

STOCKTON BOULEVARD ECONOMIC GROWTH REPORT

SACRAMENTO

An aerial photograph of the Sacramento, California skyline at sunset. The sky is a vibrant mix of orange, yellow, and blue. The city lights are beginning to glow, and the word 'SACRAMENTO' is superimposed in large, glowing yellow letters across the middle of the image. In the foreground, several tall office buildings are visible, with their windows reflecting the sunset. The city extends into the distance, with a bridge visible on the right side.

PREPARED BY:
NORCAL REALTY PARTNERS



TABLE OF CONTENTS

- I. Executive Summary
 - a. Public Sector*
 - b. Private Sector*
 - c. Economic Growth in Sacramento*
- II. Public Sector Growth
 - a. Location*
 - b. Job Stability*
 - c. Sacramento Department of Motor Vehicles*
 - d. Local Schools*
 - e. Job Growth*
- III. Private Sector Growth
 - a. Business Openings*
 - b. Real Estate Growth*
- IV. Economic Growth in Sacramento
 - a. Positive Aspects*
 - b. Negative Aspects*
 - c. Macro Statistics*



EXECUTIVE SUMMARY

1. PUBLIC SECTOR

- Government jobs constitute over twenty-six percent of jobs as of 2016.
- 3022 Stockton Boulevard is in the epicenter of this thriving political and economic climate, located between institutions such as the State Capitol Building and the Department of Justice.
- Government positions offer greater stability than the private sector. Their proximity has a great impact on the value in 3022 Stockton Boulevard.
- These jobs have consistent levels of employment and always provide a reliable stream of traffic and business for the local area and 3022 Stockton Boulevard.

2. PRIVATE SECTOR

- 3022 Stockton Boulevard is a high traffic area surrounded by a large amount of diverse private establishments and local businesses.
- These local institutions display a record for success for new businesses in the area. Property values in the surrounding neighborhoods are more lucrative than those in the rest of the city.
- Furthermore, the past decade has seen a big surge in the amount of businesses that have opened in the area.
- This includes both small businesses in the service sector as well as bank branches and large hotel sites.

3. ECONOMIC GROWTH IN SACRAMENTO

- Sacramento is growing at an economic rate twice the national average.
- The region is booming - experiencing GDP growth of 3.1 percent in 2016. Strong growth is projected to continue over the next few years.
- This growth includes higher real estate property values, more jobs in the area, higher incomes, and a climate ideal for new businesses.
- Estimates predict a 38.34 percent increase in job growth over the next ten years.
- Sacramento's unemployment rate has steadily decreased since 2016 from 7.1 percent to 5.7 percent in July 2017.



REPORT #1 - PUBLIC SECTOR

LOCATION

- Sacramento is the center of government in California and boasts a strong influence over the economic region. The public-sector accounts for tens of thousands of jobs in Sacramento with employers such as the State of California, the US Government, Sacramento County, and the UC Davis Health Center constituting a large portion of those.

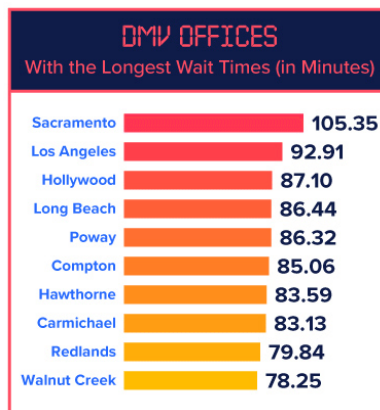
Employer	Number of Employees	Proximity to 3022 Stockton
State of California (State Capitol)	78,045	4.6 miles
US Government	13,791	Various locations within Sacramento
Sacramento County	11,950	Various locations within Sacramento
UC Davis Health Center	10,847	0.6 miles

JOB STABILITY

- Government positions offer great stability. Their proximity to 3022 Stockton Boulevard provide a consistent consumer market. Within a 5-mile radius of this lot there are several of government buildings surrounding the area, including:
 - the Sacramento Department of Justice
 - the Sacramento Department of Motor Vehicles
 - the State Capitol, and more.

