I.D.E.A. DISTRICT SAN DIEGO

Feast Your Eyes On The Future IDEA1.

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TIJUANA I.D.E.A. DISTRICT

What It Could Be!

THE WORLD IS CHALLENGED BY

THE RACE TO ATTRACT TALENT

TIJUANA'S RESPONSE MUST BE:

INNOVATION ,DESIGN, EDUCATION & ART

united with an emerging world wide need for affordable medical services to be serviced in Tijuana.

"THE I.D.E.A. DISTRICT IS THE SINGLE MOST SIGNIFICANT ECONOMIC DEVELOPMENT INITIATIVE IN TIJUANA. I'M PERSONALLY COMMITTED TO MAKING IT HAPPEN."

– Humberto Jaramillo,
Chairman CCE Tijuana

HISTORIC DOWNTOWN TIJUANA: A place to reinvent

Downtown has a combination of physical factors making it ripe for reinvention;

- Potential for mass public transit,
- Large walkable blocks,
- Older underutilized buildings,
- Available spaces for Public Use,
- Land available for development,
- Available area to densify.

FROM CONCEPT TO REALITY

I.D.E.A. TIJUANA

Will create the conditions in the District to attract a wide range of professionals to:

- Inspire projects finding low cost methods to design idea prototypes,
- Promote adaptable, sustainable and reuse practices,
- Provide a variety of housing and economic mobility options,
- Establish employment opportunity in a physical and social sustainable framework,
- **Create an extraordinary place to live for the Tijuanenses, to work and to amuse themselves.**

IS IT URGENT? **This is not an opportunity that will last indefinitely!!!!**

The pressure for developing available area increases, Downtown might turn into an unarticulated mixture of real estate.

If the I.D.E.A. District does not become a reality, the possibility that the Zona Centro achieves something really transformational will definitively be lost.

"THE DEVELOPMENT OF TIJUANA DOWNTOWN IS IMPORTANT FOR THE FUTURE WELL-BEING OF OUR CITY, WITHOUT DOWNTOWN A CITY IS NO CITY."

– Humberto Insunza
Chairman CDT Tijuana

MARKET PERSPECTIVE

THE FIGHT FOR HIGH-PAYING JOBS IS ON

- Today, we can all expect to have from 3 to 4 career changes during our life. This has a deep implication in education.

For Tijuana it must and should be I.D.E.A. TIJUANA

CONTEXT

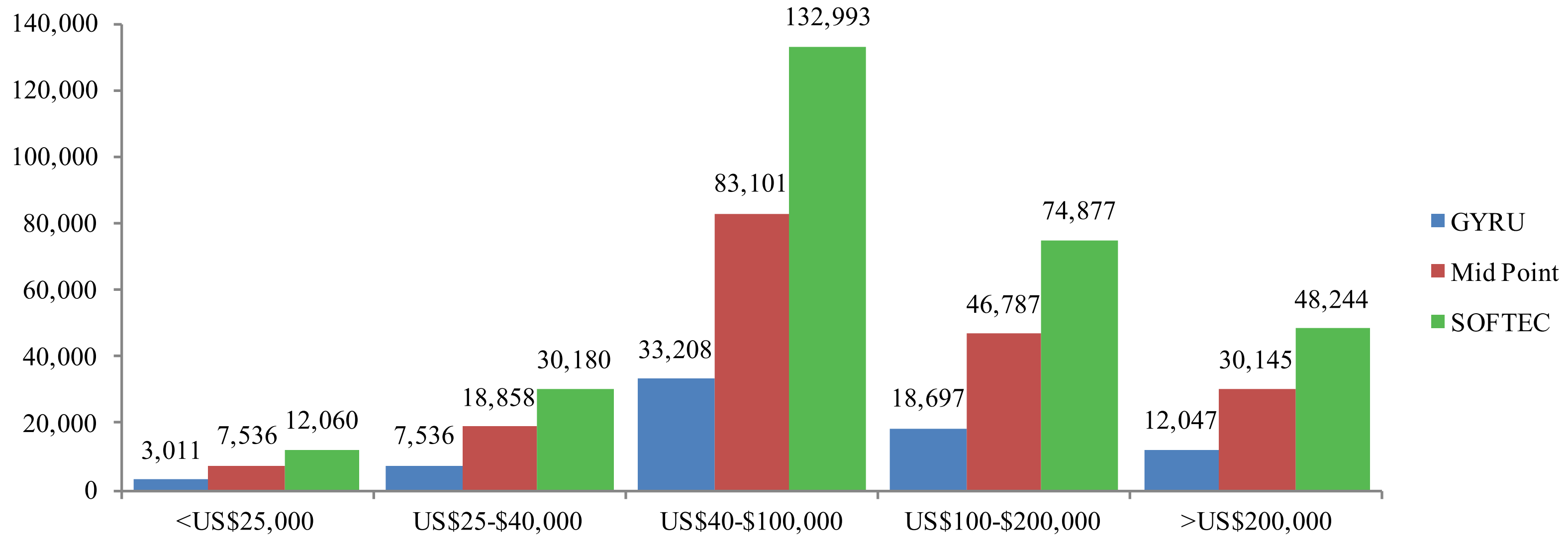
Tijuana has amazing weather, it is home to the busiest international border in the world and has strong job clusters in electronics, medical device, tourism, clean tech and aerospace.

