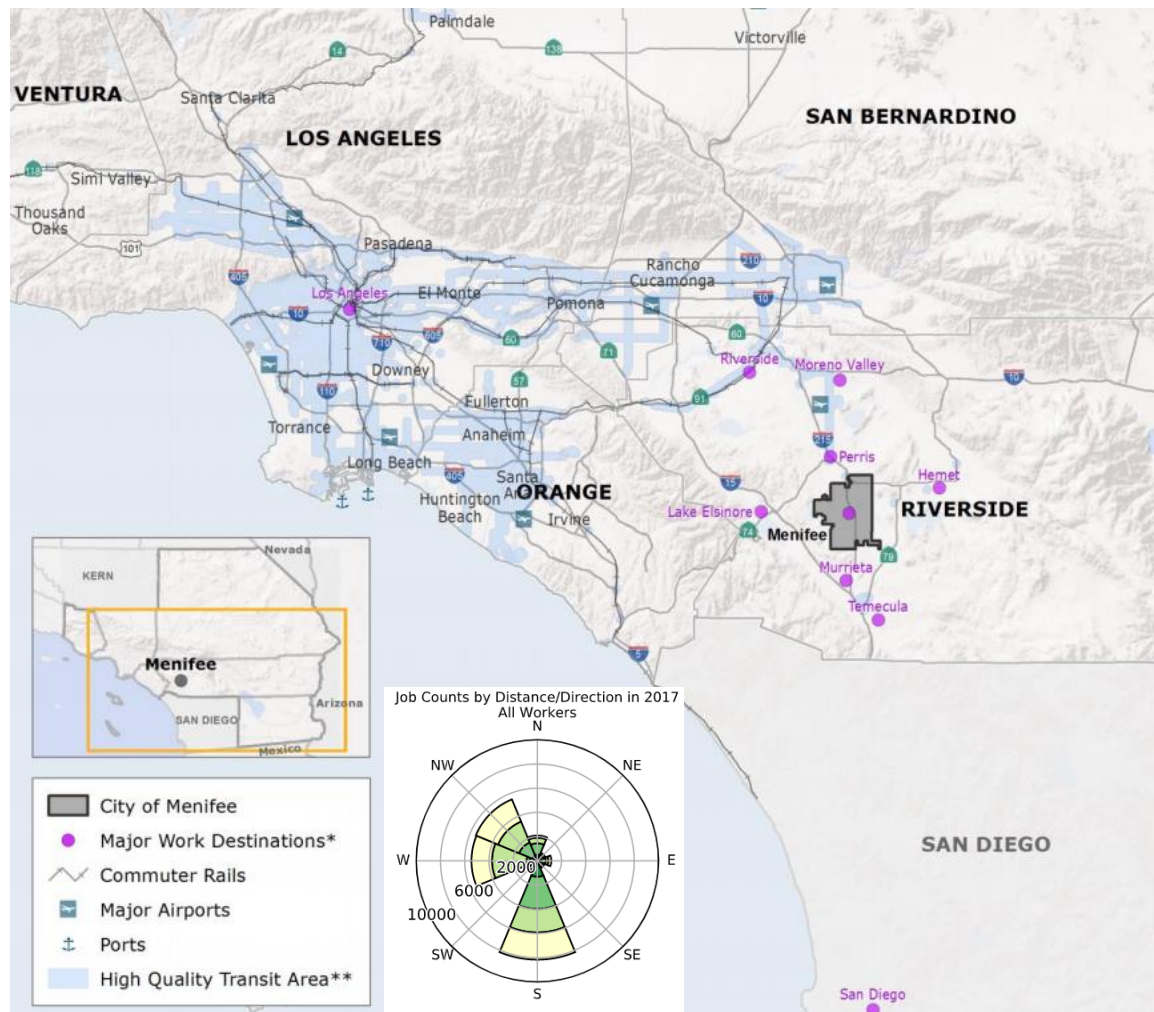
Population and income growth is projected in Menifee and surrounding areas, which will drive demand for additional professional and medical office uses. The city of Menifee boundary (the green shaded area) and a 7.0 mile radius from the approximate center of Menifee, which we have defined as the intersection of Interstate 215 and Newport Road (see the red circle) are shown below. The City is projected to increase by 2,557 households (a 7.8% increase) and household income is projected to increase by 21.7% over the next five years, from \$63,413 to \$77,142. The seven mile radius is projected to increase by 5,624 households (an 8.4% increase) and household income is projected to increase by 15.6% over the next five years, from 75,908 to \$87,744.



RESIDENT COMMUTE PATTERNS TO EMPLOYMENT

Location Overview

The majority of Menifee residents commute to other parts of Southern California. Over 90% of Menifee residents commute to areas outside of the Menifee city limits, most notably to Temecula (9.4%), San Diego County (7.2%), and Murrieta (6.3%). These commuting patterns are important to consider for the office demand opportunity in Menifee, since the majority of the workforce is spending the majority of their time away from the city.



Top 10 Places Where Menifee Residents Commute to Work: 2016

	Local Jurisdiction	Number of Commuters	Percent of Total Commuters
1.	Temecula	2,398	9.4 %
2.	Menifee	2,354	9.2 %
3.	San Diego County	1,840	7.2 %
4.	Murrieta	1,596	6.3 %
5.	Riverside	1,311	5.2 %
6.	Perris	815	3.2 %
7.	Los Angeles	792	3.1 %
8.	Lake Elsinore	716	2.8 %
9.	Hemet	647	2.5 %
10.	Moreno Valley	632	2.5 %
	All Other Destinations	12,351	48.5 %

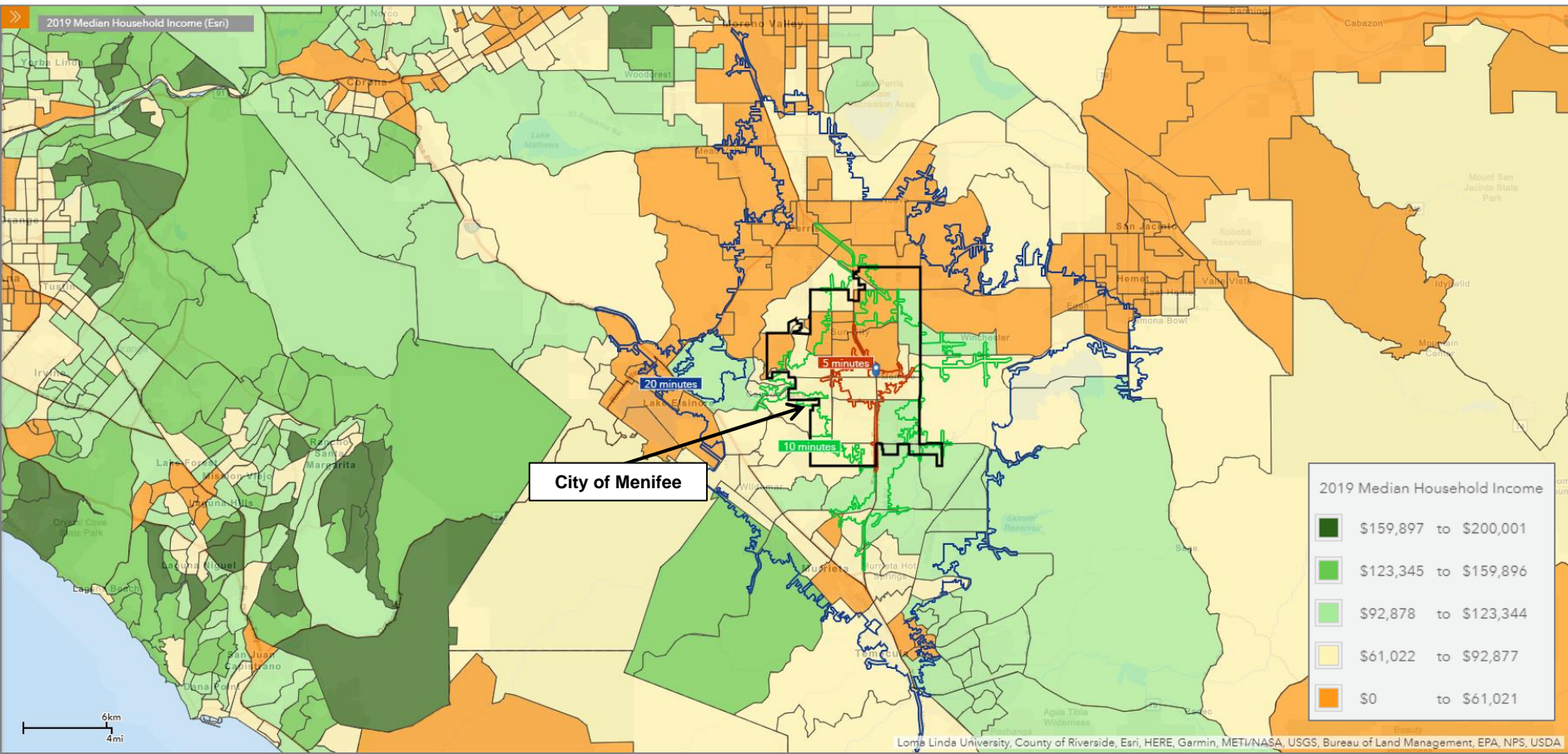
Jobs by Distance - Home Census Block to Work Census Block

	2017	
	Count	Share
Total Private Primary Jobs	24,600	100.0%
Less than 10 miles	4,425	18.0%
10 to 24 miles	6,023	24.5%
25 to 50 miles	7,583	30.8%
Greater than 50 miles	6,569	26.7%

MEDIAN HOUSEHOLD INCOME HEAT MAP

Location Overview

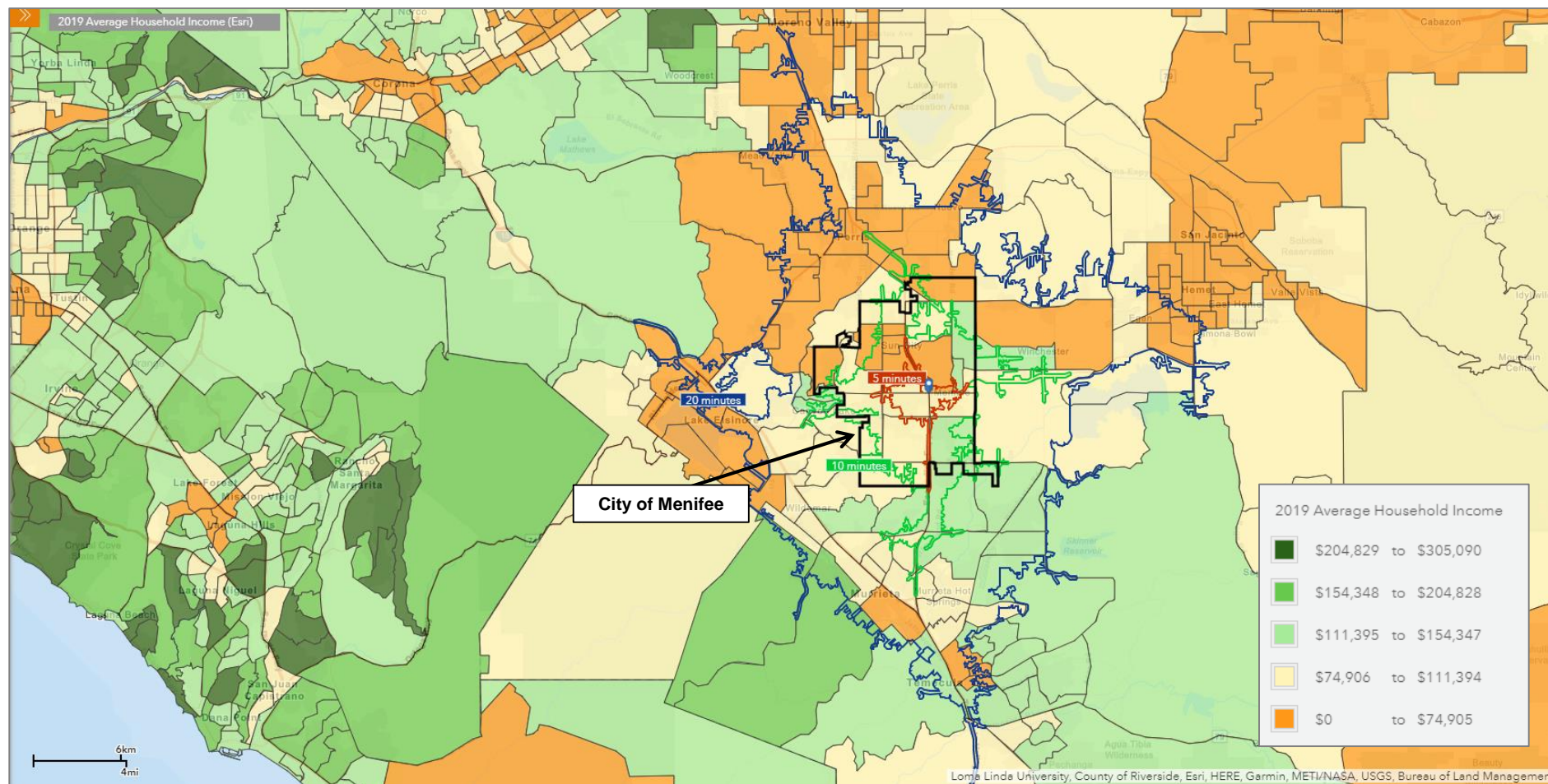
Menifee's median household incomes vary depending on location within Menifee. Median incomes are relatively low (in orange) along the western portion of Menifee, which includes Sun City and a high concentration of retired residents on a fixed income. The majority of Menifee has median household income in the \$61,022 to \$92,877 range, but it is interesting to note that **southern portions of Menifee and surrounding areas have median incomes that range from \$92,878 to \$123,344 (in light green).** These are incomes that are well above the Riverside County median income of \$66,131 and U.S. median income of \$62,856, indicating disposable income for retail goods and services.



AVERAGE HOUSEHOLD INCOME HEAT MAP

Location Overview

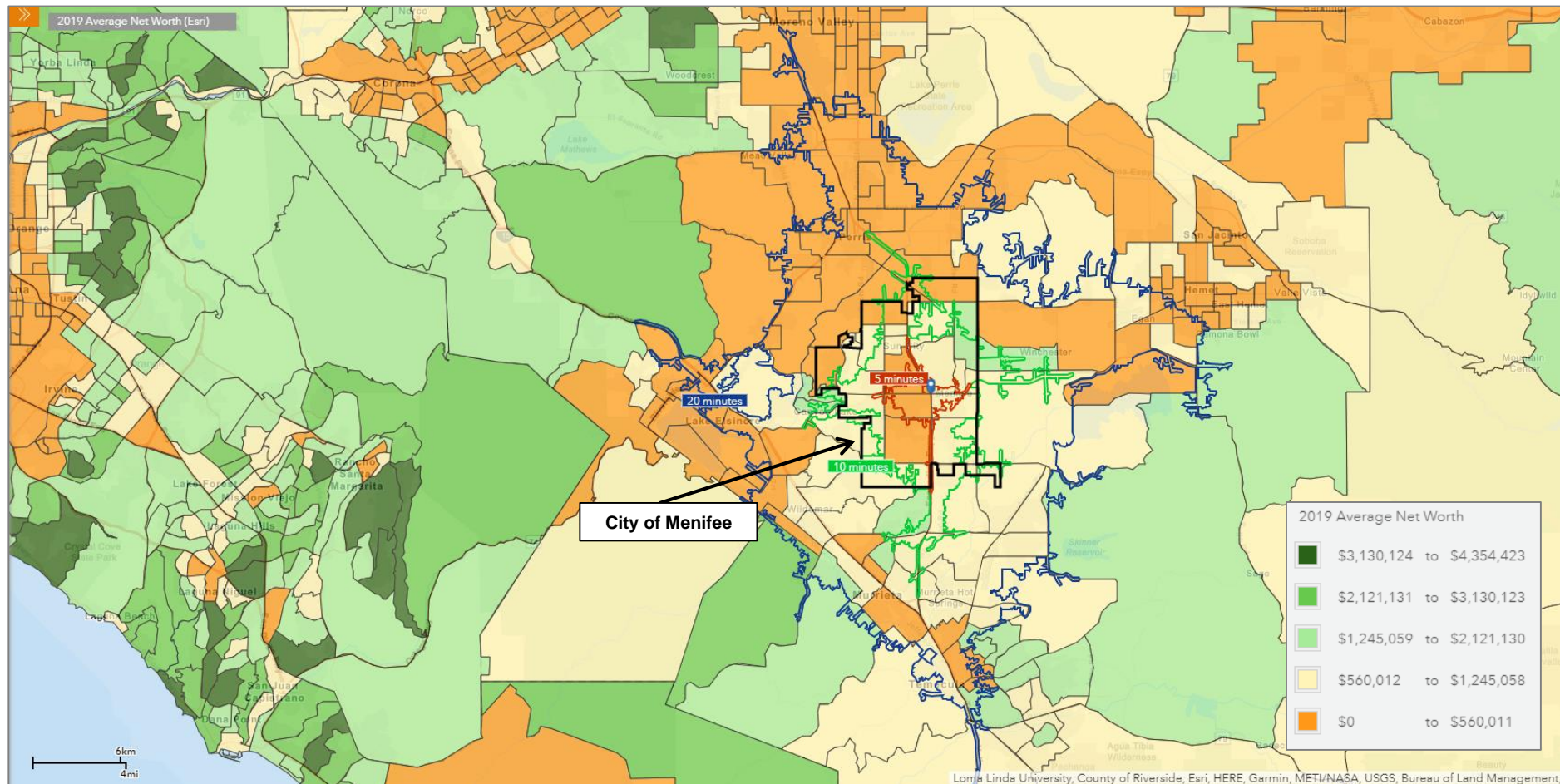
Menifee's average household incomes also vary depending on location within Menifee. Similar to the previous chart, average incomes are highest in areas to the south of Menifee (\$111,395 to \$154,347 range), and are lower to the north in the Sun City area. The majority of Menifee has average household income in the \$74,906 to \$111,394 range, indicating disposable income for retail goods and services.



NET WORTH HEAT MAP

Location Overview

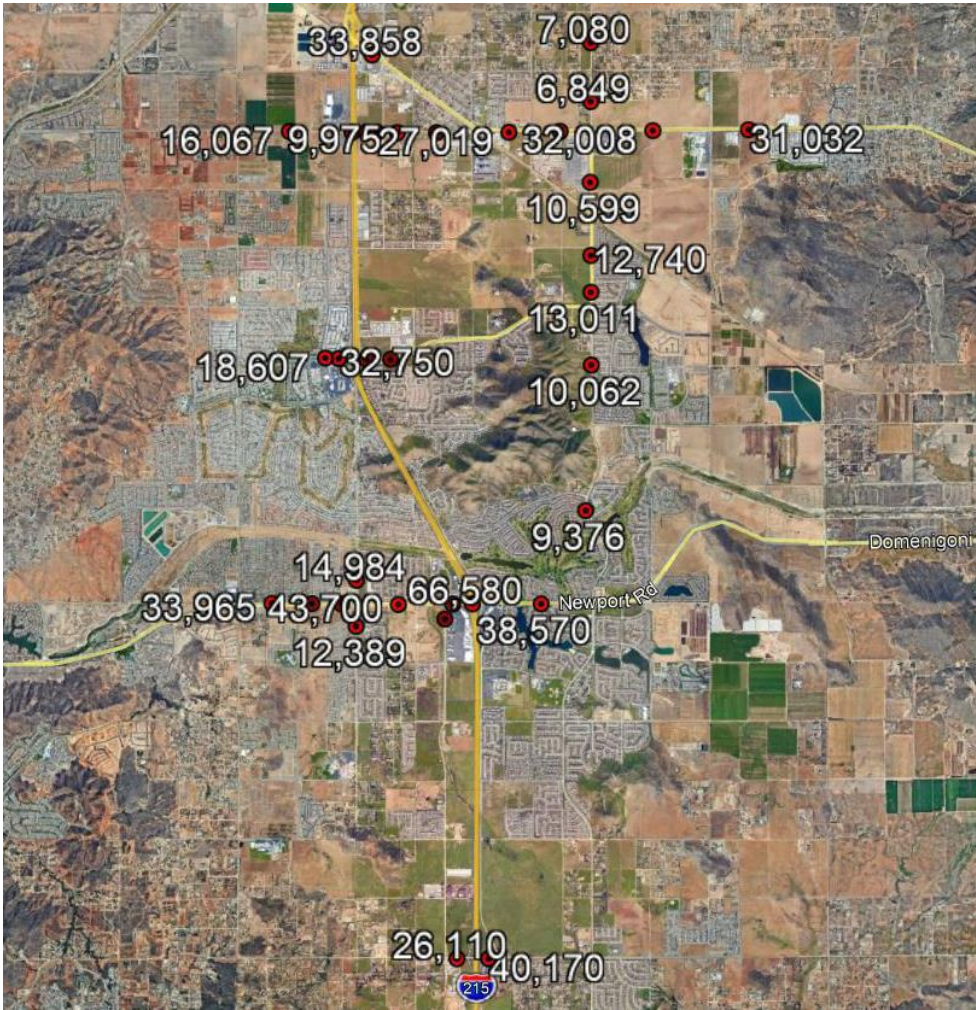
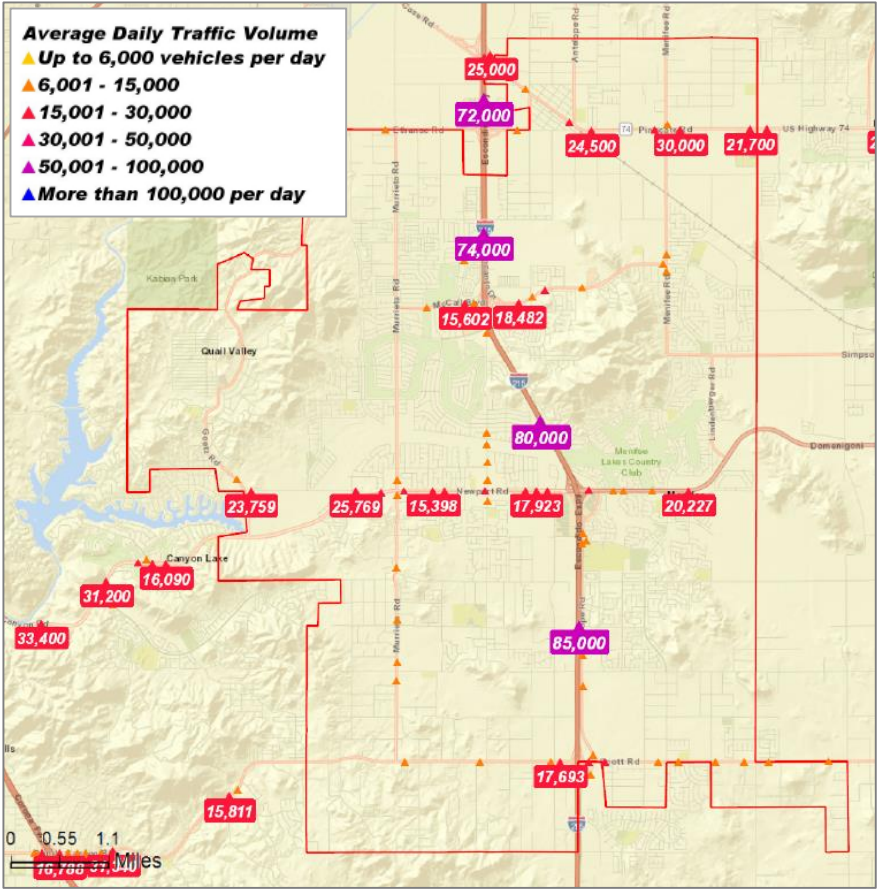
Net worth levels are mixed in Menifee and surrounding areas. This map illustrates 2019 average net worth by zip code in the region. Eastern areas of Menifee have moderate net worth levels (in tan), while areas north of Menifee and west of I-215 have low net worth levels (in orange). Areas to the south of Menifee and the western edge of Menifee have slightly higher average net worth levels (in light green).