SACRAMENTO DEPARTMENT OF MOTOR VEHICLES

- The Sacramento Department of Motor Vehicles is located 0.2 miles from this property. This DMV office holds the title for the longest wait times across all Department of Motor Vehicle locations within California. At an average wait of 105.35 minutes, this location eclipsed those in Los Angeles, Long Beach, and Hollywood for the longest wait time. With this long of a delay, many visitors to the DMV office may decide to leave to grab food or coffee at 3022 Stockton Boulevard.





LOCAL SCHOOLS

- 3022 Stockton Boulevard is also in close proximity to public schools in the area. These schools account for a large population of students and teachers in the region who would also be interested in the potential for a new business in the area and aid in forming a stable consumer base.

School	Number of Students/Staff	Proximity to 3022 Stockton
American Legion High School	354 students, 18 staff	0.6 miles
Heritage Peak Charter School	N/A	1.2 miles
Sacramento Charter High School	762 students, 60 staff	1.3 miles
Phoebe A Hearst Elementary School	649 students, 30 staff	2.1 miles

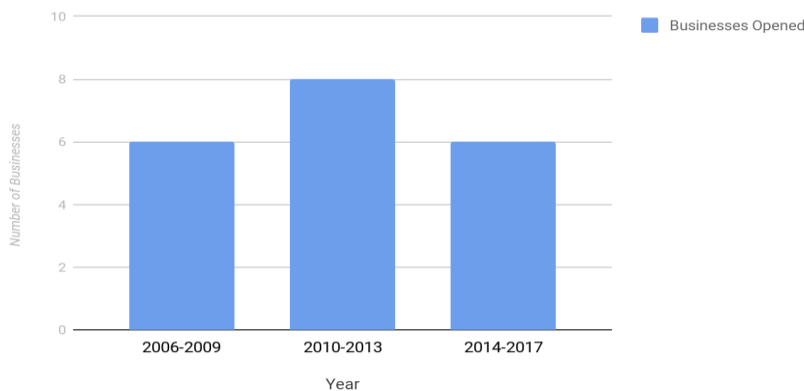
JOB GROWTH

- Job growth in Sacramento County is currently being driven by the public sector thanks to the expansion of government jobs in recent months. Government (up 4,000 jobs) led the region with a normal seasonal job gain from August to September in 2017.
- Local government accounted for 72.5 percent of the job additions, picking up 2,900 jobs. State government added 900 jobs, and federal government was up 200 jobs.