Growth Forecast next 15 years

DEMAND 2010-2025

Units/Density	GYRU		Mid Point		Softec	
Homes	96,165		197,260		298,000	
Retail	Units	Units	Units	Units	Units	Units
	1,130,416 m²	12,167,801 ft²	1,622,704 m²	17,466,787 ft²	m²	22,765,774 ft²
Office	Units	Units	Units	Units	Units	Units
	197,962 m²	2,130,860 ft²	248,981 m²	2,680,030 ft²	300,000 m²	3,229,200 ft²
Industrial	Units	Units	Units	Units	Units	Units
	3,027,929 m²	32,592,625 ft²	10,813,964 m²	116,401,513 ft²	18,600,000 m²	200,210,400 ft²

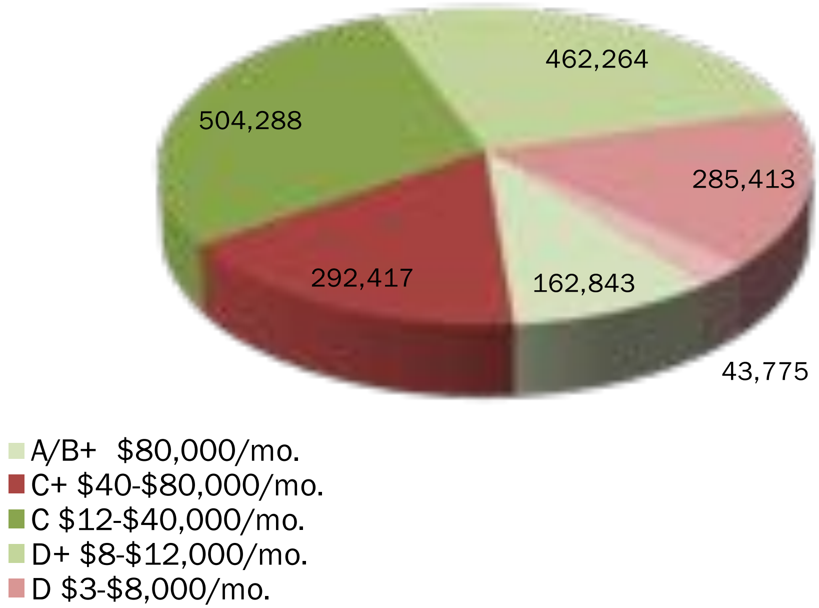
PROJECTION OF DEMAND OF HOUSINGS FOR COST OF UNIT 2010-2025



POPULATION AND INCOME DISTRIBUTION 2010-2025

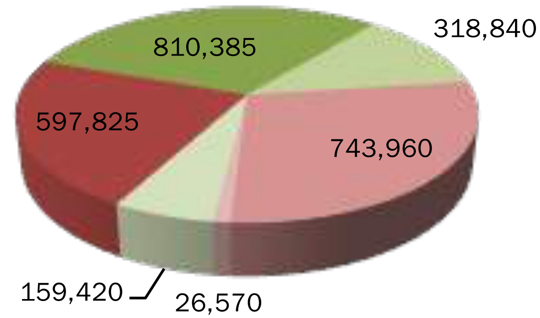
Year 2010

