

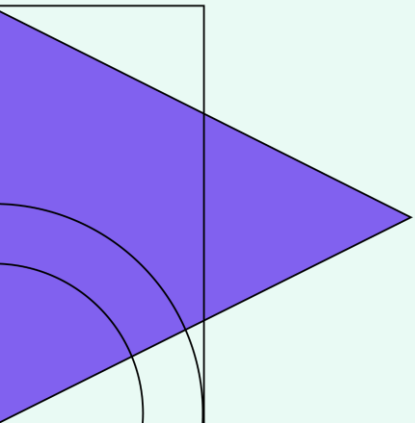
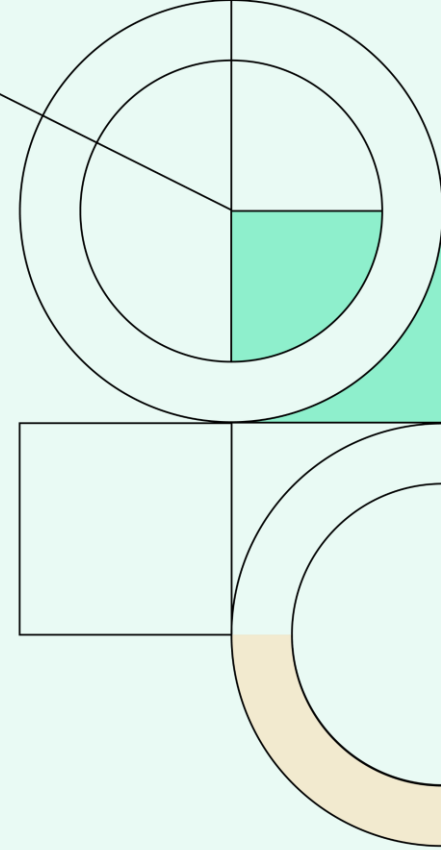


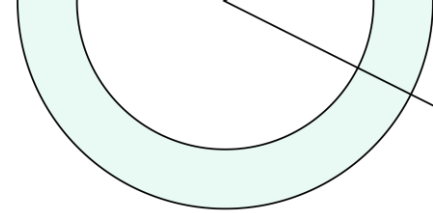
**Office Demand** (Picture: City of Lake Elsinore Website)

Lake Elsinore, California

September 2024

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# Background/Objectives, Key Contacts & Limiting Conditions

## BACKGROUND & OBJECTIVES

Zonda has been asked to assess the market-based opportunity for office demand in the City of Lake Elsinore. The scope of this assignment includes a demand analysis, commentary on existing office uses, historical trends, market trends as well as economic and demographic indicators. Zonda was asked to assess the supply and demand for the office market for the future planning of the City of Lake Elsinore site.

The analysis was completed using internal proprietary and publicly available data, extensive field work, and conversations with representatives in the competitive market area and the Market. The purpose of the report is to understand the market potential for the provided product types, considering today's current and expected economic and housing market conditions.

*Note: This report was completed following an aggressive Fed tightening schedule. The recommendations contained herein reflect the most recent data available but are subject to change as the market evolves.*

## LIMITING CONDITIONS

Client is responsible for representations about the 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 difference 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.

## KEY CONTACTS

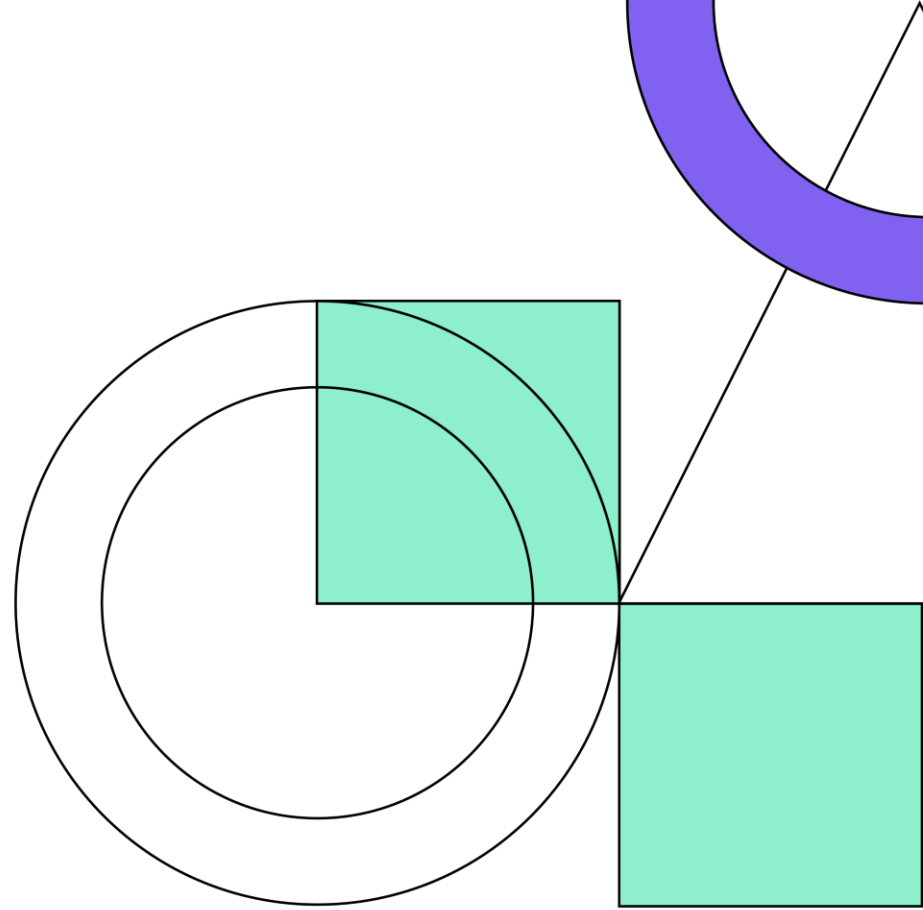
The following key team members participated on this analysis:

**Tim Sullivan, Chief Advisory Officer**, oversees the advisory services conducted throughout the country. Mr. Sullivan is an expert in residential and mixed-use feasibility studies, strategic planning and product development and has conducted market analyses all over the United States and northern hemisphere in his 40 years of experience in the Real Estate Industry.

**Evan Forrest, Vice President - Advisory**. Mr. Forrest has over 18 years in the Real Estate Industry. Mr. Forrest has sourced, developed, performed feasibility analysis, and positioned real estate (residential, commercial, retail, industrial, etc.) throughout the country as well as assisting with capital raises and expert witness cases.

Additional support was provided as needed.

# Executive Summary



## Summary of Key Findings

### Executive Summary

Our research and analysis indicates an opportunity for continued office market demand in the City of Lake Elsinore. This is based on several factors, including:

- Lake Elsinore is located in the growing submarket of South Riverside that has seen increasing demand for housing over the past five years.
- **Lake Elsinore is bisected by Interstate 15 that connects the area to the surrounding Competitive Market Area ('CMA'), as well as ease of access to western Inland Empire including employment hubs in the Corona, Riverside, and Ontario areas.**
- Demographics support limited additional office development in Lake Elsinore. Lake Elsinore is in a high growth area of Riverside County characterized by residents looking for more attainable living and employment from the much more expensive Coastal Markets. Precisely forecasts the City of Lake Elsinore will experience a growth rate of 4.8% over the next five years (+/- 3,700 new residents) with the CMA that is expected to experience a growth rate of 5.5% or +/-30,000 new residents. This will provide ample opportunity to attract various commercial ventures in the City of Lake Elsinore.
- **Office market conditions are improving in the Inland Empire and are slightly stronger in the South Riverside submarket.** South Riverside has higher average lease rates (\$27.46 vs. \$25.02 per square foot) than the overall market and lower vacancies (10.4% vs. 14.4%) than the Inland Empire overall, indicating this is a relatively strong office market.
- **Office properties in the CMA have grown around 65,000 square feet per year between 2013 – 2022 but has increased to 96,000 square feet per year over the past five years. This has resulted in a growth rate of 2.2% over the past five years according to data from Reonomy.** This is a result of the increase in home development in the area and the need for employment within proximity.
- The expansion of the Inland Valley Medical Center in Wildomar to the south exhibits the potential need to medical office space along Interstate 15, which southern Lake Elsinore is positioned to take advantage.
- Current active office listings in Lake Elsinore are limited with annual rates ranging from \$18.00 per square foot annually to \$30.00 per square foot annually with spaces closer to Interstate 15 obtaining higher asking rents.

There are some challenges that the Subject Property could face, including:

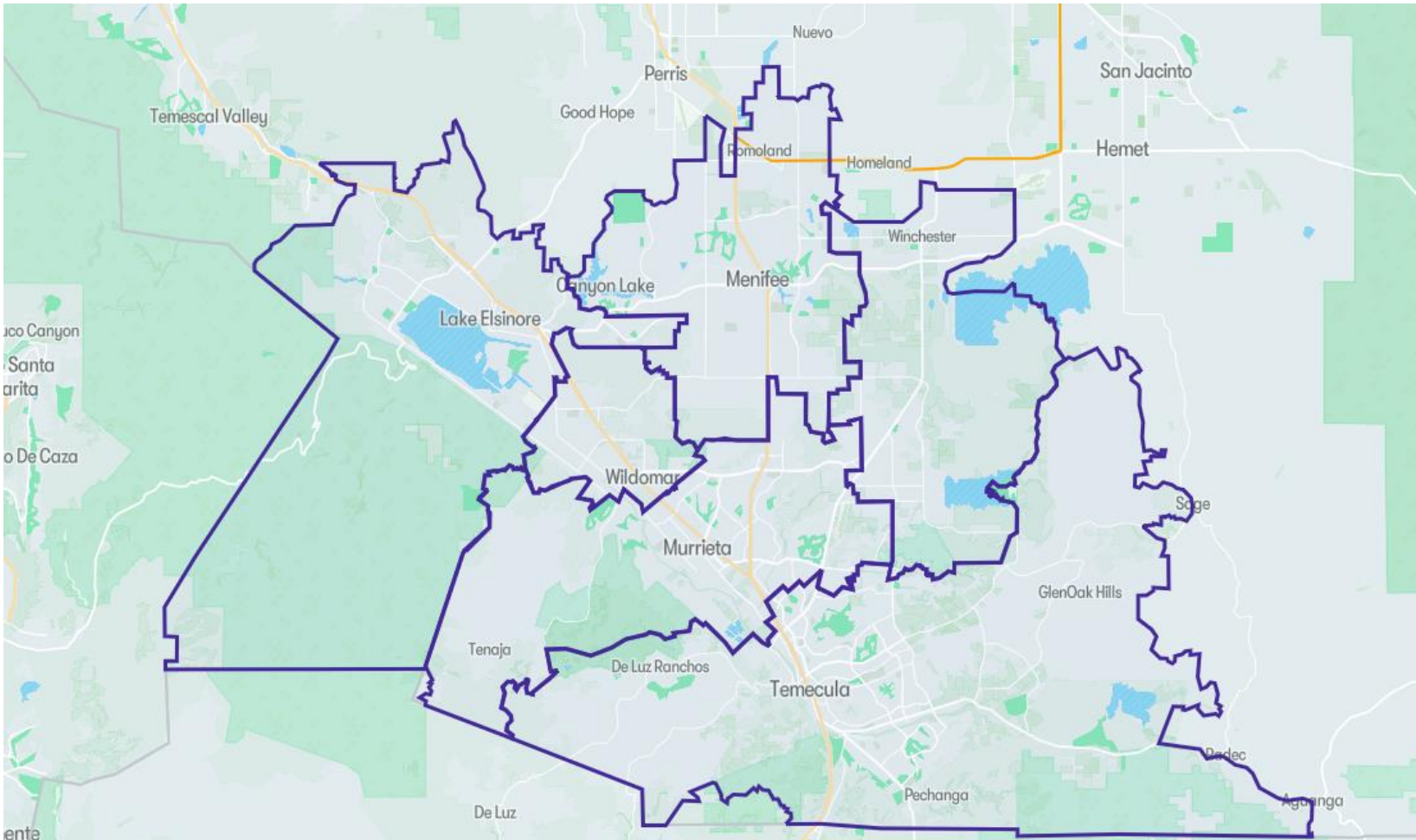
- **There has been limited office development within Lake Elsinore over the past twenty years. Additionally, the construction of office space has been limited within the CMA since 2000.**
- The office market has faced uncertainty since the pandemic as employers seek to find balance and office space need in the changing workforce. **Additionally, Lake Elsinore has one of the lower percentages of office-oriented employees within the CMA at 10.6% compared to other areas within the CMA.**
- Economic uncertainty has been emerging in the market and needs to be monitored carefully (this is a national issue and not locally specific).
- Impacting all builders today is navigating through the challenging mix of shortages in labor and materials resulting in rising costs that may be prohibitive to the development of office space.

**In general, economic conditions are evolving and improving. Zonda believes that the development of office properties in Lake Elsinore will remain limited. However, given the growth within the CMA, Lake Elsinore will remain an attractive option due to location for potential company growth or expansion.**

# Community Description And Competitive Market Area ('CMA')

## Executive Summary

Lake Elsinore is located in southern Riverside County just south of Temescal Valley and north of Wildomar and Murrieta along Interstate 15. Zonda has assessed the demand for commercial office uses in the competitive market area as defined below. The CMA is generally defined as markets with strong access to major arterials such as Interstate 15. This area generally encompasses Lake Elsinore, Menifee, Murrieta, Temecula, Wildomar, and Winchester that all share desirable access to Interstate 15. **Lake Elsinore will be influenced by the various demand factors in the competitive market area (CMA).** The CMA is generally defined as being within a 30-minute drive to Lake Elsinore. In general, the CMA follows Interstate 15. The following pages review the CMA, demand, and market trends.



# Demographic Comparison

## Executive Summary

The exhibits compare and contrast Lake Elsinore to the Competitive Market Area ('CMA').

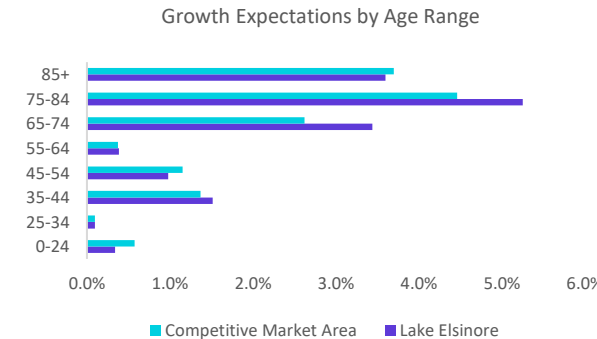
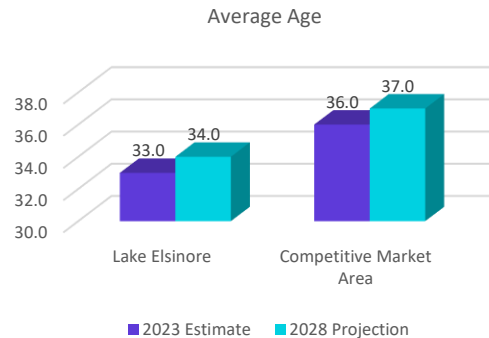
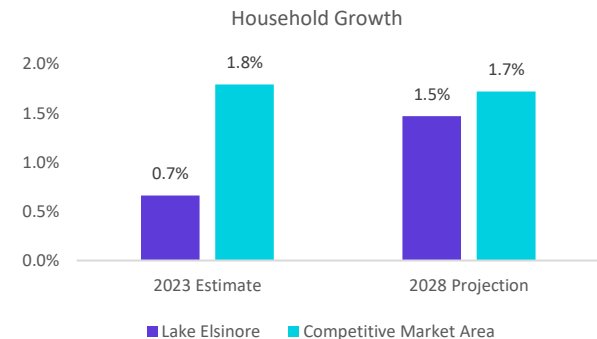
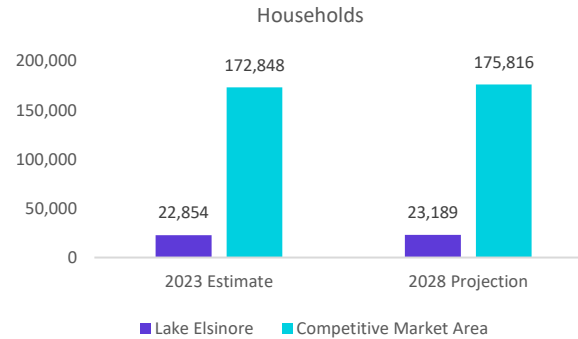
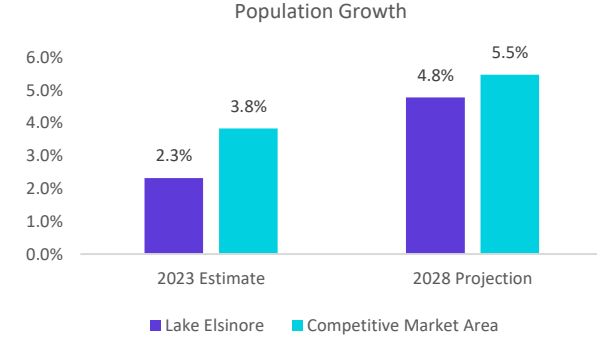
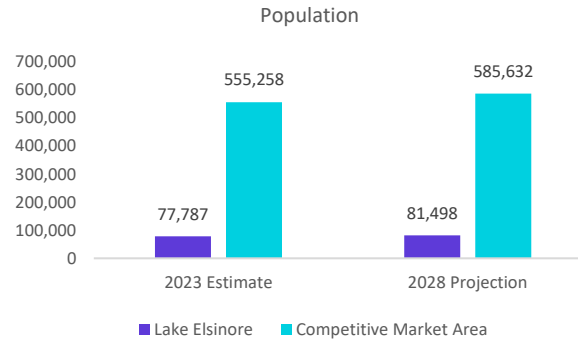
**Population:** The Market is expected to grow at a faster rate over the next five years due to developable land. The CMA is projected to grow at 5.5% while Lake Elsinore is expected to grow at a rate of 4.8%. The strong growth will create the need to employment within the CMA.

**Households:** Household growth in Lake Elsinore is expected to be slightly lower than in the CMA.

**Life Stage:** Lake Elsinore is slightly younger than the CMA but will generally require similar attributes such as proximity to employment, and recreational pursuits.

**Income:** Despite the similar avg. age, the CMA has higher earners by an avg. of 26% that is expected to decline over the next five years as Lake Elsinore attracts more residents.

	Household Income			
	2020 Census	2023 Estimate	2028 Projection	
Household Income: Average				
Market	\$123,899	\$130,332	\$155,544	19.3%
Lake Elsinore	\$95,357	\$103,126	\$127,598	23.7%
Mkt vs CMA Comparison	29.9%	26.4%	21.9%	---
Household Income: Median				
Market	\$98,258	\$103,214	\$125,880	22.0%
Lake Elsinore	\$71,409	\$75,088	\$90,417	20.4%
Mkt vs CMA Comparison	37.6%	37.5%	39.2%	---

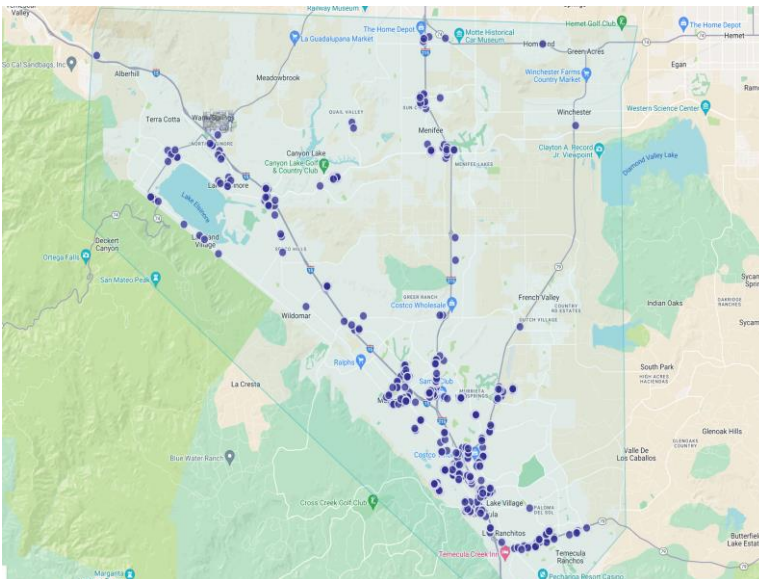


# Office Demand

## Executive Summary

The demand for office property in Lake Elsinore and the CMA remains limited as shown by the historical development within Lake Elsinore and the CMA over the past ten years. However, the recent expansion of the Southwest Healthcare’s Inland Valley Medical Center exhibits increasing demand for office properties as the population base of the CMA has expanded quickly over the past few years. Lake Elsinore will have limited opportunity to provide office properties to a market and CMA as shown in a later section of this study. The exhibit below shows the general location of office properties within the CMA as well as the potential office demand over the next ten years.

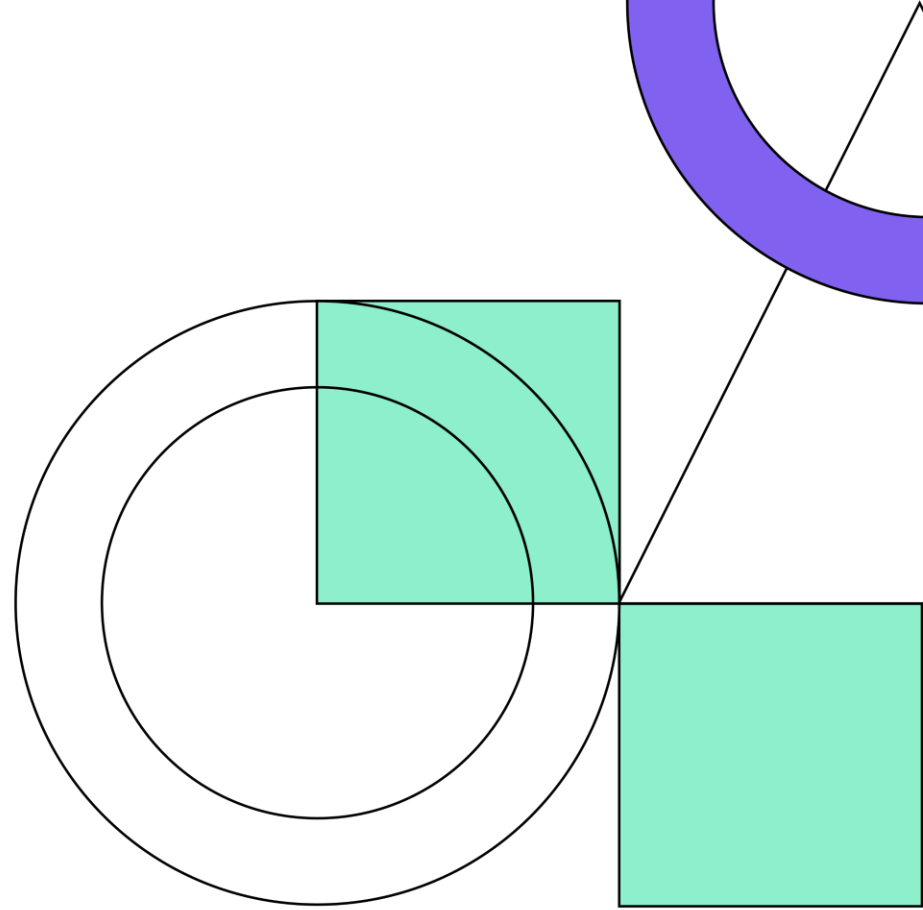
- Office properties in the CMA have grown around 65,000 square feet per year between 2013 – 2022 but has increased to 96,000 square feet per year over the past five years. This has resulted in a growth rate of 2.2% over the past five years according to data from Reonomy.
- This is a result of the increase in home development in the area and the need for employment within proximity.
- 36.5% of the office property in Lake Elsinore was developed between 2005 – 2009 and has stagnated since that period.
- Given the continued turbulence in the office market, it is advisable to limit office growth within Lake Elsinore in the near term.
- According to Reonomy, Lake Elsinore’s current market share for office properties within the CMA has been maintained at 2.3% with limited new office zoned properties coming online over the past twenty years.
- 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 Lake Elsinore. The table below represents a realistic demand (high, low, and average potential office demand) for office space annually over the next ten years. **The office space demanded in our model in Lake Elsinore is 137,745 square feet over the next ten years, or 13,775 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.