REPORT #2 - PRIVATE SECTOR

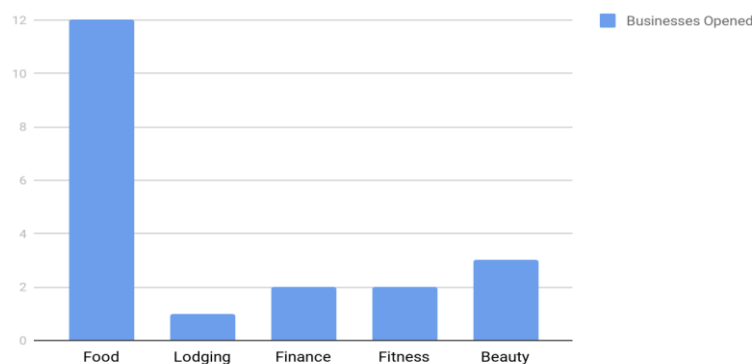
BUSINESS OPENINGS

Businesses opened by year



- In a random sample of 20 businesses opened in the past 11 years, 6 of them opened between 2006 and 2009. This is rather remarkable since this date coincides directly with the great recession. Of these six businesses, 3 of them are from the food sector, 2 of them are from the financial sector, and 1 of them is from the fitness sector.
- Chase- This branch was opened in 2009 and it is also on the same plaza as the proposed property. It is one of the largest commercial banks in the United States. They offer a variety of banking services to customers.
 - Registration Express Group Inc.- Opened in 2006, they are a private registration service that transfers titles throughout the state of California. It is 0.1 miles from the location.
 - Oba Japanese Kitchen- Opened in 2007, this is a Japanese restaurant that is located a mere 0.1 miles from the proposed location. It is a mid-end restaurant that also serves Poke.
 - Pangea Bier Café- Opened in 2008 about 1.5 miles from the location. They are a mid-end restaurant that also acts as a sports bar.
 - Fitness Rangers- Opened in 2007 about 1.4 miles from the location. A state-of-the-art gym that offers multiple boot camps and training sessions for a variety of combat sports.

Businesses Opened by Sector



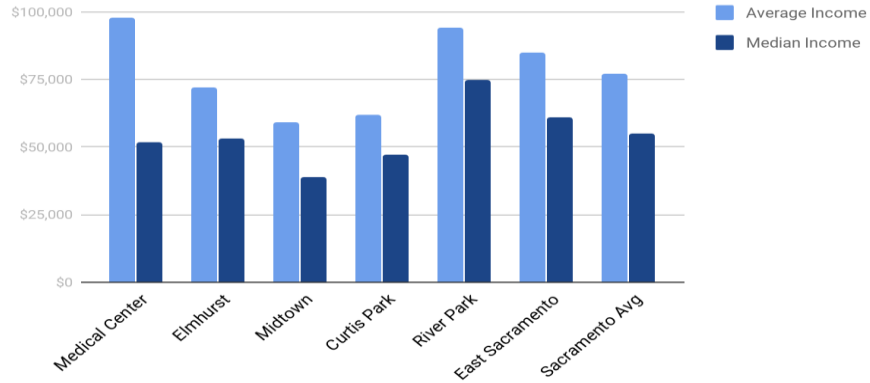


- In the same random sample, 8 of the 20 businesses opened between 2010 and 2013. Of these 8 businesses, 6 are from the food sector, 1 is from the lodging sector, and 1 of them is from the beauty sector. The most curious development is the opening of a courtyard Marriott.
 - MoMos Meat Market- Opened in 2010 just 0.8 miles from the location. A small business that sells a variety of sandwiches and meat plates.
 - Café Colonial- Opened in 2013 just 0.3 miles from the proposed location. A restaurant by day and a club by night. They recently received their alcohol license and offer beers and wines at a reasonable price.
 - Chocolate Fish Coffee Roasters- Opened in 2013 just 1.5 miles from the location. A very trendy coffee place that can promote growth to the area. However, it is far enough that it would not compete with the proposed location as much.
 - Old Soul- Opened in 2010 about a mile from the location. They offer fresh dishes with artisan bread and fresh coffee roasts. Great breakfast place to go to.
 - Pet Stylista- Opened in 2013 about a mile from the proposed location. They are a grooming salon for pets that offers a very friendly environment. They like to use very green products.
 - The Boiling Crab- Opened in 2010 roughly 3.5 miles from the location. They offer a variety of seafood and Cajun dishes. They are a mid-end restaurant and part of a successful franchise.
 - New Helvetia Brewing Company- Very pleasant brewery that opened on 2012 just 2.4 miles from the location. They offer a variety of brews and dishes for their customers.
 - Courtyard by Marriott- Opened in 2013 just a half mile from the proposed location. This is a premier hotel franchise that has a history of raising property values of the surrounding area. It is a huge step towards economic growth in the area.
- Between 2014 and 2017 6 businesses opened. 2 of these are from the food sector, 1 is from the home decoration sector, 1 is from the fitness sector, and 2 are from the beauty sector. It is clear that these businesses are more diverse in their ethnic background. This indicates that the area is becoming more diverse.
 - Planet Fitness- Opened in 2014 just 1.3 miles from the location. It is a very large business franchise that has roughly 1,400 locations and is one of the largest fitness franchises in the country.
 - Aradia Glass Craft- Opened in 2014 roughly 0.3 miles from the proposed location. It is a home decoration store that specializes in glass decorations.
 - Oakhaus Restaurant- Opened in 2017 just under a mile from the location. They are a mid-end German restaurant with a variety of different beers and a great outdoor patio.
 - Medusa Salon- Opened in 2015 just 0.9 miles. It is a beauty salon that strives to provide a professional yet casual atmosphere.
 - Ramen House Raijin- Opened in 2015 just 2.7 miles from the location. It is a Japanese restaurant that focuses on ramen and has a very good reputation with the community. This shows how diverse these businesses are becoming.
 - Asha Urban Bath- Opened in 2016 just 2.6 miles from the location. It has a massage parlor, a sauna, and a saltwater pool. It is a great place to have a relaxing experience. You are guaranteed to come out of there relaxed.