AVERAGE DAILY VEHICLE TRAFFIC

Location Overview

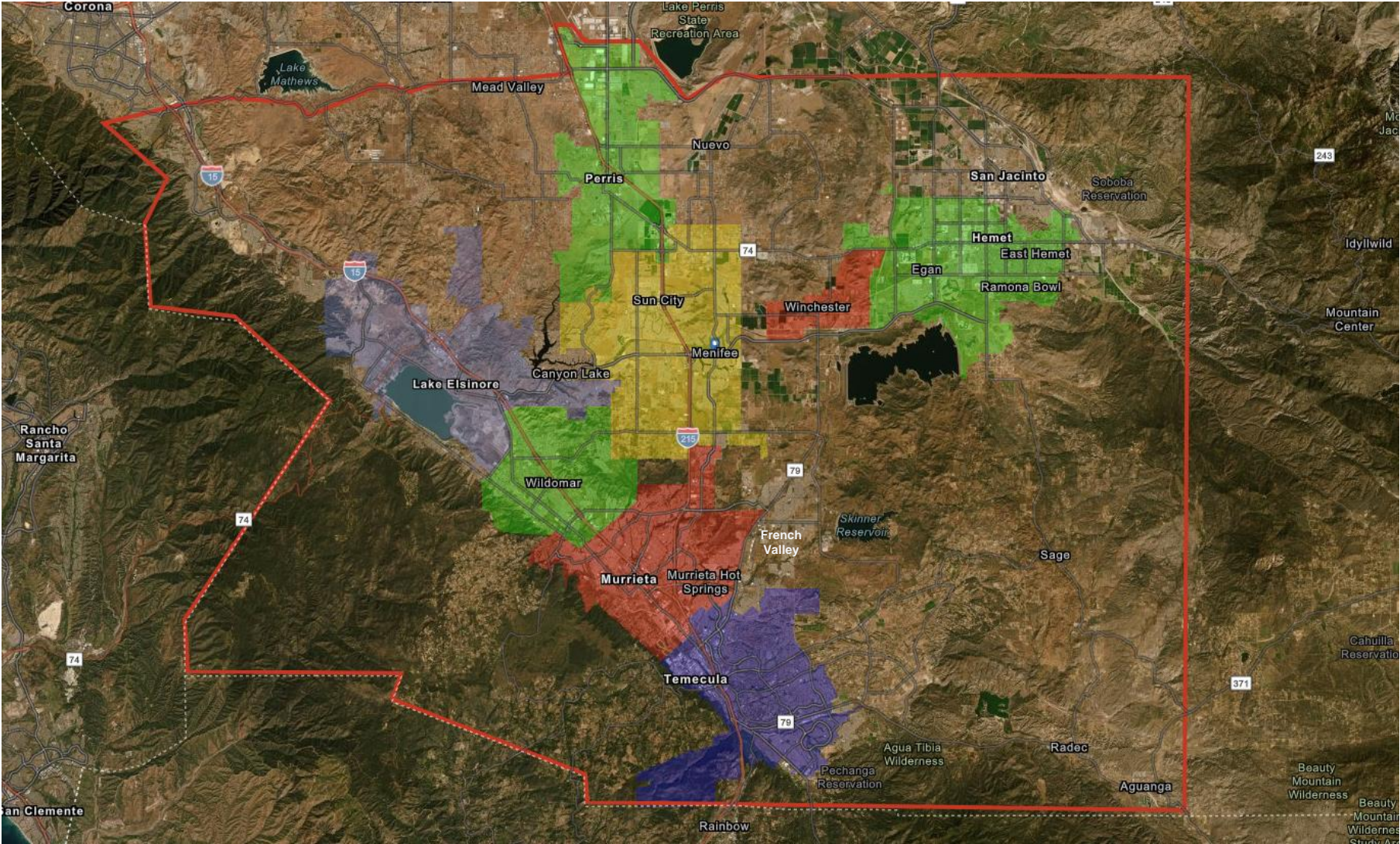
Menifee offers proximity to a freeway with high traffic volume and surface streets with strong traffic levels. Menifee is located along Interstate 215, a major north-south freeway with Average Daily Traffic Volume (ADTs) ranging from 72,000 to 85,000 within city limits per demographer ESRI (left image). Other major roads in Menifee include Newport Road (33,965 to 66,580 ADTs), McCall Blvd (18,607 to 32,750 ADTs) and Scott Road (up to 26,110 to 40,170 ADTs) according to The City of Menifee's 2019 Transportation and Traffic Report (right image). Traffic levels will only increase in the coming years as residential and commercial growth will bring additional ADTs.



Office Demand Analysis

Office Demand and Opportunity Analysis, Menifee, California

The South Riverside submarket is bounded by Orange County to the west, San Diego County to the south, the San Bernardino National Forest to the east and Cajalco Road/ Ramona Expressway to the north (red border). The submarket includes the cities of Hemet, Lake Elsinore, Menifee, Murrieta, Perris, Temecula, Wildomar and French Valley CDP and Winchester CDP (Census Designated Place).



The number of businesses and employees by industry in South Riverside are detailed in the table below. Office oriented jobs are highlighted in light blue (but not necessarily located in office buildings entirely). There are approximately 2,071 office oriented employees in Menifee, or 16.3% of all jobs in the city. This also equates to 6.3% of office oriented jobs in South Riverside County. Temecula has the largest share of office oriented employees (8,460 jobs), followed by Murrieta (7,463 jobs).

	Riverside Co.	South Riverside Co.	Hemet	Lake Elsinore	Menifee	Murrieta	Perris	Temecula	Wildomar	Winchester	Other
Total Businesses:	67,683	20,976	2,183	1,777	1,431	3,725	1,275	5,767	678	41	4,099
Total Employees:	659,644	182,103	21,804	13,262	12,677	29,269	17,555	49,392	4,263	201	33,680
Total Residential Population:	2,447,782	873,623	105,118	67,464	96,407	113,264	78,788	112,628	36,939	2,959	260,056
Employee/Residential Population Ratio (per 100 Residents)	27	21	21	20	13	26	22	44	12	7	
Total Employees:											
Agriculture & Mining	11,864	3,441	175	122	261	690	177	701	102	15	1,198
Construction	37,840	10,747	447	1,001	740	2,174	1,063	2,227	271	7	2,817
Manufacturing	40,714	11,959	864	719	449	1,435	837	4,828	282	7	2,538
Transportation	11,553	2,118	181	115	131	273	296	445	97	6	574
Communication	4,231	976	120	57	71	112	101	382	11	0	122
Utility	3,966	1,551	141	193	12	21	606	192	38	0	348
Wholesale Trade	28,971	6,176	217	333	233	649	374	2,792	47	15	1,516
Retail Trade Summary	182,124	56,137	6,564	4,865	4,457	7,675	8,443	16,811	1,078	40	6,204
Home Improvement	12,173	3,861	301	357	337	698	391	972	54	5	746
General Merchandise Stores	19,443	6,182	1,205	543	578	1,167	482	2,030	6	0	171
Food Stores	22,048	6,774	841	695	547	737	677	1,667	291	0	1,319
Auto Dealers, Gas Stations, Auto Aftermarket	18,948	5,422	922	500	275	709	430	2,055	84	15	432
Apparel & Accessory Stores	7,370	2,038	88	276	140	160	69	1,063	6	0	236
Furniture & Home Furnishings	8,186	2,010	111	272	169	484	147	575	43	0	209
Eating & Drinking Places	64,524	19,226	2,302	1,593	1,888	2,772	1,413	6,313	542	16	2,387
Miscellaneous Retail	29,432	10,625	794	629	523	948	4,834	2,136	52	4	705
Finance, Insurance, Real Estate Summary	39,423	12,189	1,398	632	613	2,735	356	4,562	195	9	1,689
Banks, Savings & Lending Institutions	9,541	3,219	357	176	166	1,159	124	942	53	0	242
Securities Brokers	3,083	960	97	41	61	250	6	392	16	0	97
Insurance Carriers & Agents	5,600	1,426	235	98	69	318	64	453	15	0	174
Real Estate, Holding, Other Investment Offices	21,199	6,583	709	317	317	1,008	162	2,775	111	9	1,175
Services Summary	258,499	71,711	10,584	4,917	5,604	12,861	4,553	15,814	2,068	102	15,208
Hotels & Lodging	15,293	1,647	135	239	80	122	25	501	0	2	543
Automotive Services	12,020	3,536	447	457	168	662	296	933	94	2	477
Motion Pictures & Amusements	30,920	9,915	420	606	306	1,919	277	1,044	87	5	5,251
Health Services	56,891	15,223	4,289	458	1,362	4,038	888	2,945	484	5	754
Legal Services	5,191	1,006	80	14	24	177	9	442	0	0	260
Education Institutions & Libraries	48,926	15,286	2,247	1,670	1,587	1,801	1,186	2,886	507	80	3,322
Other Services	89,258	25,097	2,966	1,473	2,077	4,142	1,872	7,063	896	8	4,600
Government	38,947	4,591	1,086	270	72	513	729	511	62	0	1,348
Unclassified Establishments	15,112	506	27	38	34	131	20	127	12	0	117
Office Oriented Employees	140,452	33,009	6,853	1,374	2,071	7,463	1,982	8,460	741	14	4,051
Total Employment	659,644	182,103	21,804	13,262	12,677	29,269	17,555	49,392	4,263	201	33,680
% of Office Oriented Employees	21.3%	18.1%	31.4%	10.4%	16.3%	25.5%	11.3%	17.1%	17.4%	7.0%	12.0%
% of Office Oriented Employees by So. Riverside City		100.0%	20.8%	4.2%	6.3%	22.6%	6.0%	25.6%	2.2%	0.0%	12.3%

Source: EDD

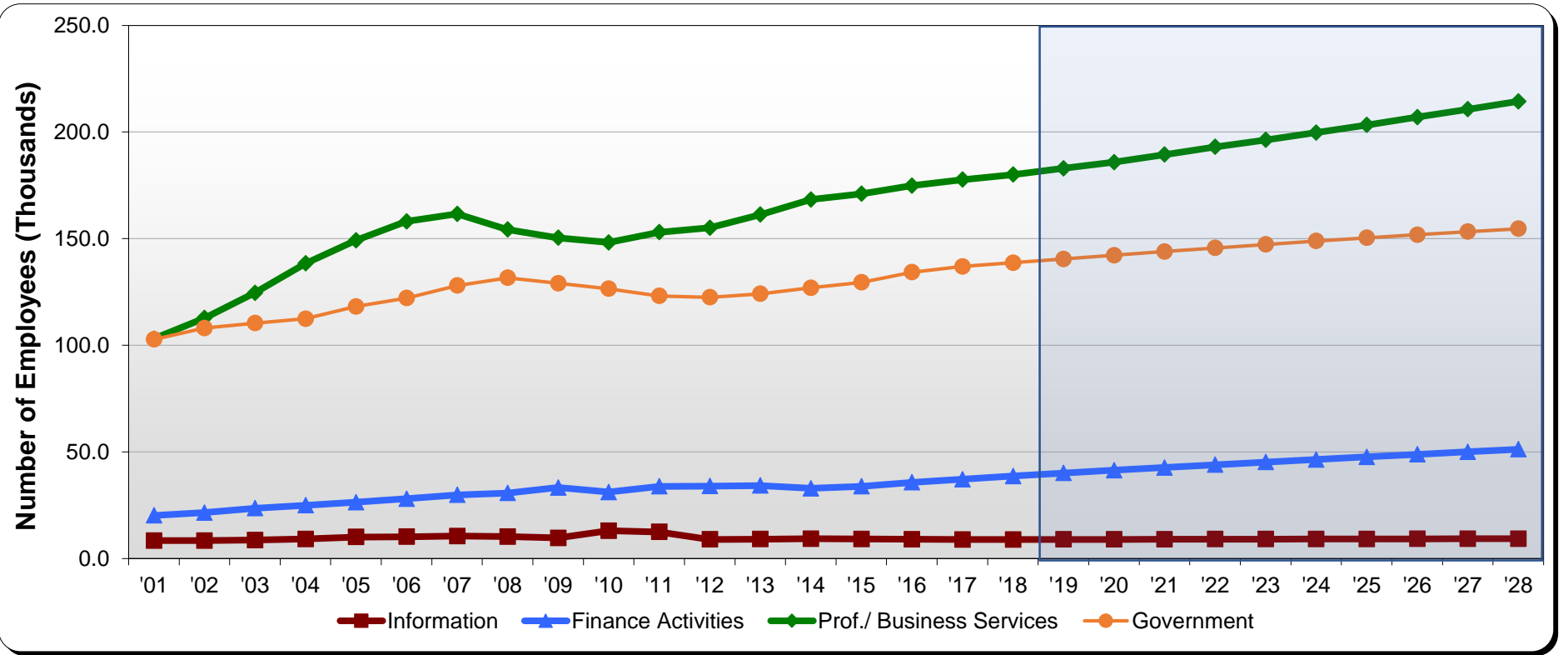
There were nearly one million medical patient visits by Meniffee residents in 2016 alone. The total medical visits is projected to increase to 1,191,000 visits by 2021 (a 19.6% increase over 2016 levels) and 1,355,000 medical patient visits are expected by 2026 (a 36% increase over 2016 levels). The top medical services in terms of annual patient visits are evaluation and management, laboratory, radiology and physical therapy. **The increase in medical services over the next decade indicates demand for additional medical providers—and additional medical office space—be introduced to the Meniffee market.**

MENIFEE MARKET
PROJECTED SPECIALTY GROWTH (BY # OF PATIENT VISITS)

SERVICE LINE	2016 VOLUME	2021 VOLUME	2026 VOLUME	5 YR GROWTH	10 YR GROWTH
Cardiology	35,484	40,541	45,672	14.2%	28.7%
Cosmetic Procedures	2,599	3,359	3,821	29.3%	47.0%
Dermatology	19,638	25,161	30,065	28.1%	53.1%
Endocrinology	260	361	421	38.7%	61.8%
ENT	11,876	14,602	16,885	23.0%	42.2%
Evaluation and Management	371,124	430,969	480,508	16.1%	29.5%
Gastroenterology	9,497	11,925	13,789	25.6%	45.2%
General Surgery	2,770	3,321	3,804	19.9%	37.3%
Gynecology	4,283	4,684	5,106	9.4%	19.2%
Lab	139,562	172,515	203,592	23.6%	45.9%
Miscellaneous Services	70,964	87,516	100,693	23.3%	41.9%
Nephrology	2,825	3,449	3,965	22.1%	40.3%
Neurology	5,235	6,869	8,091	31.2%	54.6%
Neurosurgery	302	359	399	18.7%	32.1%
Obstetrics	1,845	2,284	2,893	23.8%	56.8%
Oncology	725	821	899	13.2%	24.0%
Ophthalmology	31,174	40,644	47,699	30.4%	53.0%
Orthopedics	13,859	17,689	20,295	27.6%	46.4%
Pain Management	3,529	4,556	5,302	29.1%	50.2%
Physical Therapy/Rehabilitation	82,956	104,278	116,493	25.7%	40.4%
Podiatry	6,025	7,738	9,433	28.4%	56.6%
Psychiatry	44,820	54,036	62,675	20.6%	39.8%
Pulmonology	9,536	12,600	14,750	32.1%	54.7%
Radiology	111,237	123,119	136,481	10.7%	22.7%
Spine	460	574	675	24.8%	46.8%
Thoracic Surgery	92	133	162	44.6%	75.6%
Trauma	3,917	4,722	5,408	20.5%	38.1%
Urology	5,426	7,163	8,621	32.0%	58.9%
Vascular	4,593	5,684	6,744	23.7%	46.8%
TOTAL:	996,613	1,191,672	1,355,341	19.6%	36.0%

Source: Cushman and Wakefield

Projections for Professional Business Services are very strong in Riverside County. The Professional Business Services and Government sectors represent the largest office-oriented employment base in Inland Empire, with 318,000 jobs combined. In total, jobs in office oriented fields total 366,000 jobs as of 2018, a net increase of 131,000 jobs since 2001 (2.8% annual average increase). Going forward, Woods & Poole projects a net increase of 63,000 office jobs through 2028 (a 1.6% annual increase).



	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28
Information	8.38	8.34	8.61	9.13	10.05	10.19	10.49	10.28	9.64	12.97	12.41	8.95	9.05	9.23	9.10	9.01	8.85	8.89	8.93	8.96	9.00	9.03	9.07	9.11	9.15	9.18	9.22	9.26
Finance Activities	20.19	21.47	23.57	24.93	26.41	28.03	29.84	30.72	33.23	31.14	33.84	33.97	34.19	32.88	33.84	35.69	37.13	38.65	40.06	41.40	42.67	43.93	45.18	46.41	47.62	48.82	50.01	51.18
Prof./ Business Services	103.07	112.71	124.57	138.39	149.17	158.05	161.55	154.24	150.38	148.21	152.97	155.07	161.25	168.34	171.03	174.81	177.61	180.03	182.93	185.84	189.36	193.03	196.29	199.73	203.27	206.94	210.63	214.32
Government	102.70	108.08	110.36	112.42	118.18	122.09	128.00	131.62	129.08	126.49	123.11	122.51	124.12	126.91	129.49	134.26	136.94	138.68	140.45	142.21	143.96	145.65	147.28	148.85	150.37	151.83	153.26	154.64
% Change Information	-	-0.5%	3.2%	6.0%	10.0%	1.4%	3.0%	-2.0%	-6.2%	34.6%	-4.3%	-27.9%	1.2%	2.0%	-1.4%	-1.0%	-1.7%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
% Change Finance Activities	-	6.4%	9.8%	5.8%	5.9%	6.1%	6.5%	2.9%	8.2%	-6.3%	8.7%	0.4%	0.7%	-3.9%	2.9%	5.5%	4.1%	4.1%	3.7%	3.3%	3.1%	3.0%	2.8%	2.7%	2.6%	2.5%	2.4%	2.3%
% Change Prof./Bus Services	-	9.4%	10.5%	11.1%	7.8%	6.0%	2.2%	-4.5%	-2.5%	-1.4%	3.2%	1.4%	4.0%	4.4%	1.6%	2.2%	1.6%	1.4%	1.6%	1.6%	1.9%	1.9%	1.7%	1.8%	1.8%	1.8%	1.8%	1.7%
% Change Government	-	5.2%	2.1%	1.9%	5.1%	3.3%	4.8%	2.8%	-1.9%	-2.0%	-2.7%	-0.5%	1.3%	2.2%	2.0%	3.7%	2.0%	1.3%	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%	0.9%

Source: Woods & Poole

Our employment-based demand model, below, considers employment growth projections in the Riverside County in the near term and current employment by industry, and translates this growth into additional supportable office space. By the end of 2019, our employment-based demand model yields supportable space of approximately 27,199 square feet of office space demanded annually in Menifee.

Industry	2018			2019			2018 to 2019	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	38,646	50%	19,323	40,063	50%	20,032	709	159,413
Information	8,889	20%	1,778	8,925	20%	1,785	7	1,620
Professional/Business Services	180,027	50%	90,014	182,932	50%	91,466	1,453	326,813
Education/Health Services	134,493	10%	13,449	140,234	10%	14,023	574	129,173
Leisure/Hospitality	111,776	2%	2,236	114,312	2%	2,286	51	11,412
Other Services	71,611	10%	7,161	73,099	10%	7,310	149	33,480
Government	138,675	20%	27,735	140,446	20%	28,089	354	79,695
Non-Traditional Office Users								
Mining	8,856	1.0%	89	8,853	1%	89	(0)	(7)
Construction	90,584	1.0%	906	92,570	1%	926	20	4,469
Manufacturing	50,331	1.0%	503	50,328	1%	503	(0)	(7)
Wholesale Trade	31,344	1.0%	313	31,997	1%	320	7	1,469
Retail Trade	120,495	1.0%	1,205	122,306	1%	1,223	18	4,075
Transportation/Utilities	62,479	1.0%	625	64,222	1%	642	17	3,922
Total	1,048,206	13%	165,336	1,070,287	13%	168,694	3,358	755,525
Annual Average								755,525
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							226,658 - 302,210	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							18,133 - 36,265	
Annual Average (SF):							27,199	

Notes:

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2020, our employment-based demand model yields supportable space of approximately 26,982 square feet of office space demanded annually in Menifee.

Industry	2019			2020			2019 to 2020	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	40,063	50%	20,032	41,400	50%	20,700	669	150,413
Information	8,925	20%	1,785	8,961	20%	1,792	7	1,620
Professional/Business Services	182,932	50%	91,466	185,835	50%	92,918	1,452	326,588
Education/Health Services	140,234	10%	14,023	146,256	10%	14,626	602	135,495
Leisure/Hospitality	114,312	2%	2,286	116,935	2%	2,339	52	11,804
Other Services	73,099	10%	7,310	74,597	10%	7,460	150	33,705
Government	140,446	20%	28,089	142,214	20%	28,443	354	79,560
Non-Traditional Office Users								
Mining	8,853	1.0%	89	8,841	1%	88	(0)	(27)
Construction	92,570	1.0%	926	93,571	1%	936	10	2,252
Manufacturing	50,328	1.0%	503	50,131	1%	501	(2)	(443)
Wholesale Trade	31,997	1.0%	320	32,532	1%	325	5	1,204
Retail Trade	122,306	1.0%	1,223	123,635	1%	1,236	13	2,990
Transportation/Utilities	64,222	1.0%	642	66,150	1%	662	19	4,338
Total	1,070,287	13%	168,694	1,091,058	13%	172,025	3,331	749,498
Annual Average								749,498
Estimated Annual Capture: SOUTH RIVERSIDE (%)								30.0% - 40.0%
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)								224,849 - 299,799
Estimated Annual Capture: CITY OF MENIFEE (%) 5/								8.0% - 12.0%
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)								17,988 - 35,976
Annual Average (SF):								26,982

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2021, our employment-based demand model yields supportable space of approximately 29,462 square feet of office space demanded annually in Menifee.

Industry	2020			2021			2020 to 2021	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	41,400	50%	20,700	42,670	50%	21,335	635	142,875
Information	8,961	20%	1,792	8,998	20%	1,800	7	1,665
Professional/Business Services	185,835	50%	92,918	189,364	50%	94,682	1,765	397,013
Education/Health Services	146,256	10%	14,626	152,546	10%	15,255	629	141,525
Leisure/Hospitality	116,935	2%	2,339	120,016	2%	2,400	62	13,865
Other Services	74,597	10%	7,460	76,105	10%	7,611	151	33,930
Government	142,214	20%	28,443	143,956	20%	28,791	348	78,390
Non-Traditional Office Users								
Mining	8,841	1.0%	88	8,923	1%	89	1	184
Construction	93,571	1.0%	936	94,072	1%	941	5	1,127
Manufacturing	50,131	1.0%	501	50,144	1%	501	0	29
Wholesale Trade	32,532	1.0%	325	33,002	1%	330	5	1,058
Retail Trade	123,635	1.0%	1,236	125,123	1%	1,251	15	3,348
Transportation/Utilities	66,150	1.0%	662	67,651	1%	677	15	3,377
Total Annual Average	1,091,058	13%	172,025	1,112,570	13%	175,662	3,637	818,386 818,386
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							245,516 - 327,354	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							19,641 - 39,283	
Annual Average (SF):							29,462	

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users
and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2022, our employment-based demand model yields supportable space of approximately 30,150 square feet of office space demanded annually in Menifee.

Industry	2021			2022			2021 to 2022	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	42,670	50%	21,335	43,930	50%	21,965	630	141,750
Information	8,998	20%	1,800	9,034	20%	1,807	7	1,620
Professional/Business Services	189,364	50%	94,682	193,025	50%	96,513	1,830	411,862
Education/Health Services	152,546	10%	15,255	159,122	10%	15,912	658	147,960
Leisure/Hospitality	120,016	2%	2,400	123,225	2%	2,465	64	14,441
Other Services	76,105	10%	7,611	77,623	10%	7,762	152	34,155
Government	143,956	20%	28,791	145,648	20%	29,130	338	76,140
Non-Traditional Office Users								
Mining	8,923	1.0%	89	9,064	1%	91	1	317
Construction	94,072	1.0%	941	94,723	1%	947	7	1,465
Manufacturing	50,144	1.0%	501	50,075	1%	501	(1)	(155)
Wholesale Trade	33,002	1.0%	330	33,485	1%	335	5	1,087
Retail Trade	125,123	1.0%	1,251	126,664	1%	1,267	15	3,467
Transportation/Utilities	67,651	1.0%	677	69,164	1%	692	15	3,404
Total Annual Average	1,112,570	13%	175,662	1,134,782	13%	179,385	3,722	837,513 837,513
Estimated Annual Capture: SOUTH RIVERSIDE (%)								30.0% - 40.0%
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)								251,254 - 335,005
Estimated Annual Capture: CITY OF MENIFEE (%) 5/								8.0% - 12.0%
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)								20,100 - 40,201
Annual Average (SF):								30,150

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2023, our employment-based demand model yields supportable space of approximately 28,565 square feet of office space demanded annually in Menifee.