Lake Elsinore		Potential Office Demand		
Year	Low	Average	High	
2025	11,668	14,910	18,151	
2026	6,898	8,815	10,731	
2027	14,822	18,939	23,056	
2028	9,131	11,667	14,203	
2029	11,013	14,072	17,132	
2030	11,047	14,115	17,184	
2031	10,778	13,772	16,766	
2032	10,761	13,750	16,739	
2033	10,667	13,630	16,593	
2034	11,015	14,075	17,135	
<b>Total</b>	<b>107,800</b>	<b>137,745</b>	<b>167,690</b>	
<b>Average</b>	<b>10,780</b>	<b>13,775</b>	<b>16,769</b>	



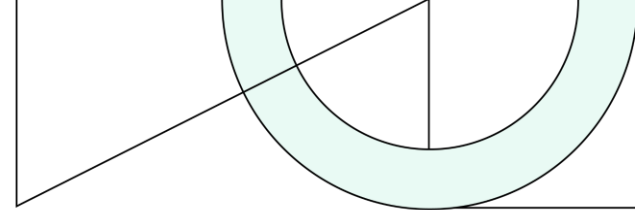
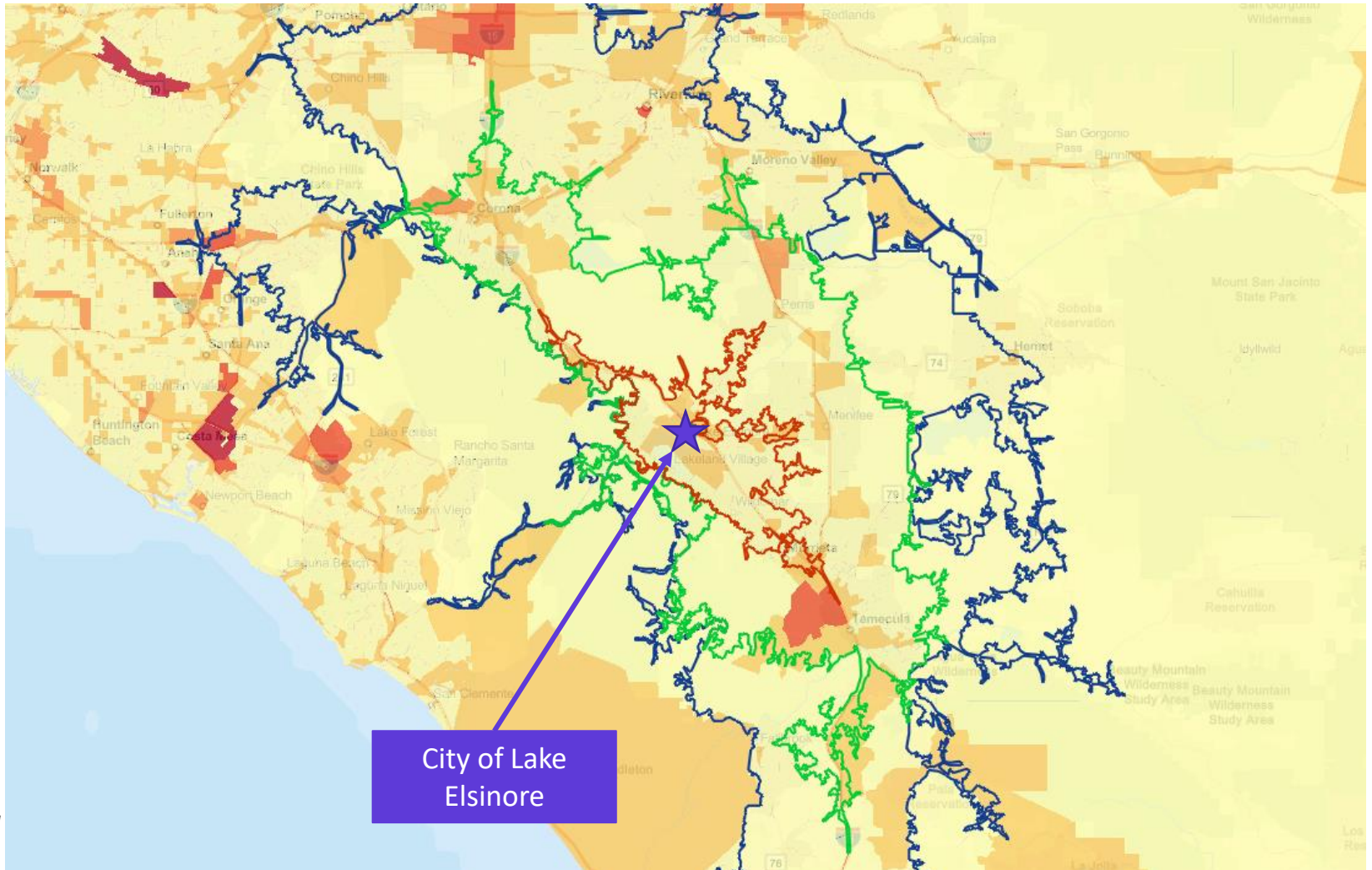
# Location Overview



## Employment & Drive-Time Map

### Location Overview

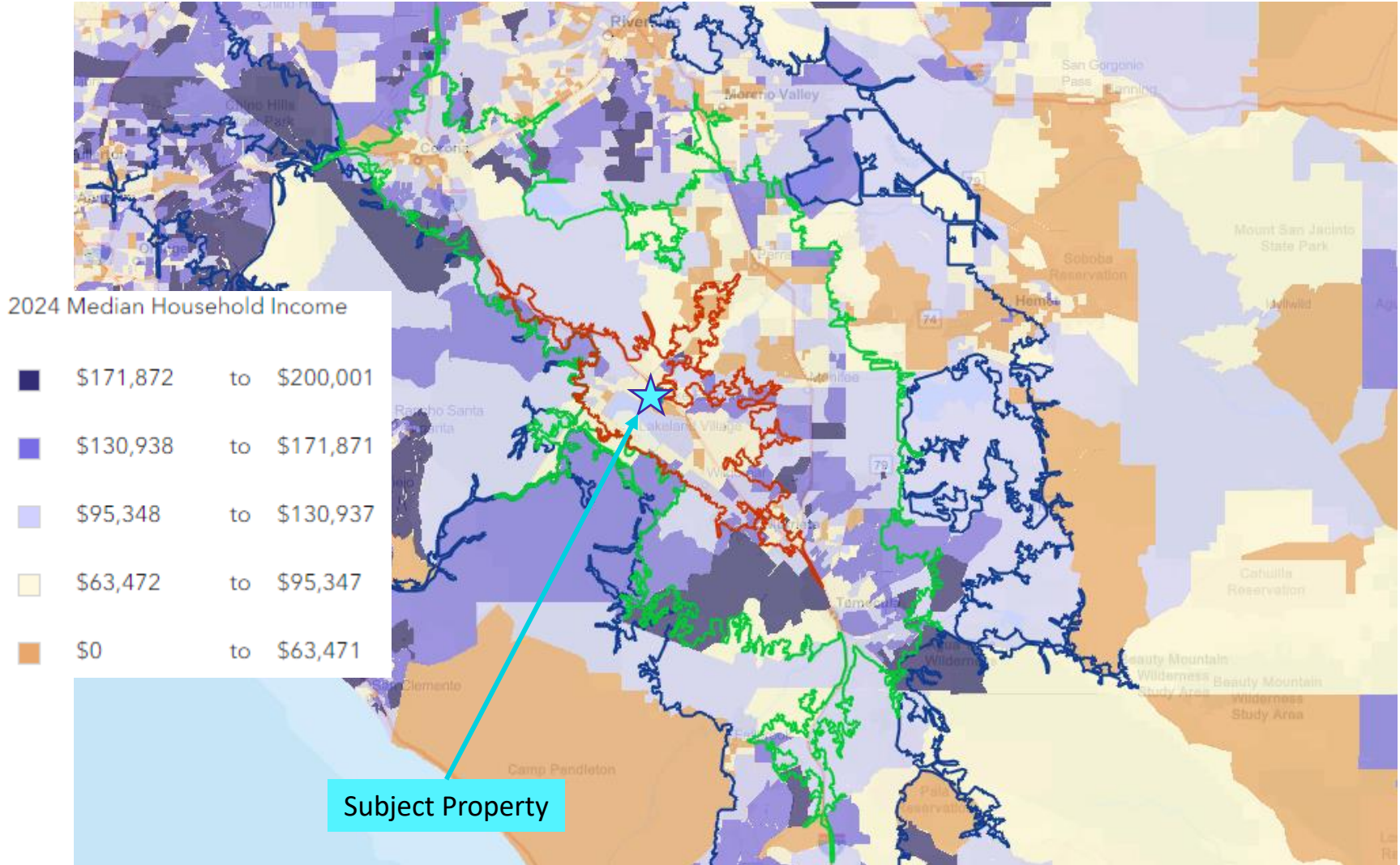
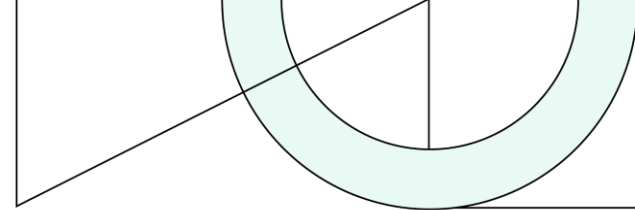
Lake Elsinore is bisected by Interstate 15 with good access across southern and western Riverside County. Given the demand in the market, Lake Elsinore would appeal to workers within multiple markets and across the defined CMA. **The map shows a 15 (red) to 30 (green) to 45 (blue) - minute drive time from Lake Elsinore that allows for access to most of the major employment nodes. Notably, a major employment nodes shown in darker red on the map to the south in Murrieta. Additionally, the expanding hospital Wildomar will attract further businesses to the area.**



# Median Household Income Map by Zip Code

## Location Overview

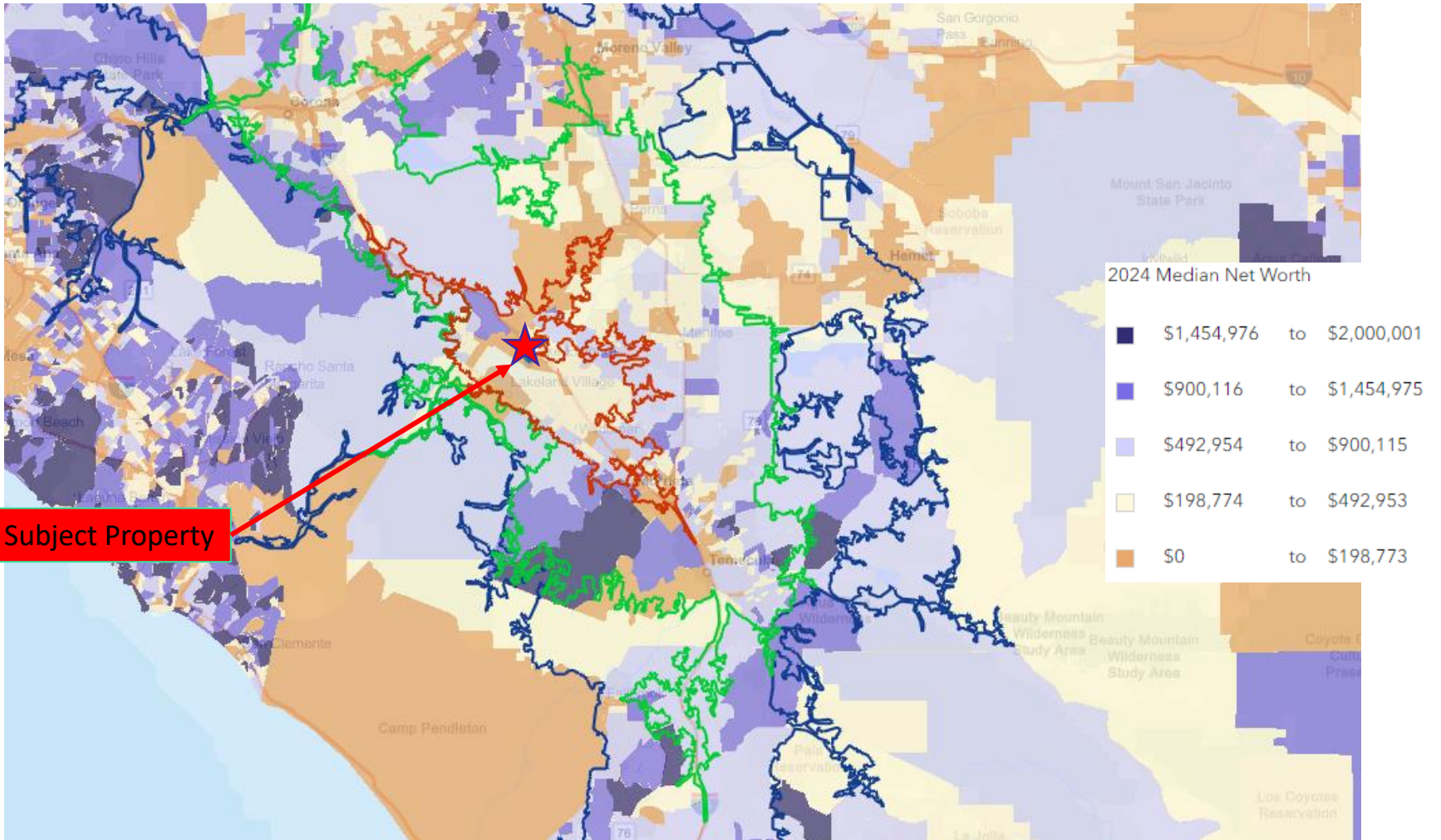
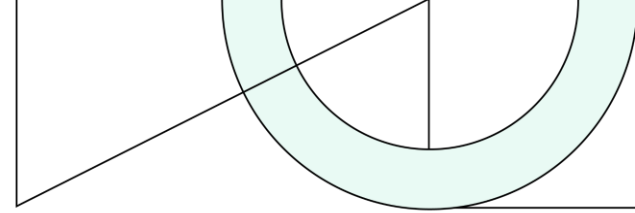
Lake Elsinore generally has lower household income than the surrounding areas. **Most household incomes in Lake Elsinore are below \$130,000 with higher income locations to the south in Murrieta and Temecula and to the north towards Corona.** It provides Lake Elsinore the opportunity to offer more attainable living while in proximity to employment bases.



# Median Net Worth Map by Zip Code

## Location Overview

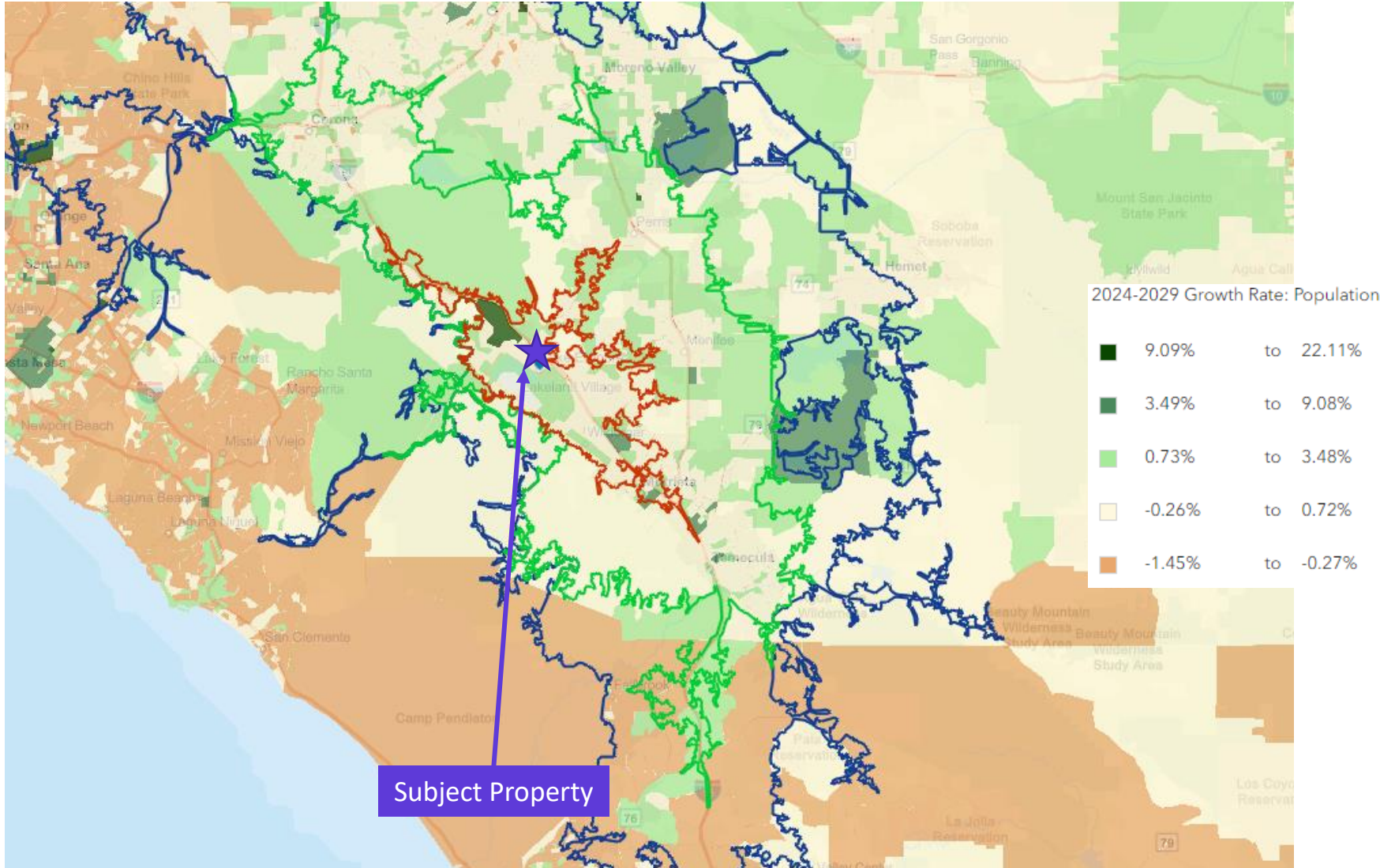
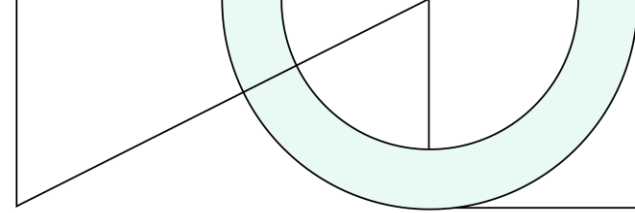
Similar to household income, median net worth in Lake Elsinore is lower than the surrounding areas. **However, given the location, Lake Elsinore provides ample opportunity for growth.**



# Compounded Annual Growth Rate – 2024 – 2029

## Location Overview

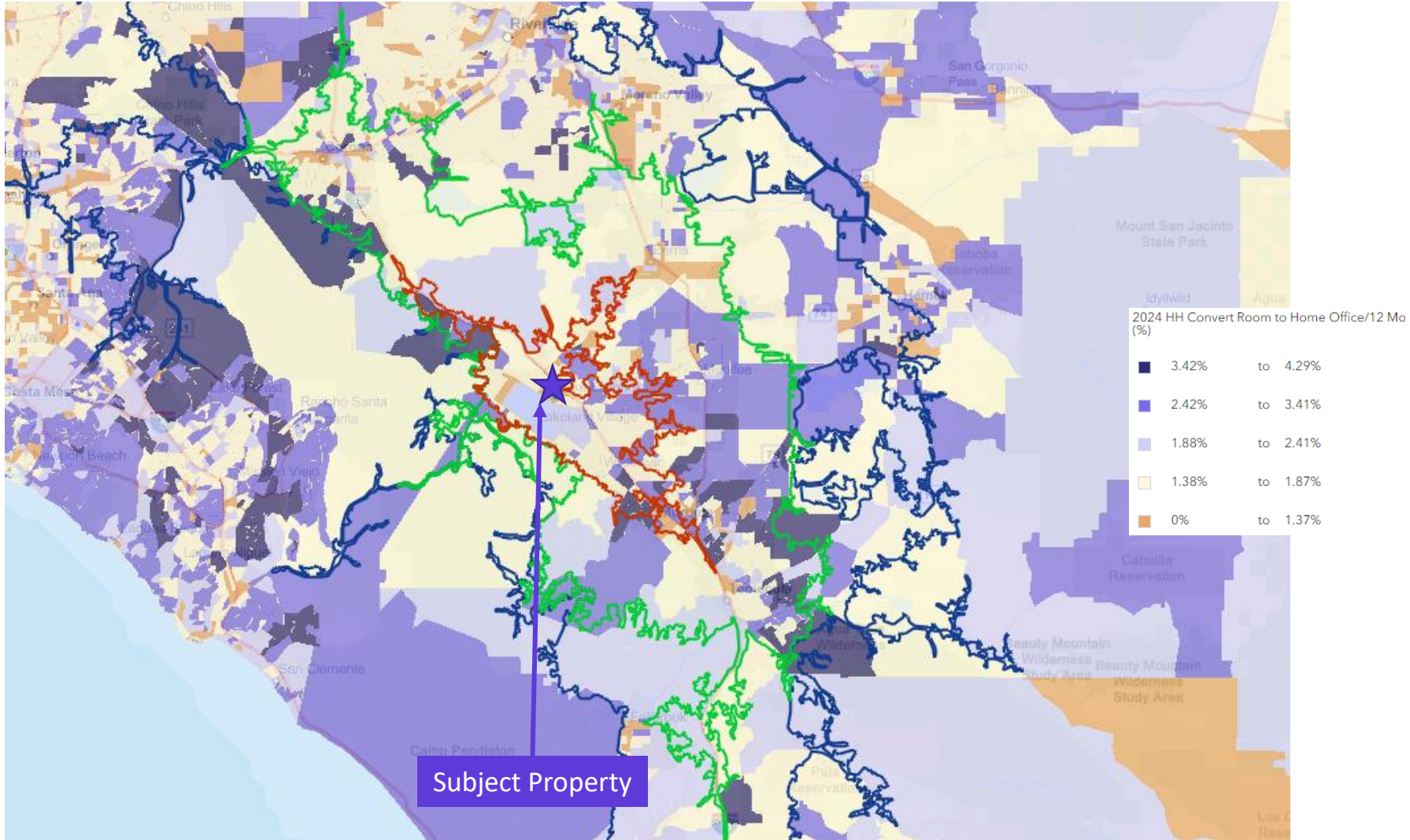
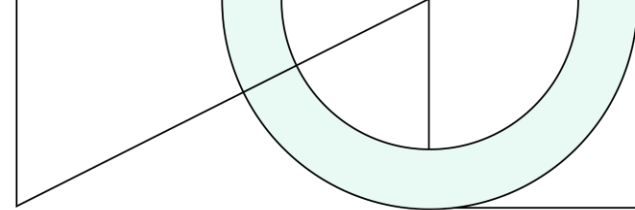
Lake Elsinore boasts one of the only areas expected to have a compounded annual growth rate over 3.5% between 2024 - 2029. Lake Elsinore has the opportunity to take advantage of the potential growth over the next five years with appropriately planned commercial properties.



# Home Office Room Conversion Past Twelve Months

## Location Overview

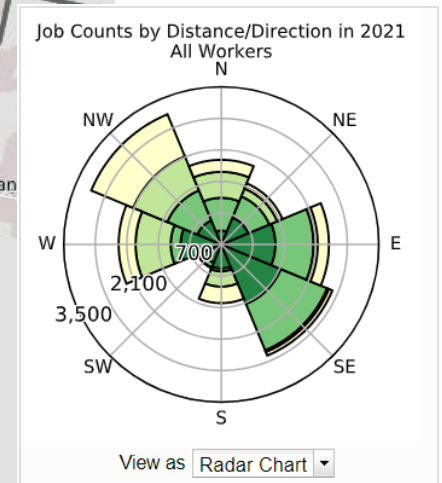
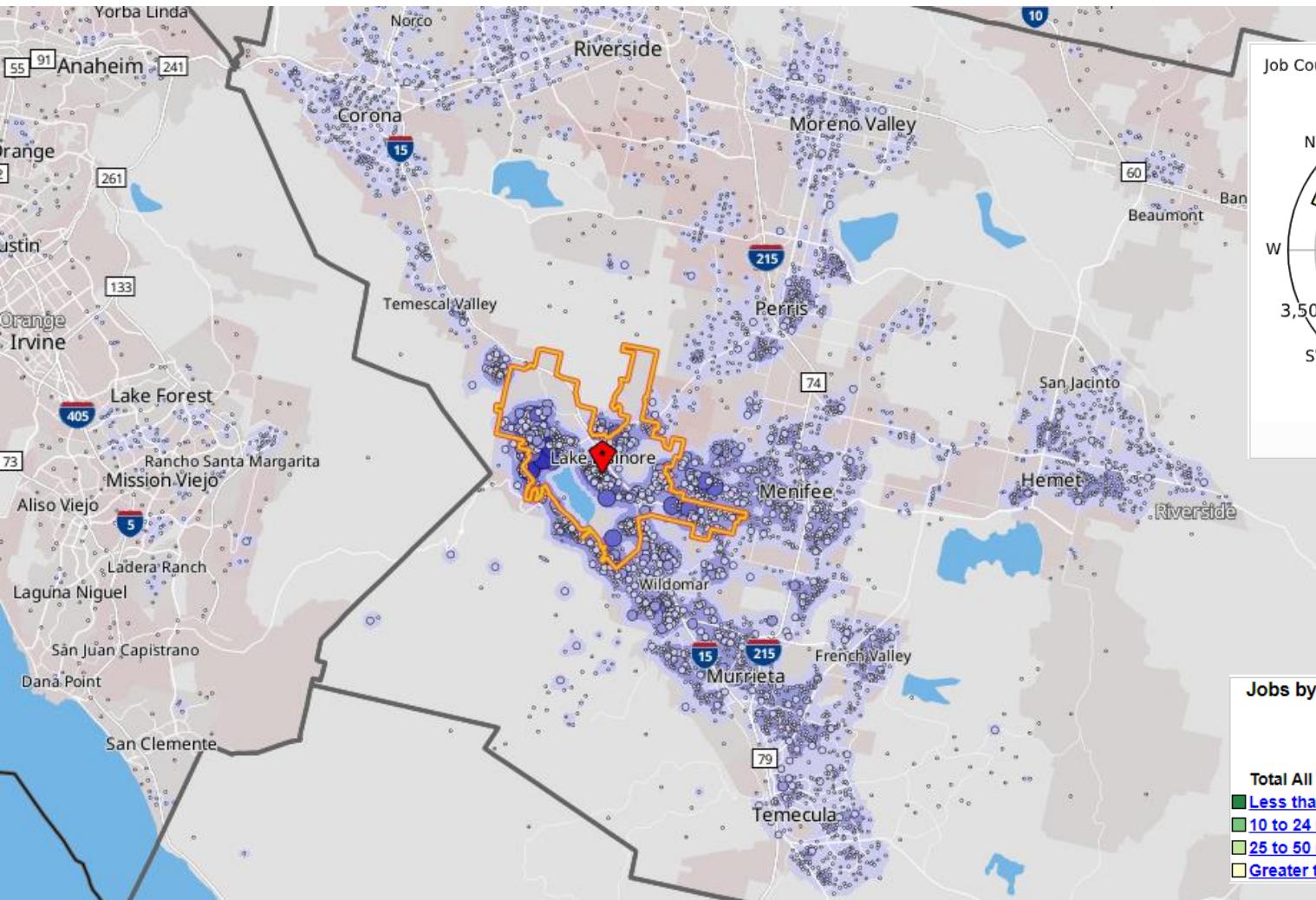
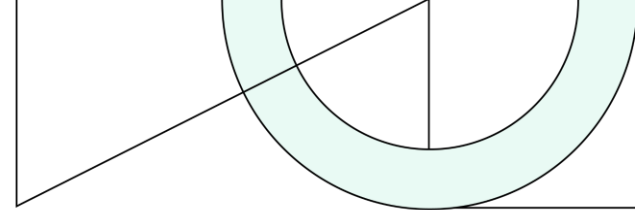
Lake Elsinore has had lower room conversions to home office percentages than other markets. However, this is important to note for potential future need for office space in close proximity to where homes are located.



