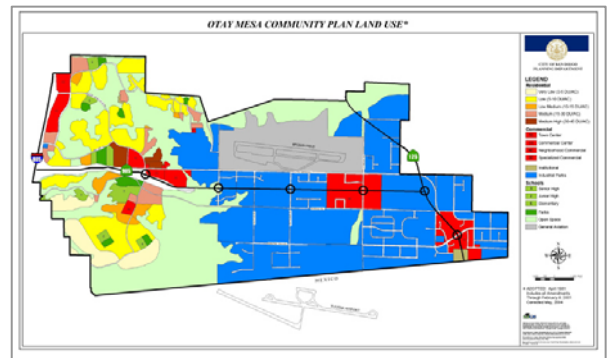


## Why Are Industrial Lands Important?

- Simply, industrial lands create jobs. They provide the necessary spaces for San Diego’s industrial and technology clusters to create a wide-range of employment opportunities for the region’s citizens in manufacturing, research and development, assembly, corporate headquarters, warehousing, distribution, and related activities.
- According to the City’s new General Plan, less than 4% of San Diego’s lands remain vacant for any kind of development – including industrial space for future base sector employers. According to the recently release draft General Plan Economic Prosperity Element, “[t]his diminishing supply of industrial land is a potential challenge to the growth and retention of base sector industries...”<sup>1</sup>
- In fact, Otay Mesa’s industrial lands are some of the only remaining large parcels left in San Diego County that can accommodate large-scale base sector industrial employers (manufacturing, R&D, international trade, etc.) that have driven much of San Diego’s historic economic growth, and “are especially desirable as they provide middle-income employment opportunities and livable wages.”<sup>2</sup>

## Otay Mesa’s Industrial Lands

- “As of 2006, only one-fourth of all designated industrial land was still vacant in the City of San Diego. More than two-thirds of the total vacant industrial land in the City is located in the community of Otay Mesa.”<sup>3</sup>
- Under its original Community Plan (undergoing an update), only approximately 30% of Otay Mesa’s 9,312 acres were zoned for industrial. While this was a substantial amount 25 years ago, continued growth of manufacturing and base sector activities tied to Otay Mesa’s unique geographic location and position as a major international Port (handling over \$24 billion in trade with Mexico each year), as well as



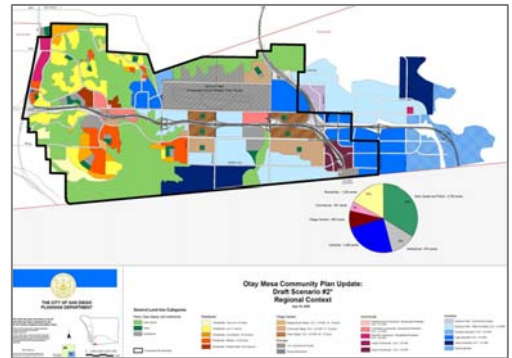
<sup>1</sup> City of San Diego General Plan, Economic Prosperity Element (draft), p. EP-6

<sup>2</sup> City of San Diego General Plan, Strategic Framework, p. SF-14

<sup>3</sup> City of San Diego General Plan, Economic Prosperity Element (draft), p. EP-5

development of major transportation infrastructure tied to the border, has steadily reduced the amount of industrial lands for future growth.

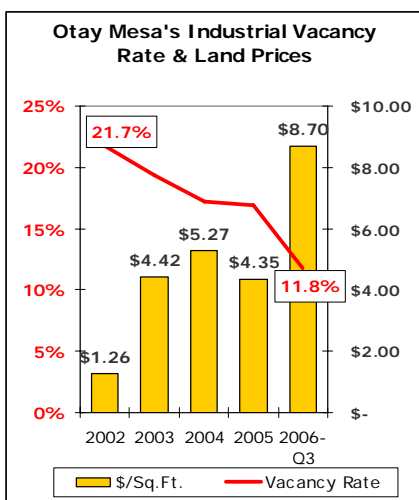
- Three alternatives (one scenario at right) are currently being discussed for rezoning Otay Mesa's industrial lands to include additional residential and commercial acreage. These three scenarios, as currently proposed, would eliminate between 320-920 acres of Otay Mesa's remaining industrial lands.



- **How much industrial land remains undeveloped in Otay Mesa? No one knows.** Estimates range from approximately 1,100 vacant developable industrial acres, to nearly 1,900 acres – **a major discrepancy that must be resolved before decisions are made to eliminate these important employment lands.**
- Also, while the County of San Diego's East Otay Mesa Community is often suggested as an alternative for future industrial growth, the recently-approved East Otay Mesa Specific Plan includes less than 700 acres of "industrial" lands in Sub-Area 1, with most land actually zoned for advanced technology, business park "campus-like" uses. Much of the rest of East Otay Mesa are government owned properties or reserved for future transportation corridors.

## Increased Demand, Increased Concerns

- As available industrial lands in the rest of the region are shrinking, Otay Mesa is undergoing an industrial boom, with more than 3 million square feet of net absorption in new leases since 2003.<sup>4</sup> In fact, construction of new industrial space has averaged nearly 800,000 square feet of new building space each year between 1999-2005. The new SR-125 Expressway and increased crossborder manufacturing in Tijuana will likely add to this demand.



- Increased demand has also meant lower industrial vacancy rates in Otay Mesa – falling to under 12% in the 3<sup>rd</sup> Quarter of 2006. However, increased demand – **and speculation related to converting industrial to residential land uses** – has also led to higher costs for Otay's industrial lands (decreasing the competitiveness of Otay Mesa for its future growth and businesses).
- Concerns are also increasing that industrial activities and critical trucking related to the Otay Mesa Port of Entry may be restricted by encroachment of residential uses (not to mention potential impacts on those future residents). For this reason, "prime industrial" land protections are proposed in the City's draft General Plan update (notably, however, Otay Mesa is excluded).

<sup>4</sup> Colliers International Industrial Market Report, 3<sup>rd</sup> Quarter 2006