Industry	2022			2023			2022 to 2023	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	43,930	50%	21,965	45,176	50%	22,588	623	140,175
Information	9,034	20%	1,807	9,071	20%	1,814	7	1,665
Professional/Business Services	193,025	50%	96,513	196,294	50%	98,147	1,635	367,763
Education/Health Services	159,122	10%	15,912	165,975	10%	16,598	685	154,193
Leisure/Hospitality	123,225	2%	2,465	126,003	2%	2,520	56	12,501
Other Services	77,623	10%	7,762	79,151	10%	7,915	153	34,380
Government	145,648	20%	29,130	147,277	20%	29,455	326	73,305
Non-Traditional Office Users								
Mining	9,064	1.0%	91	9,119	1%	91	1	124
Construction	94,723	1.0%	947	95,411	1%	954	7	1,548
Manufacturing	50,075	1.0%	501	50,025	1%	500	(1)	(113)
Wholesale Trade	33,485	1.0%	335	33,976	1%	340	5	1,105
Retail Trade	126,664	1.0%	1,267	127,826	1%	1,278	12	2,614
Transportation/Utilities	69,164	1.0%	692	71,040	1%	710	19	4,221
Total	1,134,782	13%	179,385	1,156,344	13%	182,911	3,527	793,481
Annual Average								793,481
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							238,044 - 317,392	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							19,044 - 38,087	
Annual Average (SF):							28,565	

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2024, our employment-based demand model yields supportable space of approximately 29,335 square feet of office space demanded annually in Menifee.

Industry	2023			2024			2023 to 2024	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	45,176	50%	22,588	46,407	50%	23,204	616	138,488
Information	9,071	20%	1,814	9,108	20%	1,822	7	1,665
Professional/Business Services	196,294	50%	98,147	199,731	50%	99,866	1,719	386,663
Education/Health Services	165,975	10%	16,598	173,094	10%	17,309	712	160,178
Leisure/Hospitality	126,003	2%	2,520	128,875	2%	2,578	57	12,924
Other Services	79,151	10%	7,915	80,688	10%	8,069	154	34,583
Government	147,277	20%	29,455	148,849	20%	29,770	314	70,740
Non-Traditional Office Users								
Mining	9,119	1.0%	91	9,180	1%	92	1	137
Construction	95,411	1.0%	954	96,085	1%	961	7	1,517
Manufacturing	50,025	1.0%	500	49,971	1%	500	(1)	(121)
Wholesale Trade	33,976	1.0%	340	34,473	1%	345	5	1,118
Retail Trade	127,826	1.0%	1,278	129,000	1%	1,290	12	2,642
Transportation/Utilities	71,040	1.0%	710	72,960	1%	730	19	4,320
Total	1,156,344	13%	182,911	1,178,421	13%	186,533	3,622	814,851
Annual Average								814,851
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							244,455 - 325,940	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							19,556 - 39,113	
Annual Average (SF):							29,335	

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

By 2025, our employment-based demand model yields supportable space of approximately 29,877 square feet of office space demanded annually in Menifee.

Industry	2024			2025			2024 to 2025	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	46,407	50%	23,204	47,623	50%	23,812	608	136,800
Information	9,108	20%	1,822	9,145	20%	1,829	7	1,665
Professional/Business Services	199,731	50%	99,866	203,273	50%	101,637	1,771	398,475
Education/Health Services	173,094	10%	17,309	180,496	10%	18,050	740	166,545
Leisure/Hospitality	128,875	2%	2,578	131,879	2%	2,638	60	13,518
Other Services	80,688	10%	8,069	82,236	10%	8,224	155	34,830
Government	148,849	20%	29,770	150,366	20%	30,073	303	68,265
Non-Traditional Office Users								
Mining	9,180	1.0%	92	9,252	1%	93	1	162
Construction	96,085	1.0%	961	96,735	1%	967	7	1,463
Manufacturing	49,971	1.0%	500	49,942	1%	499	(0)	(65)
Wholesale Trade	34,473	1.0%	345	34,974	1%	350	5	1,127
Retail Trade	129,000	1.0%	1,290	130,226	1%	1,302	12	2,759
Transportation/Utilities	72,960	1.0%	730	74,904	1%	749	19	4,374
Total	1,178,421	13%	186,533	1,201,051	13%	190,221	3,689	829,917
Annual Average								829,917

Notes:

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Riverside capture of office inventory

Estimated Annual Capture: SOUTH RIVERSIDE (%)		30.0% - 40.0%
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)		248,975 - 331,967
Estimated Annual Capture: CITY OF MENIFEE (%) 5/		8.0% - 12.0%
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)		19,918 - 39,836
Annual Average (SF):		29,877

By 2026, our employment-based demand model yields supportable space of approximately 30,479 square feet of office space demanded annually in Menifee.

Industry	2025			2026			2025 to 2026	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	47,623	50%	23,812	48,823	50%	24,412	600	135,000
Information	9,145	20%	1,829	9,182	20%	1,836	7	1,665
Professional/Business Services	203,273	50%	101,637	206,942	50%	103,471	1,835	412,763
Education/Health Services	180,496	10%	18,050	188,152	10%	18,815	766	172,260
Leisure/Hospitality	131,879	2%	2,638	135,005	2%	2,700	63	14,067
Other Services	82,236	10%	8,224	83,793	10%	8,379	156	35,033
Government	150,366	20%	30,073	151,831	20%	30,366	293	65,925
Non-Traditional Office Users								
Mining	9,252	1.0%	93	9,342	1%	93	1	203
Construction	96,735	1.0%	967	97,359	1%	974	6	1,404
Manufacturing	49,942	1.0%	499	49,922	1%	499	(0)	(45)
Wholesale Trade	34,974	1.0%	350	35,478	1%	355	5	1,134
Retail Trade	130,226	1.0%	1,302	131,507	1%	1,315	13	2,882
Transportation/Utilities	74,904	1.0%	749	76,833	1%	768	19	4,340
Total	1,201,051	13%	190,221	1,224,169	13%	193,984	3,763	846,630
Annual Average								846,630

Notes:

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Riverside capture of office inventory

Estimated Annual Capture: SOUTH RIVERSIDE (%)		30.0% - 40.0%
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)		253,989 - 338,652
Estimated Annual Capture: CITY OF MENIFEE (%) 5/		8.0% - 12.0%
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)		20,319 - 40,638
Annual Average (SF):		30,479

By 2027, our employment-based demand model yields supportable space of approximately 30,627 square feet of office space demanded annually in Menifee.

Industry	2026			2027			2026 to 2027	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	48,823	50%	24,412	50,008	50%	25,004	593	133,313
Information	9,182	20%	1,836	9,219	20%	1,844	7	1,665
Professional/Business Services	206,942	50%	103,471	210,630	50%	105,315	1,844	414,900
Education/Health Services	188,152	10%	18,815	196,034	10%	19,603	788	177,345
Leisure/Hospitality	135,005	2%	2,700	138,162	2%	2,763	63	14,207
Other Services	83,793	10%	8,379	85,361	10%	8,536	157	35,280
Government	151,831	20%	30,366	153,256	20%	30,651	285	64,125
Non-Traditional Office Users								
Mining	9,342	1.0%	93	9,431	1%	94	1	200
Construction	97,359	1.0%	974	97,955	1%	980	6	1,341
Manufacturing	49,922	1.0%	499	49,886	1%	499	(0)	(81)
Wholesale Trade	35,478	1.0%	355	35,985	1%	360	5	1,141
Retail Trade	131,507	1.0%	1,315	132,752	1%	1,328	12	2,801
Transportation/Utilities	76,833	1.0%	768	78,844	1%	788	20	4,525
Total	1,224,169	13%	193,984	1,247,523	13%	197,765	3,781	850,761
Annual Average								850,761
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							255,228 - 340,304	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							20,418 - 40,837	
Annual Average (SF):							30,627	

Notes:

1/ Per Woods and Poole Economics, Inc.

2/ Meyers Research Estimate

3/ Per Woods and Poole Economics, Inc.

4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.

5/ Reflects estimated capture rate of the South Riverside capture of office inventory

Office Demand Growth from 2027 to 2028

Office Demand Analysis

By 2028, our employment-based demand model yields supportable space of approximately 30,663 square feet of office space demanded annually in Menifee.

Industry	2027			2028			2027 to 2028	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
Traditional Office Users								
Finance Activities	50,008	50%	25,004	51,178	50%	25,589	585	131,625
Information	9,219	20%	1,844	9,256	20%	1,851	7	1,665
Professional/Business Services	210,630	50%	105,315	214,315	50%	107,158	1,843	414,563
Education/Health Services	196,034	10%	19,603	204,126	10%	20,413	809	182,070
Leisure/Hospitality	138,162	2%	2,763	141,296	2%	2,826	63	14,103
Other Services	85,361	10%	8,536	86,938	10%	8,694	158	35,483
Government	153,256	20%	30,651	154,640	20%	30,928	277	62,280
Non-Traditional Office Users								
Mining	9,431	1.0%	94	9,512	1%	95	1	182
Construction	97,955	1.0%	980	98,528	1%	985	6	1,289
Manufacturing	49,886	1.0%	499	49,850	1%	499	(0)	(81)
Wholesale Trade	35,985	1.0%	360	36,493	1%	365	5	1,143
Retail Trade	132,752	1.0%	1,328	133,941	1%	1,339	12	2,675
Transportation/Utilities	78,844	1.0%	788	80,957	1%	810	21	4,754
Total Annual Average	1,247,523	13%	197,765	1,271,030	13%	201,551	3,786	851,751 851,751
Estimated Annual Capture: SOUTH RIVERSIDE (%)							30.0% - 40.0%	
Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)							255,525 - 340,700	
Estimated Annual Capture: CITY OF MENIFEE (%) 5/							8.0% - 12.0%	
Est. Annual Office Space Absorption: CITY OF MENIFEE (SF)							20,442 - 40,884	
Annual Average (SF):							30,663	

Notes:

- 1/ Per Woods and Poole Economics, Inc.
- 2/ Meyers Research Estimate
- 3/ Per Woods and Poole Economics, Inc.
- 4/ Assumes 225 square feet per employee for traditional office users and 225 square feet per employee for non-traditional office users.
- 5/ Reflects estimated capture rate of the South Riverside capture of office inventory

Office Market Trends

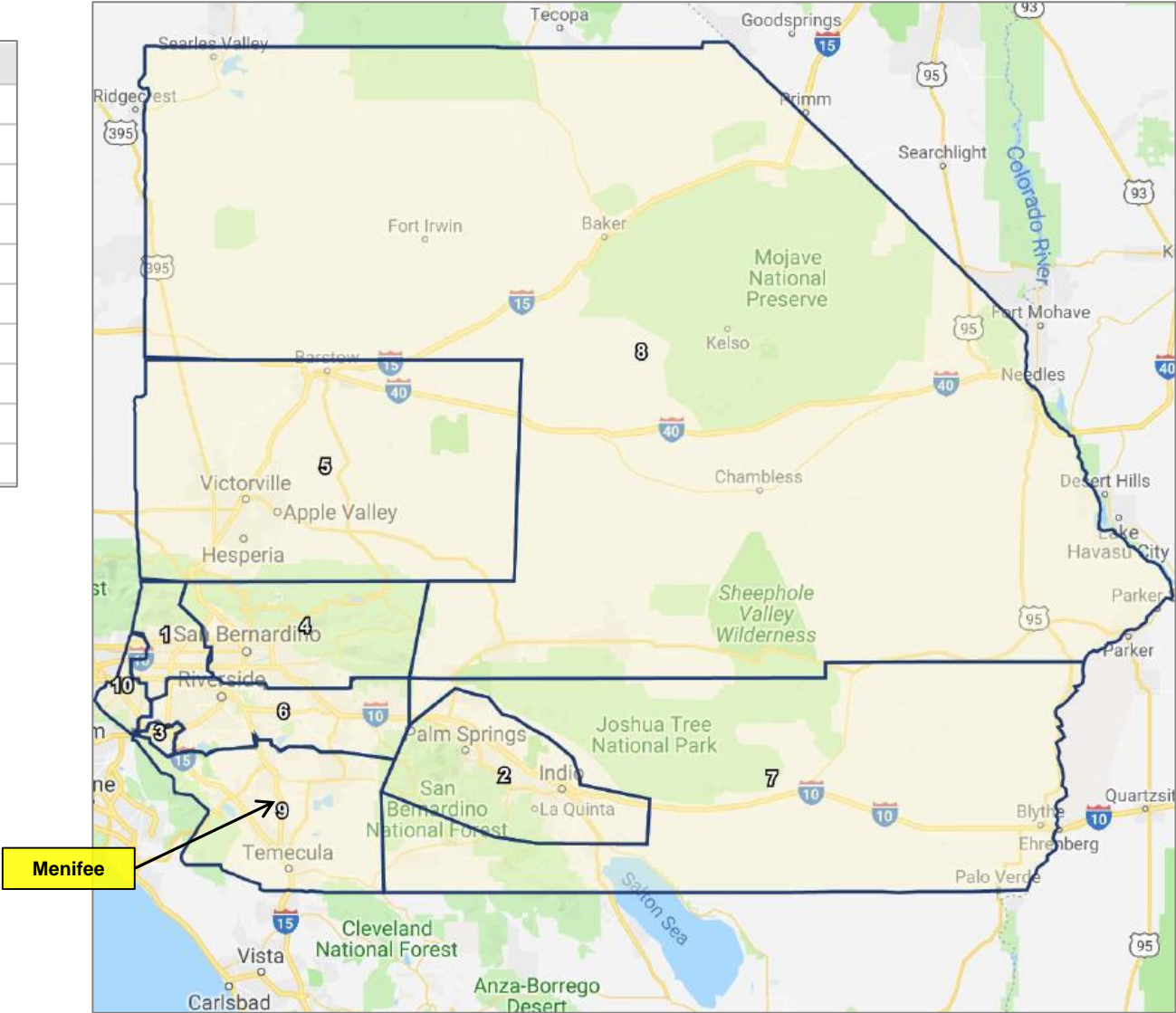
Office Demand and Opportunity Analysis, Menifee, California

DEFINITION OF INLAND EMPIRE OFFICE SUBMARKETS

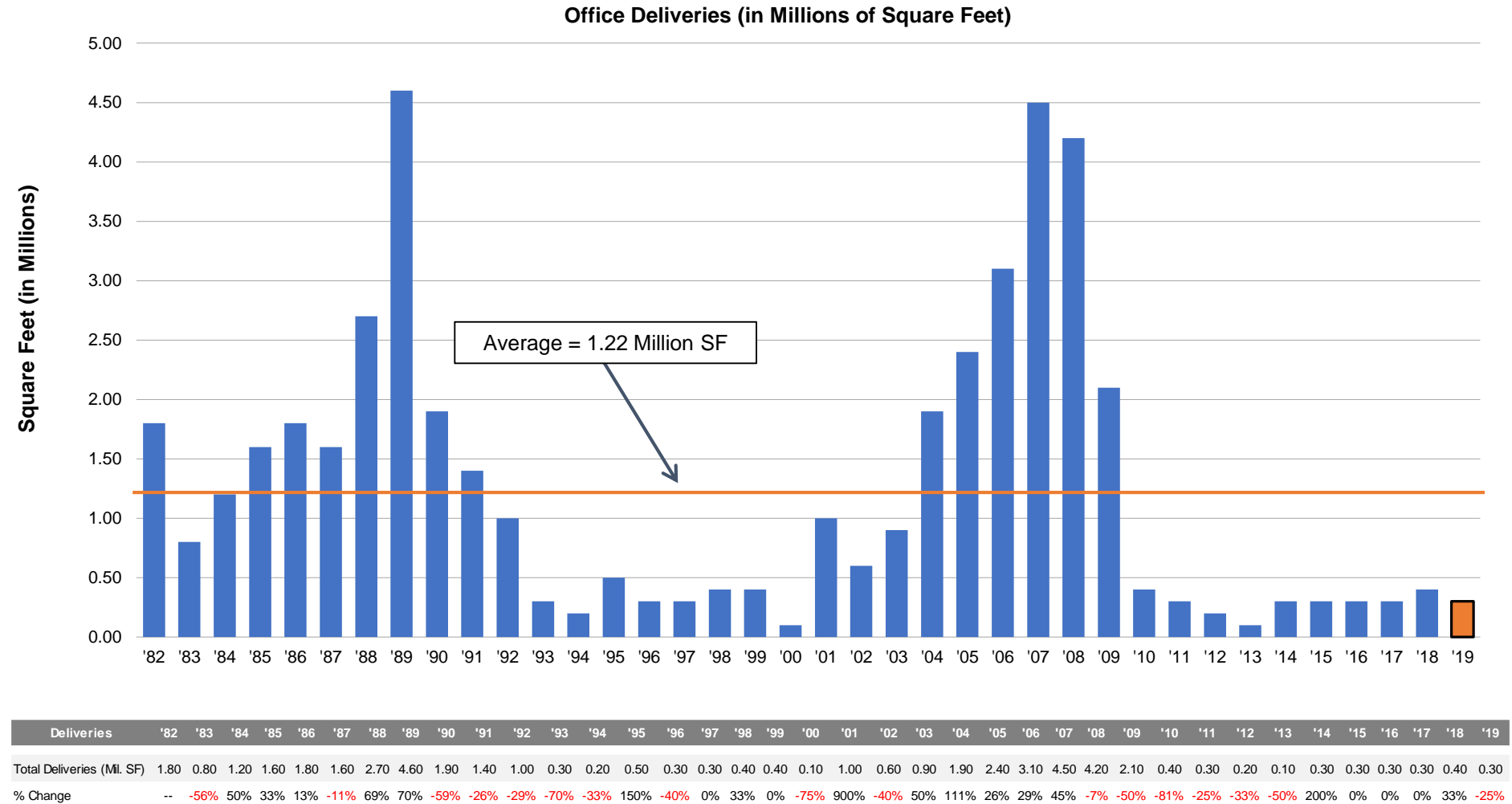
Office Market Trends

The Inland Empire is defined as Riverside and San Bernardino counties combined, and is comprised of ten office submarkets. Menifee is located in the South Riverside submarket, which includes other cities such as Temecula, Murrieta, Perris and Hemet among others.

No.	Submarket
1	Airport Area
2	Coachella Valley
3	Corona
4	East San Bernardino
5	North San Bernardino
6	Riverside
7	Riverside Outlying
8	San Bernardino Outlying
9	South Riverside
10	West San Bernardino

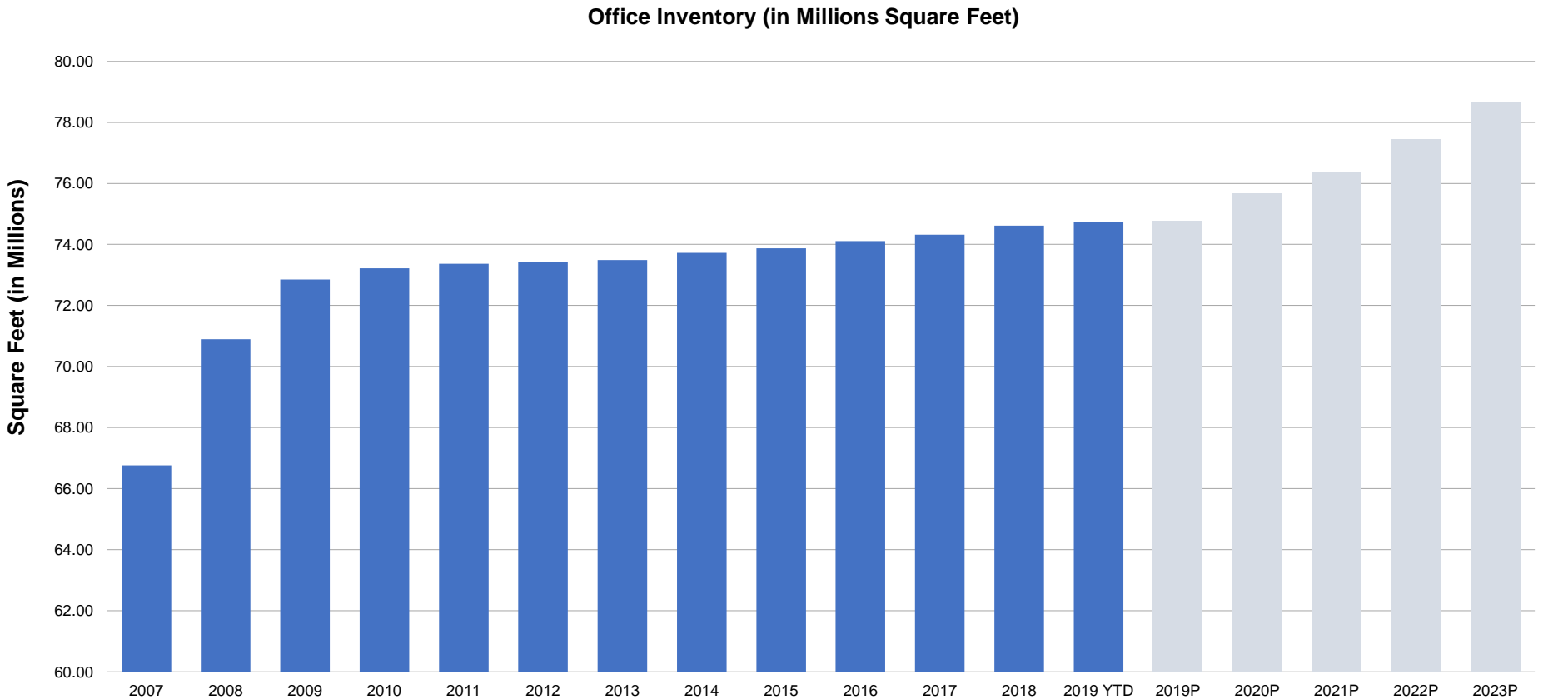


New office deliveries in the Inland Empire have averaged approximately 1.22 million square feet annually over the past 37 years. Most years have run below this average, since the average is influenced by select years where deliveries were remarkably high (late 1980's and mid-2000's in particular). Recent years remain well below the long term average, as 2018 marked nine consecutive years of office deliveries at less than 500,000 square feet; this year is projected to deliver less than 500,000 square feet as well.



Source: CoStar

After significant gains in inventory in 2008, office inventory in Inland Empire has been marginally increasing over the past decade, with less than 200,000 square feet of increased inventory annually, on average. This year is projected to close with minimal increases in inventory, followed by significant increases in 2020-2023 (nearly 1 million square feet annually, on average).