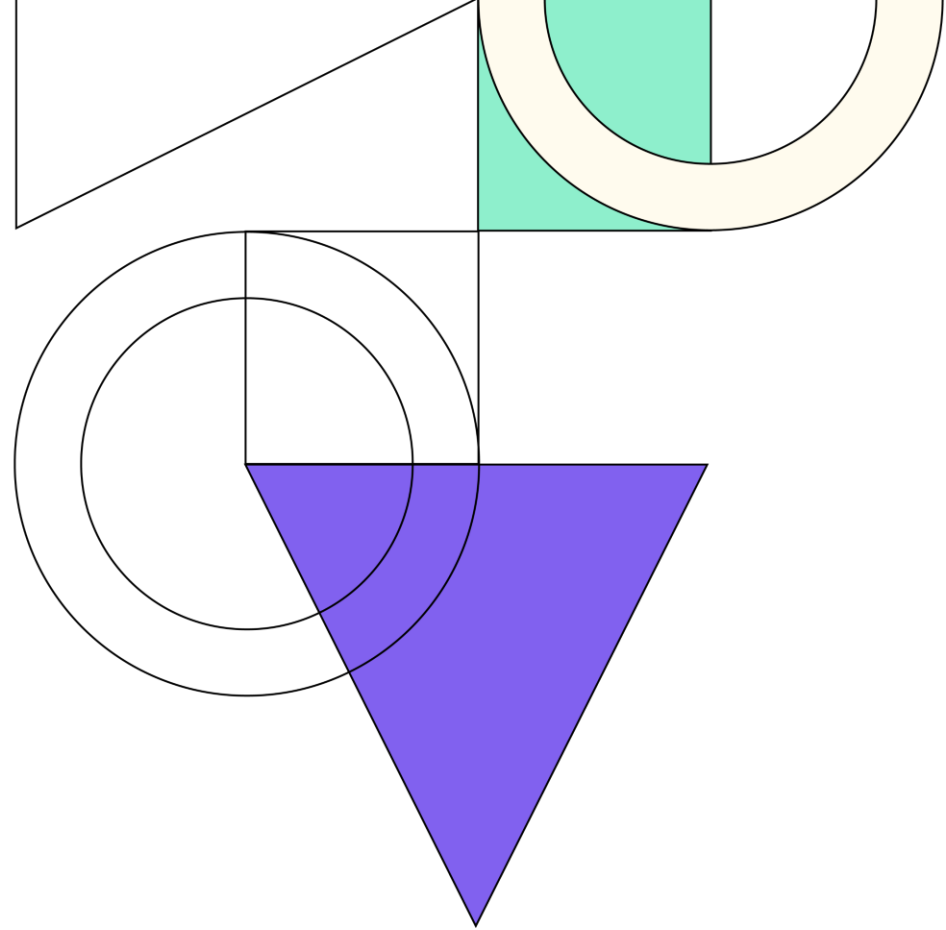
# Resident Commuting Patterns for Employment

## Location Overview

The majority of Lake Elsinore commutes to other parts of the CMA, notably to the south for employment with 66.1% of residents commuting under 24 miles for employment. These commuting patterns are important to consider for the office demand opportunity in Lake Elsinore, since the majority of the workforce is spending the majority of their time just outside of the City but within proximity.



Jobs by Distance - Work Census Block to Home Census Block		
	2021	
	Count	Share
Total All Jobs	15,680	100.0%
Less than 10 miles	6,052	38.6%
10 to 24 miles	4,310	27.5%
25 to 50 miles	2,849	18.2%
Greater than 50 miles	2,469	15.7%



# Office Demand Analysis



# Employment by Industry

## Office Demand Analysis

The number of businesses and employees by industry in CMA 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 1,734 office-oriented employees in Lake Elsinore, or 10.6% of all jobs in the city. This also equates to 6.6% of office-oriented jobs in the CMA. Temecula has the largest share of office-oriented employees (10,441 jobs), followed by Murrieta (7,952 jobs).

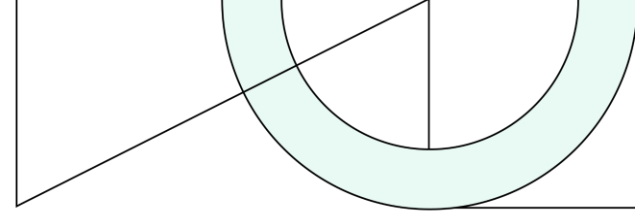
	Riverside Co.	CMA	Lake Elsinore	Menifee	Murrieta	Temecula	Wildomar	Winchester	Other	
Total Businesses:	77,383	18,118	2,056	1,959	4,373	6,555	819	57	2,299	
Total Employees:	743,392	140,874	16,282	15,990	31,437	56,662	5,801	329	14,373	
Total Residential Population:	2,504,036	562,483	72,218	116,246	111,757	113,013	37,178	4,915	107,156	
Employee/Residential Population Ratio (per 100 Residents)	30	25	23	14	28	50	16	7		
<b>Total Employees:</b>										
Agriculture & Mining	12,339	2,560	142	282	785	747	150	24	430	
Construction	41,388	9,195	1,292	1,033	2,324	2,482	472	21	1,571	
Manufacturing	46,380	11,221	747	846	1,544	6,676	230	8	1,170	
Transportation	20,643	2,298	208	194	303	856	191	6	540	
Communication	4,031	534	67	56	131	208	16	0	56	
Utility	3,889	669	188	21	61	210	40	2	147	
Wholesale Trade	28,122	3,303	385	215	762	1,495	90	1	355	
Retail Trade Summary	198,567	42,212	5,391	5,421	8,275	17,849	1,455	64	3,757	
Home Improvement	12,228	3,014	381	361	697	1,349	58	5	163	
General Merchandise Stores	18,799	4,504	599	565	1,274	1,985	11	0	70	
Food Stores	24,430	5,268	721	791	1,036	1,647	347	0	726	
Auto Dealers, Gas Stations, Auto Aftermarket	2,102	4,690	628	374	638	2,248	129	18	655	
Apparel & Accessory Stores	6,145	1,305	110	104	139	876	9	0	67	
Furniture & Home Furnishings	7,044	1,505	137	169	436	650	28	0	85	
Eating & Drinking Places	80,291	17,068	2,027	2,379	3,318	6,824	726	27	1,767	
Miscellaneous Retail	28,618	4,858	788	678	737	2,270	147	14	224	
<b>Finance, Insurance, Real Estate Summary</b>	<b>40,564</b>	<b>9,414</b>	<b>697</b>	<b>861</b>	<b>1,981</b>	<b>4,764</b>	<b>285</b>	<b>3</b>	<b>823</b>	
<b>Banks, Savings &amp; Lending Institutions</b>	<b>9,356</b>	<b>2,085</b>	<b>172</b>	<b>227</b>	<b>485</b>	<b>927</b>	<b>48</b>	<b>0</b>	<b>226</b>	
<b>Securities Brokers</b>	<b>3,269</b>	<b>847</b>	<b>35</b>	<b>77</b>	<b>170</b>	<b>482</b>	<b>13</b>	<b>0</b>	<b>70</b>	
<b>Insurance Carriers &amp; Agents</b>	<b>5,031</b>	<b>973</b>	<b>60</b>	<b>67</b>	<b>314</b>	<b>450</b>	<b>17</b>	<b>0</b>	<b>65</b>	
<b>Real Estate, Holding, Other Investment Offices</b>	<b>22,908</b>	<b>5,509</b>	<b>430</b>	<b>490</b>	<b>1,012</b>	<b>2,905</b>	<b>207</b>	<b>3</b>	<b>462</b>	
Services Summary	293,530	55,628	6,813	6,677	14,224	20,465	2,810	187	4,452	
Hotels & Lodging	12,931	1,118	234	122	147	456	0	0	159	
Automotive Services	11,594	2,373	394	149	610	890	125	24	181	
Motion Pictures & Amusements	29,202	4,432	1,457	273	1,083	1,046	46	5	522	
<b>Health Services</b>	<b>66,647</b>	<b>12,398</b>	<b>698</b>	<b>1,441</b>	<b>4,838</b>	<b>4,294</b>	<b>672</b>	<b>3</b>	<b>452</b>	
<b>Legal Services</b>	<b>5,840</b>	<b>1,201</b>	<b>29</b>	<b>39</b>	<b>277</b>	<b>678</b>	<b>9</b>	<b>0</b>	<b>169</b>	
Education Institutions & Libraries	60,466	11,207	2,145	1,853	2,122	3,490	773	129	695	
Other Services	106,850	22,899	1,856	2,800	5,147	9,611	1,185	26	2,274	
<b>Government</b>	<b>50,893</b>	<b>3,197</b>	<b>310</b>	<b>303</b>	<b>856</b>	<b>705</b>	<b>37</b>	<b>11</b>	<b>975</b>	
Unclassified Establishments	3,046	643	42	81	191	205	25	2	97	
<b>Office Oriented Employees</b>	<b>163,944</b>	<b>26,210</b>	<b>1,734</b>	<b>2,644</b>	<b>7,952</b>	<b>10,441</b>	<b>1,003</b>	<b>17</b>	<b>2,419</b>	
Total Employment	743,392	140,874	16,282	15,990	31,437	56,662	5,801	329	14,373	
<b>% of Office Oriented Employees</b>	<b>22.1%</b>	<b>18.6%</b>	<b>10.6%</b>	<b>16.5%</b>	<b>25.3%</b>	<b>18.4%</b>	<b>17.3%</b>	<b>5.2%</b>	<b>16.8%</b>	
<b>% of Office Oriented Employees by So. Riverside City</b>		<b>100.0%</b>	<b>6.6%</b>	<b>10.1%</b>	<b>30.3%</b>	<b>39.8%</b>	<b>3.8%</b>	<b>0.1%</b>	<b>9.2%</b>	

Source: ESRI

# Office Market Growth History

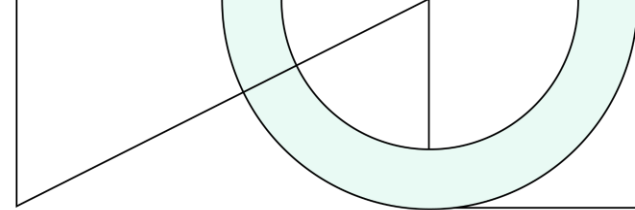
## Office Demand Analysis

The number of office buildings built in Lake Elsinore and the CMA are shown below by year. Lake Elsinore are stated prior has limited growth in office space over the past twenty years. However, in the CMA, there has been growth in the last ten years with an average of 65,000 square feet being built per year. It increased over the past five years averaging 96,000 square feet as home development in the CMA necessitated the need for employment within proximity of housing increasing demand. However not all employment will demand office space, as shown on the following pages.



Year Built	Lake Elsinore, CA (city)						Lake Elsinore CMA						Inland Empire		
	Units	Sq. Ft.	Per Unit	Total	Market Share	Growth	Units	Sq. Ft.	Per Unit	Total	Market Share	Growth	Sq. Ft.	Total	Growth
Pre-2000	44	278,635	6,333	278,635	2.0%	0.0%	203	2,422,990	11,936	2,422,990	18%		13,642,000	13,642,000	
2000	0	0	0	278,635	2.0%	0.0%	16	161,399	10,087	2,584,389	18%	6.7%	349,000	13,991,000	2.6%
2001	0	0	0	278,635	1.9%	0.0%	14	95,053	6,790	2,679,442	19%	3.7%	347,000	14,338,000	2.5%
2002	0	0	0	278,635	1.9%	0.0%	13	149,799	11,523	2,829,241	19%	5.6%	298,000	14,636,000	2.1%
2003	1	4,820	4,820	283,455	1.9%	1.7%	8	116,176	14,522	2,945,417	20%	4.1%	259,000	14,895,000	1.8%
2004	0	0	0	283,455	1.8%	0.0%	53	431,586	8,143	3,377,003	22%	14.7%	491,000	15,386,000	3.3%
2005	2	4,928	2,464	288,383	1.8%	1.7%	60	241,697	4,028	3,618,700	22%	7.2%	961,000	16,347,000	6.2%
2006	1	5,000	5,000	293,383	1.7%	1.7%	120	617,947	5,150	4,236,647	25%	17.1%	527,000	16,874,000	3.2%
2007	6	30,293	5,049	323,676	1.7%	10.3%	115	581,216	5,054	4,817,863	26%	13.7%	1,702,000	18,576,000	10.1%
2008	143	63,788	446	387,464	2.0%	19.7%	209	401,243	1,920	5,219,106	27%	8.3%	1,111,000	19,687,000	6.0%
2009	3	61,851	20,617	449,315	2.2%	16.0%	34	197,280	5,802	5,416,386	27%	3.8%	285,000	19,972,000	1.4%
2010	0	0	0	449,315	2.3%	0.0%	1	13,600	13,600	5,429,986	27%	0.3%	-28,000	19,944,000	-0.1%
2011	0	0	0	449,315	2.3%	0.0%	2	17,318	8,659	5,447,304	28%	0.3%	-163,000	19,781,000	-0.8%
2012	0	0	0	449,315	2.3%	0.0%	0	0	0	5,447,304	28%	0.0%	-68,000	19,713,000	-0.3%
2013	0	0	0	449,315	2.3%	0.0%	0	0	0	5,447,304	28%	0.0%	0	19,713,000	0.0%
2014	0	0	0	449,315	2.3%	0.0%	4	41,373	10,343	5,488,677	28%	0.8%	-106,000	19,607,000	-0.5%
2015	0	0	0	449,315	2.3%	0.0%	4	71,100	17,775	5,559,777	28%	1.3%	33,000	19,640,000	0.2%
2016	1	4,500	4,500	453,815	2.3%	1.0%	12	63,979	5,332	5,623,756	29%	1.2%	-229,000	19,411,000	-1.2%
2017	0	0	0	453,815	2.3%	0.0%	1	1,418	1,418	5,625,174	29%	0.0%	30,000	19,441,000	0.2%
2018	0	0	0	453,815	2.3%	0.0%	8	347,459	43,432	5,972,633	31%	6.2%	0	19,441,000	0.0%
2019	1	0	0	453,815	2.3%	0.0%	3	54,981	18,327	6,027,614	31%	0.9%	20,000	19,461,000	0.1%
2020	0	0	0	453,815	2.3%	0.0%	6	70,186	11,698	6,097,800	31%	1.2%	147,000	19,608,000	0.8%
2021	0	0	0	453,815	2.3%	0.0%	1	4,003	4,003	6,101,803	31%	0.1%	31,000	19,639,000	0.2%
2022	0	0	0	453,815	2.3%	0.0%	1	5,184	5,184	6,106,987	31%	0.1%	113,000	19,752,000	0.6%
2023	0	0	0	453,815	2.3%	0.0%	0	0	0	6,106,987	31%	0.0%	0	19,752,000	0.0%
<b>Total</b>	<b>202</b>	<b>453,815</b>					<b>888</b>	<b>6,106,987</b>					<b>19,752,000</b>		

Source: Reonomy & Zonda



# Office Demand Growth: 2024 – 2025

## Office Demand Analysis

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 2025, our employment-based demand model yields supportable space of approximately 15,000 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
**Riverside County, CA**

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/
<b>Traditional Office Users</b>								
Finance Activities	50,677	50%	25,339	51,651	50%	25,826	487	109,575
Information	10,043	20%	2,009	10,125	20%	2,025	16	3,690
Professional/Business Services	221,986	50%	110,993	230,091	50%	115,046	4,053	911,813
Education/Health Services	165,445	10%	16,545	172,333	10%	17,233	689	154,980
Leisure/Hospitality	129,598	2%	2,592	133,281	2%	2,666	74	16,574
Other Services	81,112	10%	8,111	82,637	10%	8,264	153	34,313
Government	138,378	20%	27,676	139,632	20%	27,926	251	56,430
<b>Non-Traditional Office Users</b>								
Mining	1,669	1.0%	17	1,930	1%	19	3	587
Construction	102,730	1.0%	1,027	103,295	1%	1,033	6	1,271
Manufacturing	51,038	1.0%	510	51,062	1%	511	0	54
Wholesale Trade	35,758	1.0%	358	36,345	1%	363	6	1,321
Retail Trade	125,964	1.0%	1,260	126,684	1%	1,267	7	1,620
Transportation/Utilities	118,577	1.0%	1,186	120,472	1%	1,205	19	4,264
<b>Total</b>	<b>1,232,975</b>	<b>13%</b>	<b>197,621</b>	<b>1,259,538</b>	<b>13%</b>	<b>203,383</b>	<b>5,762</b>	<b>1,296,491</b>
<b>Annual Average</b>								<b>1,296,491</b>

**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

<b>Estimated Annual Capture: SOUTH RIVERSIDE (%)</b>	<b>30.0% - 35.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)</b>	<b>388,947 - 453,772</b>

<b>Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/</b>	<b>3.0% - 4.0%</b>
<b>Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF)</b>	<b>11,668 - 18,151</b>
<b>Annual Average (SF):</b>	<b>14,910</b>

# Office Demand Growth: 2025 – 2026

## Office Demand Analysis

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 2026, our employment-based demand model yields supportable space of approximately 9,000 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
**Riverside County, CA**

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/
<b>Traditional Office Users</b>								
Finance Activities	51,651	50%	25,826	52,535	50%	26,268	442	99,450
Information	10,125	20%	2,025	1,019	20%	204	(1,821)	(409,770)
Professional/Business Services	230,091	50%	115,046	237,179	50%	118,590	3,544	797,400
Education/Health Services	172,333	10%	17,233	179,365	10%	17,937	703	158,220
Leisure/Hospitality	133,281	2%	2,666	137,139	2%	2,743	77	17,361
Other Services	82,637	10%	8,264	84,250	10%	8,425	161	36,292
Government	139,632	20%	27,926	140,950	20%	28,190	264	59,310
<b>Non-Traditional Office Users</b>								
Mining	1,930	1.0%	19	1,664	1%	17	(3)	(599)
Construction	103,295	1.0%	1,033	103,698	1%	1,037	4	907
Manufacturing	51,062	1.0%	511	51,085	1%	511	0	52
Wholesale Trade	36,345	1.0%	363	36,928	1%	369	6	1,312
Retail Trade	126,684	1.0%	1,267	127,472	1%	1,275	8	1,773
Transportation/Utilities	120,472	1.0%	1,205	122,595	1%	1,226	21	4,777
<b>Total Annual Average</b>	<b>1,259,538</b>	<b>13%</b>	<b>203,383</b>	<b>1,275,879</b>	<b>13%</b>	<b>206,790</b>	<b>3,407</b>	<b>766,485</b>

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 229,946 - 268,270**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 6,898 - 10,731**  
**Annual Average (SF): 8,815**

**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: 2026 – 2027

## Office Demand Analysis

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 2027, our employment-based demand model yields supportable space of approximately 19,000 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
**Riverside County, CA**

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/
<b>Traditional Office Users</b>								
Finance Activities	52,535	50%	26,268	53,345	50%	26,673	405	91,125
Information	1,019	20%	204	10,265	20%	2,053	1,849	416,070
Professional/Business Services	237,179	50%	118,590	244,746	50%	122,373	3,784	851,288
Education/Health Services	179,365	10%	17,937	186,547	10%	18,655	718	161,595
Leisure/Hospitality	137,139	2%	2,743	141,112	2%	2,822	79	17,879
Other Services	84,250	10%	8,425	85,892	10%	8,589	164	36,945
Government	140,950	20%	28,190	142,312	20%	28,462	272	61,290
<b>Non-Traditional Office Users</b>								
Mining	1,664	1.0%	17	1,661	1%	17	(0)	(7)
Construction	103,698	1.0%	1,037	104,715	1%	1,047	10	2,288
Manufacturing	51,085	1.0%	511	51,109	1%	511	0	54
Wholesale Trade	36,928	1.0%	369	37,507	1%	375	6	1,303
Retail Trade	127,472	1.0%	1,275	128,295	1%	1,283	8	1,852
Transportation/Utilities	122,595	1.0%	1,226	124,896	1%	1,249	23	5,177
<b>Total</b>	<b>1,275,879</b>	<b>13%</b>	<b>206,790</b>	<b>1,312,402</b>	<b>13%</b>	<b>214,109</b>	<b>7,319</b>	<b>1,646,858</b>
<b>Annual Average</b>								<b>1,646,858</b>

**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

<b>Estimated Annual Capture: SOUTH RIVERSIDE (%)</b>	<b>30.0% - 35.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)</b>	<b>494,057 - 576,400</b>
<b>Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/</b>	<b>3.0% - 4.0%</b>
<b>Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF)</b>	<b>14,822 - 23,056</b>
<b>Annual Average (SF):</b>	<b>18,939</b>

# Office Demand Growth: 2027 – 2028

## Office Demand Analysis

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 2028, our employment-based demand model yields supportable space of approximately 12,000 square feet of office space demanded annually in Lake Elsinore.

ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL  
Riverside County, CA

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/
<b>Traditional Office Users</b>								
Finance Activities	53,345	50%	26,673	54,082	50%	27,041	369	82,913
Information	10,265	20%	2,053	10,323	20%	2,065	12	2,610
Professional/Business Services	244,746	50%	122,373	250,391	50%	125,196	2,823	635,063
Education/Health Services	186,547	10%	18,655	193,885	10%	19,389	734	165,105
Leisure/Hospitality	141,112	2%	2,822	145,169	2%	2,903	81	18,257
Other Services	85,892	10%	8,589	87,542	10%	8,754	165	37,125
Government	142,312	20%	28,462	143,710	20%	28,742	280	62,910
<b>Non-Traditional Office Users</b>								
Mining	1,661	1.0%	17	1,659	1%	17	(0)	(4)
Construction	104,715	1.0%	1,047	105,503	1%	1,055	8	1,773
Manufacturing	51,109	1.0%	511	51,133	1%	511	0	54
Wholesale Trade	37,507	1.0%	375	38,083	1%	381	6	1,296
Retail Trade	128,295	1.0%	1,283	129,135	1%	1,291	8	1,890
Transportation/Utilities	124,896	1.0%	1,249	127,346	1%	1,273	25	5,513
<b>Total</b>	<b>1,312,402</b>	<b>13%</b>	<b>214,109</b>	<b>1,337,961</b>	<b>13%</b>	<b>218,618</b>	<b>4,509</b>	<b>1,014,503</b>
<b>Annual Average</b>								<b>1,014,503</b>

<b>Estimated Annual Capture: SOUTH RIVERSIDE (%)</b>	<b>30.0% - 35.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)</b>	<b>304,351 - 355,076</b>

<b>Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/</b>	<b>3.0% - 4.0%</b>
<b>Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF)</b>	<b>9,131 - 14,203</b>
<b>Annual Average (SF):</b>	<b>11,667</b>

- 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: 2028 – 2029

## Office Demand Analysis

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 2029, our employment-based demand model yields supportable space of approximately 14,000 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
**Riverside County, CA**

Industry	2028			2029			2028 to 2029	
	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/
<b>Traditional Office Users</b>								
Finance Activities	54,082	50%	27,041	54,756	50%	27,378	337	75,825
Information	10,323	20%	2,065	10,375	20%	2,075	10	2,340
Professional/Business Services	250,391	50%	125,196	257,913	50%	128,957	3,761	846,225
Education/Health Services	193,885	10%	19,389	201,380	10%	20,138	750	168,638
Leisure/Hospitality	145,169	2%	2,903	149,292	2%	2,986	82	18,554
Other Services	87,542	10%	8,754	89,193	10%	8,919	165	37,148
Government	143,710	20%	28,742	145,133	20%	29,027	285	64,035
<b>Non-Traditional Office Users</b>								
Mining	1,659	1.0%	17	1,656	1%	17	(0)	(7)
Construction	105,503	1.0%	1,055	106,332	1%	1,063	8	1,865
Manufacturing	51,133	1.0%	511	51,157	1%	512	0	54
Wholesale Trade	38,083	1.0%	381	38,654	1%	387	6	1,285
Retail Trade	129,135	1.0%	1,291	129,981	1%	1,300	8	1,903
Transportation/Utilities	127,346	1.0%	1,273	129,933	1%	1,299	26	5,821
<b>Total Annual Average</b>	<b>1,337,961</b>	<b>13%</b>	<b>218,618</b>	<b>1,365,755</b>	<b>13%</b>	<b>224,056</b>	<b>5,439</b>	<b>1,223,685</b> <b>1,223,685</b>

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 367,106 - 428,290**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 11,013 - 17,132**  
**Annual Average (SF): 14,072**

**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: 2029 – 2030

## Office Demand Analysis

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 2030, our employment-based demand model yields supportable space of approximately 14,000 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
Riverside County, CA

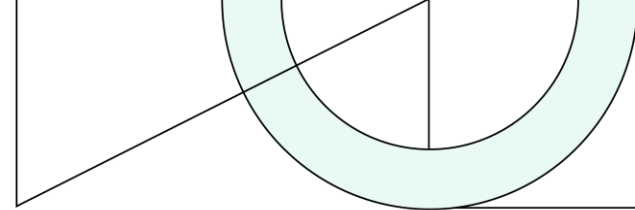
Industry	2029			2030			2029 to 2030	
	Total Employment 1/	Occupied in Office Buildings 2/	No. Employed in Office Buildings	Total Employment 3/	Occupied in Office Buildings	No. Employed in Office Buildings	Total Emp. Growth in Office Buildings	New Office Space Needed 4/
<b>Traditional Office Users</b>								
Finance Activities	54,756	50%	27,378	55,375	50%	27,688	310	69,638
Information	10,375	20%	2,075	10,422	20%	2,084	9	2,115
Professional/Business Services	257,913	50%	128,957	265,481	50%	132,741	3,784	851,400
Education/Health Services	201,380	10%	20,138	209,035	10%	20,904	766	172,238
Leisure/Hospitality	149,292	2%	2,986	153,473	2%	3,069	84	18,815
Other Services	89,193	10%	8,919	90,841	10%	9,084	165	37,080
Government	145,133	20%	29,027	146,574	20%	29,315	288	64,845
<b>Non-Traditional Office Users</b>								
Mining	1,656	1.0%	17	1,654	1%	17	(0)	(4)
Construction	106,332	1.0%	1,063	107,197	1%	1,072	9	1,946
Manufacturing	51,157	1.0%	512	51,181	1%	512	0	54
Wholesale Trade	38,654	1.0%	387	39,222	1%	392	6	1,278
Retail Trade	129,981	1.0%	1,300	130,827	1%	1,308	8	1,904
Transportation/Utilities	129,933	1.0%	1,299	132,646	1%	1,326	27	6,104
<b>Total Annual Average</b>	<b>1,365,755</b>	<b>13%</b>	<b>224,056</b>	<b>1,393,928</b>	<b>13%</b>	<b>229,512</b>	<b>5,455</b>	<b>1,227,411</b> <b>1,227,411</b>

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 368,223 - 429,594**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 11,047 - 17,184**  
**Annual Average (SF): 14,115**

- 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: 2030 – 2031

## Office Demand Analysis

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 2031, our employment-based demand model yields supportable space of approximately 13,500 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
Riverside County, CA

Industry	2030			2031			2030 to 2031	
	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/
<b>Traditional Office Users</b>								
Finance Activities	55,375	50%	27,688	55,939	50%	27,970	282	63,450
Information	10,422	20%	2,084	10,462	20%	2,092	8	1,800
Professional/Business Services	265,481	50%	132,741	272,800	50%	136,400	3,660	823,388
Education/Health Services	209,035	10%	20,904	216,855	10%	21,686	782	175,950
Leisure/Hospitality	153,473	2%	3,069	157,708	2%	3,154	85	19,058
Other Services	90,841	10%	9,084	92,486	10%	9,249	165	37,013
Government	146,574	20%	29,315	148,025	20%	29,605	290	65,295
<b>Non-Traditional Office Users</b>								
Mining	1,654	1.0%	17	1,651	1%	17	(0)	(7)
Construction	107,197	1.0%	1,072	108,098	1%	1,081	9	2,027
Manufacturing	51,181	1.0%	512	51,205	1%	512	0	54
Wholesale Trade	39,222	1.0%	392	39,786	1%	398	6	1,269
Retail Trade	130,827	1.0%	1,308	131,668	1%	1,317	8	1,892
Transportation/Utilities	132,646	1.0%	1,326	135,482	1%	1,355	28	6,381
<b>Total Annual Average</b>	<b>1,393,928</b>	<b>13%</b>	<b>229,512</b>	<b>1,422,165</b>	<b>13%</b>	<b>234,834</b>	<b>5,323</b>	<b>1,197,569</b>
							<b>1,197,569</b>	

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 359,271 - 419,149**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 10,778 - 16,766**  
**Annual Average (SF): 13,772**

- 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: 2031 – 2032

## Office Demand Analysis

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 2032, our employment-based demand model yields supportable space of approximately 13,750 square feet of office space demanded annually in Lake Elsinore.

**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
Riverside County, CA

Industry	2031			2032			2031 to 2032	
	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/
<b>Traditional Office Users</b>								
Finance Activities	55,939	50%	27,970	56,459	50%	28,230	260	58,500
Information	10,462	20%	2,092	10,498	20%	2,100	7	1,620
Professional/Business Services	272,800	50%	136,400	280,108	50%	140,054	3,654	822,150
Education/Health Services	216,855	10%	21,686	224,839	10%	22,484	798	179,640
Leisure/Hospitality	157,708	2%	3,154	161,992	2%	3,240	86	19,278
Other Services	92,486	10%	9,249	94,127	10%	9,413	164	36,923
Government	148,025	20%	29,605	149,482	20%	29,896	291	65,565
<b>Non-Traditional Office Users</b>								
Mining	1,651	1.0%	17	1,649	1%	16	(0)	(4)
Construction	108,098	1.0%	1,081	109,031	1%	1,090	9	2,099
Manufacturing	51,205	1.0%	512	51,229	1%	512	0	54
Wholesale Trade	39,786	1.0%	398	40,346	1%	403	6	1,260
Retail Trade	131,668	1.0%	1,317	132,515	1%	1,325	8	1,906
Transportation/Utilities	135,482	1.0%	1,355	138,436	1%	1,384	30	6,647
<b>Total Annual Average</b>	<b>1,422,165</b>	<b>13%</b>	<b>234,834</b>	<b>1,450,711</b>	<b>13%</b>	<b>240,148</b>	<b>5,314</b>	<b>1,195,637</b> <b>1,195,637</b>

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 358,691 - 418,473**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 10,761 - 16,739**  
**Annual Average (SF): 13,750**

- 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: 2032 – 2033

## Office Demand Analysis

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 2033, our employment-based demand model yields supportable space of approximately 13,500 square feet of office space demanded annually in Lake Elsinore.

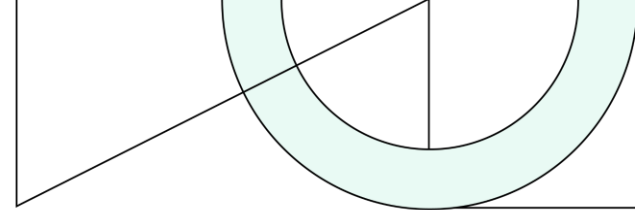
**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
Riverside County, CA

Industry	2032			2033			2032 to 2033	
	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/
<b>Traditional Office Users</b>								
Finance Activities	56,459	50%	28,230	56,943	50%	28,472	242	54,450
Information	10,498	20%	2,100	10,529	20%	2,106	6	1,395
Professional/Business Services	280,108	50%	140,054	287,324	50%	143,662	3,608	811,800
Education/Health Services	224,839	10%	22,484	232,988	10%	23,299	815	183,353
Leisure/Hospitality	161,992	2%	3,240	166,328	2%	3,327	87	19,512
Other Services	94,127	10%	9,413	95,765	10%	9,577	164	36,855
Government	149,482	20%	29,896	150,938	20%	30,188	291	65,520
<b>Non-Traditional Office Users</b>								
Mining	1,649	1.0%	16	1,647	1%	16	(0)	(5)
Construction	109,031	1.0%	1,090	109,991	1%	1,100	10	2,160
Manufacturing	51,229	1.0%	512	51,253	1%	513	0	54
Wholesale Trade	40,346	1.0%	403	40,903	1%	409	6	1,253
Retail Trade	132,515	1.0%	1,325	133,379	1%	1,334	9	1,944
Transportation/Utilities	138,436	1.0%	1,384	141,508	1%	1,415	31	6,912
<b>Total Annual Average</b>	<b>1,450,711</b>	<b>13%</b>	<b>240,148</b>	<b>1,479,496</b>	<b>13%</b>	<b>245,416</b>	<b>5,268</b>	<b>1,185,203</b> <b>1,185,203</b>

**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

<b>Estimated Annual Capture: SOUTH RIVERSIDE (%)</b>		<b>30.0% - 35.0%</b>
<b>Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF)</b>		<b>355,561 - 414,821</b>
<b>Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/</b>		<b>3.0% - 4.0%</b>
<b>Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF)</b>		<b>10,667 - 16,593</b>
<b>Annual Average (SF):</b>		<b>13,630</b>



# Office Demand Growth: 2033 – 2034

## Office Demand Analysis

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 2034, our employment-based demand model yields supportable space of approximately 14,000 square feet of office space demanded annually in Lake Elsinore.

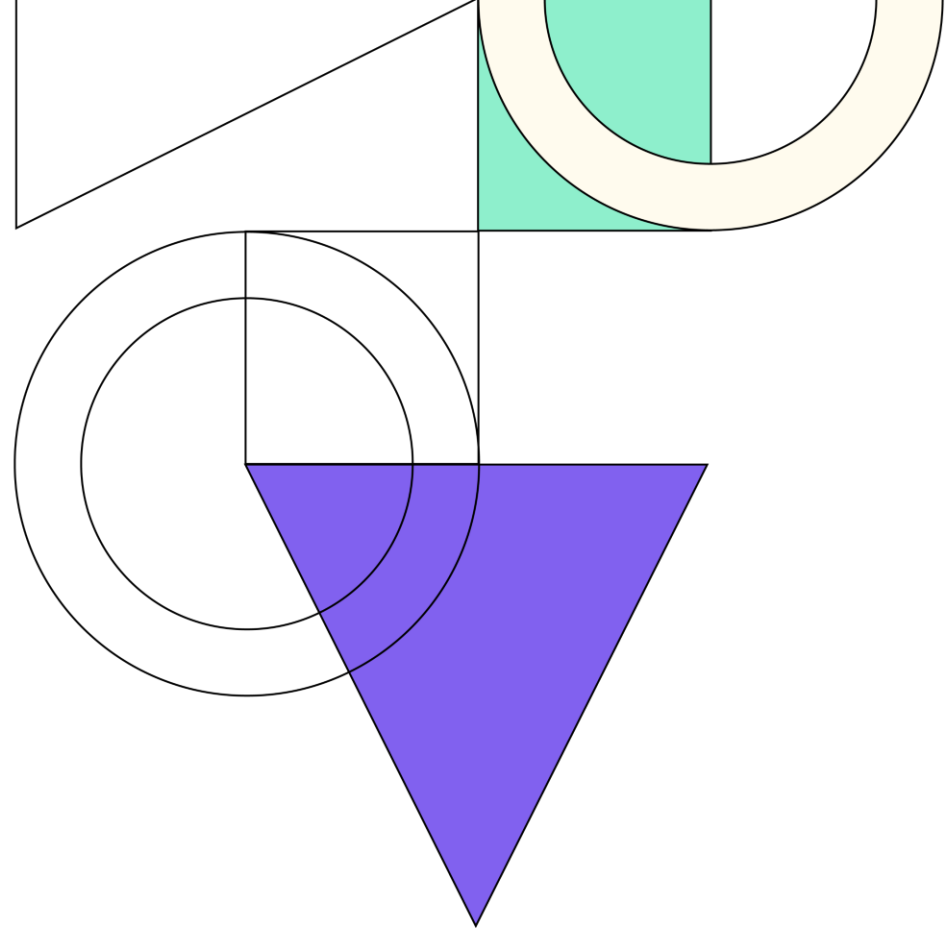
**ESTIMATED DEMAND FOR OFFICE SPACE (BASED ON EMPLOYMENT GROWTH) - ZONDA/ WOODS AND POOLE MODEL**  
Riverside County, CA

Industry	2033			2034			2033 to 2034	
	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/
<b>Traditional Office Users</b>								
Finance Activities	56,943	50%	28,472	57,396	50%	28,698	227	50,963
Information	10,529	20%	2,106	10,555	20%	2,111	5	1,170
Professional/Business Services	287,324	50%	143,662	294,880	50%	147,440	3,778	850,050
Education/Health Services	232,988	10%	23,299	241,304	10%	24,130	832	187,110
Leisure/Hospitality	166,328	2%	3,327	170,714	2%	3,414	88	19,737
Other Services	95,765	10%	9,577	97,399	10%	9,740	163	36,765
Government	150,938	20%	30,188	152,392	20%	30,478	291	65,430
<b>Non-Traditional Office Users</b>								
Mining	1,647	1.0%	16	1,644	1%	16	(0)	(7)
Construction	109,991	1.0%	1,100	110,979	1%	1,110	10	2,223
Manufacturing	51,253	1.0%	513	51,277	1%	513	0	54
Wholesale Trade	40,903	1.0%	409	41,456	1%	415	6	1,244
Retail Trade	133,379	1.0%	1,334	134,260	1%	1,343	9	1,982
Transportation/Utilities	141,508	1.0%	1,415	144,696	1%	1,447	32	7,173
<b>Total Annual Average</b>	<b>1,479,496</b>	<b>13%</b>	<b>245,416</b>	<b>1,508,952</b>	<b>13%</b>	<b>250,855</b>	<b>5,440</b>	<b>1,223,894</b> <b>1,223,894</b>

**Estimated Annual Capture: SOUTH RIVERSIDE (%) 30.0% - 35.0%**  
**Est. Annual Office Space Absorption: SOUTH RIVERSIDE (SF) 367,168 - 428,363**

**Estimated Annual Capture: CITY OF LAKE ELSINORE (%) 5/ 3.0% - 4.0%**  
**Est. Annual Office Space Absorption: CITY OF LAKE ELSINORE (SF) 11,015 - 17,135**  
**Annual Average (SF): 14,075**

- 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

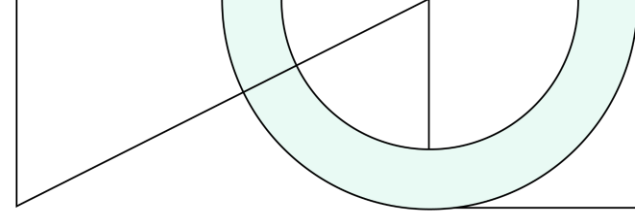


# Office Market Trends

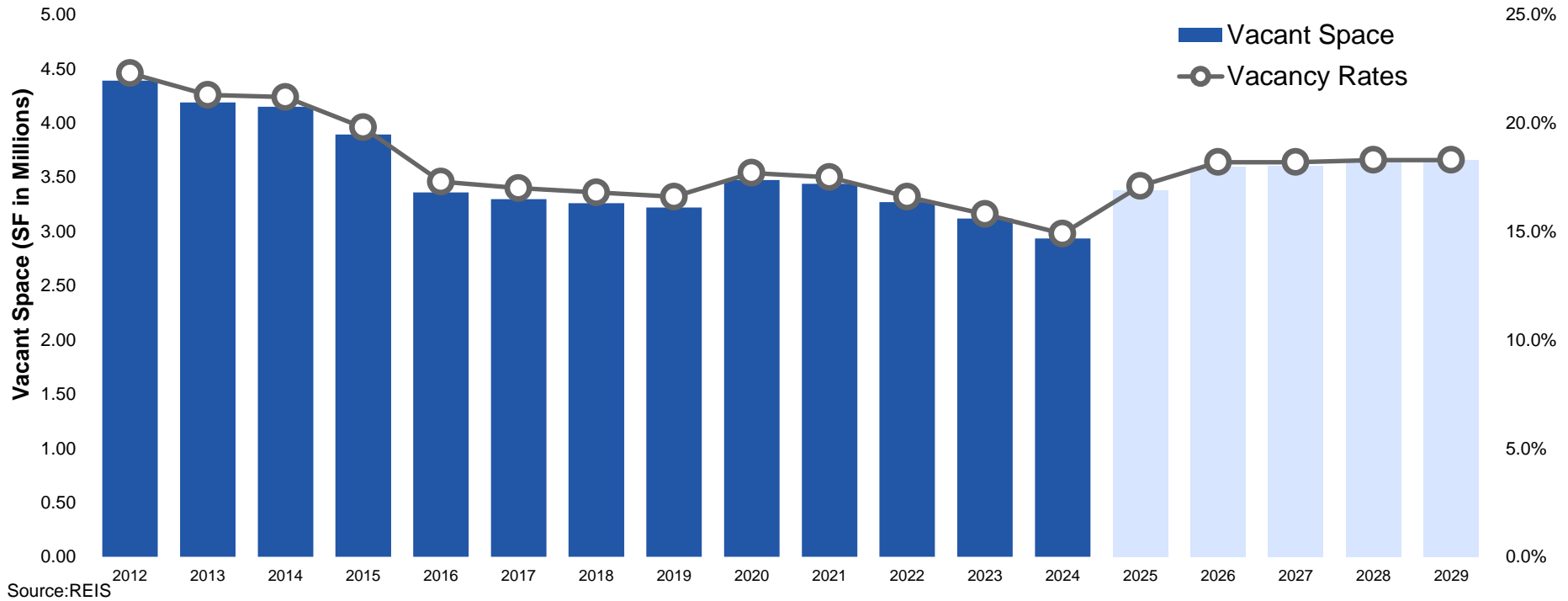
# Inland Empire Office Vacant Space

## Office Market Trends

The steady vacancy rate equates to around 3mm to 3.5mm square feet of vacant office space each year. Most of this space is in older less technologically updated buildings per data from REIS. The five-year forecast sees a slight rise in vacant space before stabilizing.



Vacant Space and Vacancy Rates

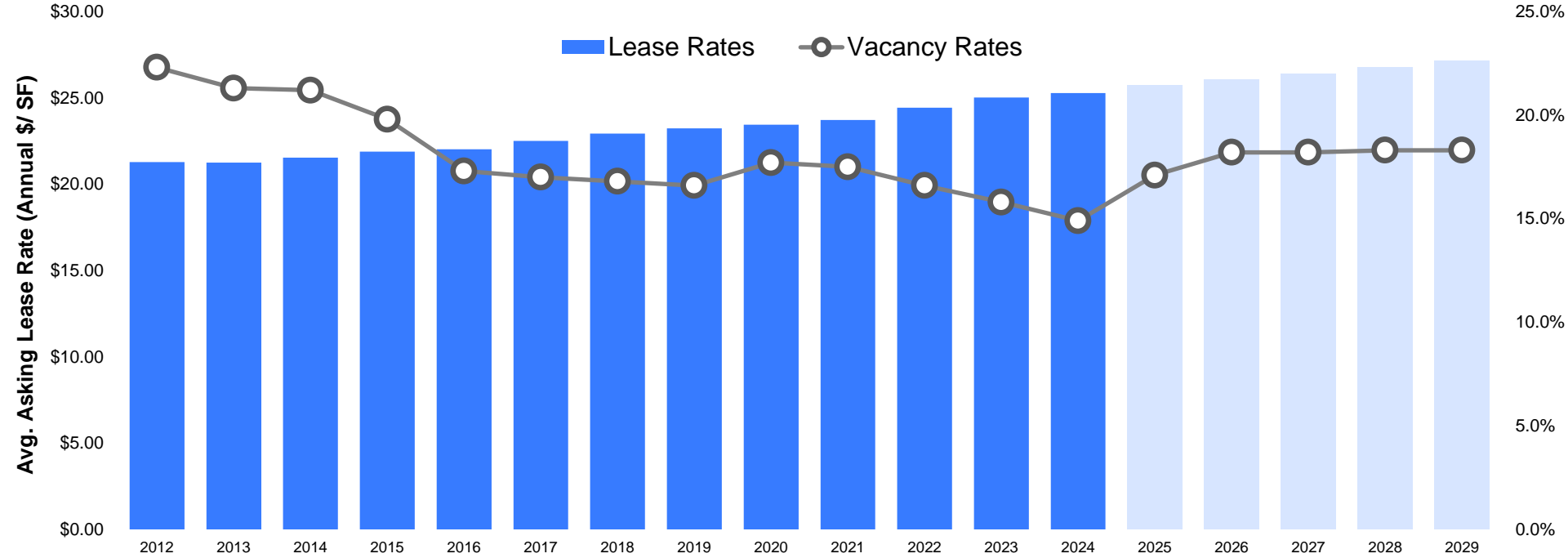


# Inland Empire Office Leasing and Vacancy Rates

## Office Market Trends

According to REIS, leasing rates have averaged around 1.7% increases year to year since 2012. Additionally, vacancy rate has not reached the highs seen during the Great Recession and has dropped but are expected to return to pre-pandemic norms around 18%.

Office Lease Rates and Vacancy Rates



Lease Rates	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Lease Rate (\$/ SF/ l	\$21.28	\$21.24	\$21.54	\$21.89	\$22.02	\$22.51	\$22.93	\$23.23	\$23.45	\$23.71	\$24.42	\$25.02	\$25.27	\$25.73	\$26.03	\$26.38	\$26.75	\$27.13
Lease Rate Change	--	(\$0.04)	\$0.30	\$0.35	\$0.13	\$0.49	\$0.42	\$0.30	\$0.22	\$0.26	\$0.71	\$0.60	\$0.25	\$0.46	\$0.30	\$0.35	\$0.37	\$0.38
% Change	--	-0.2%	1.4%	1.6%	0.6%	2.2%	1.9%	1.3%	0.9%	1.1%	3.0%	2.5%	1.0%	1.8%	1.2%	1.3%	1.4%	1.4%

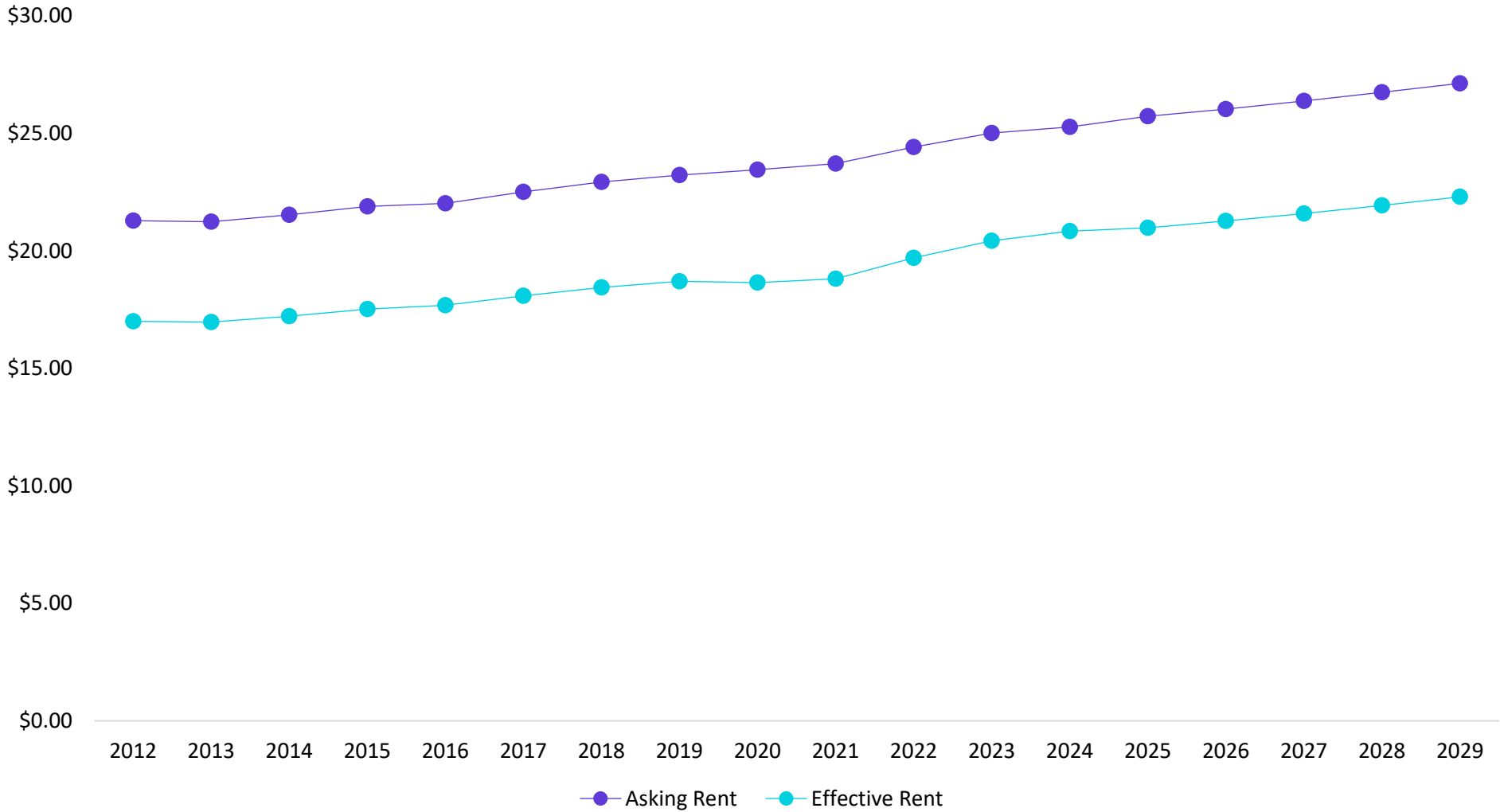
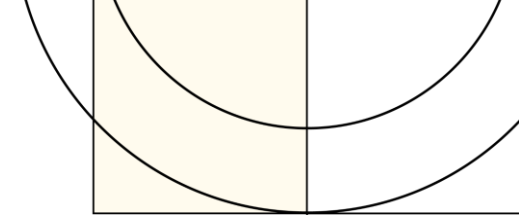
  