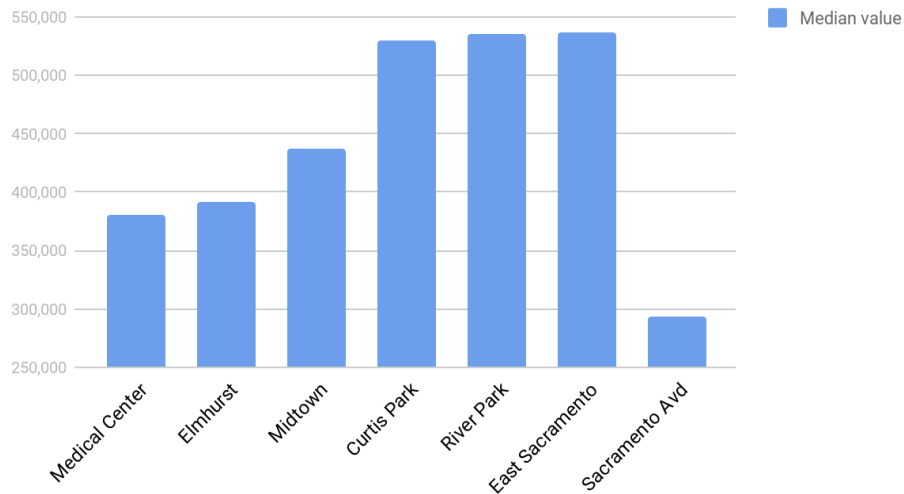


REAL ESTATE GROWTH

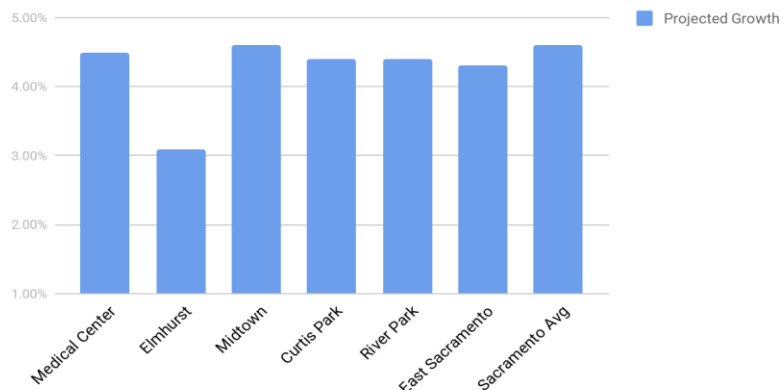
Income/Household



Property Value by Neighborhood



Projected Growth of Neighborhoods





PROXIMITY NEIGHBORHOOD ANALYSIS

These areas show a particularly low vacancy rate and it could either be due to the value of the real estate being high or the fact that a lot of residential areas are being recently built in this area, meaning that a lot of people could be potentially moving to this area. There is a big opportunity for growth in the community/ more traffic/ more crowded DMV