Inventory	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Total Inventory (SF)	66,758,588	70,895,760	72,852,058	73,219,827	73,365,192	73,436,093	73,489,334	73,723,355	73,874,113	74,110,229	74,321,972	74,615,401	74,738,629	74,779,133	75,663,412	76,382,655	77,444,741	78,665,643
Inventory Change	--	4,137,172	1,956,298	367,769	145,365	70,901	53,241	234,021	150,758	236,116	211,743	293,429	123,228	40,504	884,279	719,243	1,062,086	1,220,902
% Change	--	6.2%	2.8%	0.5%	0.2%	0.1%	0.1%	0.3%	0.2%	0.3%	0.3%	0.4%	0.2%	0.1%	1.2%	1.0%	1.4%	1.6%

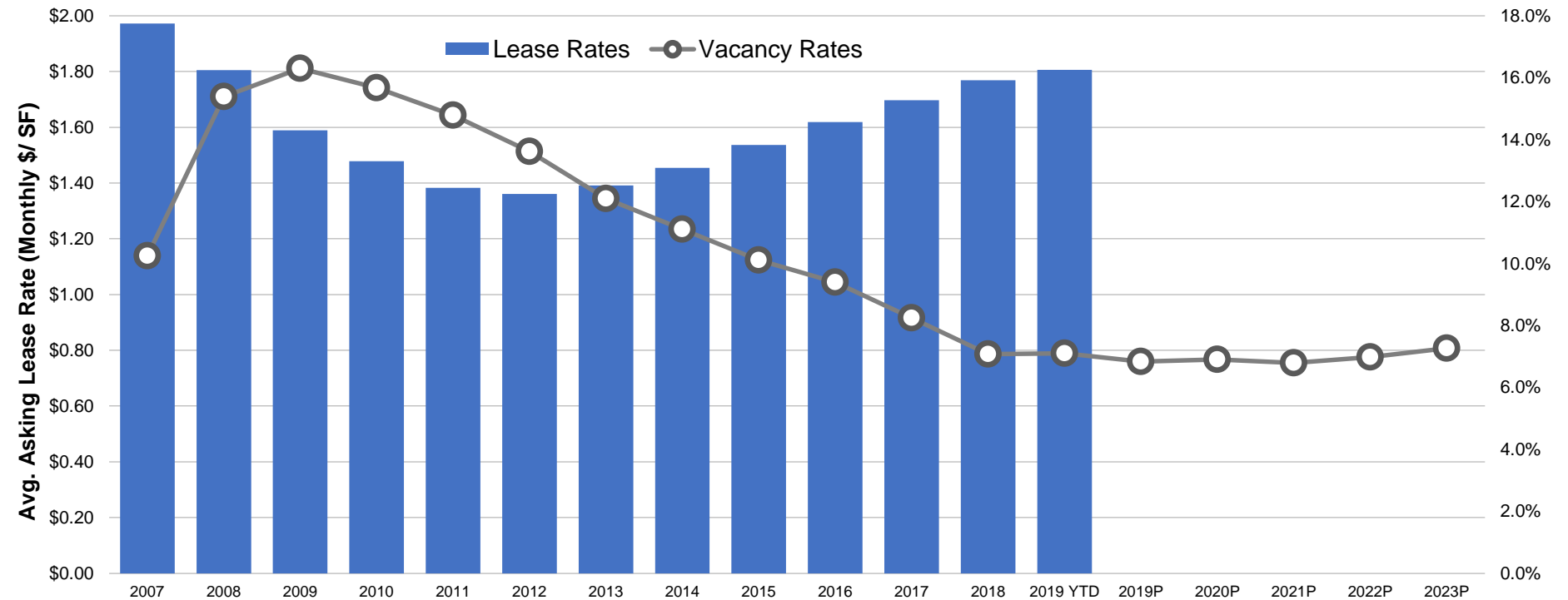
Source: CoStar

INLAND EMPIRE LEASE RATES AND VACANCY

Office Market Trends



Average office lease rates have increased in recent years, while vacancies have decreased to the lowest level in a decade. Office lease rates average \$1.81 per square foot per month currently, the highest level since 2008 but still lower than asking lease rates in 2007. The vacancy rate has trended downward, from nearly 16.3% in 2009 to 7.1% in the most recent quarter, which represents a healthy and even supply-constrained office market.



Lease Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Lease Rate (\$/ SF/ l	\$1.97	\$1.81	\$1.59	\$1.48	\$1.38	\$1.36	\$1.39	\$1.45	\$1.54	\$1.62	\$1.70	\$1.77	\$1.81	--	--	--	--	--
Lease Rate Change	--	(\$0.17)	(\$0.22)	(\$0.11)	(\$0.10)	(\$0.02)	\$0.03	\$0.06	\$0.08	\$0.08	\$0.08	\$0.07	\$0.04	--	--	--	--	--
% Change	--	-8.5%	-12.0%	-7.0%	-6.5%	-1.6%	2.3%	4.5%	5.7%	5.3%	4.8%	4.2%	2.1%	--	--	--	--	--

Vacancy Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Vacancy Rate	10.3%	15.4%	16.3%	15.7%	14.8%	13.6%	12.1%	11.1%	10.1%	9.4%	8.2%	7.1%	7.1%	6.8%	6.9%	6.8%	7.0%	7.3%
Vac. Rate Change	--	5.1%	0.9%	-0.6%	-0.9%	-1.2%	-1.5%	-1.0%	-1.0%	-0.7%	-1.2%	-1.2%	0.0%	-0.3%	0.1%	-0.1%	0.2%	0.3%
% Change	--	50.1%	5.9%	-3.9%	-5.6%	-7.9%	-11.1%	-8.2%	-9.0%	-7.1%	-12.3%	-14.1%	0.3%	-3.7%	0.9%	-1.6%	2.8%	4.1%

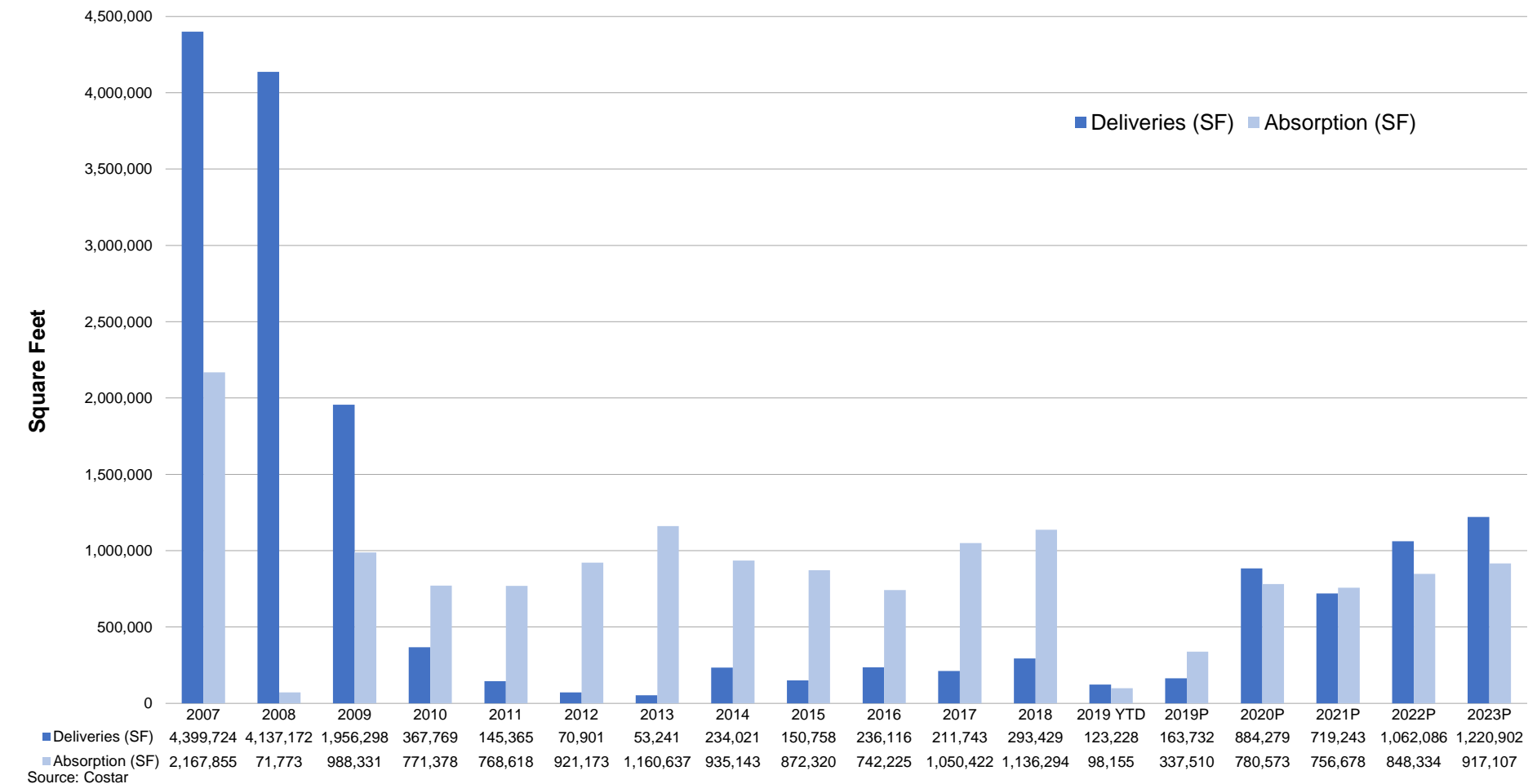
Source: CoStar

INLAND EMPIRE OFFICE DELIVERIES VERSUS ABSORPTION

Office Market Trends

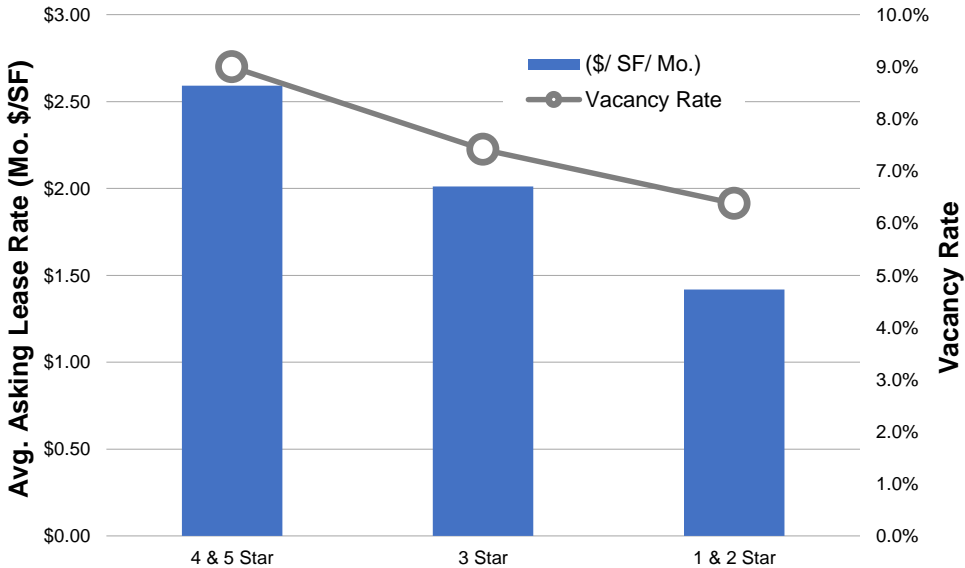
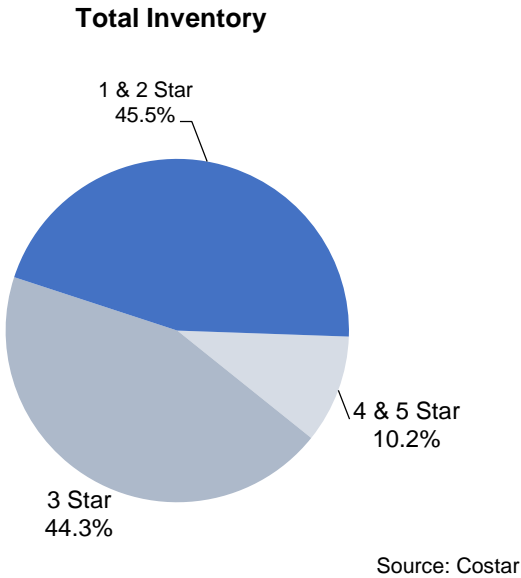
Inland Empire office market absorption has outpaced deliveries for eight consecutive years. The Inland Empire office market was overbuilt during 2007-2009, with 10.4 million square feet delivered and just 3.4 million square feet absorbed. Since then, the market has had a slow and steady recovery, with 8.4 square feet absorbed and only 1.8 million square feet of new deliveries from 2010 through 2018. It is likely that we are nearing a “tipping point” where virtually all of the newer office inventory has been absorbed and office deliveries can increase based on increased demand—CoStar projects higher levels of deliveries and positive net absorption going forward, with over 700,000 square feet in each category annually during 2020 through 2023.

OFFICE MARKET ABSORPTION VS. COMPLETED SPACE



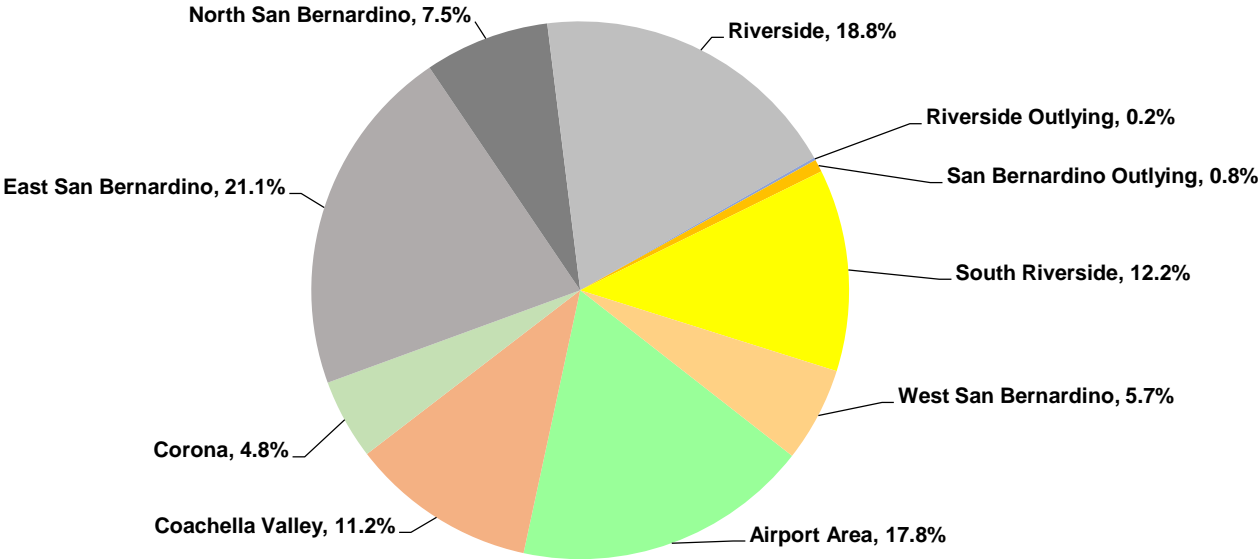
The Inland Empire office market has an even mix of “Three Star” (Class B) and “One and Two Star” (Class C) product. The 4 & 5 Star (Class A) space naturally achieves the highest lease rates but also has a higher vacancy rate than other building classes. Although there were not any notable office deliveries in the last quarter, Inland Empire is an active office development market, with 820,000 square feet currently under construction.

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) 2Q 2019	Deliveries (SF) 2Q 2019	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
4 & 5 Star	7,624,397	686,176	9.0%	(30,793)	0	375,262	\$2.59
3 Star	33,095,888	2,453,212	7.4%	67,828	0	445,617	\$2.01
1 & 2 Star	34,018,344	2,168,302	6.4%	(10,754)	0	0	\$1.42
TOTAL:	74,738,629	5,307,690	7.1%	26,281	0	820,879	\$1.81



The South Riverside submarket comprises 12.2% of the Inland Empire MSA office market overall. South Riverside has higher average lease rates (\$1.92 per square foot) than the overall market and lower vacancies (5.5%), indicating this is a relatively strong office market. Further, absorption is positive in South Riverside, with 137,479 square feet of net absorption over the past 12 months versus only 30,000 square feet of new office deliveries and 154,786 square feet of office buildings currently under construction.

Submarket	Total SF	Vacant SF	Vacancy Rate	Last 12 Months Net Absorption (SF)	Last 12 Months Deliveries (SF)	Under Construction (SF)	Avg. Asking Rent (\$/ SF/ Mo.)
Airport Area	13,314,000	1,035,371	7.8%	(165,139)	11,000	79,200	\$1.99
Coachella Valley	8,363,000	707,541	8.5%	94,806	0	13,449	\$1.76
Corona	3,613,000	237,072	6.6%	(4,468)	0	0	\$2.00
East San Bernardino	15,769,000	1,207,220	7.7%	211,209	0	0	\$1.63
North San Bernardino	5,609,000	299,068	5.3%	57,997	0	26,000	\$1.49
Riverside	14,006,000	1,051,748	7.5%	1,025	40,000	515,718	\$1.84
Riverside Outlying	120,000	9,424	7.9%	3,467	0	0	\$1.43
San Bernardino Outlying	566,000	18,706	3.3%	5,150	0	0	\$1.80
South Riverside	9,075,000	496,018	5.5%	137,479	30,000	154,786	\$1.92
West San Bernardino	4,252,000	241,962	5.7%	52,778	56,000	31,726	\$1.88
Riverside County Subtotal	35,177,000	2,501,803	7.1%	232,309	70,000	683,953	\$1.86
TOTAL:	74,687,000	5,304,130	7.1%	394,304	137,000	820,879	\$1.81



Source: Costar

South Riverside had significant gains in inventory in 2008 with over 1 million square feet added to the office market, followed by more modest gains ranging from 5,000 to 250,000 square feet annually over the past decade. This year is projected to close with very little change in office inventory, followed by more significant increases in 2020-2023 (243,000 square feet annually, on average).

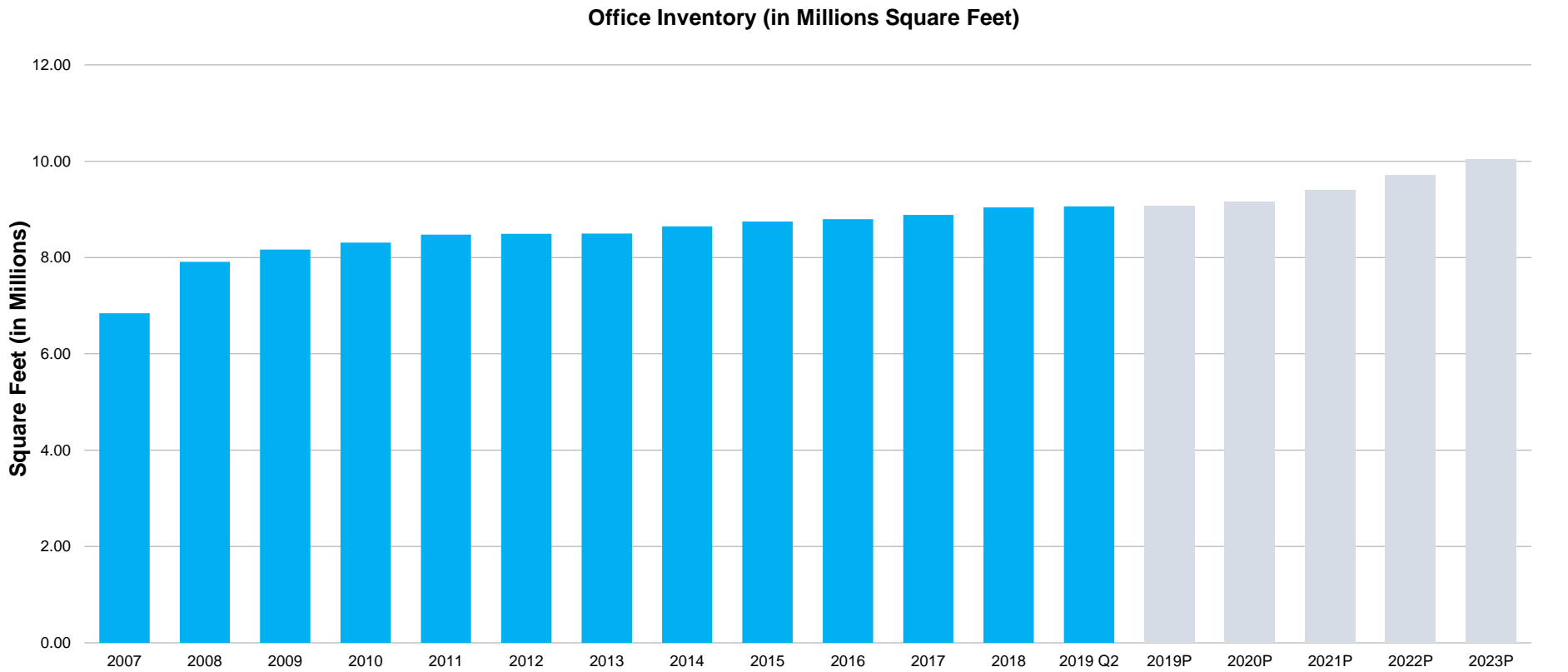
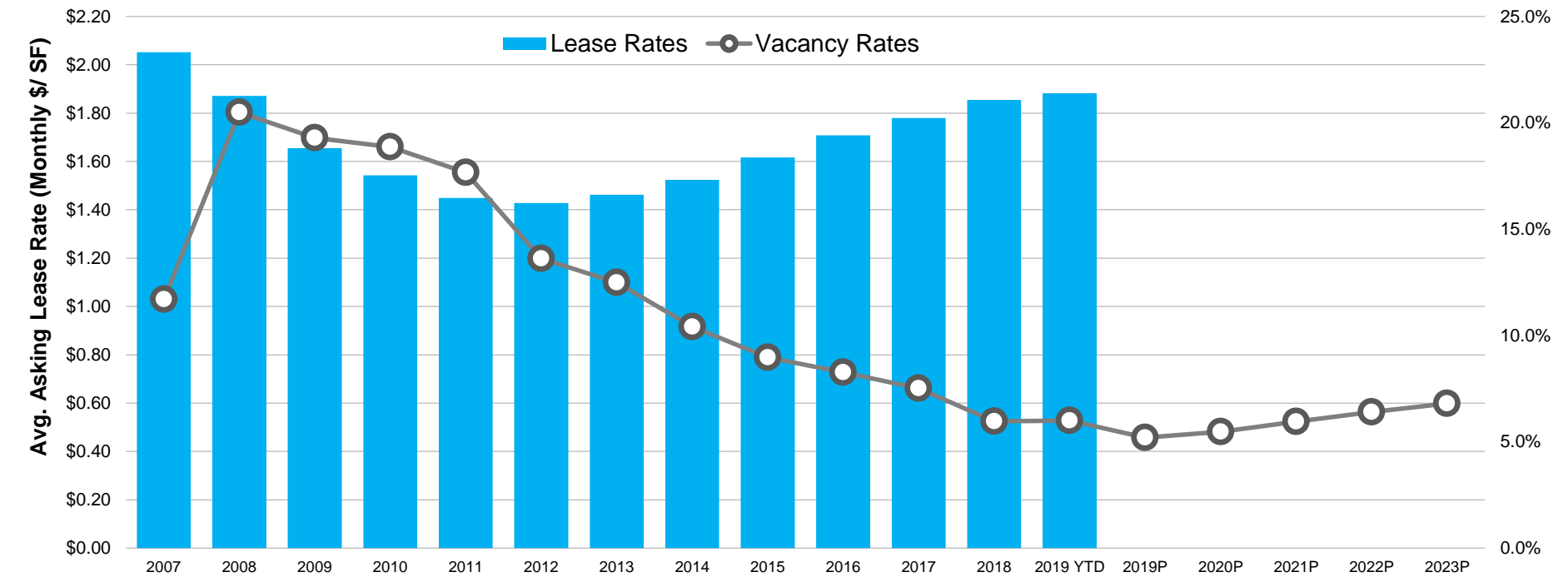


Table with 19 columns: Inventory, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 YTD, 2019P, 2020P, 2021P, 2022P, 2023P. Rows include Total Inventory (SF), Inventory Change, and % Change.

South Riverside office lease rates are increasing, while vacancy is decreasing. South Riverside lease rates have improved from an average of \$1.43 per square foot in 2012 to \$1.88 per square foot in the second quarter of 2019. The vacancy rate decreased from 20.5% in 2008 to 6.0% in the most recent quarter, the lowest vacancy rate on record. This low vacancy rate indicates a supply-constrained office market.