Vacancy Rates	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Vacancy Rate	22.3%	21.3%	21.2%	19.8%	17.3%	17.0%	16.8%	16.6%	17.7%	17.5%	16.6%	15.8%	14.9%	17.1%	18.2%	18.2%	18.3%	18.3%
Vac. Rate Change	--	-1.0%	-0.1%	-1.4%	-2.5%	-0.3%	-0.2%	-0.2%	1.1%	-0.2%	-0.9%	-0.8%	-0.9%	2.2%	1.1%	0.0%	0.1%	0.0%
% Change	--	-4.5%	-0.5%	-6.6%	-12.6%	-1.7%	-1.2%	-1.2%	6.6%	-1.1%	-5.1%	-4.8%	-5.7%	14.8%	6.4%	0.0%	0.5%	0.0%

# Inland Empire Historical Asking Rent vs Effective Rents

## Industrial/Flex Market

The exhibit below shows delta between the asking rent and the effective rent. **Both have been trending upwards and are expected to continue trending up over the next five years.**

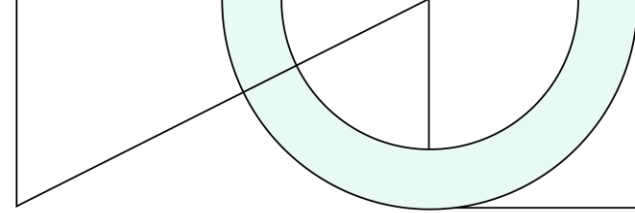




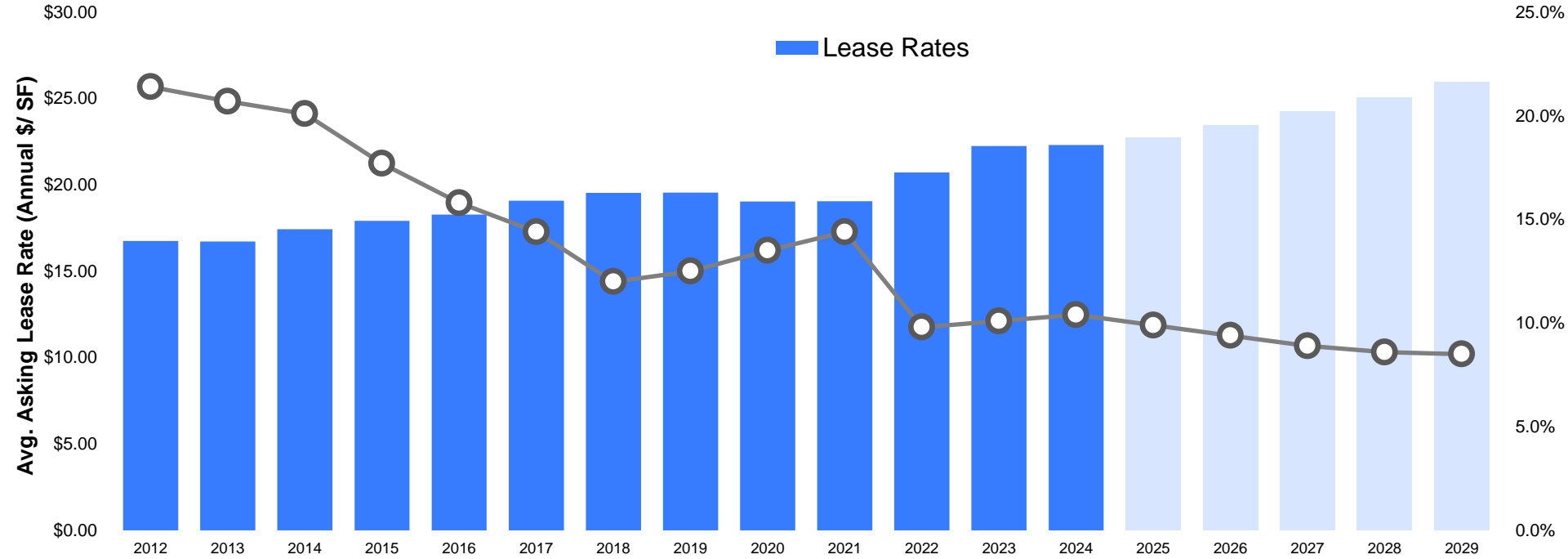
# South Riverside Office Leasing and Vacancy Rates

## Office Market Trends

According to REIS, leasing rates have averaged around 3.97% increases year to year since 2012. Additionally, vacancy rate continued to drop with vacancy expected to remain below 10% for the next five years due to limited growth and completions.



Office Lease Rates and Vacancy Rates



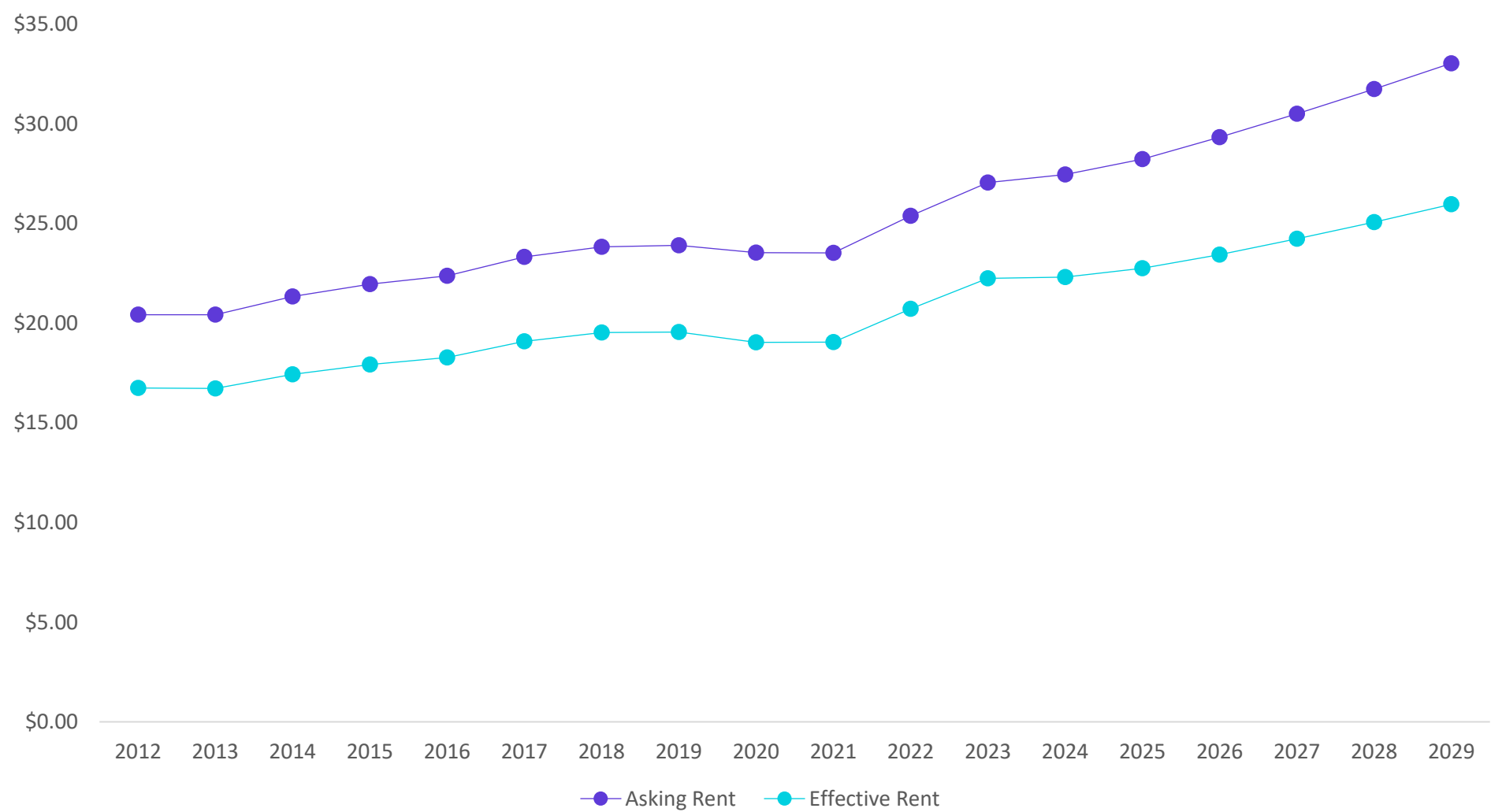
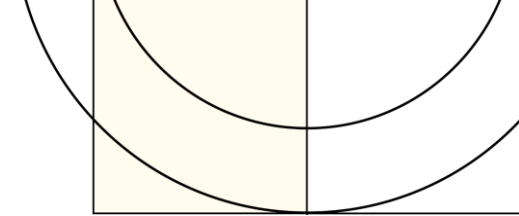
Lease Rates	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Lease Rate (\$/SF/1)	\$16.75	\$16.73	\$17.44	\$17.93	\$18.29	\$19.09	\$19.54	\$19.56	\$19.04	\$19.06	\$20.73	\$22.25	\$22.32	\$22.76	\$23.44	\$24.24	\$25.07	\$25.97
Lease Rate Change	--	(\$0.02)	\$0.71	\$0.49	\$0.36	\$0.80	\$0.45	\$0.02	(\$0.52)	\$0.02	\$1.67	\$1.52	\$0.07	\$0.44	\$0.68	\$0.80	\$0.83	\$0.90
% Change	--	-0.1%	4.2%	2.8%	2.0%	4.4%	2.4%	0.1%	-2.7%	0.1%	8.8%	7.3%	0.3%	2.0%	3.0%	3.4%	3.4%	3.6%

Vacancy Rates	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Vacancy Rate	21.4%	20.7%	20.1%	17.7%	15.8%	14.4%	12.0%	12.5%	13.5%	14.4%	9.8%	10.1%	10.4%	9.9%	9.4%	8.9%	8.6%	8.5%
Vac. Rate Change	--	-0.7%	-0.6%	-2.4%	-1.9%	-1.4%	-2.4%	0.5%	1.0%	0.9%	-4.6%	0.3%	0.3%	-0.5%	-0.5%	-0.5%	-0.3%	-0.1%
% Change	--	-3.3%	-2.9%	-11.9%	-10.7%	-8.9%	-16.7%	4.2%	8.0%	6.7%	-31.9%	3.1%	3.0%	-4.8%	-5.1%	-5.3%	-3.4%	-1.2%

## South Riverside Historical Asking Rent vs Effective Rents

Office Market

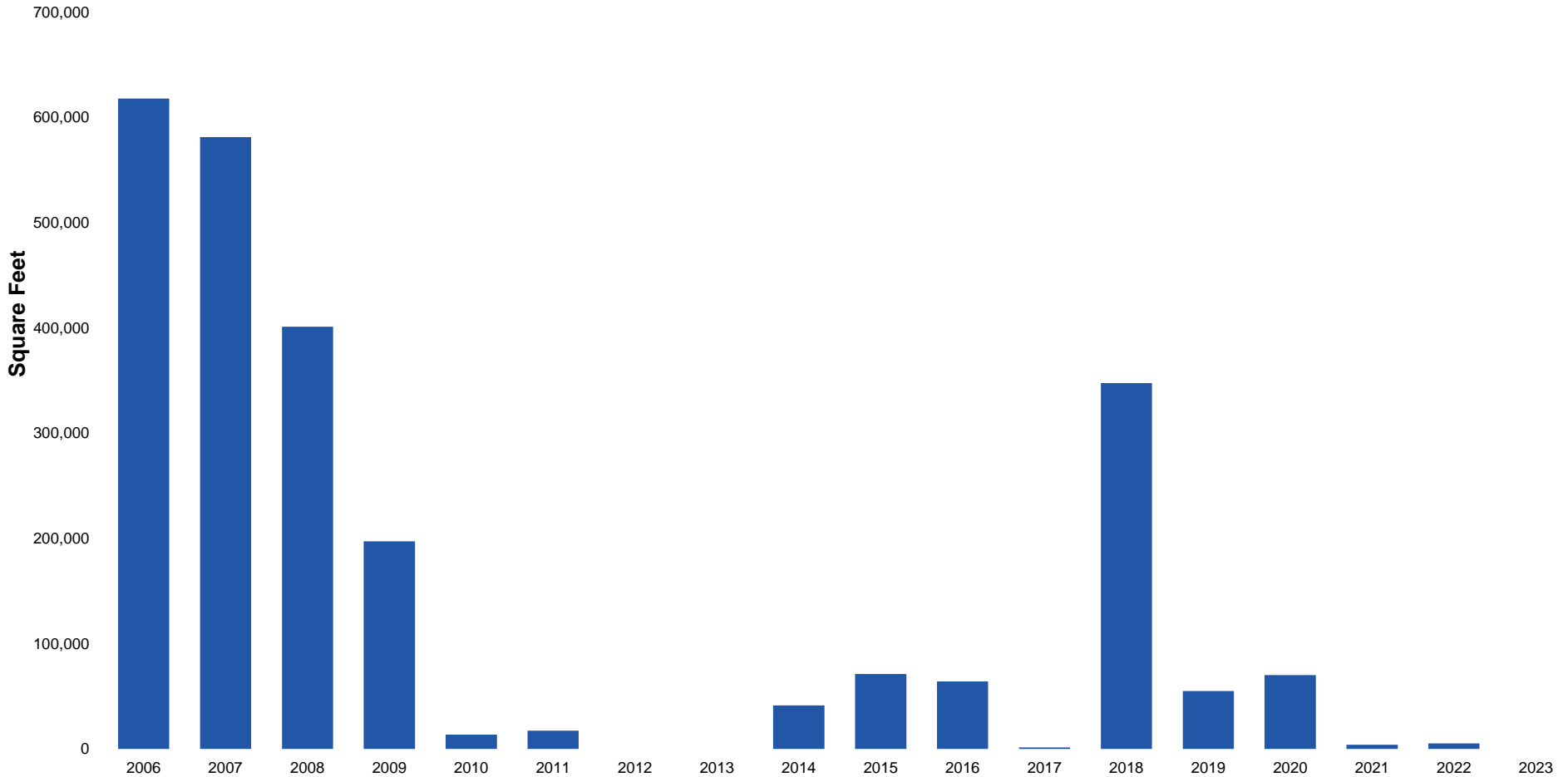
The exhibit below shows delta between the asking rent and the effective rent. **Both have been trending upwards and are expected to continue trending up over the next five years surpassing average leasing rates throughout the Inland Empire.**



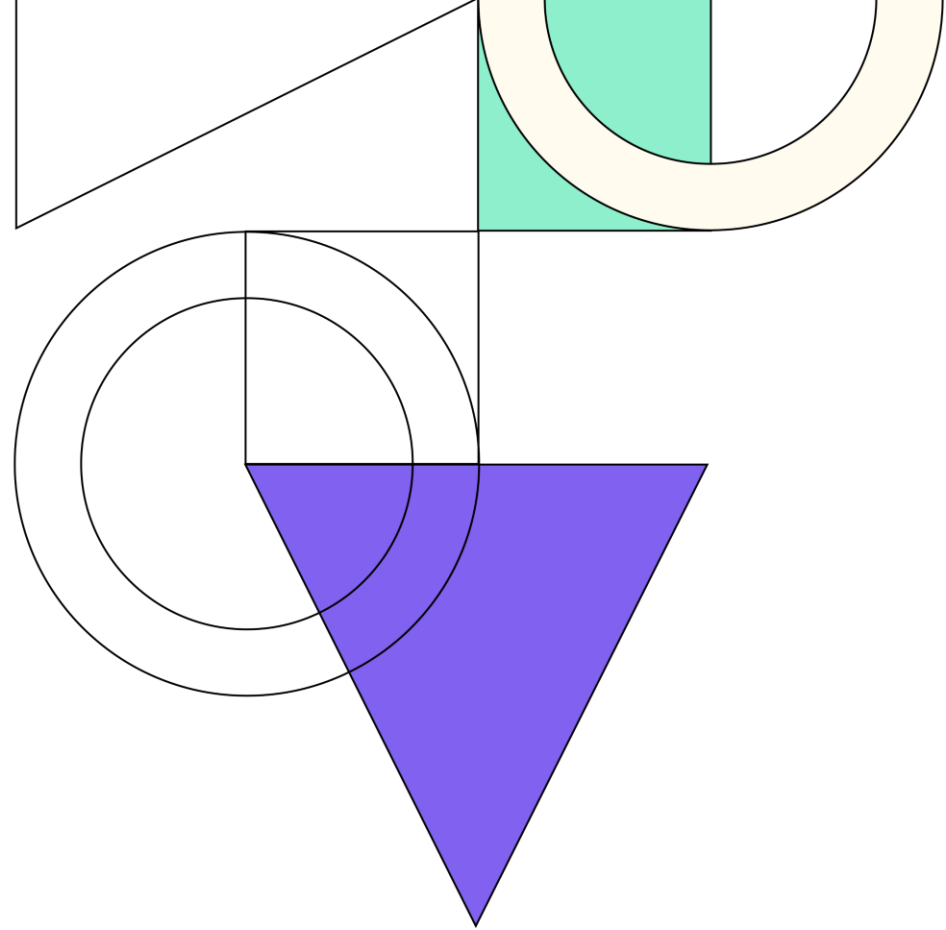
## South Riverside Office Deliveries Office Market

The exhibit below shows new office square footage built by year within the defined CMA per data from Reonomy. **Over the past ten years an average of 65,968 square feet of office space has been delivered to the CMA.** As shown, there has generally been limited development activity within the CMA since the Great Recession.

**CMA Office Square Footage Deliveries (Square Feet)**



Source: Reonomy



# Demographic Characteristics – CMA



# Population and Household Growth

## Demographic Characteristics

Lake Elsinore’s population is expected to increase 4.8% or almost 3,700 residents by 2028, though this may be understated. The CMA is expected to grow slightly faster at an annual rate of 1.1% resulting in over 30,000 new residents and potential employees and consumers within the CMA. **Growth is expected to be in the emerging homebuyers & employees age ranges (25 – 34) and older age ranges (55 – 74).**

Lake Elsinore	Total Population		
	2020 Census	2023 Estimate	2028 Projection
<b>Population</b>	76,023	77,787	81,498
Total Numerical Change	---	1,764	3,711
Total Percent Change	---	2.3%	4.8%
Annual Number Change	---	588	742
Annual Percent Change	---	0.8%	0.9%
<b>Households</b>	22,704	22,854	23,189
Total Numerical Change	---	150	335
Total Percent Change	---	0.7%	1.5%
Annual Number Change	---	50	67
Annual Percent Change	---	0.2%	0.3%
<b>Average Household Size</b>	3.3	3.4	3.5
<b>Share of Market</b>			
Population	14.2%	14.0%	13.9%
Households	13.4%	13.2%	13.2%

Source: Zonda/U.S. Census Bureau

Competitive Market Area	Total Population		
	2020 Census	2023 Estimate	2028 Projection
<b>Population</b>	534,766	555,258	585,632
Total Numerical Change	---	20,492	30,374
Total Percent Change	---	3.8%	5.5%
Annual Number Change	---	6,831	6,075
Annual Percent Change	---	1.3%	1.1%
<b>Households</b>	169,808	172,848	175,816
Total Numerical Change	---	3,040	2,968
Total Percent Change	---	1.8%	1.7%
Annual Number Change	---	1,013	594
Annual Percent Change	---	0.6%	0.3%
<b>Average Household Size</b>	3.1	3.2	3.3

Source: Zonda/U.S. Census Bureau



## Income and Household Size Characteristics

### Demographic Characteristics

Lake Elsinore is generally less affluent than the rest of the CMA with much of the market share in the under \$100,000 household income range. Lake Elsinore is expected to grow at a faster rate of the next five years seeing average household income increase 23.7% compared to 19.3% in the CMA.

Lake Elsinore Annual Household Inc.	2020 Census		2023 Estimate		2028 Projection	
	Total HH	%	Total HH	%	Total HH	%
Household income: Less than 25k	2,971	13.1%	2,699	11.8%	2,163	9.3%
Household income: 25k - 50k	4,479	19.7%	4,294	18.8%	3,783	16.3%
Household income: 50k - 75k	4,054	17.9%	3,699	16.2%	2,844	12.3%
Household income: 75k - 100k	3,464	15.3%	3,418	15.0%	3,379	14.6%
Household income: 100k - 125k	2,460	10.8%	2,352	10.3%	2,256	9.7%
Household income: 125k - 150k	1,522	6.7%	1,840	8.1%	1,808	7.8%
Household income: 150k - 200k	2,033	9.0%	2,320	10.2%	2,834	12.2%
Household income: Above 200k	1,721	7.6%	2,232	9.8%	4,122	17.8%
	<b>22,704</b>	<b>100.0%</b>	<b>22,854</b>	<b>100.0%</b>	<b>23,189</b>	<b>100.0%</b>
<b>Household income: Average</b>	<b>\$95,357</b>		<b>\$103,126</b>		<b>\$127,598</b>	
<b>Household Income: Median</b>	<b>\$71,409</b>		<b>\$75,088</b>		<b>\$90,417</b>	

Source: Zonda/U.S. Census Bureau

Market Annual Household Inc.	2020 Census		2023 Estimate		2028 Projection	
	Total HH	%	Total HH	%	Total HH	%
Household income: Less than 25k	16,930	10%	16,232	9%	12,934	7%
Household income: 25k - 50k	22,485	13%	20,935	12%	17,899	10%
Household income: 50k - 75k	26,813	16%	25,683	15%	18,624	11%
Household income: 75k - 100k	23,791	14%	23,921	14%	22,124	13%
Household income: 100k - 125k	22,217	13%	21,424	12%	19,464	11%
Household income: 125k - 150k	15,786	9%	17,350	10%	17,717	10%
Household income: 150k - 200k	19,809	12%	21,246	12%	25,806	15%
Household income: Above 200k	21,977	13%	26,057	15%	41,248	24%
	<b>169,808</b>	<b>100%</b>	<b>172,848</b>	<b>100%</b>	<b>175,816</b>	<b>100%</b>
<b>Household income: Average</b>	<b>\$123,899</b>		<b>\$130,332</b>		<b>\$155,544</b>	
<b>Household Income: Median</b>	<b>\$98,258</b>		<b>\$103,214</b>		<b>\$125,880</b>	

Source: Zonda/U.S. Census Bureau



## Education and Ownership Characteristics

### Demographic Characteristics

**Lake Elsinore residents generally have a high school degree and have potentially attended limited college classes.** This helps to account for the lower office space needed and lower incomes within Lake Elsinore compared to the CMA. Lake Elsinore has a high number of renters that proves out when reviewing the consumer characteristics of the City.

Lake Elsinore	2020 Census		2023 Estimate	
	Total	%	Total	%
<b>Education Levels</b>				
Educational Attainment: No High School Diploma	8,617	18.1%	8,793	18.1%
Educational Attainment: High School Diploma	14,369	30.2%	14,650	30.1%
Educational Attainment: Some College	11,400	23.9%	11,649	23.9%
Educational Attainment: Associates Degree	4,208	8.8%	4,278	8.8%
Educational Attainment: Bachelors Degree	6,225	13.1%	6,391	13.1%
Educational Attainment: Advanced Degree	2,815	5.9%	2,916	6.0%

Lake Elsinore	2020 Census		2023 Estimate	
	Total	%	Total	%
<b>Housing Unit Occupancy</b>				
Total Housing Units	23,663		22,854	
Owner Occupied Housing Units	14,556	64.1%	14,614	63.9%
Renter Occupied Housing Units	8,148	35.9%	8,240	36.1%
Vacant Housing Units	959		-	
Vacant Housing Units: Seasonal	170		-	
Vacant Housing Units: Other Usage	789		-	

# Consumers

## Demographic Characteristics

The top consumer profiles in Lake Elsinore are Up and Coming Families, Front Porches, and Urban Edge Families which are a mix of family-oriented segments who are both homeowners as well as renters. The following pages define the top five segments in the City of Lake Elsinore.