95820 Zip Code Stats:

- **Total Population:** 34,480
- **Total commuters:** 12,280
- **Average commute time:** 25.1 minutes
- **Businesses:** 395
- **Employees:** 5,179

Neighborhood 1: **14TH AVE / MARTIN LUTHER KING JR BLVD** (includes the property on 3032 Stockton Blvd)

- More people carpool to work here in the 14th Ave / Martin Luther King Jr Blvd (28.9%) than in 99.3% of the neighborhoods in America.
- There are more people living in the 14th Ave / Martin Luther King Jr Blvd neighborhood employed as sales and service workers (52.3%) than almost any neighborhood in the country.
- In the 14th Ave / Martin Luther King Jr Blvd neighborhood, a greater proportion of the residents living here today did not live here five years ago than is found in 96.3% of U.S. Neighborhoods. This neighborhood, more than almost any other in America, has **new** residents from other areas.
- The greatest number of commuters in 14th Ave / Martin Luther King Jr Blvd neighborhood spend between 15 and 30 minutes commuting one-way to work (42.7% of working residents), which is shorter than the time spent commuting to work for most Americans.
- Here most residents (66.7%) drive alone in a private automobile to get to work. In addition, quite a number also carpool with coworkers, friends, or neighbors to get to work (28.9%). In a neighborhood like this, as in most of the nation, many residents find owning a car useful for getting to work.
- 47.7% of the working population is employed in sales and service jobs, from major sales accounts, to working in fast food restaurants. The second most important occupational group in this neighborhood is clerical, assistant, and tech support occupations, with 21.1% of the residents employed. Other residents here are employed in executive, management, and professional occupations (16.7%), and 14.4% in manufacturing and laborer occupations.
- Residents most commonly identify their ethnicity or ancestry as Mexican (37.3%). There are also a number of people of German ancestry (7.7%), and residents who report Irish roots (5.3%), and some of the residents are also of Asian ancestry (4.6%), along with some Sub-Saharan African ancestry residents (4.3%), among others. In addition, 14.1% of the residents of this neighborhood were born in another country.

Neighborhood 2: **T ST / 59TH ST** (includes the Med center)

- 6.7% of commuters here do ride their bikes to and from work on a daily basis. This is a higher amount than we found in 98.5% of the neighborhoods in America.
- T St / 59th St neighborhood has a greater concentration of residents currently enrolled in college than 97.0% of the neighborhoods in the U.S. With 16.8% of the population here attending college, this is very much a college-focused neighborhood.
- In the T St / 59th St neighborhood, 56.4% of the working population is employed in executive, management, and professional occupations. The second most important occupational group in this neighborhood is sales and service jobs, from major sales accounts, to working in fast food restaurants, with 21.5% of the residents employed. Other residents here are employed in government jobs, whether they



are in local, state, or federal positions (13.2%), and 11.1% in clerical, assistant, and tech support occupations.

Neighborhood 3: **14TH AVE / STOCKTON BLVD**

- 14th Ave / Stockton Blvd is an urban neighborhood (based on population density) located in Sacramento, California.
- 4.4% of residents in the 14th Ave / Stockton Blvd neighborhood commuting on a bicycle to and from work daily, this neighborhood has more bicycle commuters than 96.8% of all neighborhoods in the U.S., according to NeighborhoodScout's exclusive analysis.