Office Lease Rates and Vacancy Rates

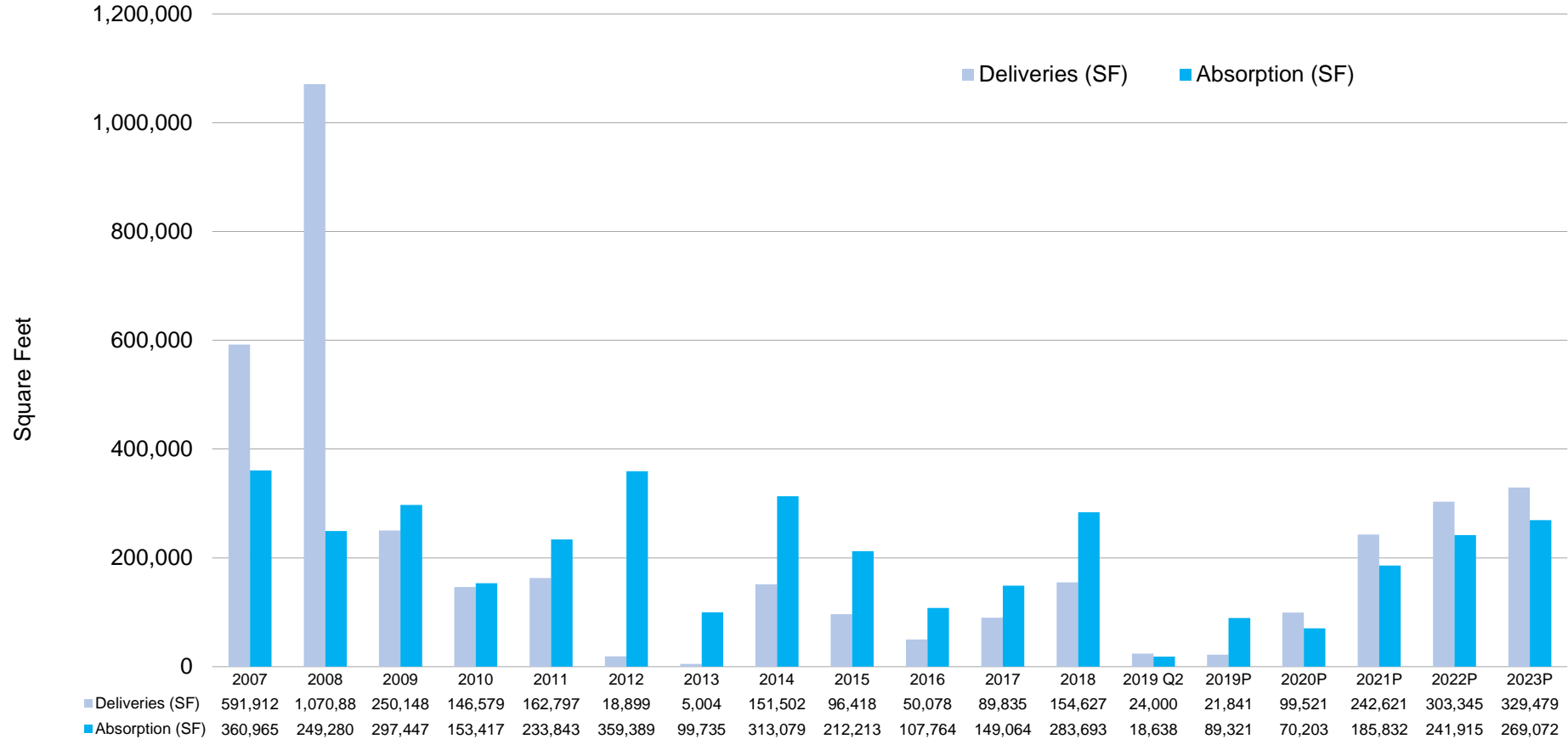


Lease Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Lease Rate (\$/ SF/ Mo.)	\$2.05	\$1.87	\$1.66	\$1.54	\$1.45	\$1.43	\$1.46	\$1.52	\$1.62	\$1.71	\$1.78	\$1.85	\$1.88	--	--	--	--	--
Lease Rate Change	--	(\$0.18)	(\$0.22)	(\$0.11)	(\$0.09)	(\$0.02)	\$0.04	\$0.06	\$0.09	\$0.09	\$0.07	\$0.07	\$0.03	--	--	--	--	--
% Change	--	-8.8%	-11.5%	-6.8%	-6.1%	-1.4%	2.5%	4.2%	6.1%	5.6%	4.2%	4.2%	1.5%	--	--	--	--	--

Vacancy Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Vacancy Rate	11.7%	20.5%	19.3%	18.9%	17.7%	13.6%	12.5%	10.4%	9.0%	8.3%	7.5%	6.0%	6.0%	5.2%	5.5%	5.9%	6.4%	6.8%
Vac. Rate Change	--	8.8%	-1.2%	-0.4%	-1.2%	-4.0%	-1.1%	-2.1%	-1.4%	-0.7%	-0.8%	-1.6%	0.0%	-0.8%	0.3%	0.5%	0.5%	0.4%
% Change	--	75.2%	-5.9%	-2.2%	-6.4%	-22.9%	-8.2%	-16.7%	-13.8%	-7.9%	-9.1%	-20.7%	0.7%	-13.3%	5.3%	8.6%	7.7%	6.3%

Net absorption has exceeded new deliveries for nine consecutive years. The South Riverside office market was overbuilt during 2007 and 2008, with 1.6 million square feet delivered and just 610,000 square feet absorbed during those two years. Since then, the market has more than recovered and absorbed that space, with 2.209 million square feet absorbed and only 1.25 million square feet of new deliveries from 2010 through 2018. CoStar projects higher levels of deliveries and positive net absorption going forward, with over 199,000 square feet of new deliveries and 171,000 square feet of net absorption annually over the next five years.

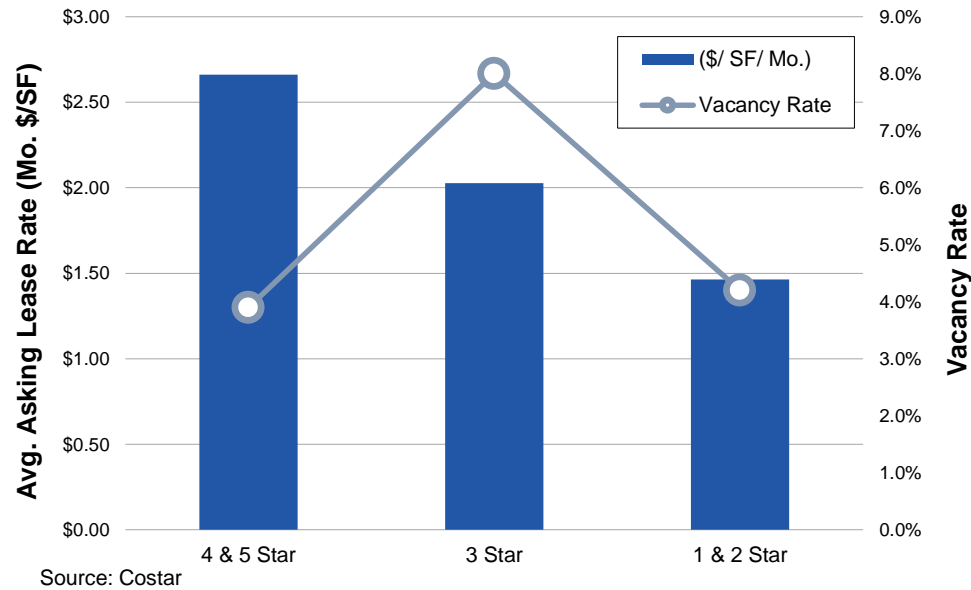
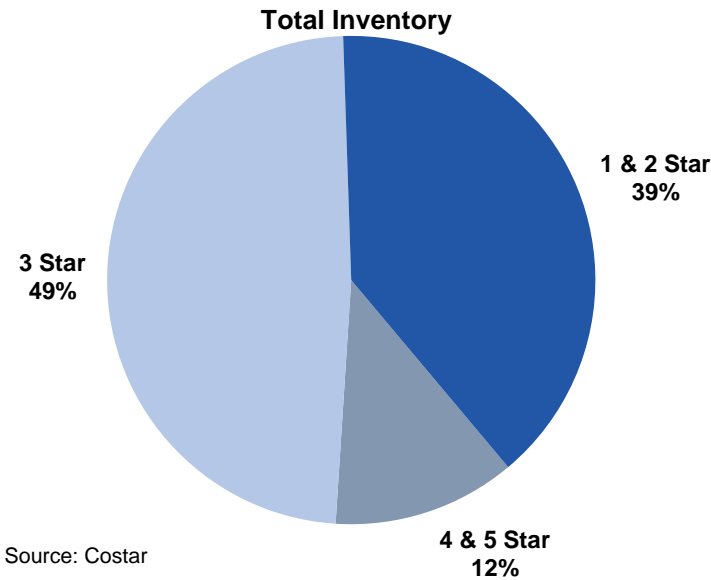
OFFICE MARKET ABSORPTION VS. COMPLETED SPACE



Source: CoStar

South Riverside is dominated by “Three Star” (Class B) product. The 4 & 5 Star (Class A) space naturally achieves the highest lease rates and also has a lower vacancy rate than other building classes, at 3.9% vacancy—this data indicates that newer, higher quality space is in demand and tenants are willing to pay for it. There is scarce office development ongoing in South Riverside currently, with no new deliveries during the past quarter and only 8,000 square feet under construction.

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) 2Q 2019	Deliveries (SF) 2Q 2019	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
4 & 5 Star	1,099,551	42,882	3.9%	(2,618)	0	0	\$2.66
3 Star	4,392,084	351,367	8.0%	(843)	0	8,000	\$2.03
1 & 2 Star	3,572,969	150,065	4.2%	(4,231)	0	0	\$1.46
TOTAL:	9,064,604	544,314	6.0%	(7,692)	0	8,000	\$1.88



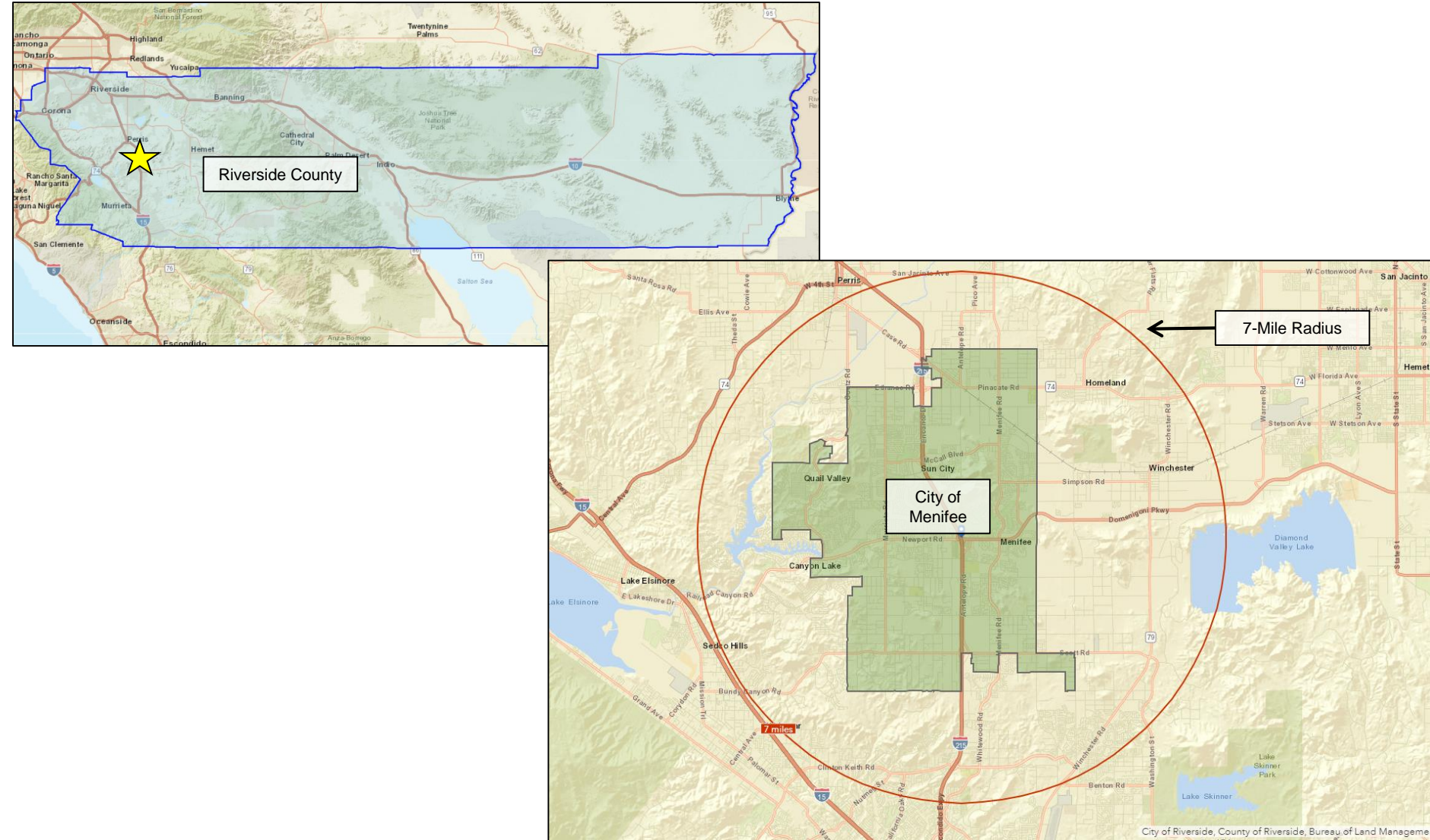
Demographic Overview

Office Demand and Opportunity Analysis, Menifee, California

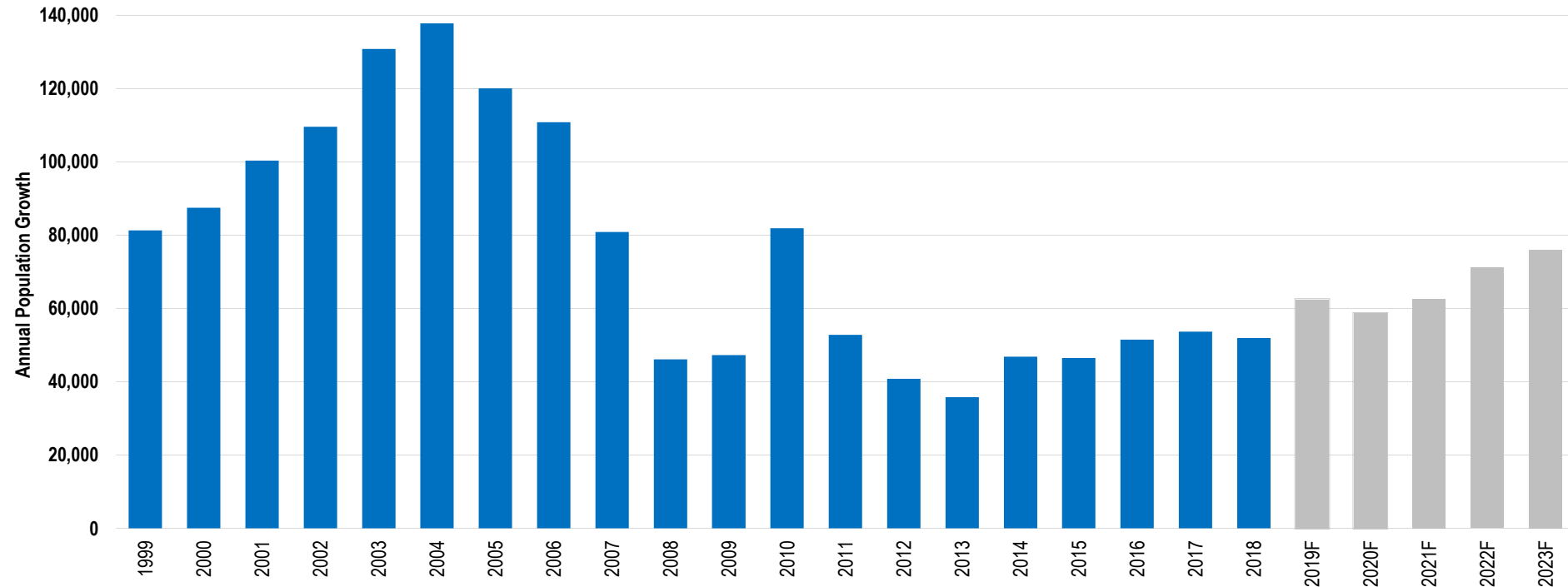
GEOGRAPHIES CONSIDERED FOR DEMOGRAPHIC ANALYSIS

Demographic Overview

This analysis estimates the demand for housing in Riverside County, as well as two key subsections of the region: the city of Menifee and a 7-mile radius surrounding the approximate center of Menifee (I-215 and Newport Road).



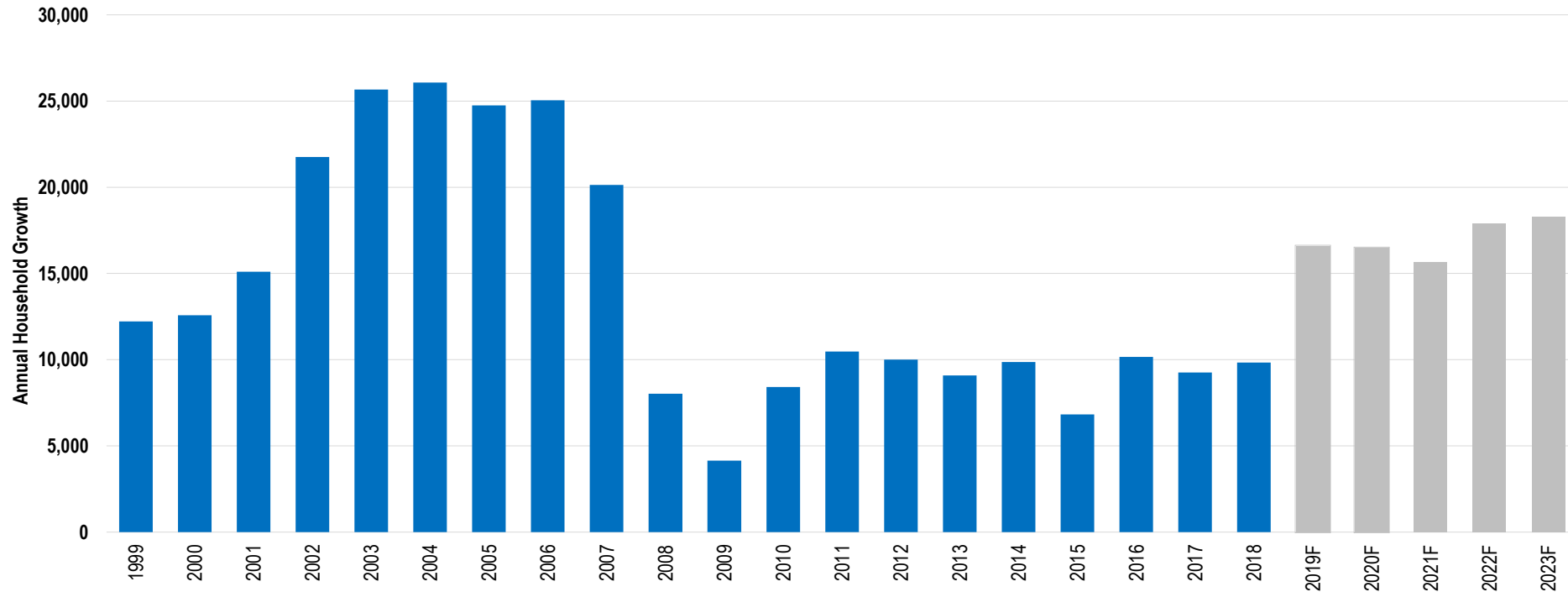
From 2011 through 2016, the number of new households added to Riverside County increased annually to peak at 21,880 new households in 2016, followed by slightly less growth in 2017 and 2018 (20,150 and 19,400 new households). Growth is projected to increase in 2019 and average +/-24,000 new households per year from 2019 through 2023 (2.3% annual growth).



Source: Moody's Analytics; U.S. Census Bureau (BOC)

	Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History										Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Population	4,160,690	4,242,560	4,295,340	4,336,160	4,371,910	4,418,730	4,465,230	4,516,740	4,570,430	4,622,360	4,684,850	4,743,540	4,806,150	4,877,240	4,953,300
Prior Year Change	47,240	81,870	52,780	40,820	35,750	46,820	46,500	51,510	53,690	51,930	62,490	58,690	62,610	71,090	76,060
Annual % Change	1.1%	2.0%	1.2%	1.0%	0.8%	1.1%	1.1%	1.2%	1.2%	1.1%	1.4%	1.3%	1.3%	1.5%	1.6%

Household growth in Riverside County exceeded 1,900 new households annually from 2016 through 2018 (6,000 total new households). Growth is projected to increase to +/-2,300 new households per year from 2019 through 2023 (2.8% annual growth).

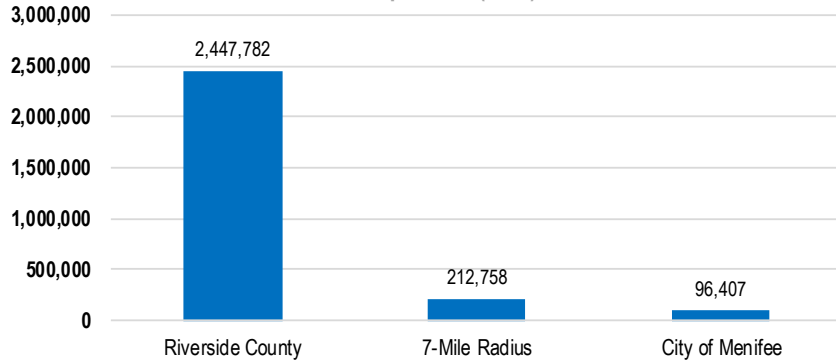


Source: Moody's Analytics; U.S. Census Bureau (BOC)

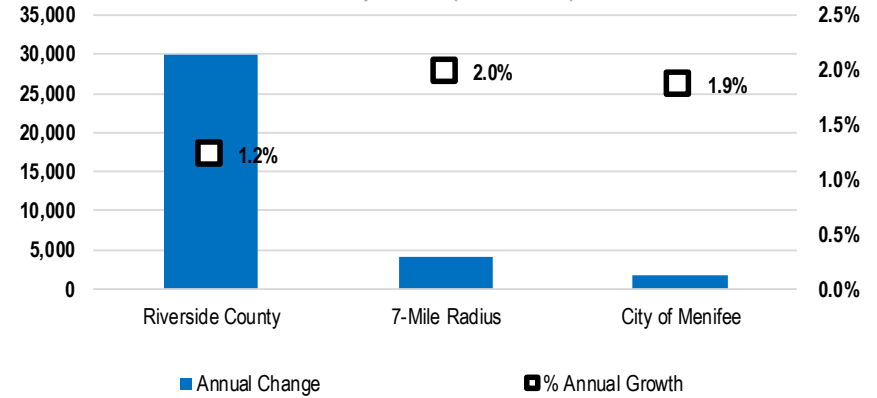
Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Households	682,460	690,870	701,340	711,340	720,430	730,300	737,120	747,280	756,530	766,360	782,960	799,450	815,110	833,020	851,310
Prior Year Change	4,140	8,410	10,470	10,000	9,090	9,870	6,820	10,160	9,250	9,830	16,600	16,490	15,660	17,910	18,290
Annual % Change	0.6%	1.2%	1.5%	1.4%	1.3%	1.4%	0.9%	1.4%	1.2%	1.3%	2.2%	2.1%	2.0%	2.2%	2.2%

The City of Menifee is poised for greater household growth than Riverside County, with 1.9% annual growth. A total of 8,195 new households are expected in Riverside County annually, and 511 new households within a Menifee annually (though this may be understated).