Riverside County												
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	30.2	3.8	\$76,803	\$148,155	\$331,316	10.3%
2	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	32.6	4.0	\$126,153	\$453,042	\$581,615	9.8%
3	7C: Urban Edge Families	Ethnic Enclaves	Married Couples	84	64%	Single Family	31.0	3.9	\$56,270	\$76,677	\$251,945	7.4%
4	7B: Urban Villages	Ethnic Enclaves	Married Couples	86	70%	Single Family	32.5	4.6	\$66,820	\$148,545	\$460,088	7.1%
5	4A: Workday Drive	Family Landscapes	Married Couples	49	85%	Single Family	35.6	3.6	\$100,514	\$353,752	\$427,154	4.9%
6	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	69.6	2.1	\$43,337	\$272,657	\$296,571	4.5%
7	7D: Forging Opportunity	Ethnic Enclaves	Married Couples	81	60%	Single Family	27.6	4.4	\$41,862	\$35,479	\$180,478	4.3%
8	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	36.2	3.5	\$78,959	\$242,116	\$327,693	3.7%
9	13B: Family Extensions	Next Wave	Married Couples	86	35%	Single Family; Multi-Unit Rentals	27.1	5.0	\$42,202	\$18,844	\$398,502	3.6%
10	9D: Senior Escapes	Senior Styles	Married Couples w/No Kids	43	75%	SF; Mobile Homes/Seasonal	51.6	2.7	\$42,316	\$132,560	\$200,239	3.5%

CMA												
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	30.0	3.9	\$90,606	\$209,160	\$339,537	22.0%
2	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	32.4	4.0	\$148,824	\$639,590	\$596,047	19.5%
3	4A: Workday Drive	Family Landscapes	Married Couples	49	85%	Single Family	35.4	3.7	\$118,577	\$499,416	\$437,753	9.7%
4	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	69.3	2.1	\$51,125	\$384,928	\$303,930	5.5%
5	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	36.0	3.5	\$93,149	\$341,812	\$335,825	4.9%
6	7C: Urban Edge Families	Ethnic Enclaves	Married Couples	84	64%	Single Family	30.9	3.9	\$66,382	\$108,250	\$258,197	3.6%
7	2B: Pleasantville	Upscale Avenues	Married Couples	60	83%	Single Family	40.7	3.5	\$119,514	\$577,759	\$600,097	3.0%
8	10D: Down the Road	Rustic Outposts	Married Couples	71	66%	Mobile Homes; Single Family	33.3	3.4	\$50,188	\$72,656	\$186,813	3.0%
9	1D: Savvy Suburbanites	Affluent Estates	Married Couples	35	91%	Single Family	43.0	3.5	\$147,753	\$945,991	\$601,447	2.8%
10	1E: Exurbanites	Affluent Estates	Married Couples	34	85%	Single Family	48.5	3.1	\$136,243	\$887,830	\$674,012	2.6%

Lake Elsinore												
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	27.9	4.1	\$79,295	\$141,498	\$309,751	32.8%
2	8E: Front Porches	Middle Ground	Married Couples	71	47%	Single Family; Multi-Units	30.9	3.4	\$48,022	\$30,161	\$259,717	16.7%
3	7C: Urban Edge Families	Ethnic Enclaves	Married Couples	84	64%	Single Family	28.7	4.2	\$58,095	\$73,231	\$235,546	16.6%
4	4A: Workday Drive	Family Landscapes	Married Couples	49	85%	Single Family	32.9	3.9	\$103,775	\$337,858	\$399,351	16.2%
5	11C: Metro Fusion	Midtown Singles	Singles	84	24%	Multi-Unit Rentals; Single Family	25.9	3.5	\$39,706	\$15,267	\$229,388	5.6%
6	1D: Savvy Suburbanites	Affluent Estates	Married Couples	35	91%	Single Family	39.9	3.7	\$129,308	\$639,969	\$548,684	3.2%
7	13B: Family Extensions	Next Wave	Married Couples	86	35%	Single Family; Multi-Unit Rentals	25.0	5.4	\$43,571	\$17,998	\$372,563	2.6%
8	7D: Forging Opportunity	Ethnic Enclaves	Married Couples	81	60%	Single Family	25.5	4.8	\$43,220	\$33,885	\$168,731	2.5%
9	13C: NeWest Residents	Next Wave	Married Couples w/ Kids	87	17%	Multi-Unit Rentals	24.3	4.4	\$35,138	\$13,653	\$216,610	2.3%
10	10D: Down the Road	Rustic Outposts	Married Couples	71	66%	Mobile Homes; Single Family	30.9	3.6	\$43,923	\$49,152	\$170,425	1.3%

Source: ESRI



# Consumers – Up and Coming Families

## Demographic Characteristics

### WHO ARE WE?

*Up and Coming Families* is a market in transition—residents are younger and more mobile 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.

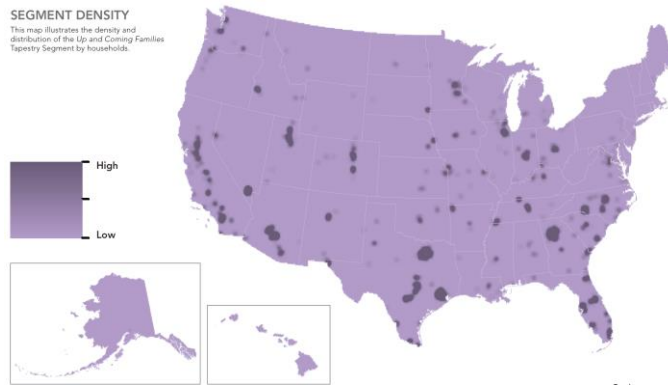
### MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Rely on the internet for entertainment, information, shopping, and banking.
- Prefer imported SUVs or compact cars, late models.
- Carry debt from credit card balances to student loans and mortgages but also maintain retirement plans and make charitable contributions.
- Busy with work and family; use home and landscaping services to save time.
- Find leisure in family activities, movies at home, trips to theme parks or the zoo, and sports, from golfing and weight lifting to taking a jog or run.

### SOCIOECONOMIC TRAITS

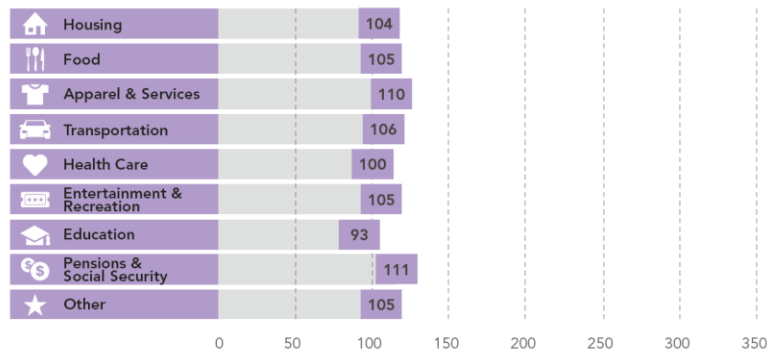
- Education: 67% have some college education or degree(s).
- Hardworking labor force with a participation rate of 71% (Index 114).
- Most households (61%) have two or more workers.
- Careful shoppers, aware of prices, willing to shop around for the best deals and open to influence by others' opinions.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

**SEGMENT DENSITY**  
This map illustrates the density and distribution of the Up and Coming Families Tapestry Segment by households.



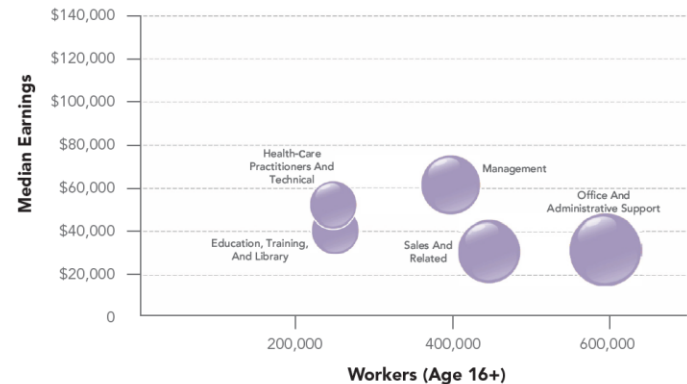
### AVERAGE HOUSEHOLD BUDGET INDEX

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.



# Consumers – Front Porches

## Demographic Characteristics

### WHO ARE WE?

*Front Porches* is a blend of household types, with more young families with children and more single households than average. More than half of householders are renters, and many of the homes are older townhomes or duplexes. Friends and family are central to *Front Porches* residents and help to influence household buying decisions. Households tend to own just one vehicle, but it is used only when needed.

### MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Go online for gaming, watching movies, employment searches, and posting pics on social media.
- Prefer cell phones over landlines, and use their mobile devices for entertainment such as streaming movies and music.
- Drink energy and sports drinks.
- Participate in leisure activities including sports, playing board games and video games.
- Watch Comedy Central, Nickelodeon, and PBS Kids Sprout.

### SOCIOECONOMIC TRAITS

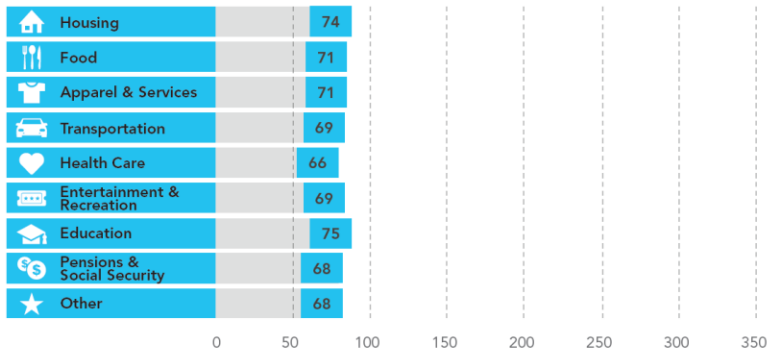
- Composed of a blue-collar workforce with a strong labor force participation rate.
- Price is more important than brand names or style to these consumers.
- With limited incomes, these are not adventurous shoppers.
- They would rather cook a meal at home than dine out.
- They seek adventure and strive to have fun.

SEGMENT DENSITY  
This map illustrates the density and distribution of the Front Porches Tapestry Segment by households.



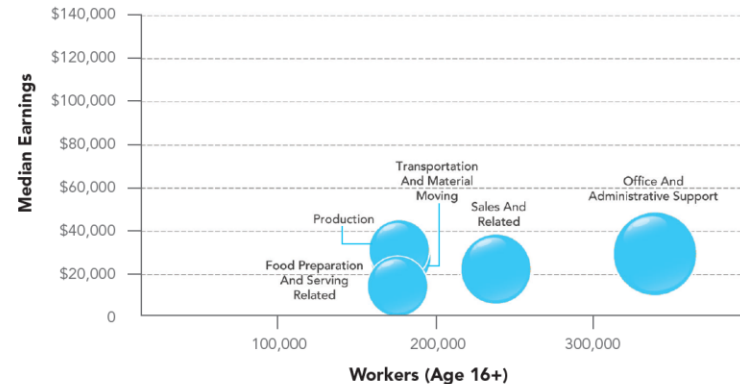
### AVERAGE HOUSEHOLD BUDGET INDEX

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### OCCUPATION BY EARNINGS

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# Consumers – Urban Edge Families

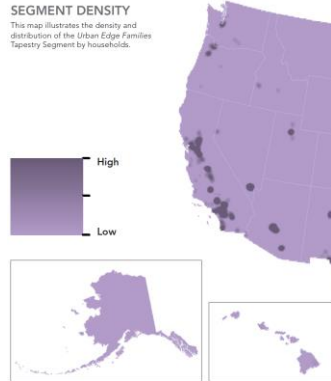
## Demographic Characteristics

### WHO ARE WE?

Located throughout the South and West, most *Urban Edge Families* residents own their own homes, primarily single-family housing—out of the city, where housing is more affordable. Median household income is slightly below average (Index 91). The majority of households include younger married-couple families with children and, frequently, grandparents. Many residents are foreign born. Spending is focused more on the members of the household than the home. Entertainment includes multiple televisions, movie rentals, and video games at home or visits to theme parks and zoos. This market is connected and adept at accessing what they want from the internet.

### MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- When dining out, these residents favor fast-food dining places such as Taco Bell or Little Caesar's, as well as family-friendly restaurants like Olive Garden, Denny's, or IHOP.
- Cell phones are preferred over landlines.
- Favorite channels include Animal Planet, MTV, Freedom, Bravo, and Nick Jr., as well as programming on Spanish TV.
- Residents listen to urban or Hispanic radio.
- During the summer, family outings to theme parks are especially popular.

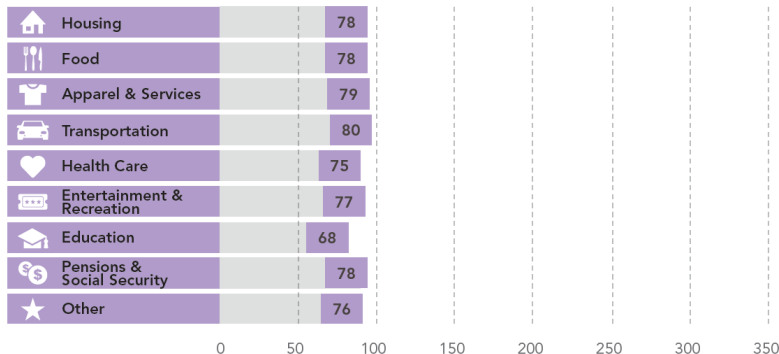


### SOCIOECONOMIC TRAITS

- Nearly 17% have earned a college degree, and 63% hold a high school diploma only or have spent some time at a college or university.
- Labor force participation is higher at 66%.
- Most *Urban Edge Families* residents derive income from wages or salaries.
- They tend to spend money carefully and focus more on necessities.
- They are captivated by new technology, particularly feature-rich smartphones.
- Connected: They use the internet primarily for socializing but also for convenience, like paying bills online.

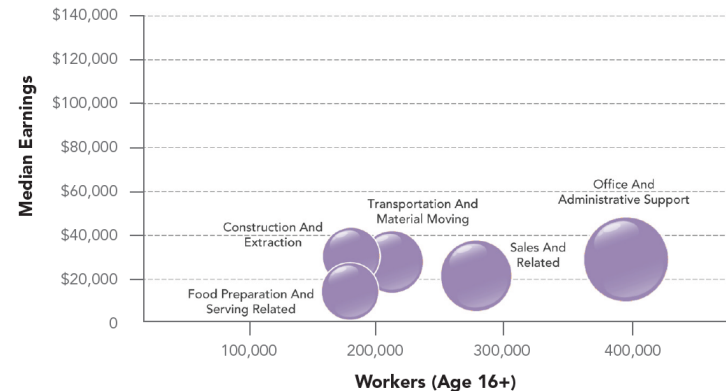
### AVERAGE HOUSEHOLD BUDGET INDEX

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.



# Consumers – Workday Drive

## Demographic Characteristics

### WHO ARE WE?

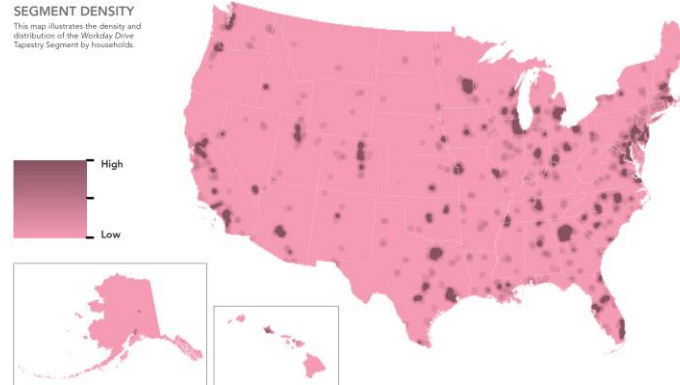
Workday Drive is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

### MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Most households own at least two vehicles; the most popular types are minivans and SUVs.
- Family-oriented purchases and activities dominate, like four plus televisions (Index 154), movie purchases or rentals, children’s apparel and toys, and visits to theme parks or zoos.
- Outdoor activities and sports are characteristic of life in the suburban periphery. They attend sporting events, as well as participate in them like bicycling, jogging, golfing, and boating.
- Home maintenance services are frequently contracted, but these families also like their gardens and own the tools for minor upkeep, like lawn mowers, trimmers, and blowers.

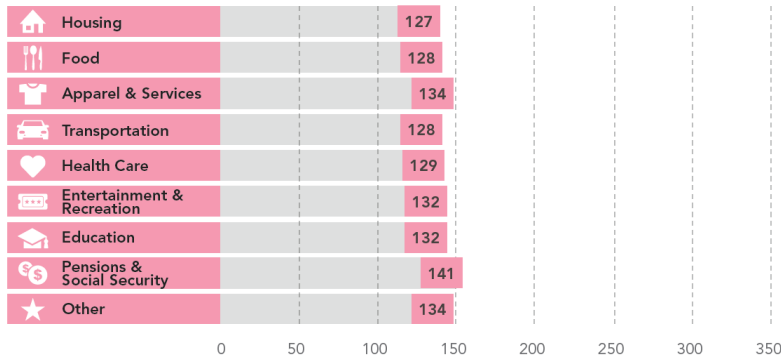
### SOCIOECONOMIC TRAITS

- Education: 40.5% college graduates; more than 72% with some college education.
- High labor force participation rate at 71%; two out of three households include two plus workers (Index 124).
- Connected, with a host of wireless devices —anything that enables convenience, like banking, paying bills, or even shopping online.
- Well insured and invested in a range of funds, from savings accounts or bonds to stocks.
- Carry a higher level of debt, including first (Index 149) and second mortgages (Index 154) and auto loans (Index 149).



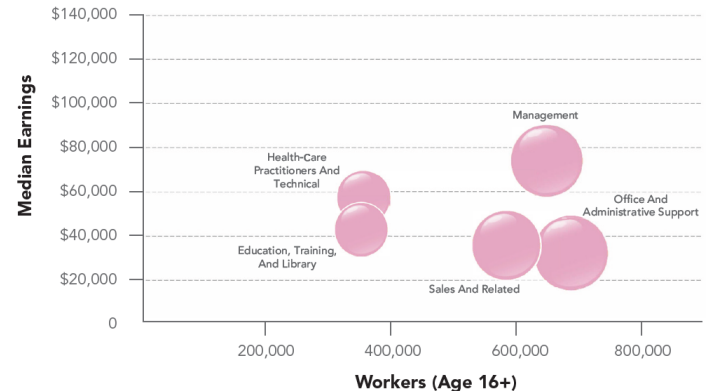
### AVERAGE HOUSEHOLD BUDGET INDEX

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.



# Consumers – Metro Fusion

## Demographic Characteristics

### WHO ARE WE?

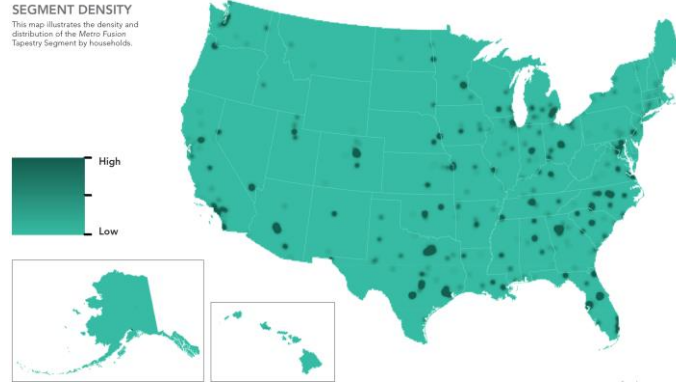
*Metro Fusion* is a young market. Many residents do not speak English fluently and have moved into their homes recently. They are highly mobile and over three quarters of households are occupied by renters. Many households have young children; a quarter are single-parent families. Most residents live in midsize apartment buildings. *Metro Fusion* is a hardworking market with residents that are dedicated to climbing the ladders of their professional and social lives.

### MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Enjoy watching MTV, BET, Spanish TV networks, and truTV.
- Listen to R&B, rap, Latin, and urban music.
- Football and weight lifting are popular activities.
- Shop at discount grocery stores, Family Dollar, and Walmart.
- Often eat frozen dinners, but when dining out prefer McDonald's, Taco Bell, Burger King, and Pizza Hut.

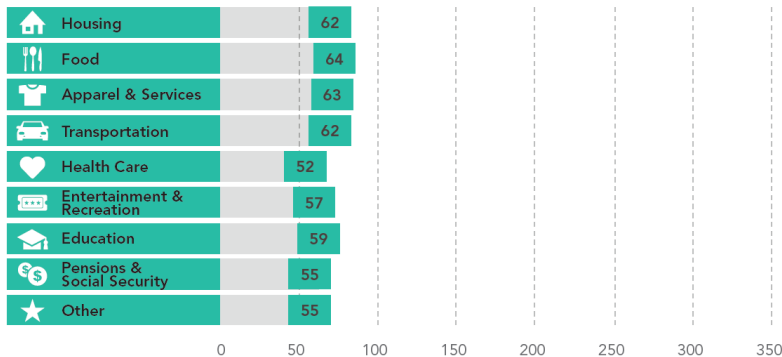
### SOCIOECONOMIC TRAITS

- Younger residents are highly connected, while older residents do not have much use for the latest and greatest technology.
- They work hard to advance in their professions, including working weekends.
- They take pride in their appearance, consider their fashion trendy, and stick with the same few designer brands.
- They spend money readily on what's hot unless saving for something specific.
- Social status is very important; they look to impress with fashion and electronics.



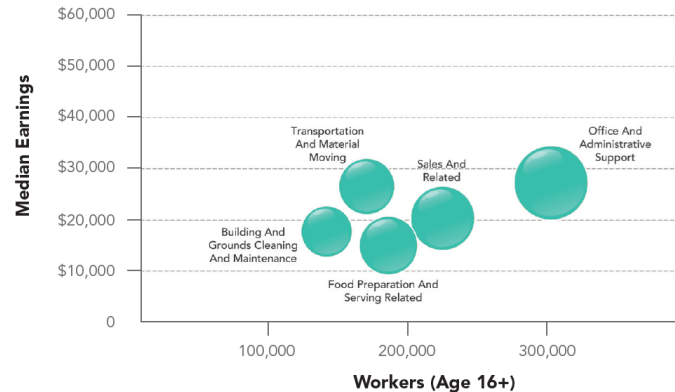
### AVERAGE HOUSEHOLD BUDGET INDEX

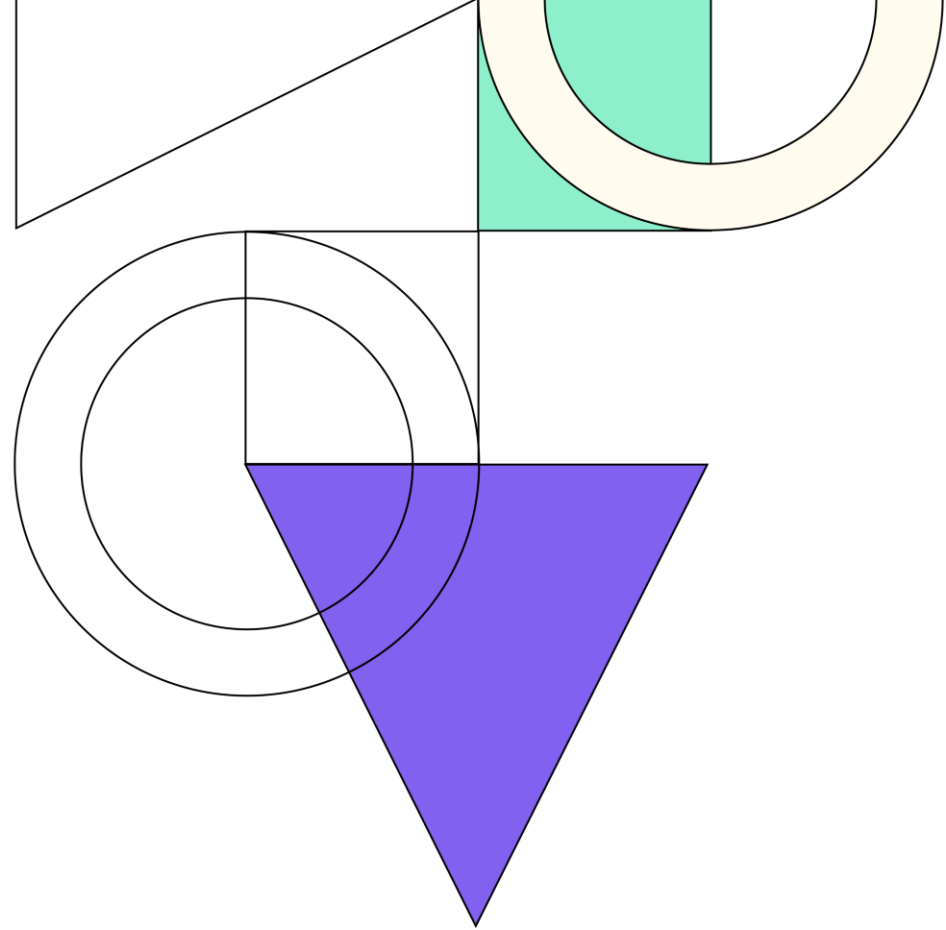
The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average.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





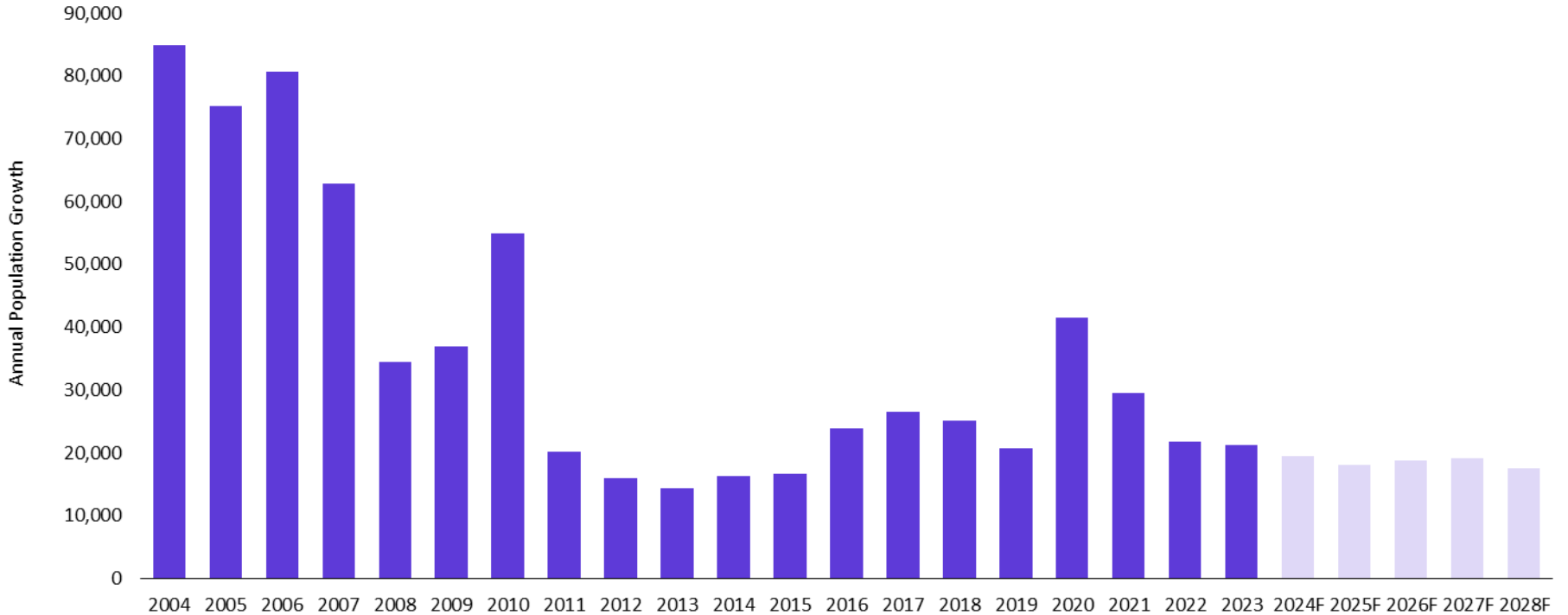
# Economic Overview



# Annual Population Growth – Riverside County

## Economic Overview

Riverside County has grown steadily over the past ten years at a rate of 1.0% according to Moodys. **Going forward, Riverside County is expected to grow at a slower rate of 0.7% over the next five years increasing around +/- 18,000 – 19,000 people per year.**