Neighborhood 4: **Y ST / BROADWAY**

- How you get to work – car, bus, train or other means – and how much of your day it takes to do so is a large quality of life and financial issue. Especially with gasoline prices rising and expected to continue doing so, the length and means of one's commute can be a financial burden. Some neighborhoods are physically located so that many residents have to drive in their own car, others are set up so many walk to work, or can take a train, bus, or bike. The greatest number of commuters in Y St / Broadway neighborhood spend between 15 and 30 minutes commuting one-way to work (47.5% of working residents), which is shorter than the time spent commuting to work for most Americans.
- Here most residents (73.0%) drive alone in a private automobile to get to work. In addition, quite a number also bicycle to get to work (9.9%) and 7.4% of residents also hop out the door and walk to work for their daily commute. In a neighborhood like this, as in most of the nation, many residents find owning a car useful for getting to work.
- Astoundingly, the Y St / Broadway neighborhood has one of the highest concentrations of divorcees living here than of any neighborhood, a higher concentration than NeighborhoodScout found in 98.2% of U.S. neighborhoods. This may be because people living here divorce more often than others, or that divorced people move here after they become divorced.



TRAFFIC COUNT FOR 3022 STOCKTON BLVD

One of the most important aspects of any business is exposure. The easiest way to get exposure is to develop in an area that already experiences a high amount of car and foot traffic. Below we list vehicle traffic for Stockton Blvd and Broadway.

Type	DIR	Street Name	Intersects with	Bounded by	Count Date	ADT	AM Peak	PM Peak
VOL	NB/SB	Stockton Bl	Broadway	6th AV	9/26/1993	20177	1378	1702
VOL	NB	Stockton Bl	Broadway	6th Av	11/18/2002	11144	1258	743
VOL	SB	Stockton Bl	Broadway	6th AV	11/18/2002	11757	1258	743
VOL	SB	Stockton Bl	Broadway	6th AV	11/19/2002	11627	766	1316
VOL	NB	Stockton Bl	Broadway	6th AV	11/20/2002	14991	1842	1056
VOL	NB	Stockton Bl	Broadway	6th AV	11/21/2002	14816	1640	1006
VOL	NB	Stockton Bl	Broadway	6th AV	11/22/2002	11374	1640	1006
VOL	NB	Stockton Bl	Broadway	6th AV	11/23/2002	8921	549	763
VOL	NB	Stockton Bl	Broadway	6th AV	11/15/2002	18026	1200	1305
VOL	NB/SB	Stockton Bl	Broadway	6th AV	11/16/2002	14995	932	1178
VOL	NB/SB	Stockton Bl	Broadway	6th AV	11/19/2002	23676	1841	2005
VOL	NB/SB	Stockton Bl	Broadway	6th AV	11/18/2002	23539	1810	2005
VOL	NB/SB	Stockton Bl	Broadway	6th AV	11/19/2002	23384	1731	2002
VOL	NB/SB	Stockton Bl	Broadway	6th AV	11/20/2002	23029	1746	1965



REPORT #3 - ECONOMIC GROWTH IN SACRAMENTO

- Sacramento is currently experiencing a rebirth and is currently flourishing in all economic aspects.
 - Sacramento is expected to experience a 1.3% increase in job growth annually from 2016 to 2021.
 - Average salaries are above the California state average, and are expected to remain so over the next few years. In Sacramento County, inflation-adjusted salaries will rise by an average of 1.1 percent per year from 2016 to 2021.
 - Between 2015 and 2020, employment growth will be greatest in professional and business services (+11,800 jobs), education and healthcare (+11,300 jobs), construction (+9,200 jobs), and government (+8,200 jobs). Together, these industries will account for 69 percent of net job growth in the county.
 - Real per capita income is expected to rise by 1.7 percent in 2016. Between 2016 and 2021, growth will average 1.4 percent per year.
- Macro Statistics
 - Sacramento is the fastest growing large city in California, even ahead of San Francisco.
 - Its job growth forecast is also ahead of the US average. This is particularly impressive considering the health of the US economy.
 - Entrepreneur Magazine ranked it one of the best cities for a startup. The lower cost of living compared to the Bay Area makes it very attractive for startups.
 - Both the health care and the construction sectors have very high growth rate.
 - Overall, Sacramento is a very promising city that is guaranteed to grow strongly for the next few years.