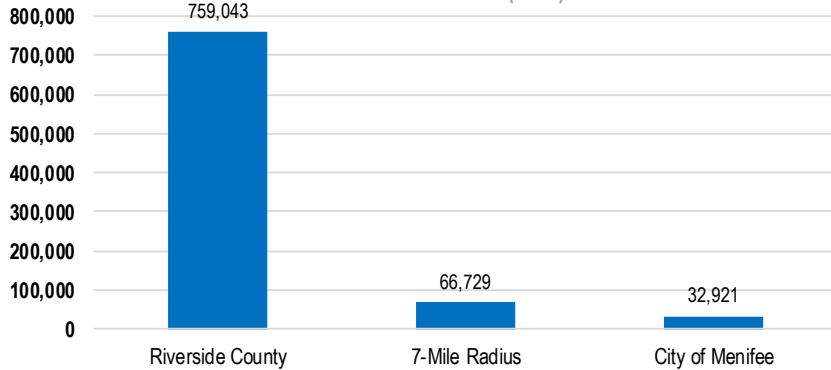
Total Population (2019)



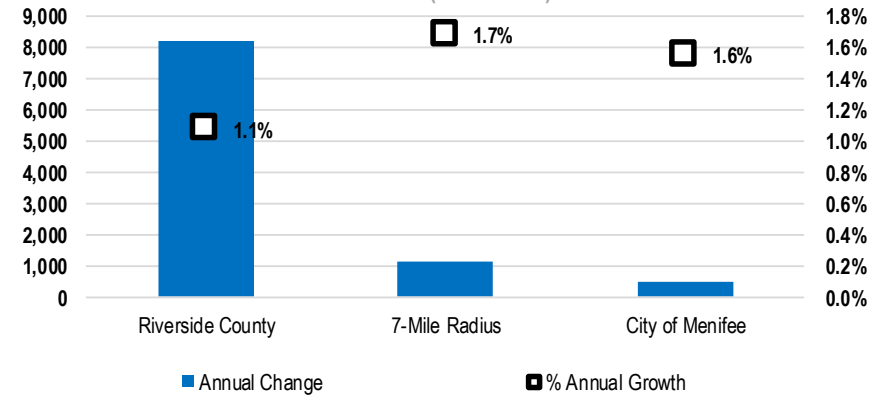
Total Population (2019 - 2024)



Total Households (2019)

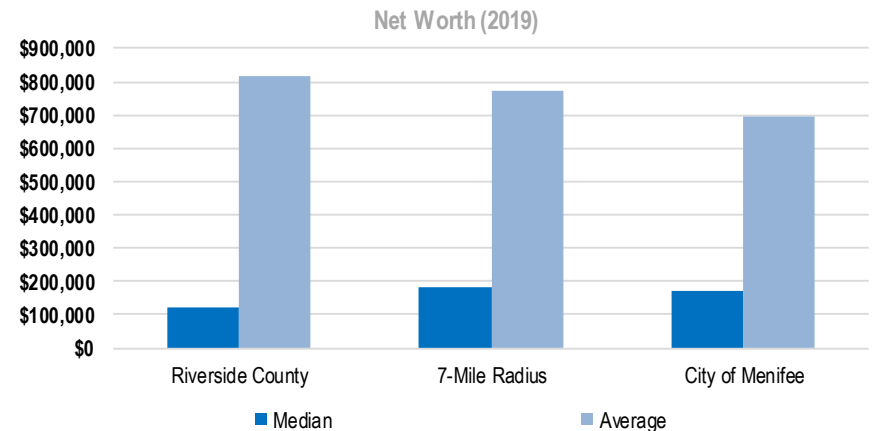
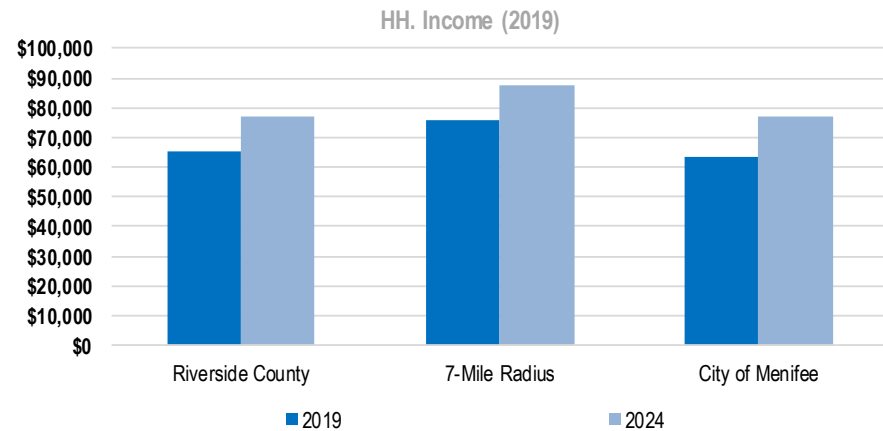
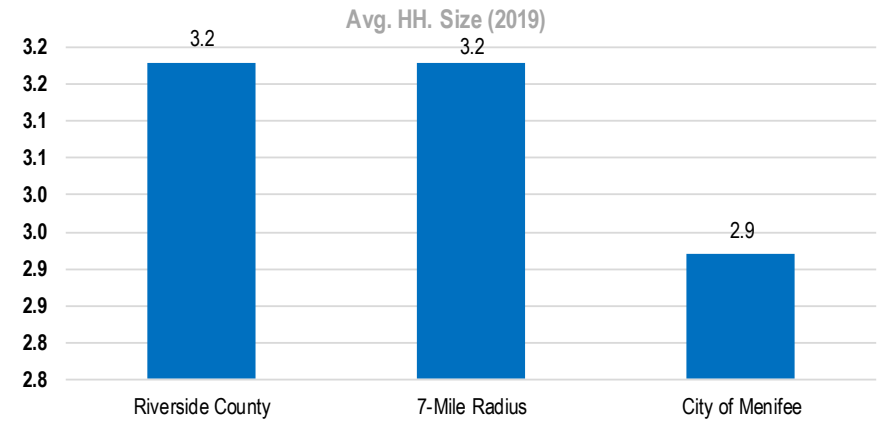
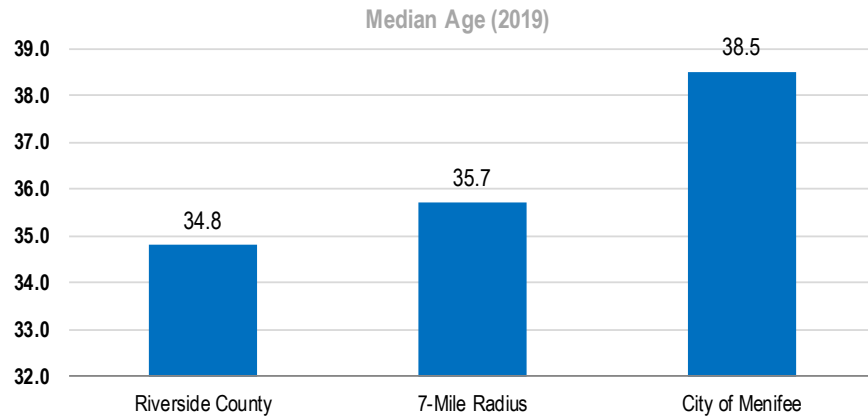


Households (2019 - 2024)



Source: ESRI

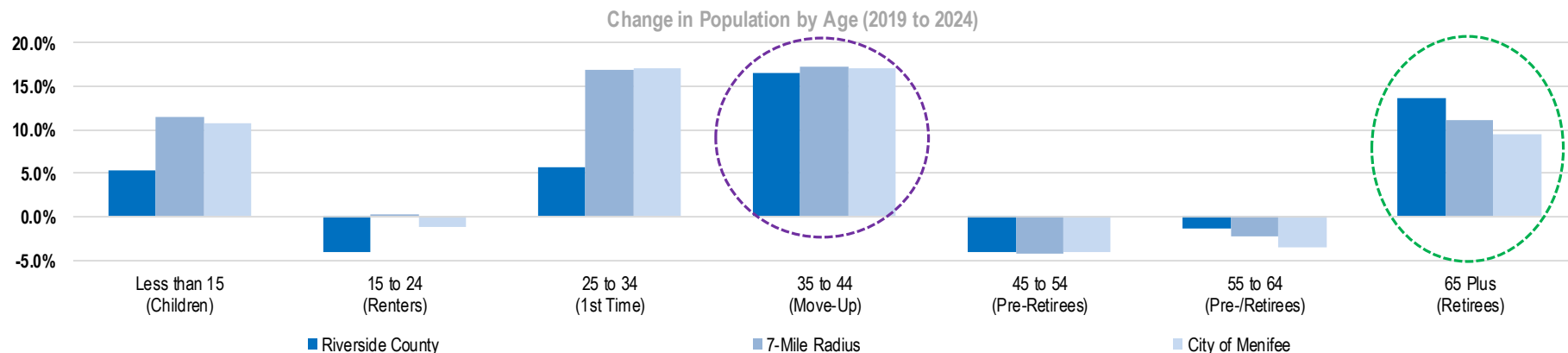
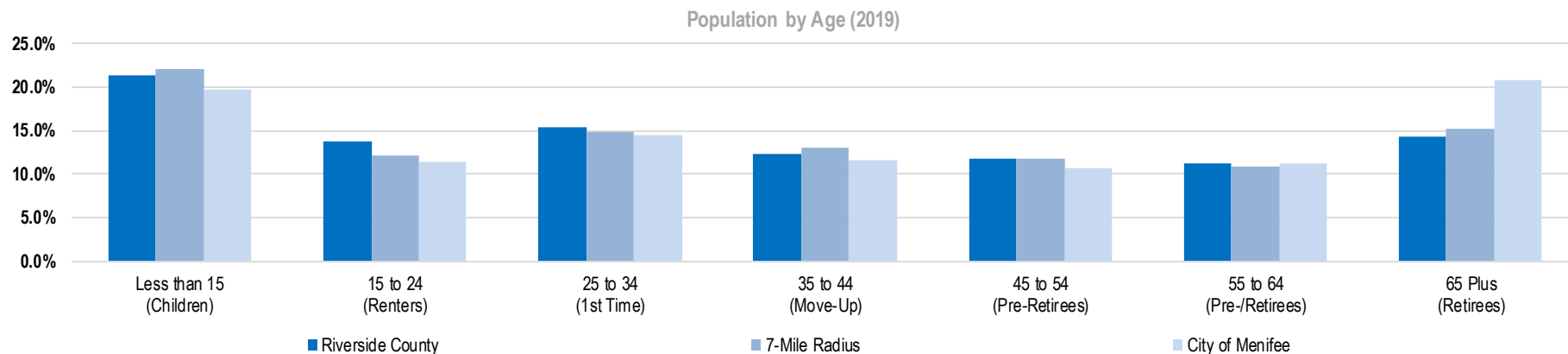
The City of Menifee has a lower household size and a higher median age than Riverside County. The median age is slightly higher in Menifee (38.5) versus the seven mile radius (35.7), and Riverside County (34.8). The average household size is 2.9 persons per household in the local area, indicating a concentration of couples and families in the local area. Incomes are slightly lower in Menifee (\$63,413) versus Riverside County (\$65,075) though they are projected to increase to over \$77,000 in both areas by 2024.



POPULATION BY AGE RANGES

Demographic Overview

Menifee has a higher proportion of children and 65 Plus residents, though growth is projected to occur in middle age segments. Over the next five years, the strongest growth will occur in the 25 to 34 and 35 to 44 segments in Menifee, which indicates an increase in young families and mature families. It is interesting to note that Menifee has a higher concentration of 65 Plus residents than the county, but is projected to have a lower growth rate than Riverside County in the 65 Plus segment.



Source: ESRI

The top psychographic profiles are Boomburbs, Up and Coming Families and American Dreamers in Riverside County, which are family oriented segments with moderate incomes. The top psychographic profile in Menifee is “Up and Coming Families” followed by The Elders and Retirement Communities, which are family oriented segments as well as retiree residents. See the following pages for details on the top psychographic profiles in Menifee.

Riverside County																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	1C: Boomburbs	Affluent Estates		62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	30.5	4.0	\$119,521	\$378,708	\$563,109	9.6%
2	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	28.2	3.8	\$72,766	\$123,846	\$320,774	9.3%
3	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	29.0	3.9	\$53,312	\$64,096	\$243,929	7.5%
4	7B: Urban Villages	Ethnic Enclaves	Married Couples	86	70%	Single Family	33.6	3.8	\$58,900	\$114,300	\$279,400	1.1%	30.4	4.6	\$63,308	\$124,172	\$445,449	7.1%
5	4A: Soccer Moms	Family Landscapes	Married Couples	49	85%	Single Family	36.8	3.0	\$88,600	\$272,200	\$259,400	2.9%	33.3	3.6	\$95,230	\$295,710	\$413,563	5.0%
6	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	65.1	2.1	\$41,059	\$227,920	\$287,134	4.6%
7	7D: Barrios Urbanos	Ethnic Enclaves	Married Couples	81	60%	Single Family	28.5	3.6	\$36,900	\$27,300	\$109,600	1.0%	25.8	4.4	\$39,661	\$29,658	\$174,736	4.4%
8	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	33.8	3.5	\$74,808	\$202,391	\$317,267	3.9%
9	9A: Silver & Gold	Senior Styles	Married Couples w/No Kids	23	83%	Single Family/Seasonal	62.4	2.0	\$65,500	\$313,200	\$343,800	0.8%	56.4	2.5	\$70,402	\$340,251	\$548,122	3.7%
10	13B: Las Casas	Next Wave	Married Couples	86	35%	Single Family; Multi-Unit Rentals	28.0	4.1	\$37,200	\$14,500	\$242,000	0.7%	25.3	5.0	\$39,984	\$15,752	\$385,822	3.6%
7-Mile Radius																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	28.9	3.8	\$84,874	\$190,809	\$310,578	29.5%
2	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	31.2	4.0	\$139,410	\$583,475	\$545,210	16.4%
3	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	66.8	2.1	\$47,891	\$351,156	\$278,008	11.1%
4	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	34.7	3.5	\$87,256	\$311,823	\$307,182	4.7%
5	4A: Soccer Moms	Family Landscapes	Married Couples	49	85%	Single Family	36.8	3.0	\$88,600	\$272,200	\$259,400	2.9%	34.1	3.6	\$111,076	\$455,599	\$400,417	4.3%
6	9E: Retirement Communities	Senior Styles	Singles	48	45%	Multi-Units; Single Family	52.8	1.9	\$36,900	\$43,500	\$175,900	1.2%	49.0	2.3	\$46,261	\$72,809	\$271,524	4.1%
7	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	29.8	3.9	\$62,183	\$98,752	\$236,175	3.5%
8	9D: Senior Escapes	Senior Styles	Married Couples w/No Kids	43	75%	SF; Mobile Homes/Seasonal	53.4	2.2	\$37,300	\$102,000	\$121,600	0.9%	49.5	2.7	\$46,762	\$170,724	\$187,705	3.5%
9	6A: Green Acres	Cozy Country Living	Married Couples	25	86%	Single Family	43.5	2.7	\$76,600	\$261,200	\$223,400	3.2%	40.3	3.3	\$96,032	\$437,188	\$344,847	2.8%
10	10D: Down the Road	Rustic Outposts	Married Couples	71	66%	Mobile Homes; Single Family	34.6	2.7	\$37,500	\$39,600	\$110,700	1.1%	32.1	3.4	\$47,013	\$66,281	\$170,880	2.3%
City of Menifee																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	31.2	3.5	\$70,903	\$175,492	\$287,949	30.0%
2	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	72.0	1.9	\$40,008	\$322,967	\$257,751	22.4%
3	9E: Retirement Communities	Senior Styles	Singles	48	45%	Multi-Units; Single Family	52.8	1.9	\$36,900	\$43,500	\$175,900	1.2%	52.8	2.1	\$38,646	\$66,964	\$251,740	8.3%
4	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	33.7	3.6	\$116,462	\$536,636	\$505,484	5.6%
5	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	37.4	3.2	\$72,893	\$286,791	\$284,800	5.3%
6	8C: Bright Young Professional	Middle Ground	Married Couples	66	43%	Single Family; Multi-Units	32.6	2.4	\$53,900	\$35,700	\$193,900	2.2%	32.6	2.7	\$56,450	\$54,957	\$277,501	4.7%
7	6A: Green Acres	Cozy Country Living	Married Couples	25	86%	Single Family	43.5	2.7	\$76,600	\$261,200	\$223,400	3.2%	43.5	3.0	\$80,225	\$402,092	\$319,720	3.8%
8	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	32.1	3.6	\$51,947	\$90,825	\$218,967	3.7%
9	9D: Senior Escapes	Senior Styles	Married Couples w/No Kids	43	75%	SF; Mobile Homes/Seasonal	53.4	2.2	\$37,300	\$102,000	\$121,600	0.9%	53.4	2.5	\$39,065	\$157,019	\$174,029	3.4%
10	5E: Midlife Constants	GenXurban	Married Couples w/No Kids	35	73%	Single Family	46.5	2.3	\$48,000	\$121,800	\$155,800	2.5%	46.5	2.6	\$50,271	\$187,499	\$222,974	3.0%

WHO ARE WE?

Up and Coming Families is a market in transition—residents are younger and more mobile and ethnically diverse than the previous generation. They are ambitious, working hard to get ahead, and willing to take some risks to achieve their goals. The recession has impacted their financial well-being, but they are optimistic. Their homes are new; their families are young. And this is one of the fastest-growing markets in the country.

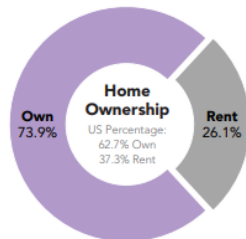


SOCIOECONOMIC TRAITS

- Education: 67% have some college education or degree(s).
- Hard-working labor force with a participation rate of 71% (Index 114) and low unemployment at 4.6% (Index 84).
- Most households (61%) have 2 or more workers.
- Careful shoppers, aware of prices, willing to shop around for the best deals and open to influence by others' opinions.
- Seek the latest and best in technology.
- Young families still feathering the nest and establishing their style.



Typical Housing:
Single Family
Median Value:
\$194,400
US Median: \$207,300



INCOME AND NET WORTH

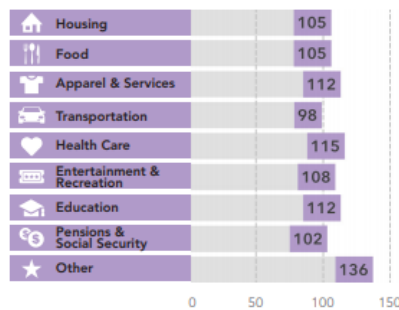
Median Household Income



Median Net Worth

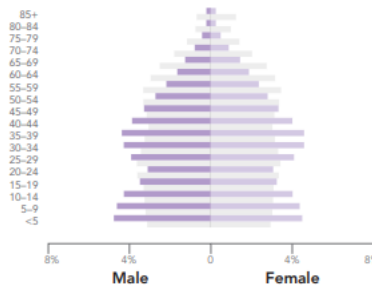


AVERAGE HOUSEHOLD BUDGET INDEX



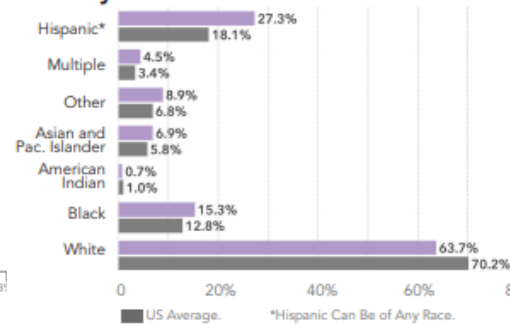
AGE BY SEX (Eri data)

Median Age: 31.4 US: 38.2
■ Indicates US

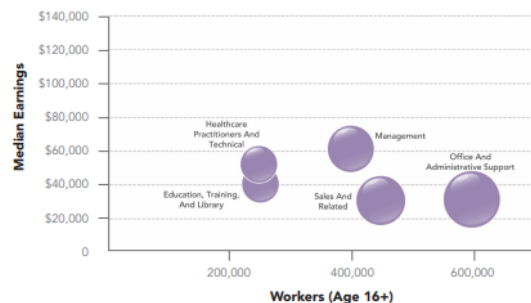


RACE AND ETHNICITY

Diversity Index: 73.9 US: 64.0



OCCUPATION BY EARNINGS





WHO ARE WE?

With a median age of 72.3 years, this is Tapestry Segmentation's oldest market. *The Elders* residents favor communities designed for senior or assisted living, primarily in warmer climates with seasonal populations. Most of these householders are homeowners, although their housing varies from mobile homes to single-family residences to high-rise apartments. These seniors are informed, independent, and involved.



OUR NEIGHBORHOOD

- Suburban periphery of metropolitan areas, primarily in the warmer climates of Florida or Arizona.
- 45% married couples without children; 44% single households; average household size, 1.68.
- Owner-occupied housing units; median home value of \$180,000 (Index 87).
- Housing mix of single-family homes (44%), town homes, and high-density apartment buildings in neighborhoods built from 1970 through 1989.
- Vacancy rates higher at 24%, due to the number of seasonal or vacation homes.
- Almost 60% of the population in group quarters on nursing home facilities.

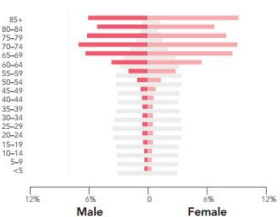
SOCIOECONOMIC TRAITS

- Predominantly retirees, *The Elders* has a low labor force participation rate of 22.4%.
- Those who are still in the labor force tend to be self-employed or part-timers, commonly in real estate, retail or the arts.
- Their income derives primarily from Social Security (80% of the households), retirement, or investments (almost half of the households). Less than 30% of the households draw wage/salary income.
- Median household income is lower than the US (Index 76), but median net worth is much higher (Index 269).
- These consumers have definite opinions about their spending, focusing on price, but not at the expense of quality. They prefer to use coupons and buy American and environmentally safe products.
- Cell phones are common but primarily used to make/receive calls.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

AGE BY SEX

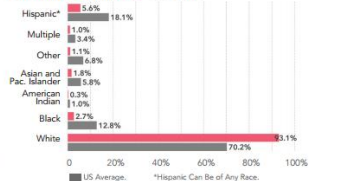
Median Age: 72.3 US: 38.2
■ Indicates US



RACE AND ETHNICITY

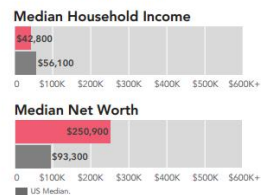
The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: 22.4 US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.



MARKET PROFILE

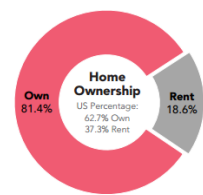
- Vehicles are just a means of transportation, but their first choice is luxury sedans. Most of their cars are older (5+ years).
- They are connected via modems (cable or dial-up) on older PCs or notebooks. However, banking is commonly done in person; shopping is by phone or in person.
- Shopping includes apparel and exercise equipment.
- They are avid readers, with audio books and e-readers. Newspapers and magazines are staples for news and entertainment. Cable TV is also a must, primarily watching news or movie channels, but also golf, weather, and history channels.
- Residents are sociable seniors, partial to a variety of clubs and organizations and generous with their time and support.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

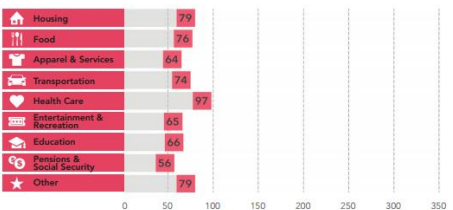


Typical Housing:
Single Family, High-Rises, Mobile Homes/Seasonal
Median Value:
\$180,000
US Median: \$207,300



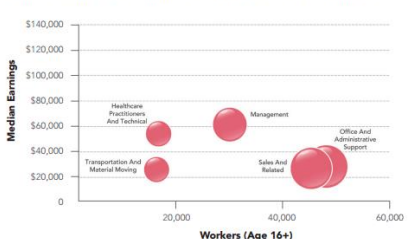
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



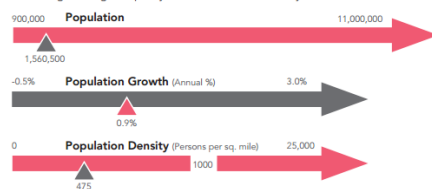
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



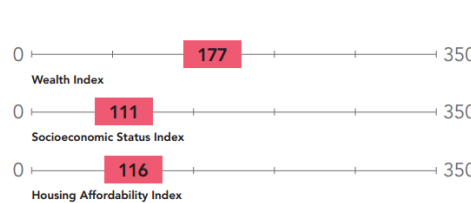
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



'RETIREMENT COMMUNITIES' RANKS 3rd IN MENIFEE

Demographic Overview



WHO ARE WE?

Retirement Communities neighborhoods are evenly distributed across the country. They combine single-family homes and independent living with apartments, assisted living, and continuous care nursing facilities. Over half of the housing units are in multiunit structures, and the majority of residents have a lease. This group enjoys watching cable TV and stays up-to-date with newspapers and magazines. Residents take pride in fiscal responsibility and keep a close eye on their finances. Although income and net worth are well below national averages, residents enjoy going to the movies, fishing, and taking vacations. While some residents enjoy cooking, many have paid their dues in the kitchen and would rather dine out.



OUR NEIGHBORHOOD

- Much of the housing was built in the 1970s and 1980s—a mix of single-family homes and large multiunit structures that function at various levels of senior care.
- Small household size; many residents have outlived their partners and live alone.
- Over half of the homes are renter occupied.
- Average rent is slightly below the US average.
- Nearly one in five households has no vehicle.