Total Income: **1, 751,000**



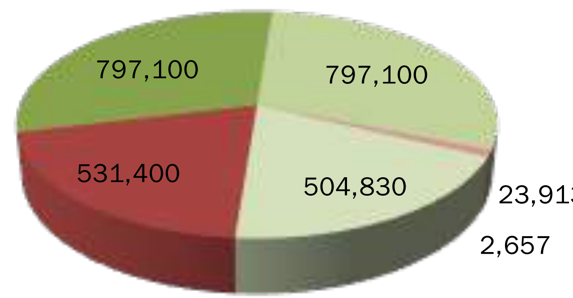
Year 2025 Scenario A

Total Income : **2, 657,0 00**

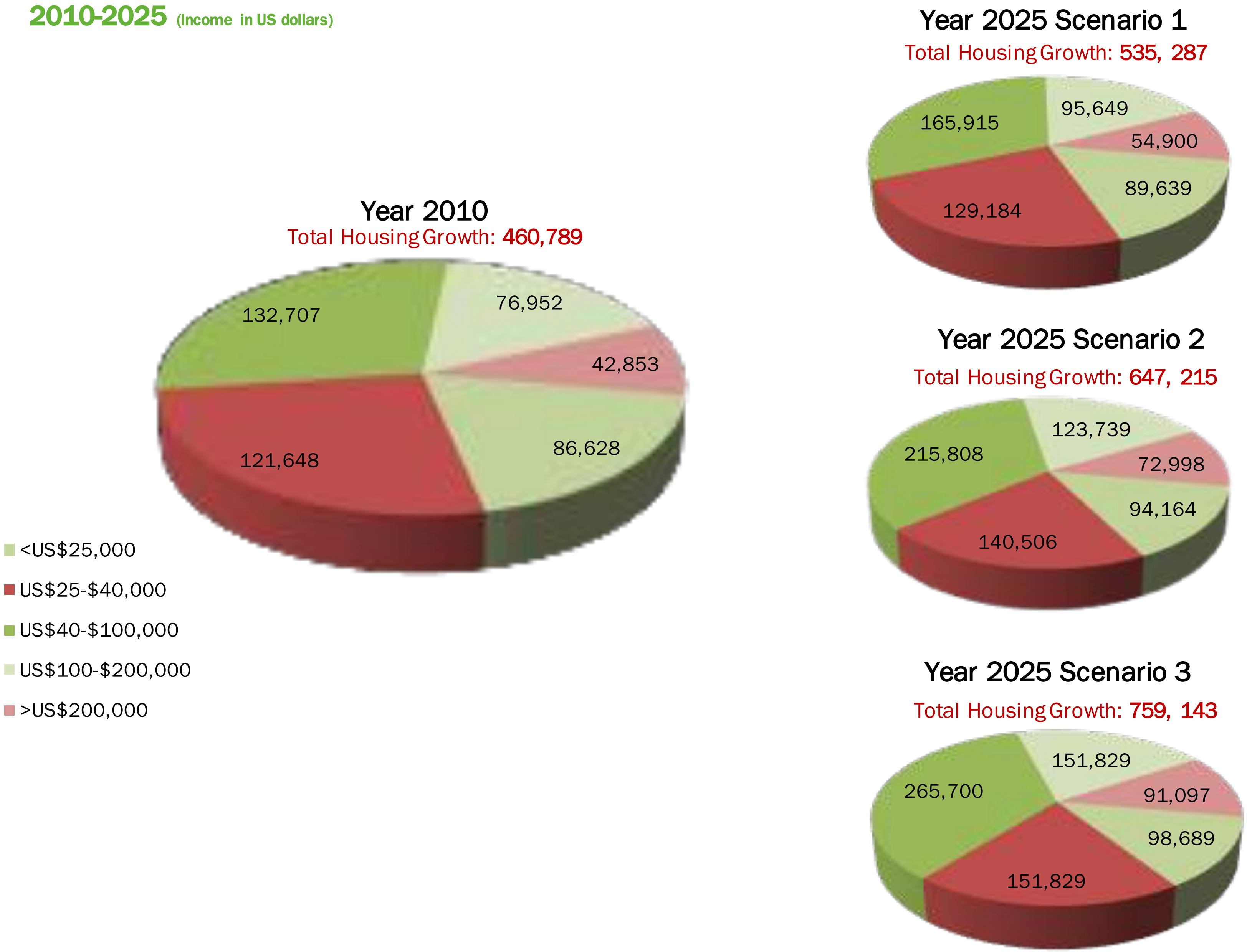


Year 2025 Scenario B

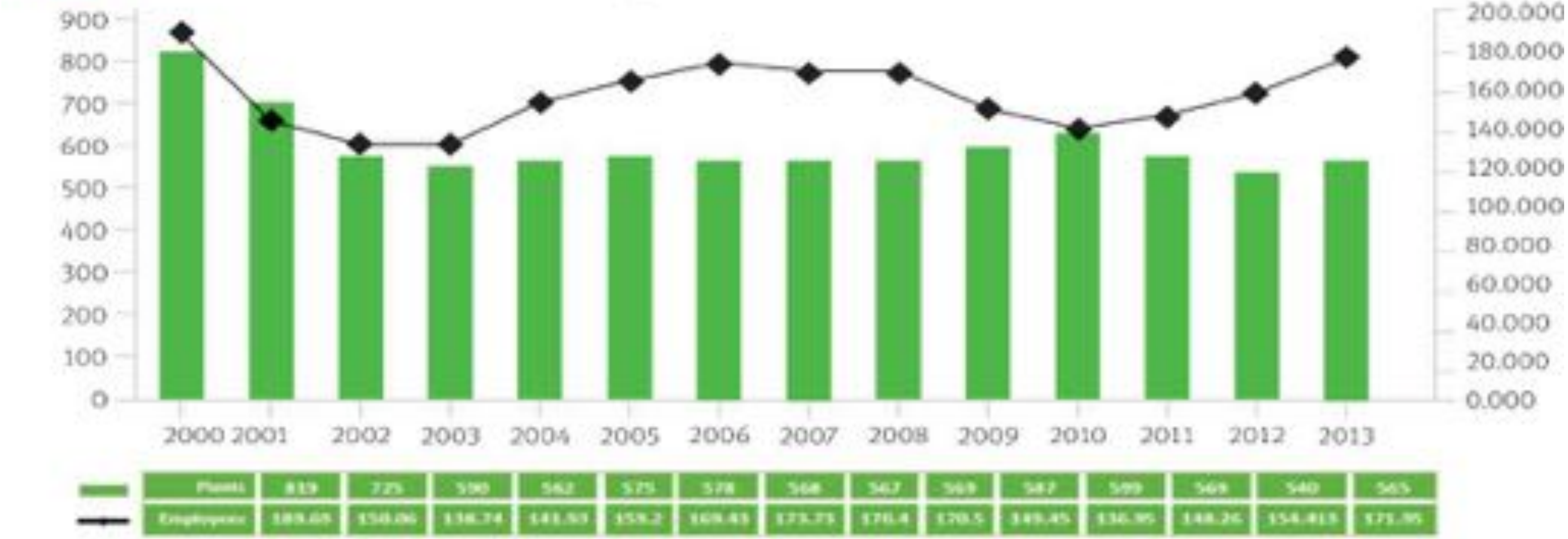
Total Income : **2, 657,0 00**



HOUSING DEMAND BY POPULATION SEGMENT 2010-2025 (Income in US dollars)