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

### Riverside, CA County - Moody's Analytics Five-Year Forecast

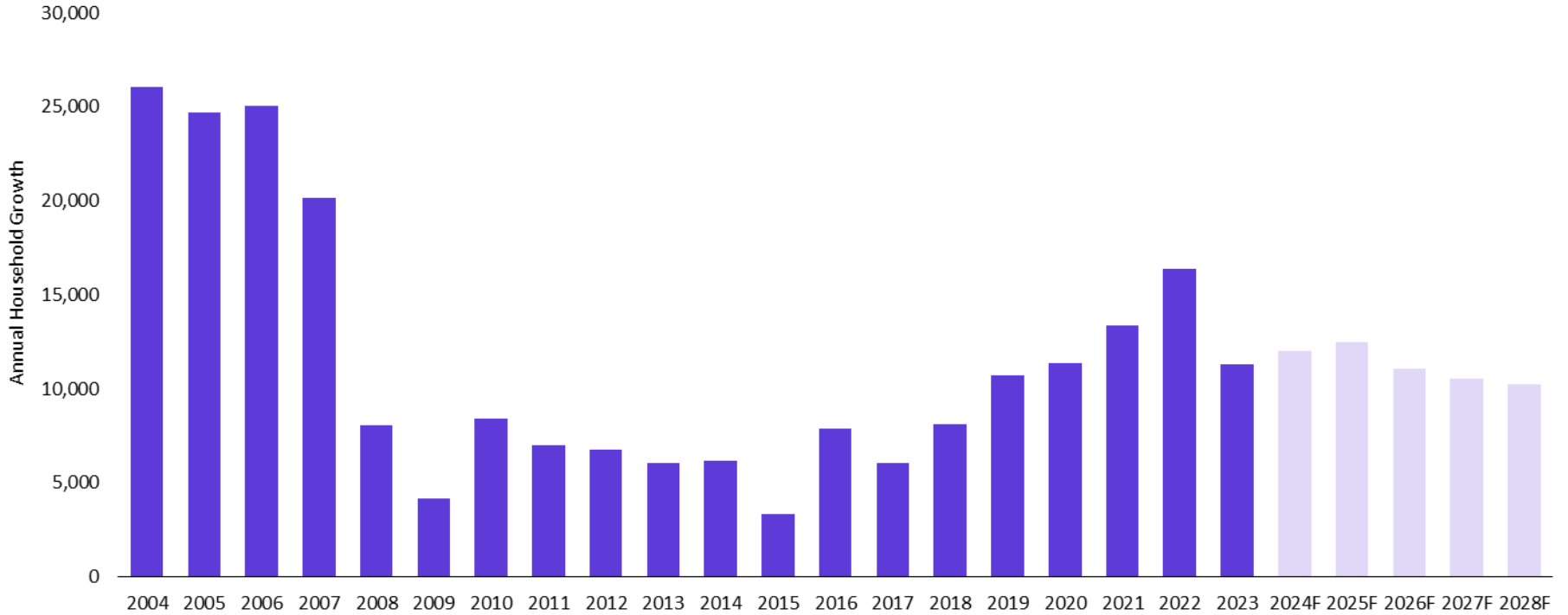
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Total Population	2,268,417	2,285,142	2,309,041	2,335,626	2,360,723	2,381,390	2,422,881	2,452,453	2,474,174	2,495,500	2,514,976	2,532,987	2,551,676	2,570,790	2,588,290
Prior Year Change	16,392	16,725	23,899	26,585	25,097	20,667	41,492	29,571	21,722	21,326	19,475	18,012	18,689	19,114	17,500
<b>Annual % Change</b>	<b>0.7%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>0.9%</b>	<b>1.7%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>



# Household Growth – Riverside County

## Economic Overview

Riverside has continued to see strong household growth with an average growth rate 1.3% since 2014. **Household growth over the next five years is expected to increase 10,000 – 12,500 new households per year.**



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

### Riverside, CA County - Moody's Analytics Five-Year Forecast

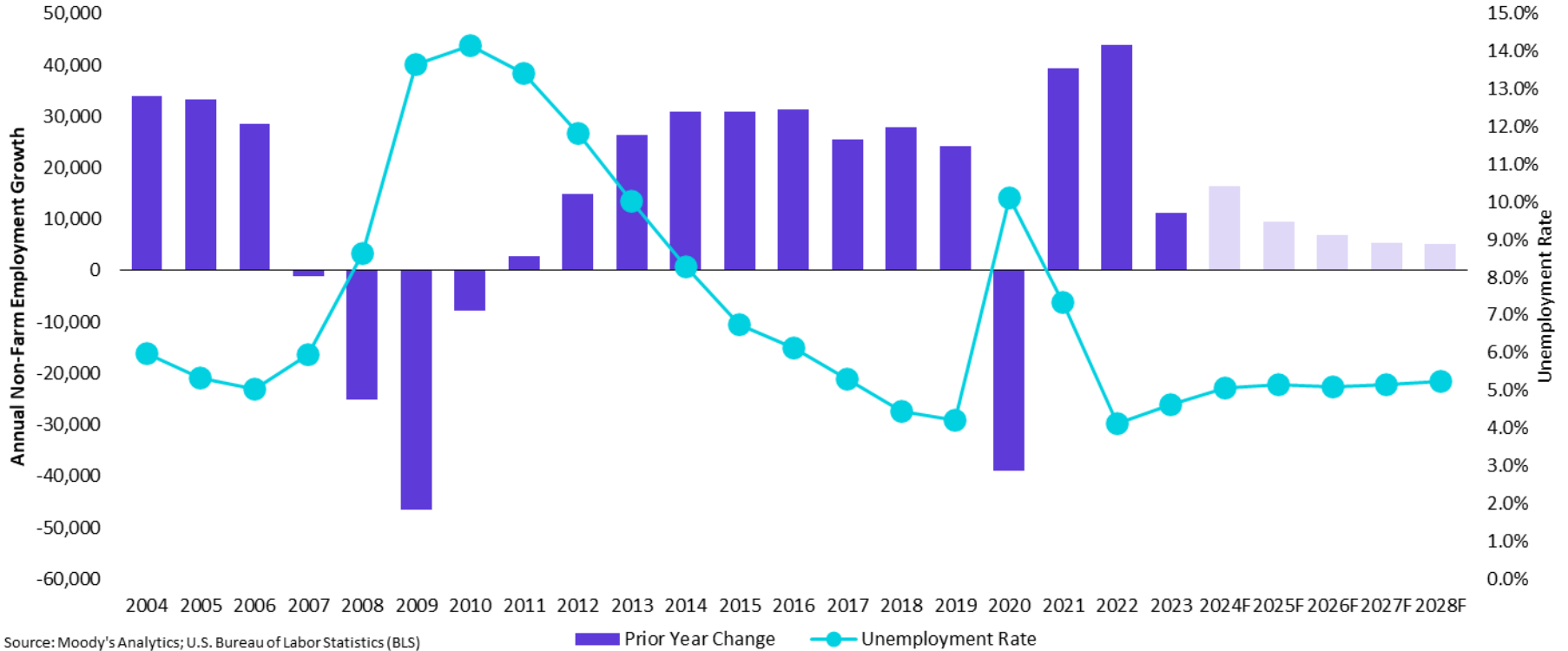
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Total Households	716,677	719,996	727,840	733,904	742,032	752,762	764,092	777,479	793,862	805,160	817,168	829,618	840,707	851,211	861,428
Prior Year Change	6,151	3,319	7,844	6,064	8,128	10,730	11,329	13,387	16,383	11,299	12,007	12,450	11,089	10,505	10,217
<b>Annual % Change</b>	<b>0.9%</b>	<b>0.5%</b>	<b>1.1%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.8%</b>	<b>2.1%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>



# Employment – Riverside County

## Economic Overview

Riverside County employment has been growing at an average of 22,500 jobs per year keeping the unemployment rate low during that time except 2020 during the pandemic. **Going forward, employment is supposed to grow at a rate of 1.0% per year over the next five years.** Given population growth expectations, employment growth expectations could be conservative.



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

### Riverside, CA County - Moody's Analytics Five-Year Forecast

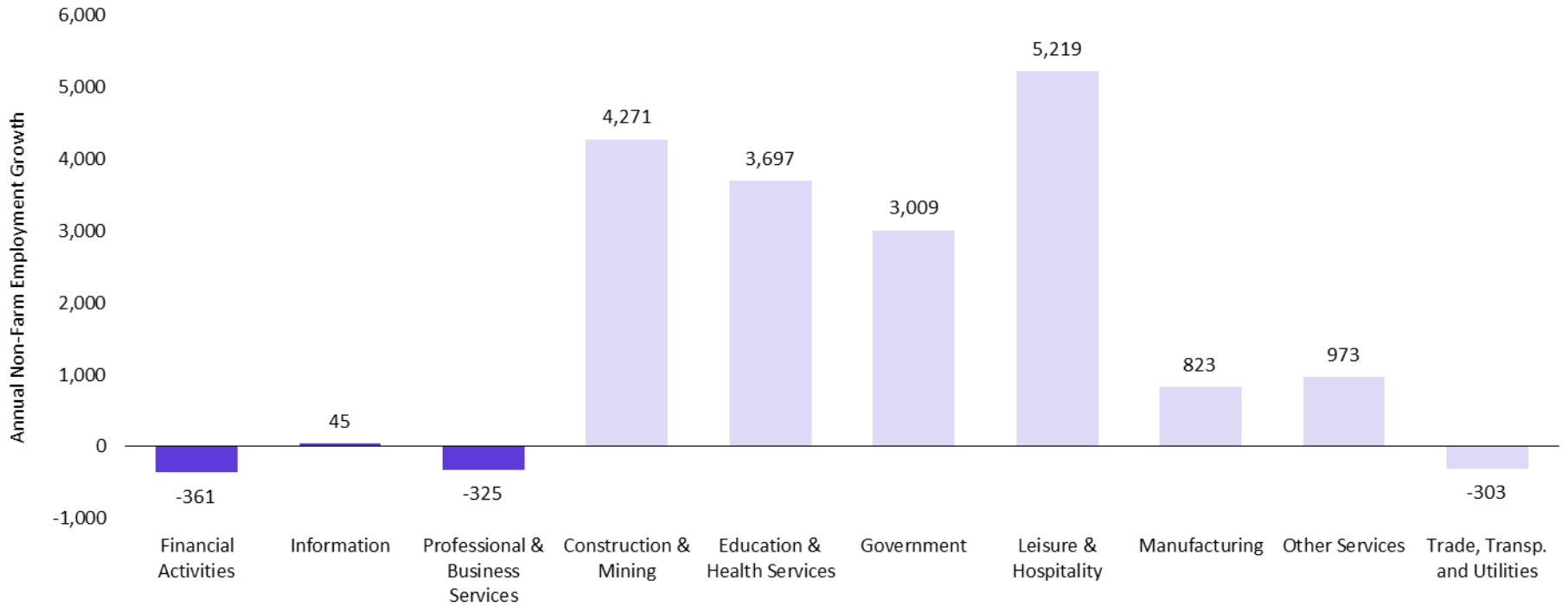
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Non-Farm Employment	630,359	661,340	692,745	718,173	746,148	770,392	731,392	770,805	814,610	825,862	842,177	851,723	858,579	863,970	869,239
Prior Year Change	30,891	30,981	31,405	25,427	27,975	24,244	(39,001)	39,414	43,804	11,252	16,315	9,546	6,857	5,391	5,269
Annual % Change	5.2%	4.9%	4.7%	3.7%	3.9%	3.2%	-5.1%	5.4%	5.7%	1.4%	2.0%	1.1%	0.8%	0.6%	0.6%
<b>Unemployment Rate</b>	<b>8.3%</b>	<b>6.7%</b>	<b>6.1%</b>	<b>5.3%</b>	<b>4.5%</b>	<b>4.2%</b>	<b>10.1%</b>	<b>7.3%</b>	<b>4.1%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>5.2%</b>	<b>5.2%</b>



# Employment by Sector – Riverside County

## Economic Overview

Employment growth has been positive for the majority of employment sectors over the past year. Leisure & Hospitality has been the strongest sector over the past year. **Overall, employment growth totaled around 17,000 net jobs over the past year.**



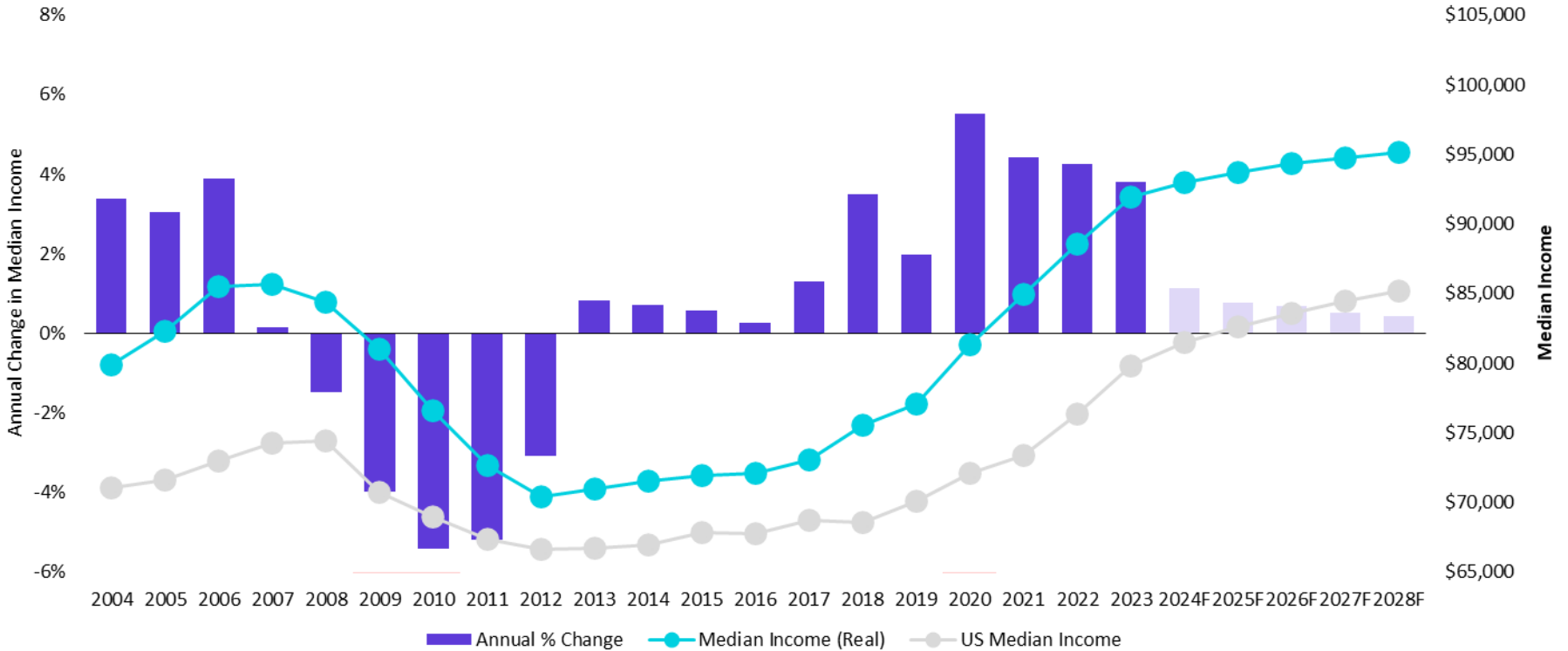
Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

Category	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month (Aug-2024)	22,027	5,734	86,504	83,536	143,690	137,177	107,737	46,814	26,970	183,976
Current Month (Aug-2023)	22,389	5,690	86,829	79,265	139,993	134,168	102,518	45,991	25,997	184,279
<b>12-Month Change</b>	<b>-361</b>	<b>45</b>	<b>-325</b>	<b>4,271</b>	<b>3,697</b>	<b>3,009</b>	<b>5,219</b>	<b>823</b>	<b>973</b>	<b>-303</b>

# Median Income – Riverside County

## Economic Overview

**Median income in Riverside County is around 14% higher than the national income.** Median income growth is expected to continue but at a slower rate than the United States. Growth in Southern California can point to these expectations to be conservative.



Riverside, CA County - Moody's Analytics Five-Year Forecast

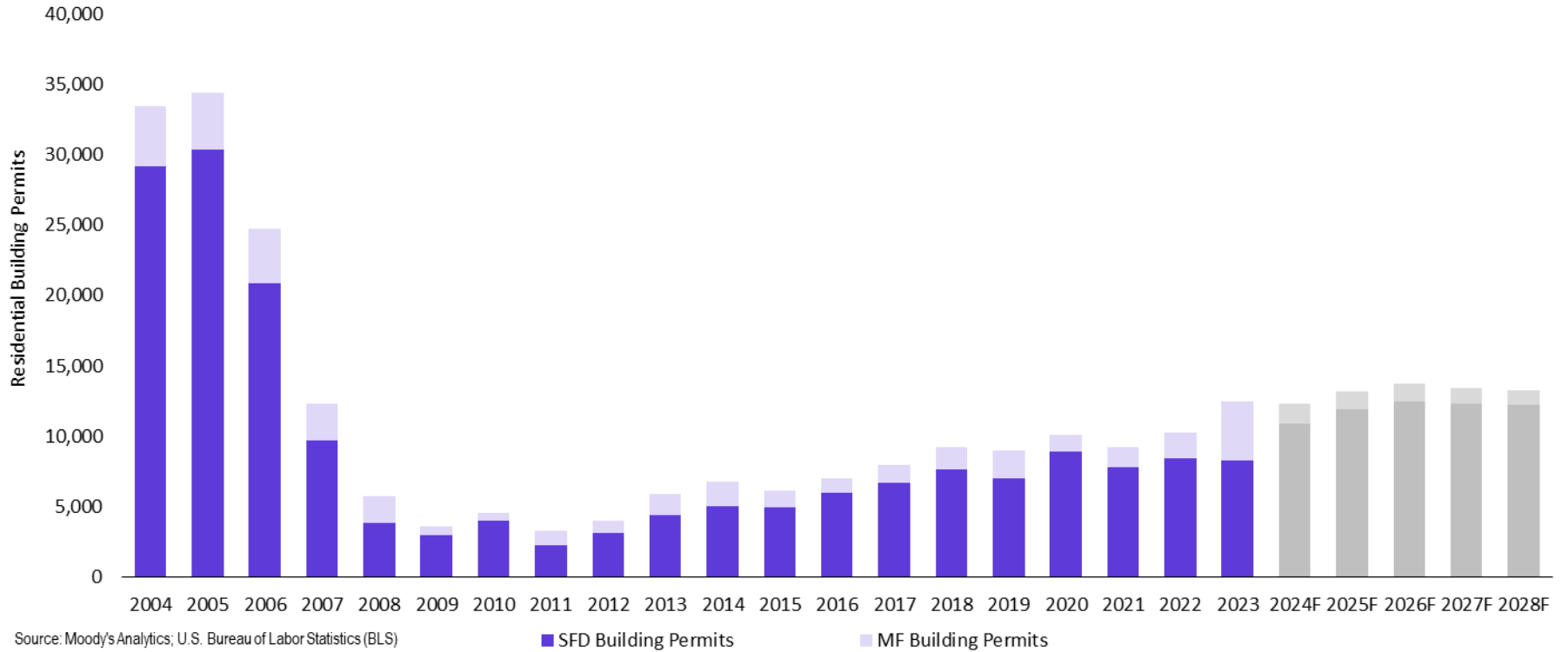
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Median Income (Real)	\$71,487	\$71,902	\$72,083	\$73,026	\$75,579	\$77,080	\$81,328	\$84,929	\$88,549	\$91,923	\$92,967	\$93,676	\$0	\$94,778	\$95,180
<b>Annual % Change</b>	<b>0.7%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>1.3%</b>	<b>3.5%</b>	<b>2.0%</b>	<b>5.5%</b>	<b>4.4%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>1.1%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.5%</b>	<b>0.4%</b>
Median Income - United States	\$66,956	\$67,790	\$67,749	\$68,731	\$68,586	\$70,093	\$72,059	\$73,400	\$76,307	\$79,824	\$81,449	\$82,621	\$83,587	\$84,419	\$85,177
Annual % Change	0.4%	1.2%	-0.1%	1.5%	-0.2%	2.2%	2.8%	1.9%	4.0%	4.6%	2.0%	1.4%	1.2%	1.0%	0.9%



## Permits – Riverside County

### Economic Overview

Riverside County residential building permits have been steadily increasing yearly since the Great Recession. From 2014 – 2022 SFD Building Permits averaged 82.3% of all permits before receding for one year to 66.5% of all permits. **Over the next five years permits are expected to begin leveling off with limited MF Building Permits and SFD Building Permits obtaining 90.7% of all permits.**



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

■ SFD Building Permits      ■ MF Building Permits

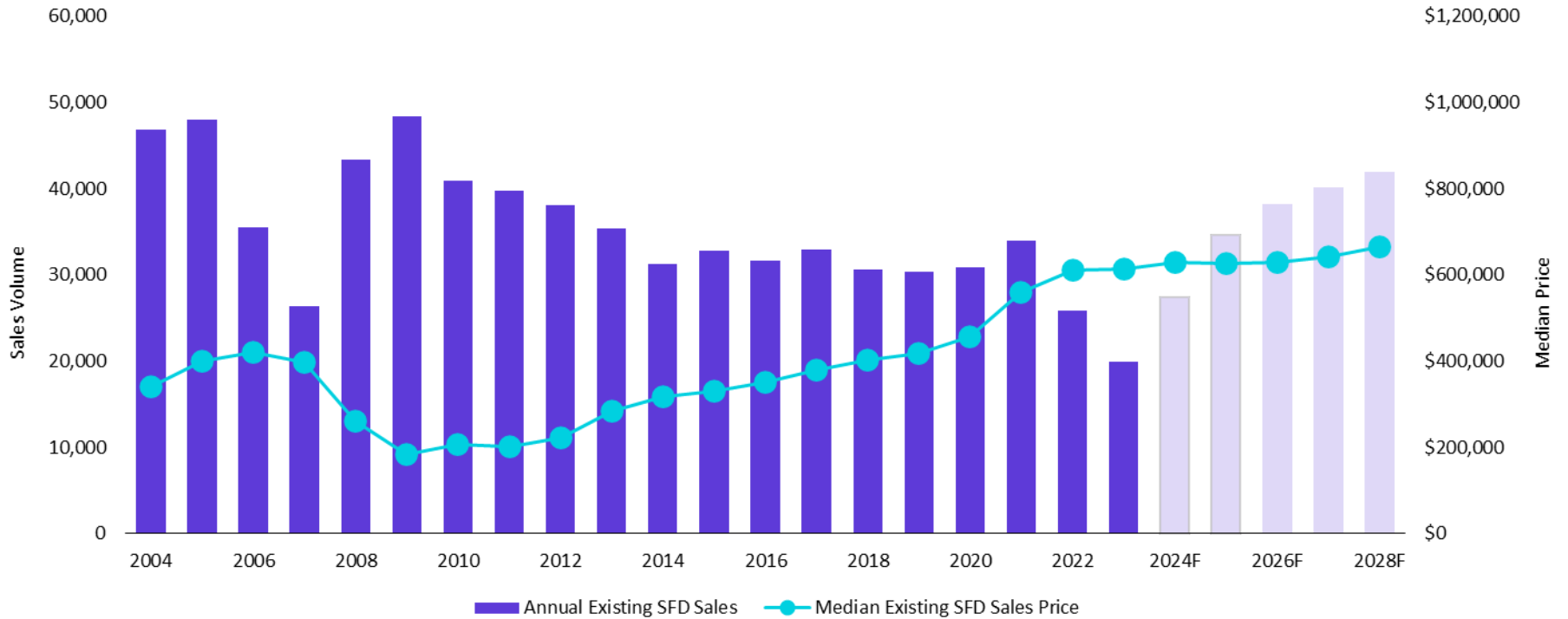
#### Riverside, CA County - Moody's Analytics Five-Year Forecast

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Total Building Permits	6,761	6,158	6,996	8,001	9,232	8,992	10,103	9,264	10,284	12,504	12,299	13,223	13,715	13,393	13,301
Annual % Change	14.1%	-8.9%	13.6%	14.4%	15.4%	-2.6%	12.4%	-8.3%	11.0%	21.6%	-1.6%	7.5%	3.7%	-2.3%	-0.7%
SFD Building Permits	5,074	4,934	5,987	6,703	7,676	7,002	8,895	7,835	8,461	8,318	10,887	11,936	12,501	12,286	12,245
Annual % Change	14.5%	-2.8%	21.3%	12.0%	14.5%	-8.8%	27.0%	-11.9%	8.0%	-1.7%	30.9%	9.6%	4.7%	-1.7%	-0.3%
MF Building Permits	1,687	1,224	1,009	1,298	1,556	1,990	1,208	1,429	1,823	4,186	1,412	1,286	1,214	1,107	1,056
Annual % Change	13.1%	-27.4%	-17.6%	28.6%	19.9%	27.9%	-39.3%	18.3%	27.6%	129.6%	-66.3%	-8.9%	-5.6%	-8.8%	-4.6%

## Existing Home Closings – Riverside County

### Economic Overview

Existing homes sales slowed from 2021 to 2023 with expectations that 2024 will see an increasing number of sales. Over the next five years, existing sales are expected to increase significantly. As sales rise, median closing price is expected to increase.