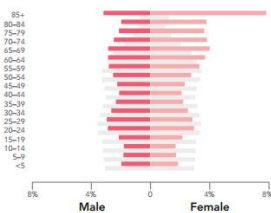
SOCIOECONOMIC TRAITS

- Brand loyal, this segment will spend a little more for their favorite brands, but most likely they will have a coupon.
- Frugal, they pay close attention to finances.
- They prefer reading magazines over interacting with computers.
- They are health conscious and prefer name brand drugs.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

AGE BY SEX

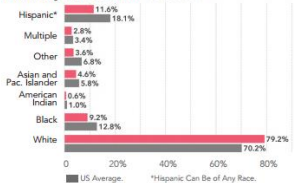
Median Age: 53.9 US: 38.2
Indicates US



RACE AND ETHNICITY

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: 49.4 US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income



Median Net Worth



MARKET PROFILE

(Consumer preferences are estimated from data by GfK MRI)

- Enjoy hard-cover books, book clubs, crossword puzzles, and Sudoku.
- Contribute to political organizations and other groups.
- Entertainment preferences: playing cards and reading books.
- Prefer watching cable TV, including premium channels like HBO and Cinemax.
- Like to travel—including visits to foreign countries.
- Shop at diverse, large retail chains like Sears, Family Dollar, Target, and Walmart for convenience.

HOUSING

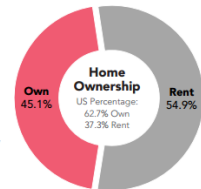
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Multi-Units; Single Family

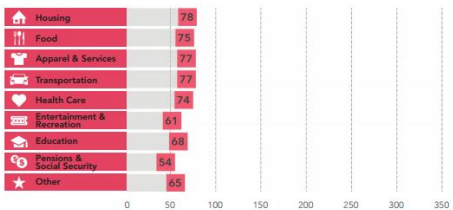
Average Rent:
\$1,013

US Average: \$1,038



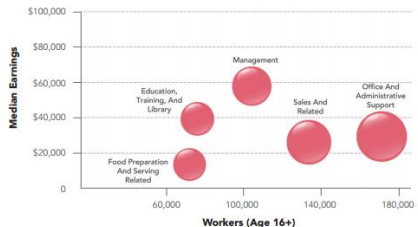
AVERAGE HOUSEHOLD BUDGET INDEX

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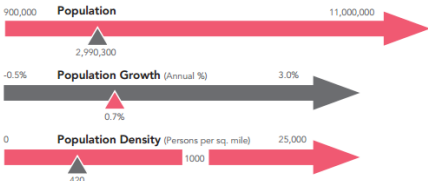
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.





WHO ARE WE?

This is the new growth market, with a profile similar to the original: young professionals with families that have opted to trade up to the newest housing in the suburbs. The original Boomburbs neighborhoods began growing in the 1990s and continued through the peak of the housing boom. Most of those neighborhoods are fully developed now. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes the Boomburbs neighborhoods, although the boom is more subdued now than it was 10 years ago. So is the housing market. Residents are well-educated professionals with a running start on prosperity.



OUR NEIGHBORHOOD

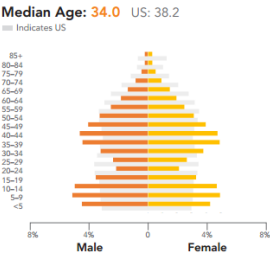
- Growth markets are in the suburban periphery of large metropolitan areas.
- Young families are married with children (Index 220); average household size is 3.25.
- Home ownership is 84% (Index 134), with the highest rate of mortgages, 71.5% (Index 173).
- Primarily single-family homes, in new neighborhoods, 66% built since 2000 (Index 441).
- Median home value is \$350,000 (Index 169).
- Lower housing vacancy rate at 3.7%.
- The cost of affordable new housing comes at the expense of one of the longest commutes to work, over 30 minutes average, including a disproportionate number (33.6%) commuting across county lines (Index 141).

SOCIOECONOMIC TRAITS

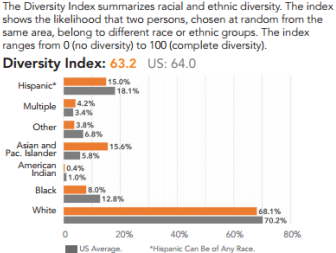
- Well educated young professionals, 55% are college graduates (Index 178).
- Unemployment is low at 3.3% (Index 61); high labor force participation at 71.3% (Index 114); most households have more than two workers (Index 124).
- Longer commute times from the suburban growth corridors have created more home workers (Index 156).
- They are well connected: own the latest devices and understand how to use them efficiently; biggest complaints—too many devices and too many intrusions on personal time.
- Financial planning is well under way for these professionals.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

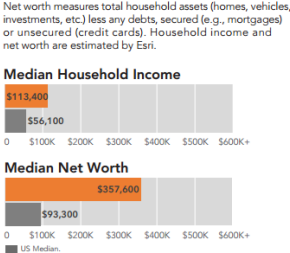
AGE BY SEX



RACE AND ETHNICITY



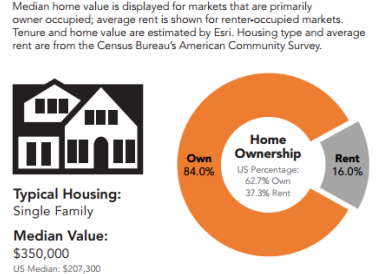
INCOME AND NET WORTH



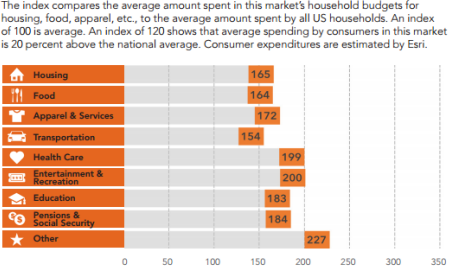
MARKET PROFILE

- Boomburbs residents prefer late model imports, primarily SUVs, and also luxury cars and minivans.
- This is one of the top markets for the latest in technology, from smartphones to tablets to Internet connectable televisions.
- Style matters in the Boomburbs, from personal appearance to their homes. These consumers are still furnishing their new homes and already remodeling.
- They like to garden but more often contract for home services.
- Physical fitness is a priority, including club memberships and home equipment.
- Leisure includes a range of activities from sports (hiking, bicycling, swimming, golf) to visits to theme parks or water parks.
- Residents are generous supporters of charitable organizations.

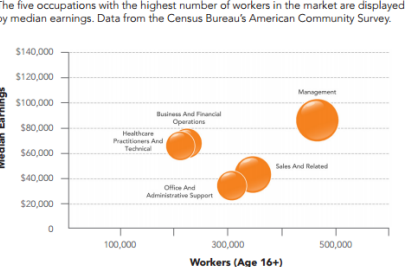
HOUSING



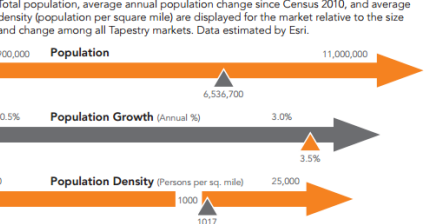
AVERAGE HOUSEHOLD BUDGET INDEX



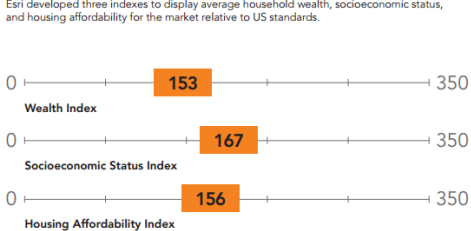
OCCUPATION BY EARNINGS



POPULATION CHARACTERISTICS



ESRI INDEXES



'HOME IMPROVEMENT' RANKS 5TH IN MENIFEE

Demographic Overview



WHO ARE WE?

Married-couple families occupy well over half of these suburban households. Most *Home Improvement* residences are single-family homes that are owner occupied, with only one-fifth of the households occupied by renters. Education and diversity levels are similar to the US as a whole. These families spend a lot of time on the go and therefore tend to eat out regularly. When at home, weekends are consumed with home improvement and remodeling projects.

OUR NEIGHBORHOOD

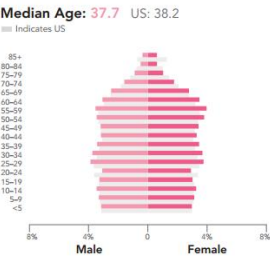
- These are low density suburban neighborhoods.
- Eight of every 10 homes are traditional single-family dwellings, owner occupied.
- Majority of the homes were built between 1970 and 2000.
- More than half of the households consist of married-couple families; another 12% include single-parent families.

SOCIOECONOMIC TRAITS

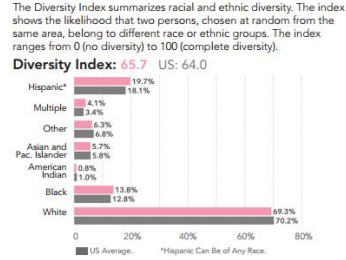
- Higher participation in the labor force and lower unemployment than US levels; most households have 2+ workers.
- Cautious consumers that do their research before buying, they protect their investments.
- Typically spend 4-7 hours per week commuting, and, therefore, spend significant amounts on car maintenance (performed at a department store or auto repair chain store).
- They are paying off student loans and home mortgages.
- They spend heavily on eating out, at both fast-food and family restaurants.
- They like to work from home, when possible.



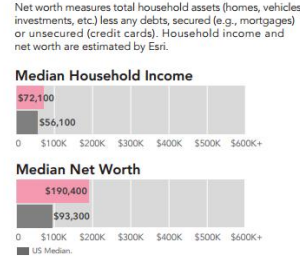
AGE BY SEX



RACE AND ETHNICITY



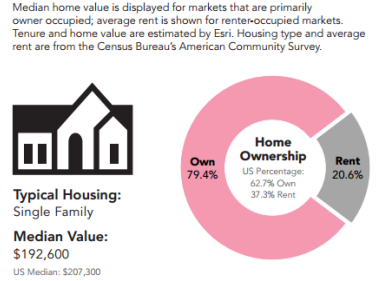
INCOME AND NET WORTH



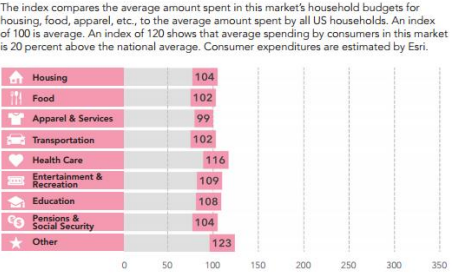
MARKET PROFILE

- Enjoy working on home improvement projects and watching DIY networks.
- Make frequent trips to warehouse/club and home improvement stores in their minivan or SUV.
- Own a giant screen TV with fiber-optic connection and premium cable; rent DVDs from Redbox or Netflix.com.
- Very comfortable with new technology; embrace the convenience of completing tasks on a mobile device.
- Enjoy dining at Chili's, Chick-fil-A, and KFC.
- Frequently buy children's clothes and toys.

HOUSING



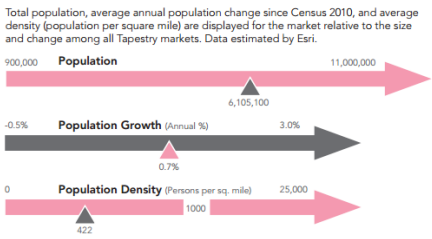
AVERAGE HOUSEHOLD BUDGET INDEX



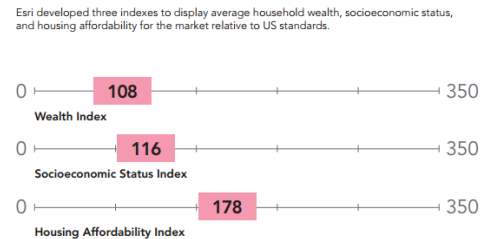
OCCUPATION BY EARNINGS



POPULATION CHARACTERISTICS



ESRI INDEXES



'BRIGHT YOUNG PROFESSIONALS' RANKS 6TH IN MENIFEE

Demographic Overview



WHO ARE WE?

Bright Young Professionals is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. One out of three householders is under the age of 35. Slightly more diverse couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.



OUR NEIGHBORHOOD

- Approximately 56% of the households rent; 44% own their homes.
- Household type is primarily couples, married (or unmarried), with above average concentrations of both single-parent (Index 125) and single-person (Index 115) households.
- Multiunit buildings or row housing make up 55% of the housing stock (row housing (Index 182), buildings with 5–19 units (Index 277)); 44% built 1980–99.
- Average rent is slightly higher than the US (Index 102).
- Lower vacancy rate is at 8.9%.

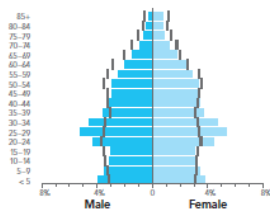
SOCIOECONOMIC TRAITS

- Education completed: 36% with some college or an associate's degree, 30% with a bachelor's degree or higher. Education in progress is 10% (Index 127).
- Unemployment rate is lower at 7.1%, and labor force participation rate of 73% is higher than the US rate.
- These consumers are up on the latest technology.
- They get most of their information from the Internet.
- Concern about the environment, impacts their purchasing decisions.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

AGE BY SEX

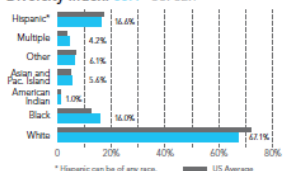
Median Age: **32.2** US: 37.6
I Indicates US



RACE AND ETHNICITY

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

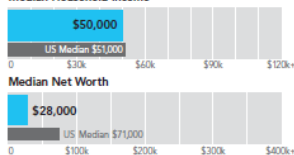
Diversity Index: **65.4** US: 62.1



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Eri.

Median Household Income



MARKET PROFILE

- Own US savings bonds.
- Own newer computers (desktop, laptop, or both), iPods, and 2+ TVs.
- Go online to do banking, access YouTube or Facebook, visit blogs, and play games.
- Use cell phones to text, redeem mobile coupons, listen to music, and check for news and financial information.
- Find leisure going to bars/clubs, attending concerts, going to the zoo, and renting DVDs from Redbox or Netflix.
- Read sports magazines and participate in a variety of sports, including backpacking, basketball, football, bowling, Pilates, weight lifting, and yoga.
- Eat out often at fast-food and family restaurants.

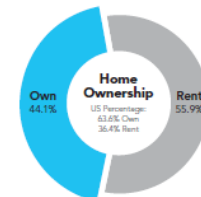
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Eri. Housing type and average rent are from the Census Bureau's American Community Survey.



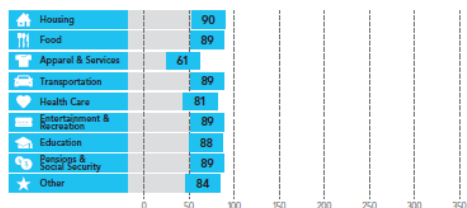
Typical Housing:
Single Family;
Multis

Average Rent:
\$1,000
US Average: \$990



AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Eri.



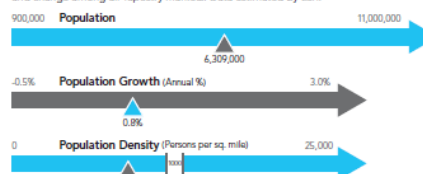
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



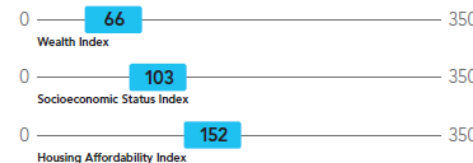
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Eri.



ESRI INDEXES

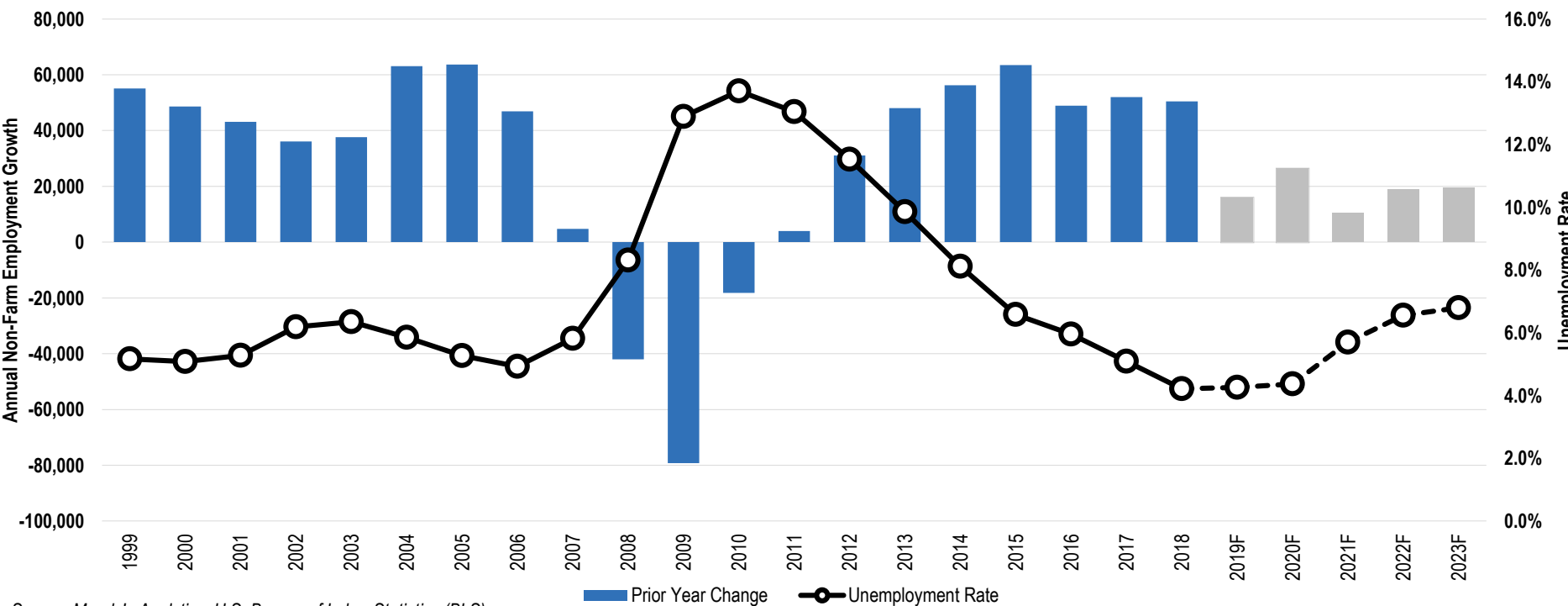
Eri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



Economic Overview

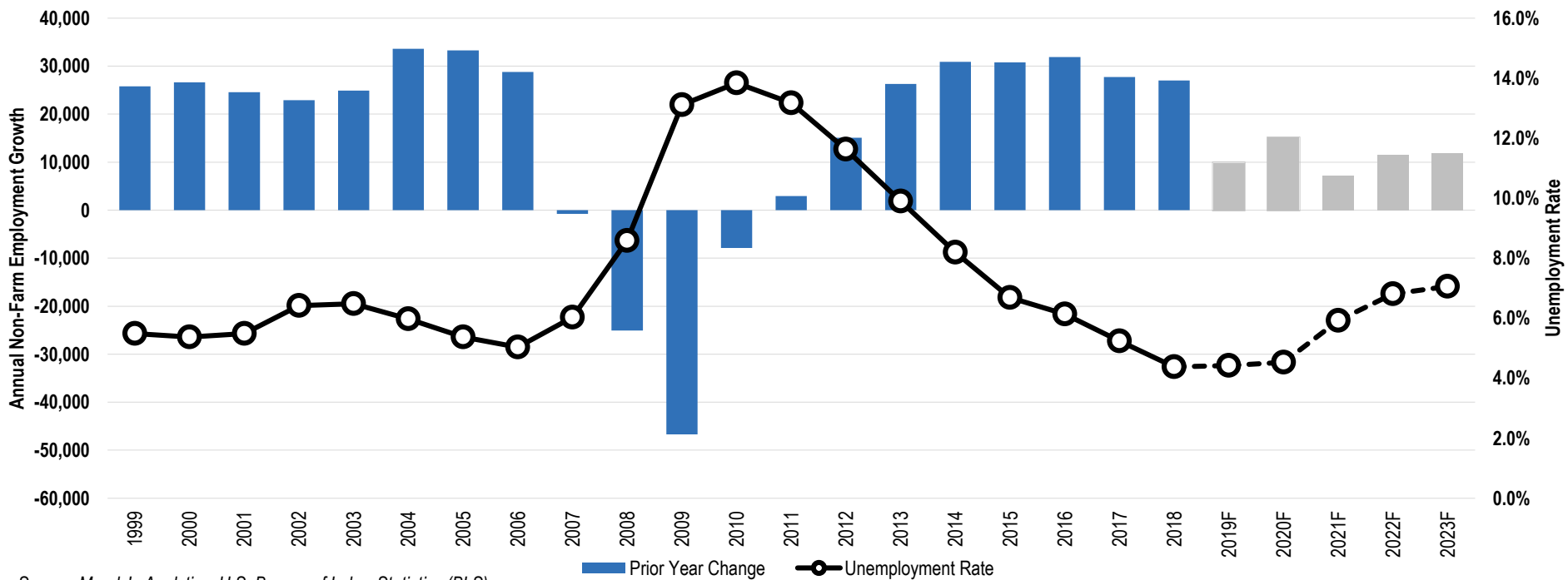
Office Demand and Opportunity Analysis, Menifee, California

Employment growth is generally a good indicator for new home demand, and the Inland Empire has had eight consecutive years of positive growth totaling 350,000 jobs gained, a significant gain over the 139,000 jobs lost during 2008-2010; the unemployment rate is approximately 4.2% and is projected to remain at 4.4% in 2020. Economy.com projects job growth will remain positive over the next five years but decline to 10,460 net new jobs in 2021—this projection may be understated and is likely to be higher than this estimate.



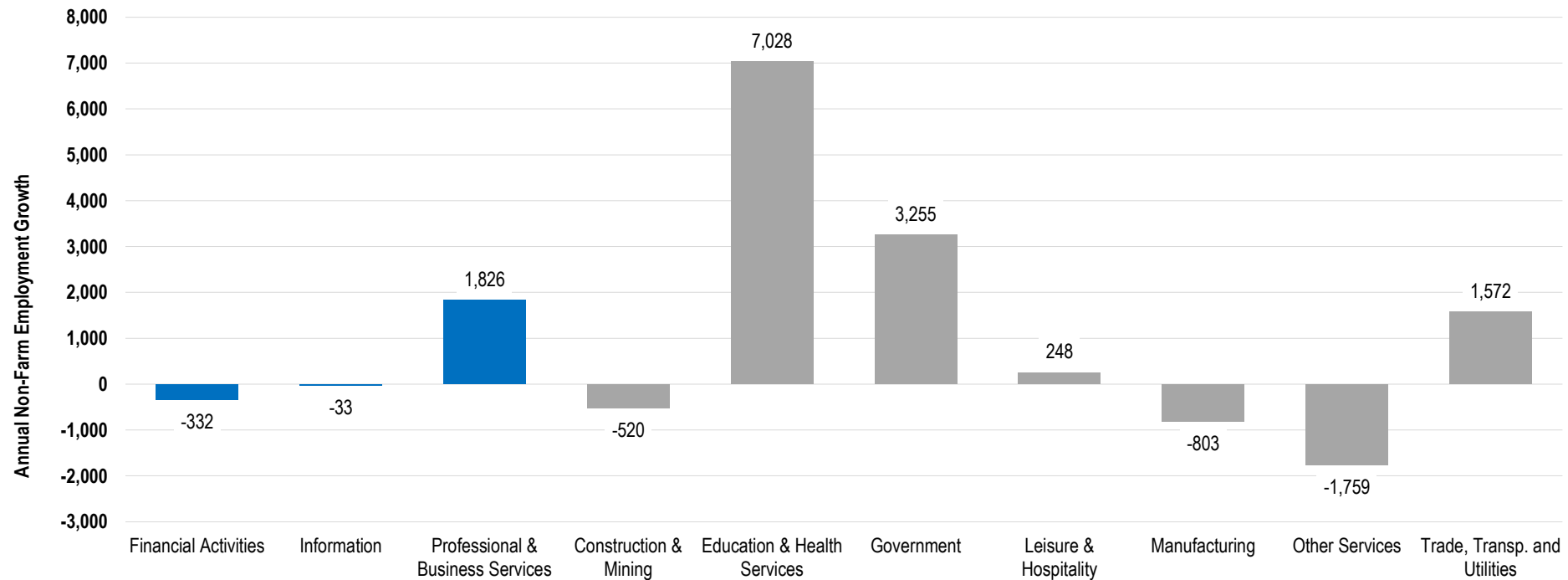
Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	1,169,240	1,151,070	1,155,010	1,186,120	1,234,180	1,290,390	1,353,880	1,402,810	1,454,800	1,505,290	1,521,090	1,547,350	1,557,810	1,576,760	1,596,310
Prior Year Change	(79,250)	(18,170)	3,940	31,110	48,060	56,210	63,490	48,930	51,990	50,490	15,800	26,260	10,460	18,950	19,550
Annual % Change	-6.3%	-1.6%	0.3%	2.7%	4.1%	4.6%	4.9%	3.6%	3.7%	3.5%	1.0%	1.7%	0.7%	1.2%	1.2%
Unemployment Rate	12.9%	13.7%	13.0%	11.5%	9.9%	8.1%	6.6%	6.0%	5.1%	4.2%	4.3%	4.4%	5.7%	6.6%	6.8%

Riverside County job growth has been steady for seven consecutive years. After losing +/-80,000 jobs during the Great Recession of 2008 to 2010, the Riverside County job base quickly ramped back up and from 2013 to 2018 it exceeded its long-term average of +/-16,600 new jobs per year. Further, the unemployment rate is at a historical low for the County, at 4.4%. Economy.com expects continued positive job growth (albeit at a rather conservative rate) and stable unemployment to continue in this area through the foreseeable future which should have a positive impact on the housing market moving forward. Note: While Meyers Research does not expect 25,000 to 30,000 positions to be continually added each year, the Economy.com projections for the next five years appear overly conservative.



Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	563,190	555,330	558,270	573,370	599,660	630,570	661,360	693,220	720,930	747,930	757,800	772,890	780,060	791,510	803,320
Prior Year Change	(46,720)	(7,860)	2,940	15,100	26,290	30,910	30,790	31,860	27,710	27,000	9,870	15,090	7,170	11,450	11,810
Annual % Change	-7.7%	-1.4%	0.5%	2.7%	4.6%	5.2%	4.9%	4.8%	4.0%	3.7%	1.3%	2.0%	0.9%	1.5%	1.5%
Unemployment Rate	13.1%	13.8%	13.2%	11.6%	9.9%	8.2%	6.7%	6.1%	5.2%	4.4%	4.4%	4.5%	5.9%	6.8%	7.1%

Employment growth has been positive for the majority of employment sectors over the past year. The strongest employment growth is in Education and Health Services sector with 7,028 new jobs over the past 12 months.



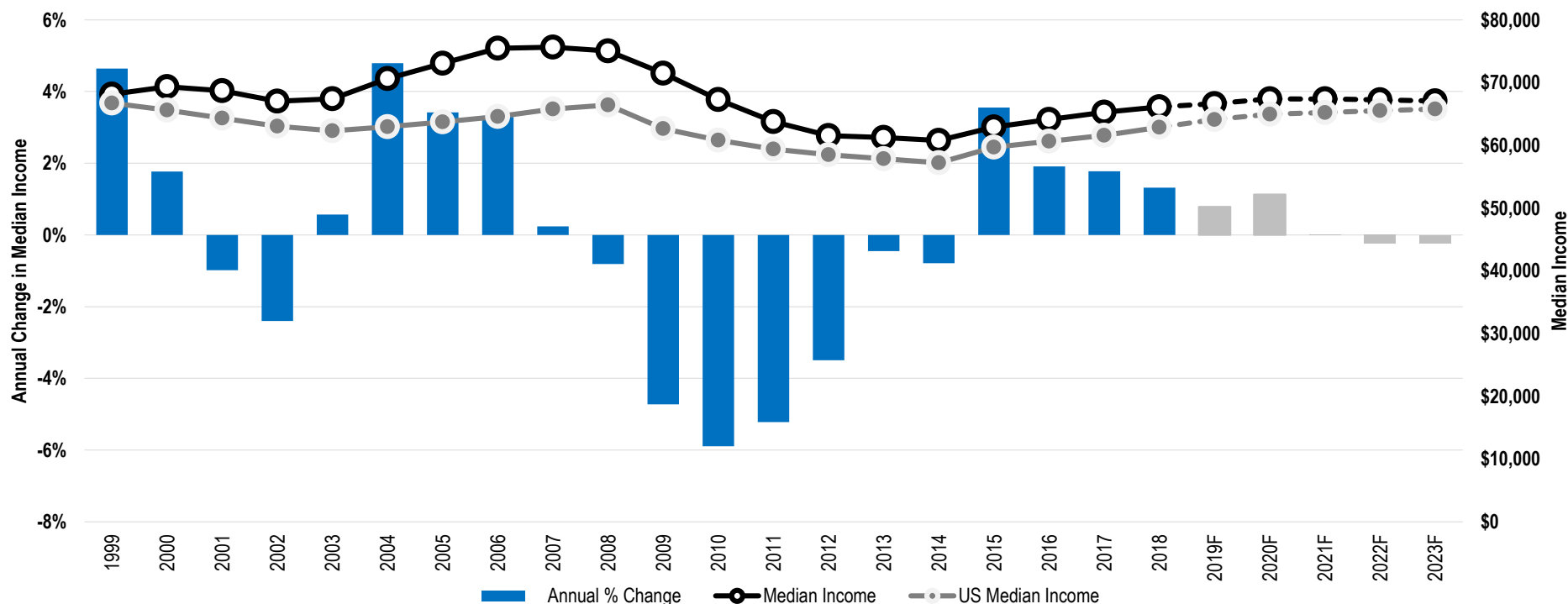
Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month (May-2019)	43,388	11,144	152,653	104,873	247,187	260,942	170,534	100,764	44,045	380,585
Current Month (May-2018)	43,720	11,177	150,827	105,393	240,159	257,687	170,285	101,567	45,804	379,013
12-Month Change	-332	-33	1,826	-520	7,028	3,255	248	-803	-1,759	1,572

MEDIAN INCOME – RIVERSIDE COUNTY

Economic Overview

The median income in Riverside County is historically higher than the United States median income. Moody's forecasts relatively flat income growth in the MSA over the next five years.

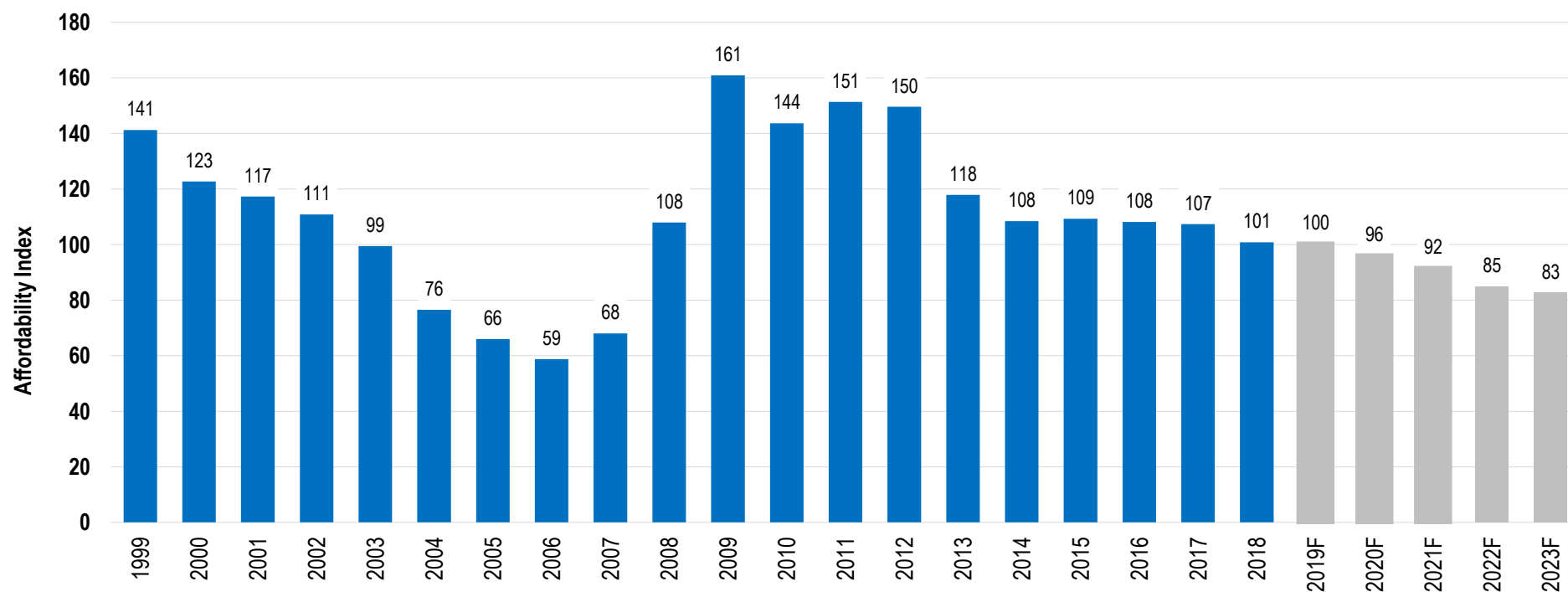


Riverside, CA County - Ten Year History										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Median Income	\$71,486	\$67,268	\$63,757	\$61,526	\$61,249	\$60,768	\$62,927	\$64,131	\$65,271	\$66,131
Annual % Change	-4.7%	-5.9%	-5.2%	-3.5%	-0.5%	-0.8%	3.6%	1.9%	1.8%	1.3%
Median Income - United States	\$62,668	\$60,827	\$59,383	\$58,519	\$57,859	\$57,234	\$59,684	\$60,660	\$61,588	\$62,856
Annual % Change	-5.6%	-2.9%	-2.4%	-1.5%	-1.1%	-1.1%	4.3%	1.6%	1.5%	2.1%

Source: Moody's Analytics

Moody's Analytics Five-Year Forecast				
2019F	2020F	2021F	2022F	2023F
\$66,651	\$67,407	\$67,403	\$67,241	\$67,082
0.8%	1.1%	0.0%	-0.2%	-0.2%
\$64,114	\$64,950	\$65,216	\$65,537	\$65,778
2.0%	1.3%	0.4%	0.5%	0.4%

Riverside County and the City of Menifee will help combat the overall affordability issue in Southern California. Affordability reached its peak between 2009 and 2012 with steady annual decreases (as a result of steep price increases) thereafter. Current affordability remains over 100 which is comparable to where the MSA was in 2001 and 2008. For perspective, Los Angeles / Orange County is in the 60s and San Diego is currently in the 70s (very unaffordable). Economy.com forecasts that the affordability index could stay consistent through 2019 in the Inland Empire and Riverside County areas but with decreases coming in the mid term. Menifee remains one of the more affordable locations in the County. New home product often starts in the high \$300,000s to the high \$400,000s—these new home price points cannot be found for single-family product in any of the coastal counties.



Source: Moody's Analytics; National Association of Realtors (NAR)

Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Affordability Index	160.9	143.7	151.4	149.6	117.9	108.4	109.3	108.1	107.4	100.8	100.3	96.0	91.5	84.9	82.6

Appendix

Office Demand and Opportunity Analysis, Menifee, California

OFFICE PROJECT PROFILE: NEWPORT COMMONS

Office Project Profiles

Newport Commons is a medical and professional office building with office condos for sale and for lease at 27168-27192 Newport Road in Menifee. The project includes five buildings that are two stories and approximately 5,000 to 7,600 square foot each (approximately 30,000 square foot total). Currently there is one unit available for sale and no vacant units for lease (**95% occupancy rate**). The available unit is 1,934 square feet with an asking price of \$549,000 (\$284 per square foot).



OFFICE PROJECT PROFILE: THE PLAZA AT LAKEVIEW (LAKE ELSINORE)

Office Project Profiles

The Plaza at Lakeview is a medical and professional office building with office condos for sale and for lease at 31569-31571 Canyon Estates Drive in Lake Elsinore. Built in 2008, the project includes two buildings that are two stories and comprises 34,519 and 36,653 square feet each. Currently there are three units available for sale and one unit is vacant for lease (**95% occupancy rate**). The available unit for lease is 1,715 square feet with an asking lease rate of \$1.50 per square foot per month.



Source: Lee and Associates

OFFICE PROJECT PROFILE: LOMA LINDA PROFESSIONAL OFFICE BUILDING (MURRIETA)

Office Project Profiles

Loma Linda Professional Office Building is a medical office building at 28078 Baxter Road in Murrieta. The five story, 152,797 square foot building was completed in 2011, and there is currently one unit vacant and five suites available in the next 30 days ranging in size from 1,444 to 4,453 square feet (**99% occupied, 90.3% leased**). Lease rates are \$2.25 per square foot per month currently (Modified Gross). The project includes a convenience store on the ground floor and a sky bridge that links the building to the Loma Linda University Medical Center.



OFFICE PROJECT PROFILE: CANYON PLAZA (LAKE ELSINORE)

Office Project Profiles

Canyon Plaza is a two story retail and medical office building at 31577 Canyon Estates Drive in Lake Elsinore. The 14,500 square foot building was completed in 2008 and is **currently 85.9% leased**. Lease rates for second floor office space are \$1.95 per square foot per month currently (Modified Gross).



OFFICE PROJECT PROFILE: RENAISSANCE PLAZA (WILDOMAR)

Office Project Profiles

Renaissance Plaza is a two story retail and medical office building at 32326 Clinton Keith Road in Wildomar. The 78,000 square foot center is anchored by Baron's Market and the office portion of the center comprises 17,420 square feet (**currently 49% leased**). Lease rates for first floor retail/ office space are \$2.25 per square foot per month, and second floor office space is \$1.75 per square foot per month (Modified Gross).



Source: Lee and Associates

Stonebridge Medical Center is a Class A medical office building located at 36320 Inland Valley Drive in Wildomar. The three story, 29,908 square foot building is **currently 92.7% leased**. Lease rates are \$2.10 per square foot per month currently (NNN) for office space, with operating expenses of \$0.57 per square foot per month. The building is located directly across from Inland Valley Hospital in Murrieta.



OFFICE PROJECT PROFILE: MENIFEE TOWN CENTER MEDICAL PLAZA

Office Project Profiles

Menifee Town Center Medical Plaza is a proposed office building in the new Menifee Town Center mixed use development. The two-story building is planned for 22,000 square feet to be leased exclusively to medical tenants. The building is walkable to existing Class A retail and restaurants at Countryside Marketplace, and is walkable to other proposed uses in Menifee Town Center including the Krikorian 14 Theaters, Menifee City Hall and the new Riverside Mid-County Civil Courthouse. A development timeline is not known and is contingent on signing a lease to an anchor tenant—the are currently negotiations with a surgery center that would lease 8,000 to 10,000 square feet on the ground floor of the building.



Source: Cushman and Wakefield

OFFICE PROJECT PROFILE: MENIFEE MEADOWS

Office Project Profiles

Menifee Meadows is a mixed use medical office campus planned at Holland and Sherman roads in Menifee. The project is to include a 176-bed assisted living center, three medical office buildings that are two stories and 20,000 square feet each, and five single story buildings that could be 10,000 to 20,000 square feet each, for a total of 100,000 square feet of professional office or medical office space. The first phase is planned to include two single story buildings that are 10,176 and 11,190 square feet (21,366 square feet total). Asking lease rates are \$2.50 per square foot per month (NNN), with buildings also for sale at \$340 to \$350 per square foot. The office portion of the development project is entitled and approved and is waiting for preleasing or presales activity before construction begins.



Source: Cushman and Wakefield

Makena Medical Center is a proposed medical office development at 35070 Antelope Road in Murrieta. The first phase of the development is planned for a three story building comprising 64,000 square feet. Asking lease rates are \$2.25 per square foot per month, and the developer is willing to offer a tenant improvement allowance of \$70 per square foot. The property is proximate to the Loma Linda University Medical Center. Future phases may include single story medical office condominiums.



ID #	Project Reference	Name	Status	Description	Office SF
130	2017-123 PP	Menifee MOB	Approved	Plot Plan No. 2017-123 proposes the construction and operation of a two-story 33,800 sq. ft. medical office building (16,900 sq. ft. on each floor). A total of 150 parking spaces are proposed, including seven electric vehicle charging parking stalls, four clean air vehicle stalls and twenty-nine compact parking stalls. Access is provided via Town Center Drive and a driveway to the north to connect to Newport Road. The project site is located within the City of Menifee. The site is located north of La Piedra Road, south of Newport Road, east of Town Center Drive (previously Sherman Road) and west of the Paloma Wash. The project site APNs: 360-080-081.	33,800
145	2018-189	Newport Dental and Offices	In Progress	Planning Application Plot Plan 2018-189 proposes the development of a 6,229 square foot 3-story office building. Access to the site is proposed from an existing driveway shared with the Newport Plaza shopping center located on the adjoining property to the east. A total of 32 parking stalls are proposed for the project. The project site is located on the north side of Newport Road and is bounded the Newport Plaza on the east, the former Good Shepard Lutheran Church on the west, and Valley Seventh-Day Adventist Church to the north. The site has been disturbed as a result of the informal use of the property as a parking and loading area for the Newport Plaza.	6,229
111	2016-183 CUP	Sun City Senior Care	Approved	Planning Application Conditional Use Permit No. 2016-183 proposes the development of an assisted living facility and retail/offices. The assisted living facility consists of a four (4) story, 45,246 sq. ft. building (1st Floor: 12,471 sq. ft.; 2nd, 3rd, and 4th Floor: 10,925 sq. ft. on each). The assisted living includes 58 single units, six (6) double units, eight (8) handicap units, offices, laundry, dining, kitchen, and a library. The office and retail building consists of a two (2) story, 10,368 sq. ft. building (5,181 sq. ft. on each floor). Thirty-eight parking spaces are provided for the retail/office building and thirty-five (35) parking spaces are provided for the assisted living facility. The project site is 1.83 gross acres. The project site is located within the City of Menifee. The site is bounded as follows: McCall Boulevard to the south, Chatham Lane to the west, vacant land to the east and vacant land to the north. The project site APN: 333-050-035.	10,368

Note: Developer plans call for a 22,000 square foot medical office building.

ID #	Project Reference	Name	Status	Description	Office SF
133	2017-173 CUP,	Menifee Meadows	Approved	<p>Menifee Meadows proposes a mixed use project for assisted living, memory care and medical office buildings on 20.04 gross acres. The project includes a plot plan and conditional use permit due to the zoning of the property (EDC). The medical office uses are proposed on the northern parcel of the project site and are allowed with a plot plan application. The assisted living, memory care and a medical office building are proposed on the southern parcel of the project site and are allowed with a conditional use permit. A map has also been proposed. More detailed descriptions are provided below, but the information above was meant to clarify the application types involved. Conditional Use Permit No. 2017-173 proposes the development of a two-story 158,247 sq. ft. assisted living facility (79,960 1st floor and 78,287 2nd floor), a one-story 25,711 sq. ft. memory care facility and a two-story 21,722 sq. ft. office building (10,861 sq. ft. per story) on 10.02 gross acres. The total building square footage is 205,680. 281 parking spaces have been proposed. The assisted living facility contains 142 rooms and the memory care facility includes 36 rooms. The plans indicate that the units are considered efficiency units, including studios and open-one bedrooms which are a minimum of 400 sq. ft., one bedroom units are a minimum of 550 sq. ft. an 2 bedroom units are a minimum of 700 sq. ft. The memory care includes a mix of 26 private rooms and 10 semi-private rooms.</p> <p>Plot Plan No. 2017-175 proposes the development of six (6) medical office buildings (3 1-story and 3 2-story) ranging in size from 10,176 sq. ft. to 21,722 sq. ft. on 10.02 gross acres. The total building square footage is 101,018. 464 parking spaces have been proposed.</p> <p>Tentative Tract Map No. 2017-174 (TR 37345) proposes to create a condominium map for the medical office buildings in Lot 1 (northern parcel). The map also proposes to re-subdivide the underlying parcel map (PM12802 – these parcels were Parcels 3 & 4 of that map) and create Lot 1 and 2 under TR 37345. The project site is located within the City of Menifee. The site is located south of Holland Road, east of Sherman Road and west of Haun Road. The project site APNs are 360-230-001 and -004.</p>	101,018
TOTAL SF:					151,415

COMPANY EXPERIENCE

Appendix

Meyers Research is a nation-wide research firm guiding real estate investors throughout the country. Our highly educated and experienced consulting staff believes in providing the highest quality service possible to our clients, which means completing the exact analysis they need. Based in Costa Mesa, CA and Washington, DC, we are home to over 140 experts in 10 offices across the country.

Our company offers a unique research tool known as Zonda that offers an edge to our research with easy access real-time data at a local level across the United States. Our local Zonda database provides our team with a history of new and resale housing information, maps, comprehensive data, and many other metrics we use in our analyses to begin the reporting process with greater accuracy -- quickly, accurately and cost-effectively -- with on the ground and in person research. Zonda provides access to over 275 metrics influencing the housing industry including monthly and annual historical trends, future projections and real-time narrative reported by seasoned analysts across the country.

Our senior executive team are thought leaders that individually have more than 30 years of experience in housing and real estate research. With our advisory services, we have navigated builders through different housing cycles and have a deep understanding of local markets. Our consulting team has a broad range of housing expertise and experience spanning the country including consumer research, feasibility studies, portfolio valuation, business planning, and custom research designed to make better decisions related to any real estate investment.

Zonda and Our Research

- Competitive Analysis throughout the Country
- Exclusive Access to our Research & Consulting Executives
- Metro Analysis & Housing Trends
- Apartment Analysis & Forecast
- Exclusive Client Events
- Presentations & Webinars
- Proprietary Surveys

Advisory

- For-Sale, Apartment, Commercial & Mixed Use
- Resort & International Development
- Strategic Direction & Planning
- Home Builder Operations Assessment
- Demand Analysis
- Consumer Research & Focus Groups
- Custom Economic Analysis & Forecasting
- Litigation Support & Expert Witness
- Financial Modeling
- Project & Product Positioning

Consumer and Product Strategy

- Consumer and Product Insights
- Tactical and Marketing Strategies
- Product Design Advisory
- Custom Consumer Research
- Customer Shop Research

Metrostudy, a Hanley Wood company, is the leading provider of primary and secondary market information to the housing and related industries nationwide. In addition to providing information, the company is recognized for its consulting expertise on development, marketing, and economic issues, and is a key source of research studies evaluating the marketability of residential and commercial real estate projects. Builders, developers, financial institutions, manufacturers, retailers, telecommunications providers, government entities, and numerous, adjacent industries rely on Metrostudy's research, expertise, and intelligence to support strategic business decisions at the local, regional, and national market level.

When you partner with Metrostudy, we guarantee that you will know your market. Our research offers the most complete, accurate, and useful information available. And we not only provide the information – we can analyze what it means and help you apply it to your business.

Our research.

Metrostudy maintains the nation's most comprehensive database of housing market information, using hundreds of dedicated field researchers and investing millions of dollars annually. Our researchers drive the streets of every platted new home subdivision, inspect every home site, and record primary data on housing activity every 90 days to deliver the most accurate market data on active and future construction in the industry. Our core research is complemented by strategic third-party data that we rigorously cleanse and distill to improve accuracy and relevancy. We gather deeds, tax assessor's records, demographics, as well as robust economic data that provide insight into local market health and the national economy. When our clients make decisions, they have confidence knowing their teams are utilizing the most complete and accurate information available.

Our analysis.

Metrostudy's consulting team provides strategic decision support and comprehensive due diligence services for a variety of business scenarios. Clients engage Metrostudy on a local, regional, and national basis. Our in-market and national strategists are recognized experts in identifying the market forces and ecosystem pitfalls your investments or projects will face. Using our research, marketing, and sales expertise, we will deliver a highly personalized service with clear and relevant analysis from the best data available. We immerse ourselves in your marketplace and will be attentive to your particular needs. We are here to help you understand how to minimize risk and maximize profits for your business, so you can make decisions with confidence.

Our consulting team has completed thousands of residential and commercial studies for homebuilders, developers, lenders, Wall Street opportunity funds, retailers, utilities, and government agencies across the country, including 18 of the top 20 national residential homebuilders. We produce everything from quick preliminary analyses to fully documented studies customized to your needs. For a complete list of major residential study types offered, please visit our Consulting Information at our website www.metrostudy.com.

Thank you!

This analysis was prepared by Meyers Research, LLC.