TIJUANA'S MANUFACTURING INDUSTRY 2000-2013



Source: INEGI, IMMEX, September 2013

INDUSTRIAL CLUSTERS IN TIJUANA

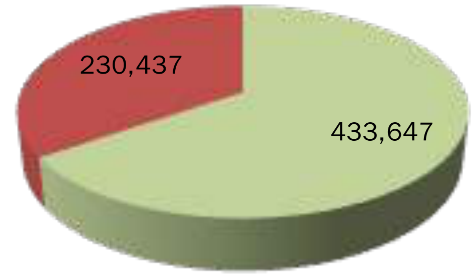
	2004	2006	2008	2010	2012	2013
Electronics	56,246	58,782	58,871	42,995	50,000	55,000
Medical Device	19,690	22,060	27,280	30,070	31,079	43,000
Automotive	N.A.	12,345	17,542	14,415	14,550	14,670
Aerospace & Defense	N.A.	5,396	6,243	7,000	7,313	7,500

Notes: N.A. not available | Source: Tijuana EDC

EMPLOYMENT PROJECTION 2010-2025

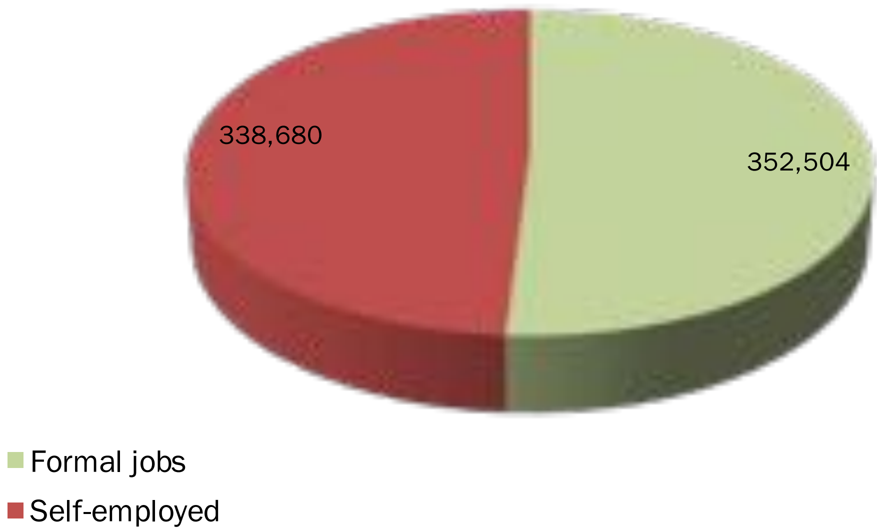
GYRU

Total Jobs: 664, 084
Ratio of Self-Employed/ Totals 35%



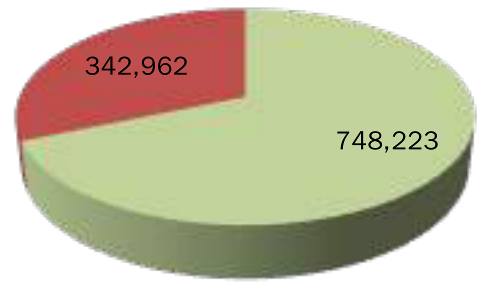
Year 2010

Total Jobs: 691,184
Ratio of Self-Employed/ Totals 51%



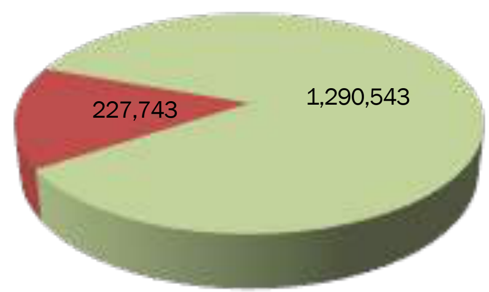
Mid Point 2025

Total Jobs: 1,091,185
Ratio of Self-Employed/ Totals 31%



Softec

Total Jobs: 1,518,286
Ratio of Self-Employed/ Totals 85%



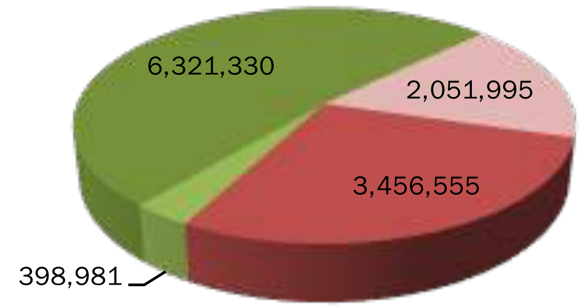
WORK SPACE CREATION
2010-2025

Year 2010

Workspace m²: 5,287,559
Ave. Workspace m² /Person : 15m²

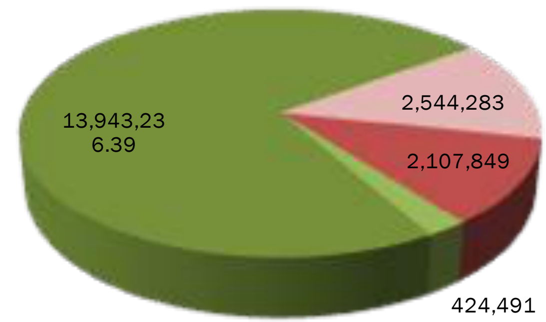
GYRU

Workspace m²: 12,228,861
Ave. Workspace m² /Person : 15m²