Source: National Association of Realtors (NAR); Zonda Price Forecast; Moody's Analytics Sales Forecast

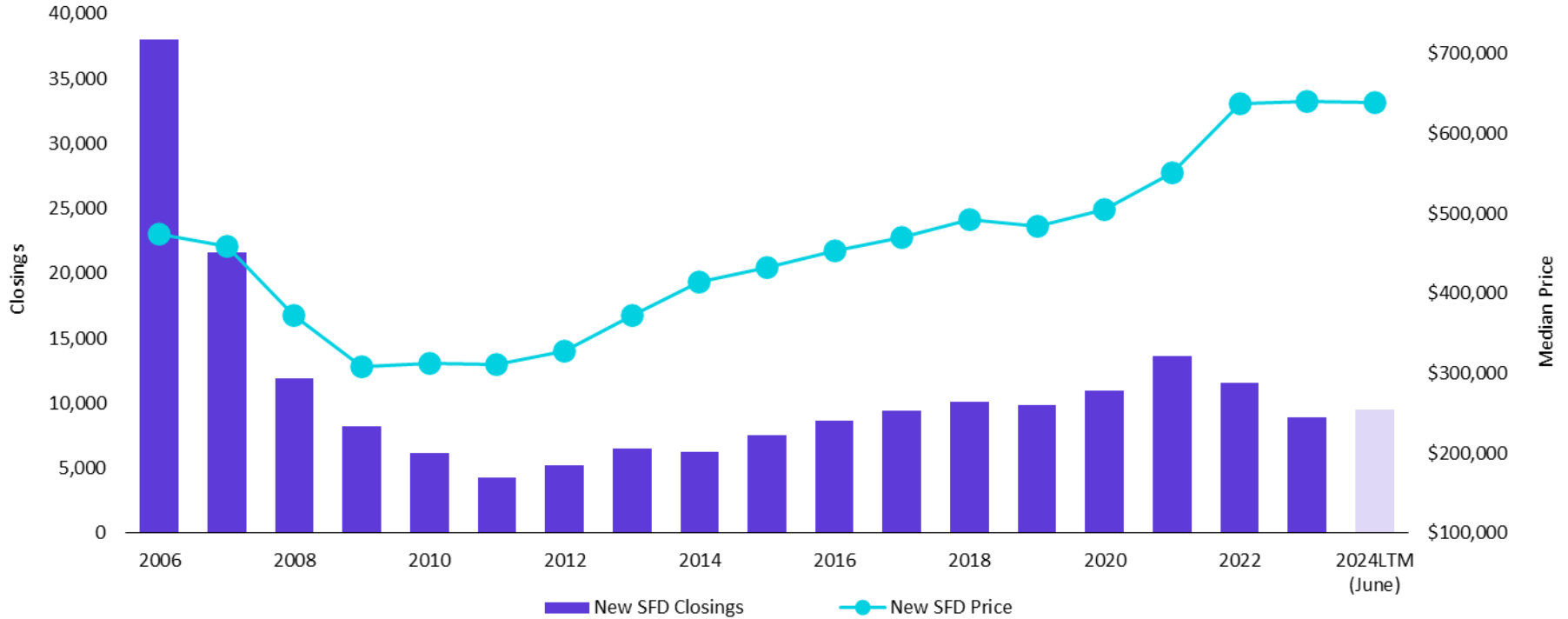
#### Riverside, CA County - Moody's Analytics Five-Year Forecast

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Annual Existing SFD Sales	31,246	32,750	31,702	32,963	30,563	30,296	30,808	33,931	25,849	19,933	27,377	34,574	38,166	40,093	41,897
Annual % Change	-11.8%	4.8%	-3.2%	4.0%	-7.3%	-0.9%	1.7%	10.1%	-23.8%	-22.9%	37.3%	26.3%	10.4%	5.0%	4.5%
Median Existing SFD Sales Price	\$316,836	\$330,409	\$351,765	\$379,336	\$401,800	\$417,350	\$457,368	\$558,325	\$611,940	\$612,360	\$627,719	\$626,997	\$628,927	\$641,357	\$664,368
Annual % Change	11.9%	4.3%	6.5%	7.8%	5.9%	3.9%	9.6%	22.1%	9.6%	0.1%	2.5%	-0.1%	0.3%	2.0%	3.6%

## New Home Closings – Riverside County

### Economic Overview

**New home closings found a bottom in 2023 following two years of declines.** Over the past ten years, closings had increased 4.3% annually, while average price increased 5.7% annually. However, over the past few years average closing price had begun leveling off.



#### Riverside, CA County

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Annual New SFD Sales	6,210	7,522	8,626	9,443	10,125	9,877	11,001	13,659	11,521	8,858	9,491	9,966	10,464	10,987	11,536
Annual % Change	-4.2%	21.1%	14.7%	9.5%	7.2%	-2.4%	11.4%	24.2%	-15.7%	-23.1%	7.1%	5.0%	5.0%	5.0%	5.0%
Average New SFD Sales Price	\$414,126	\$432,344	\$452,933	\$469,662	\$492,679	\$484,474	\$504,297	\$550,595	\$638,068	\$640,138	\$638,432	\$644,816	\$658,150	\$671,760	\$685,651
Annual % Change	11.3%	4.4%	4.8%	3.7%	4.9%	-1.7%	4.1%	9.2%	15.9%	0.3%	-0.3%	1.0%	2.1%	2.1%	2.1%

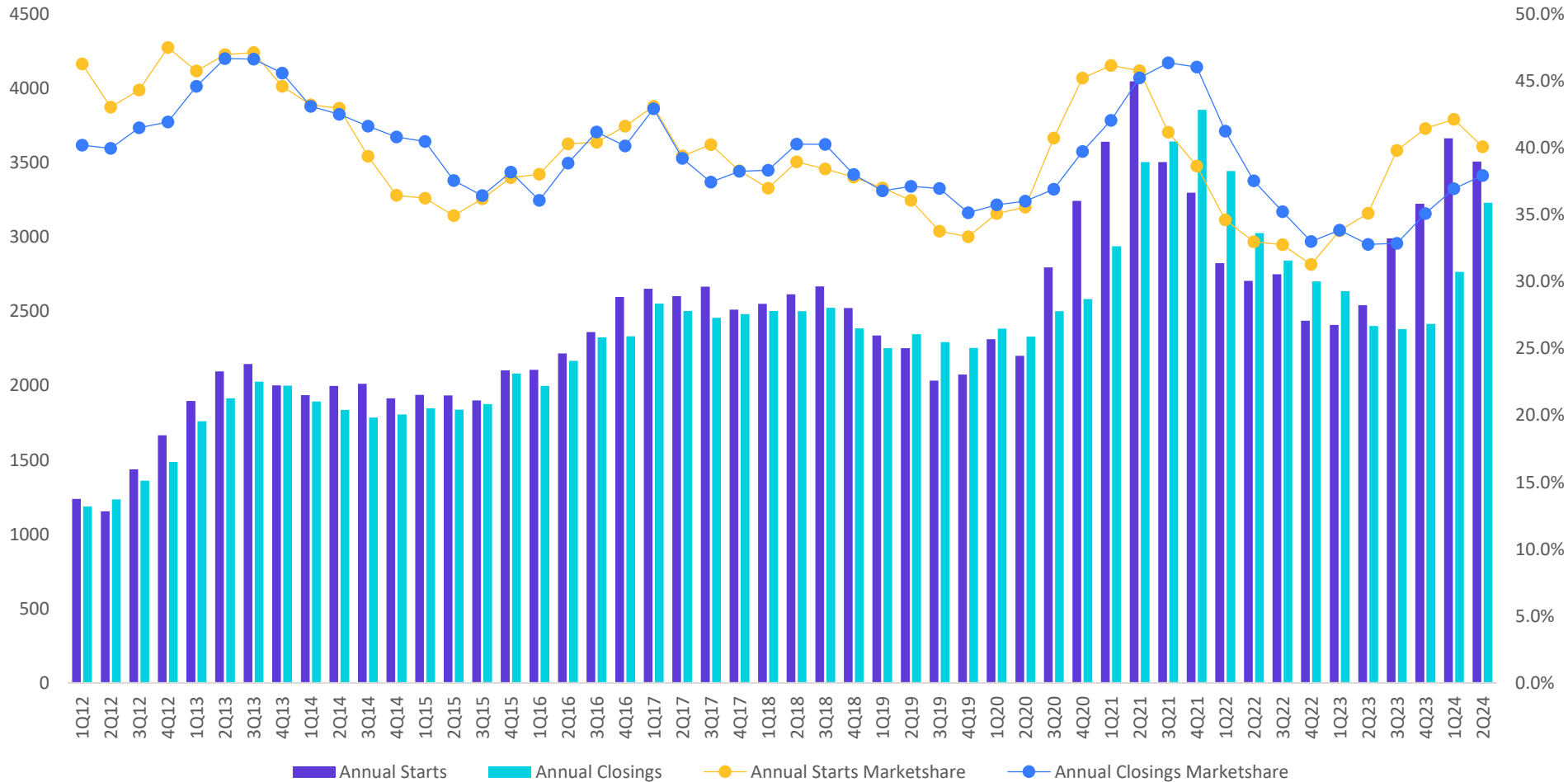
# New Home Starts and Closings Market share - CMA

Economic Overview

Annual starts and closings market share of the Riverside County market has been increasing over the past year as demand has increased.

Annual starts and closings are above their ten-year averages of 2,601 and 2,500, respectively.

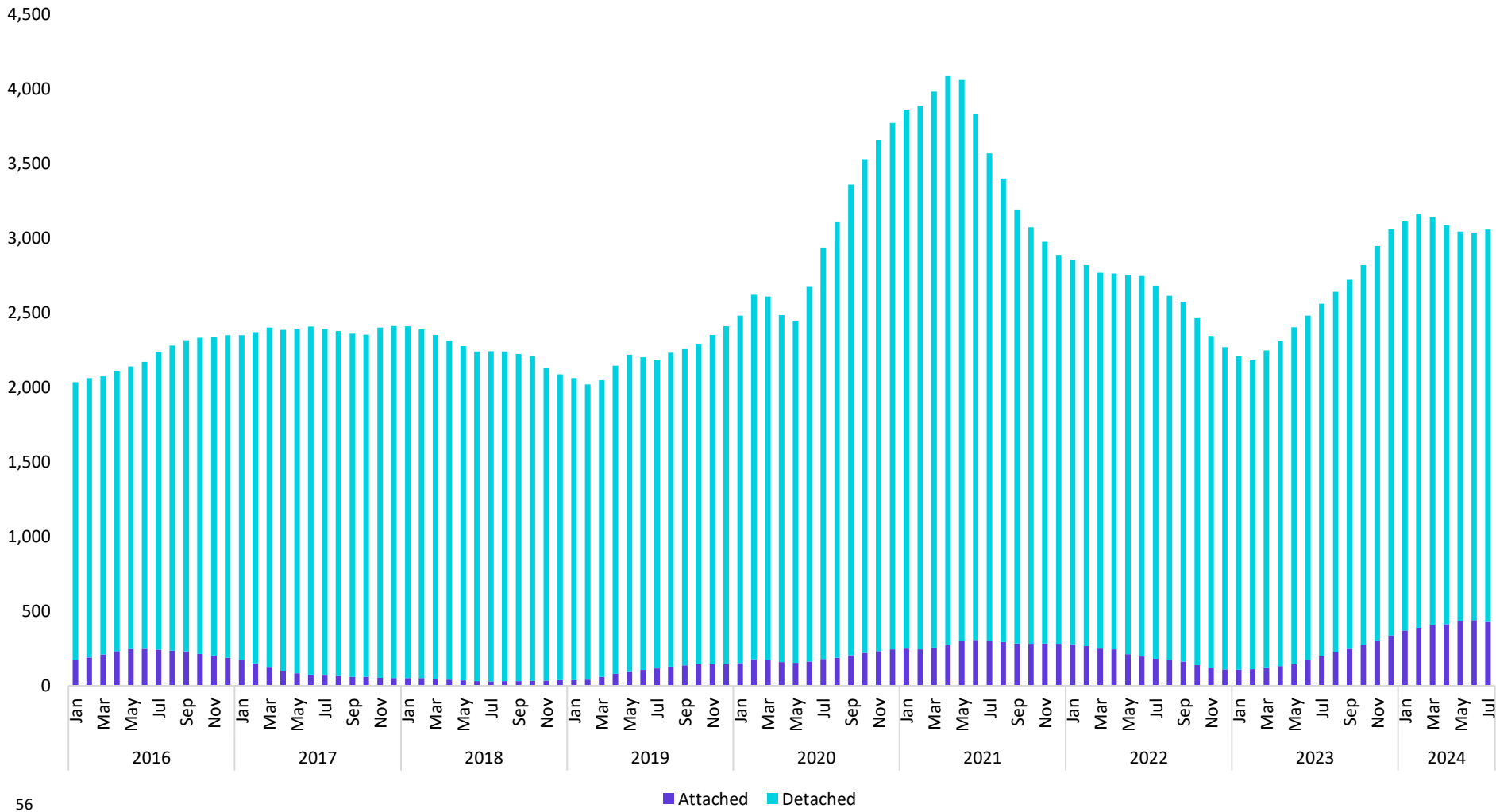
## Annual Starts and Closings Marketshare



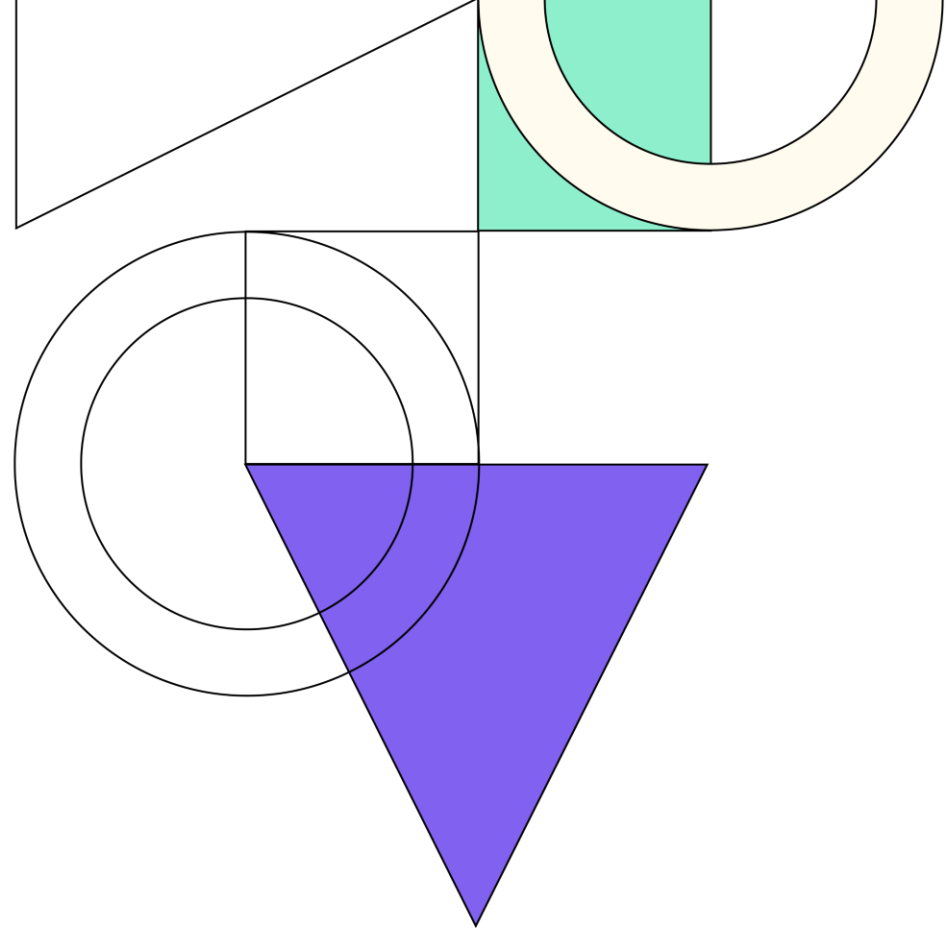
# Annual New Home Sales - CMA

## Economic Overview

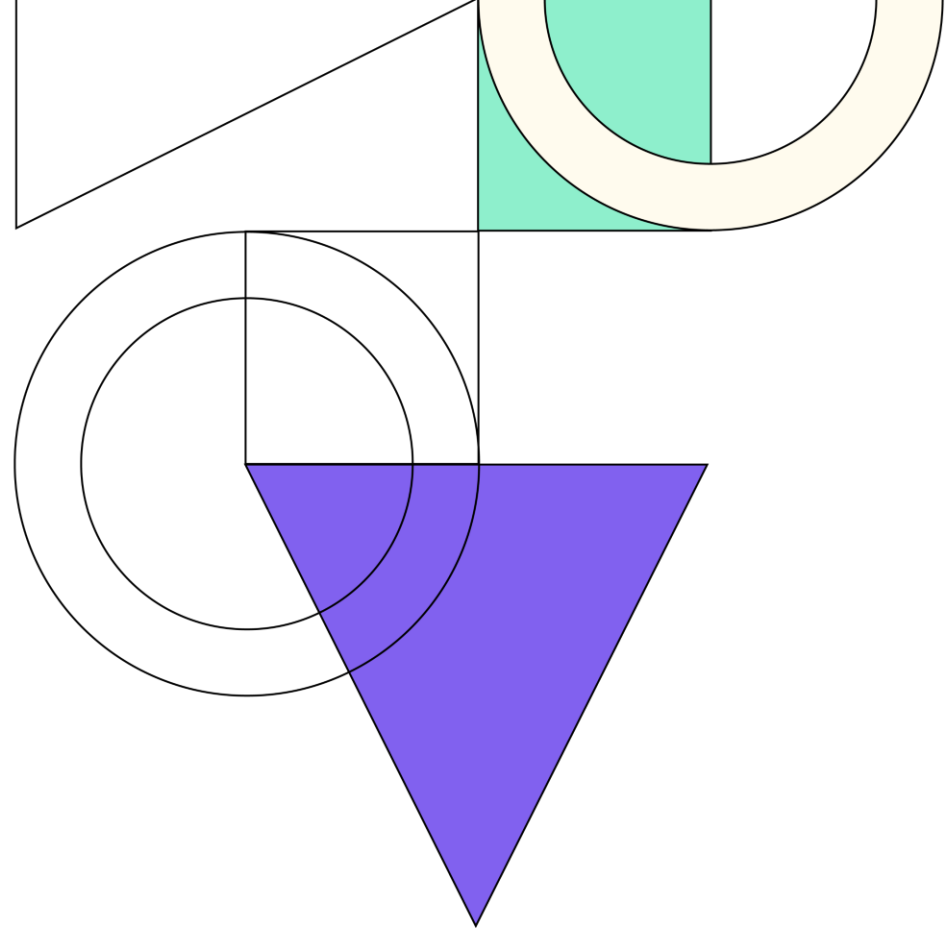
Similar to annual starts and closings shown on the following page, annual sales increased over the past year before declining slightly through the Spring. It should be noted that annual sales declined as actively selling neighborhoods declined before increasing in June and July. It should be noted that sales, starts, and closings having been picking up substantially, that will draw demand for commercial properties within the CMA and in Lake Elsinore.







# Appendix



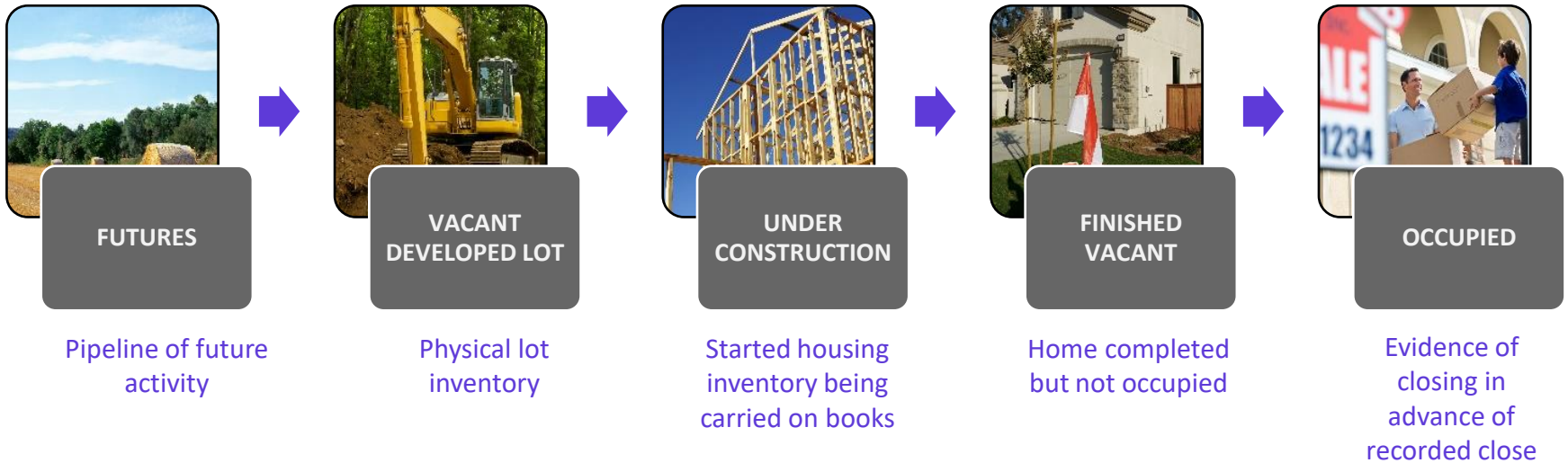
# Appendix - Methodology



# Methodology

The Zonda housing survey monitors the supply of detached and attached homes on a quarterly basis. Our survey tracks all condominium, townhome, duplex and single-family construction activity in the Market area. The survey allows us to accurately track the size of the total market, as well as supply and demand within the sub-markets. Further, it helps us establish the depth of the market and the scope of the competition. In this study, Zonda Advisory supplemented the quarterly survey data with sales contracts, deed record transactions, and fieldwork specifically needed to analyze the competitive market area within the Market.

## ONLY visual inspection provides these critical insights



# Methodology

## Future Lot Inventory Stages



**Vacant Land** – the site remains untouched



**Survey Stakes** – survey flags are found on the site



**Equipment on Site** – large machines used to excavate land are on site



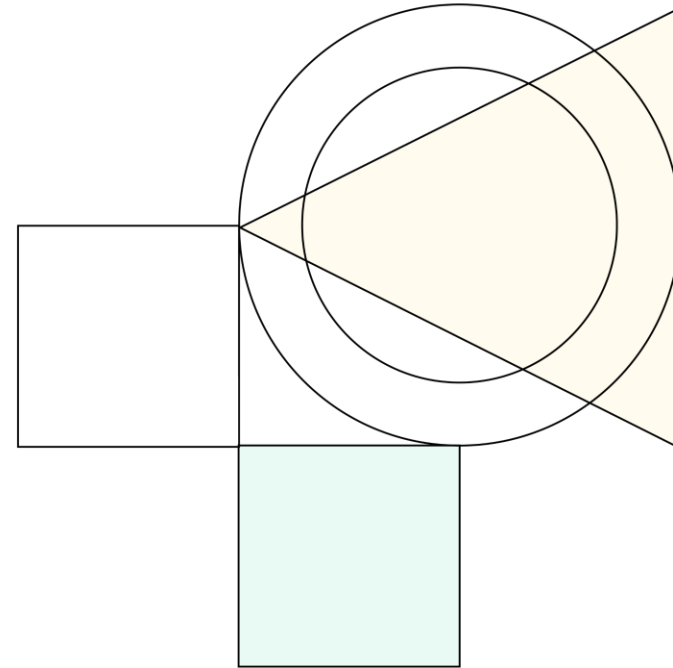
**Excavation** – lot grading, street excavation and utility work currently underway



**Street Paving** – streets are currently being poured, but are not accessible

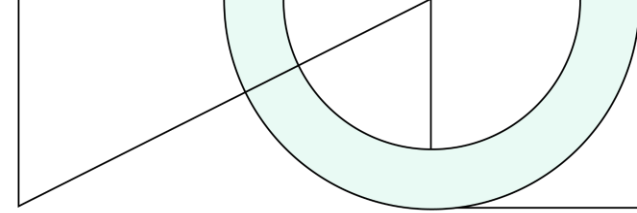


**Streets In** – streets appear to be poured for the entire section, but are not accessible to verify



## Disclaimer

### Appendix



It is understood by “Client” that Zonda can make no guarantees about the recommendations in this study, primarily because these recommendations must be based and, in some cases, inferred from facts discovered by Zonda during the course of the study or provided by the client. To protect the Client and to assure that Zonda’s research results will continue to be accepted as objective and impartial by the business community, it is understood that Zonda’s fee for this study is in no way dependent upon the specific conclusions reached or the nature of the advice given in this report.

Reasonable efforts have been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions and other information developed by Zonda from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agents and representatives or any other data source used in preparing or presenting this study. This report is based on market-wide information that was current as of of 2024 and Zonda has not undertaken any update of its research effort since such date. While every reasonable effort was made to collect this information and it is deemed reliable, it cannot be guaranteed for accuracy.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, Zonda makes no warranty or representation that any of the projected values or results in this study will actually be achieved.



# Thank you!

Zonda Advisory

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