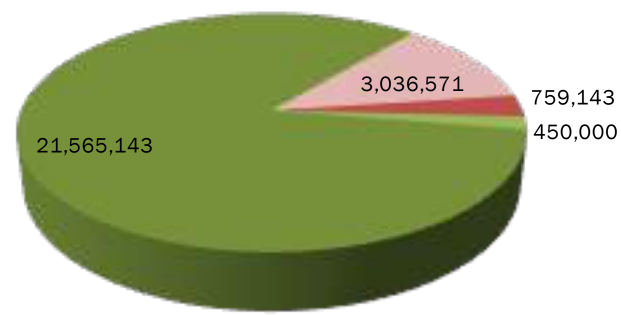
Mind Point 2025

Workspace m²: 19,019,859
Ave. Workspace m² /Person : 17.5m²



Softec

Workspace m²: 25,810,857
Ave. Workspace m² /Person: 20m²



DESIGN AND MEDICINE:
NATURAL PARTNERS TO TECHNOLOGY

DESIGN AND TECHNOLOGY JOBS CLUSTER

Tijuana has over the years acquired through its manufacturing clusters a great deal of technological know-how, this is evidenced more and more through the number of companies who now have R&D and Design facilities as an important component of their manufacturing, in fact a new innovation cluster is emerging reinforced by efforts such as BIT CENTER and MIND HUB, incubating companies devoted to IT and software programming.

MEDICAL TOURISM

Many small medical and dental offices populate a portion of the Tijuana I.D.E.A. District west of Avenida Revolución and Constitución. Similar to many Mexican border towns, Tijuana has a well-established medical tourism sector that treats uninsured or under insured US residents that seek lower cost or nontraditional medical or dental procedures.

URBAN DESIGN - UNIQUELY TIJUANA

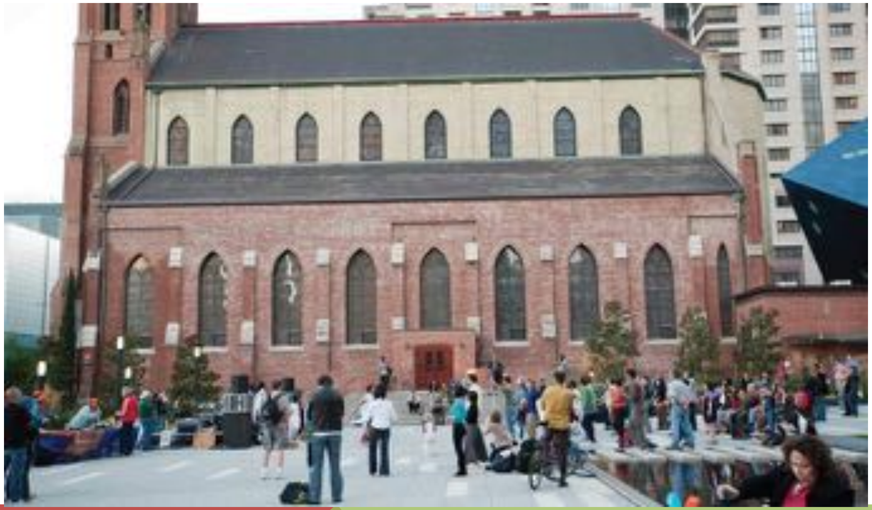
WHERE IT BEGAN?

DOWNTOWN A SUCCESS STORY STILL IN THE MAKING

- Tijuana was home to a very successful downtown area in the 1950's, 60's and even the 70's.
- That changed after 9/11 and the drug cartel violence in 2008 and 2009.
- Now downtown is a ghost of what it was;
- As mentioned in the *ULI TAP*, if Tijuana wishes to attract tourism, it needs to start by making it palatable to its residents, by making it a livable environment for the local population.

DOWNTOWN'S MAJOR CHALLENGES:

- Make a model of urban density with smart housing, that will attract locals to live and work in the area.
- Make it an orderly place with a focus on urban restructuring aimed at economic recovery ,densification, urban image enhancement and security for inhabitants of the area.
- Promote improvement and road mobility schemes with a focus on pedestrian transit.
- Encourage productive activity, raising competitiveness with a metropolitan approach, focusing in the sectors of innovation, design, education, art, medical tourism, technology, trade and services.
- Recover and increase interest from local and national tourists, building trust and preference of the potential tourism that resides and travels to California causing interest to visit Tijuana.



THESE PRINCIPLES FORM THE KEY VALUES OF URBAN DESIGN IN I.D.E.A. :

Inside - out

Old+ New

Never Complete – Ever- Evolving

A Variety of Community Spaces

Living Laboratory

Sustainability

Uniquely Tijuana

Hyper-local and International

DEVELOPMENT APPROACH

Is to create a development of meticulous and detailed form, with transitions to scale, form and diversity in its architecture and expression of design.

A NETWORK OF URBAN SPACES

We are suggesting that the public realm be infused with a network of parks in a variety of sizes and shapes; an urban trail system that encourages strolling and multiple plazas that allow for casual encounters.

CONNECTIVITY

To facilitate that the people take alternate means of transportation and goes out to the street the most possible, facilitating activities of any nature.

COMMUNITY AND THE SOCIAL REALM

To foster an innovation ecology that goes beyond physical spaces, we will orchestrate and enable social and digital connections.

ECONOMIC ANALYSIS

I.D.E.A. Tijuana : A CONCEPT DRIVING ECONOMIC VITALITY

Without a strategic development framework, Tijuana will follow the organic pattern of other redevelopment in downtown areas with the construction of additional low-end commercial and small offices with little housing and neighborhood-level services and amenities.

We assume that build out under this scenario would require approximately 30 to 50 years.

RISKS :"DOING NOTHING"

A failure to act proactively jeopardizes the retention of institutions and businesses already in the area, or additional major deterioration in the area which has already begun.

PROPOSED DEVELOPMENT PROGRAM AND SCHEDULE

	1 2 3	4 5 6	7 8 9	10 11 12	13 14 15
Concepts/ Land Use	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
	1 Block	3 Blocks	3 Block	3 Block	4 Block
Residential units	560	1,100	1,100	1,100	1,150
Sq. ft.	672,000	1,320,000	1,320,000	1,320,000	1,380,000
Office	86,111	200,000	500,000	1,000,000	1,400,000
Commercial	64,583	65,000	120,000	120,000	120,000
Hotel	150	250	350	350	375
Special uses		65,000	65,000	65,000	
Parking	1,354	2,000	2,000	2,600	2,600
Residents	2,240	4,400	4,400	4,400	4,600

JOBS CREATION ANALYSIS

JOBS
Today in the
District
???
Maybe 5,000

With the
initiative

Jobs
By 2030
14,022
4,907 - 5,957
5,225 - 9,650
$4,600

Innovation and Design Jobs $400 million annual payroll
Support Jobs $97 to $119 million total payroll
Construction Jobs $20 to 39 million total in payroll
$138 million annual family income

TIJUANA I.D.E.A.

SUMMARY OF CITY BENEFITS AND FISCAL IMPACT

JOB CREATION

New Design + Technology Cluster

Jobs: 14022

New Retail and Hotel Jobs: .... 4015 - 4265

New Jobs to Soppourt Additional Area

Residents/Businesses: .... 650 - 1250

ADDITIONAL ANNUAL CITY INCOME

(in millones de dollars USA)

- Property Tax Revenue $4.807
- Construction Licenses..................... $0.229
- Hotel Licenses $0.145
- Commercial Licenses $0.456
- Permits for Land use and development $3.605
- TOTAL $9.24

ONE BLOCK: ECONOMIC ANALISIS

HOTEL

Tijuana requires a higher end business boutique hotel that could both address business travelers from central Mexico, as well as travelers resulting from medical tourism to the area. If this hotel were to be located within the Tijuana I.D.E.A. District it would also benefit from those few tourists visiting from San Diego and Southern California.

RESIDENTIAL

Tijuana has a long standing deficit in the production of any type of housing consequently the idea would be to populate the IDEA district with middle income housing initially and then provide alternatives at both ends of the spectrum.

OFFICE/ COMERCIAL

Offices in this area would be primarily related to doctors, dentists and medical services, although there is a market for young professionals who are starting up new businesses and who have been tending to cluster in this area.

PARKING

In order to service both residents and visitors to the project, ample parking has been considered for users in the area exceeding municipal code standards.

FINANCIAL PROFORMA

Tijuana I.D.E.A. District

Block 1 Multiuse Center

Project Summary

		%	Annual NOI	Profit from Unit Sales
Total Investment	$111,948,533			
Total in Land	$11,869,859	11%		
Total In Site Improvements	$4,422,500	4%		
Total in Parking	$14,218,750	13%	$3,041,363	
Total in Income Producing Investments	$31,358,104	28%	$5,403,350	
Total in for Profit Investments	$50,079,320	45%		$16,228,800
Total			$8,444,713	$16,228,800
Cash Flow				
Total Investment	$111,948,533			
Less Land Cost Provided by Land Owner	$11,869,859			
	$100,078,674			
Additional Capital to achieve 35%	$27,312,127			
Loan Amount	$72,766,547			
Interest	9%			
Payment period	240.00			
Monthly Debt Service	$545,749			
Annual Debt Service	$6,548,989			
Income from Income producing Investments	$8,444,713			
Cash Flow	**$1,895,724**			
Rate of Return: From Income Producing Investments				
NOI at Full Occupancy (36 months)	$8,444,713			
Capitalization Rate	**10%**			
Sales Price at 3rd Year	$84,447,130			
Capital Invested (out of Pocket)@ 35% of Total	$17,499,774			
Annualized ROI				**41%**
From Residential Sales				
Profits from Sales	$16,228,800			
Capital Invested (out of Pocket)@ 35% of Total	$17,527,762			
Annualized ROI				**133%**

CASE STUDIES

COMMON TRAITS AMONG LEADING CITIES

- ❑ QUALITY OF PLACE
- ❑ HUMAN CAPITAL ENRICHMENT
- ❑ GOVERNMENT INVOLVEMENT/ PUBLIC POLICIES
- ❑ ANCHOR FIRMS/KEY INSTITUTIONS
- ❑ SYNERGY BETWEEN GOVERNMENT ,ACADEMIC AND PRIVATE INSTITUTIONS
- ❑ AVAILABILITY OF VENTURE CAPITAL

SAN DIEGO
BIOMEDICAL/ RESEARCH & DEVELOPMENT

SAN FRANCISCO
NEW/ DIGITAL MEDIA

22@BARCELONA
CREATIVE/ KNOWLEDGE–BASED INDUSTRIES

SEOUL
MULTI-INDUSTRY INNOVATION DISTRICT

"San Diego's success ,is a story of how academia, local business and political interest have come together…"
Weiping Wu,
Associate Professor
Virginia Commonwealth University

LET'S MAKE TIJUANA THE NEXT CASE STUDY

IT IS NECESSARY TO TURN IT INTO THE EXTRAORDINARY METROPOLIS,THAT IT CAN BE!!!!!