



Economic Development Strategy: Preliminary Findings

Presentation to City of San Leandro Finance Committee
January 31st, 2024

Economic Development Strategy Overview

Objectives

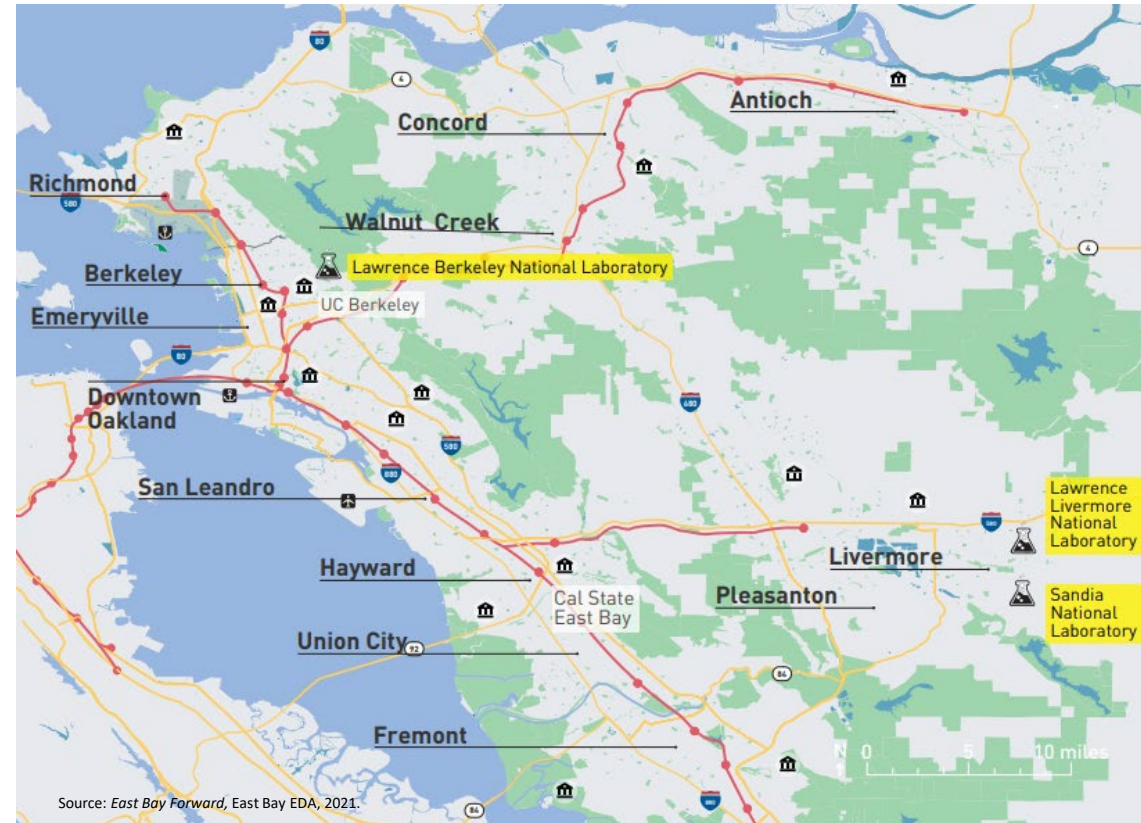
- Improve economic opportunity for all San Leandro businesses and residents
- Understand and respond to the impacts of COVID-19 and new trends, issues, and opportunities
- Promote high-quality jobs

Timeline



Longstanding assets underpin San Leandro's economic opportunities

- Goods movement:
 - 880 corridor access
 - Port of Oakland proximity
 - Oakland International Airport proximity
- Industrial land supply and building inventory
- Commute / workforce / retail accessibility:
 - 880 and 580
 - East 14th Street
 - BART stations



East Bay Strategic Assets and Advantages

- 🏛 College & Universities
- ✈ Major Airports
- 🚢 Major Ports
- 🔬 National Laboratories
- 🚇 BART Routes & Stations
- 🛣 Highways
- 🌿 Open Space

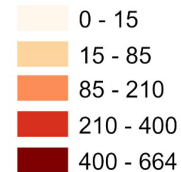
San Leandro is a regional jobs destination

Among workers at jobs in San Leandro in 2020:

- 12% lived in Oakland
- **11% lived in San Leandro**
- 6% lived in Hayward
- 71% commuted from other locations

Where Workers Who Work in San Leandro Live, 2020

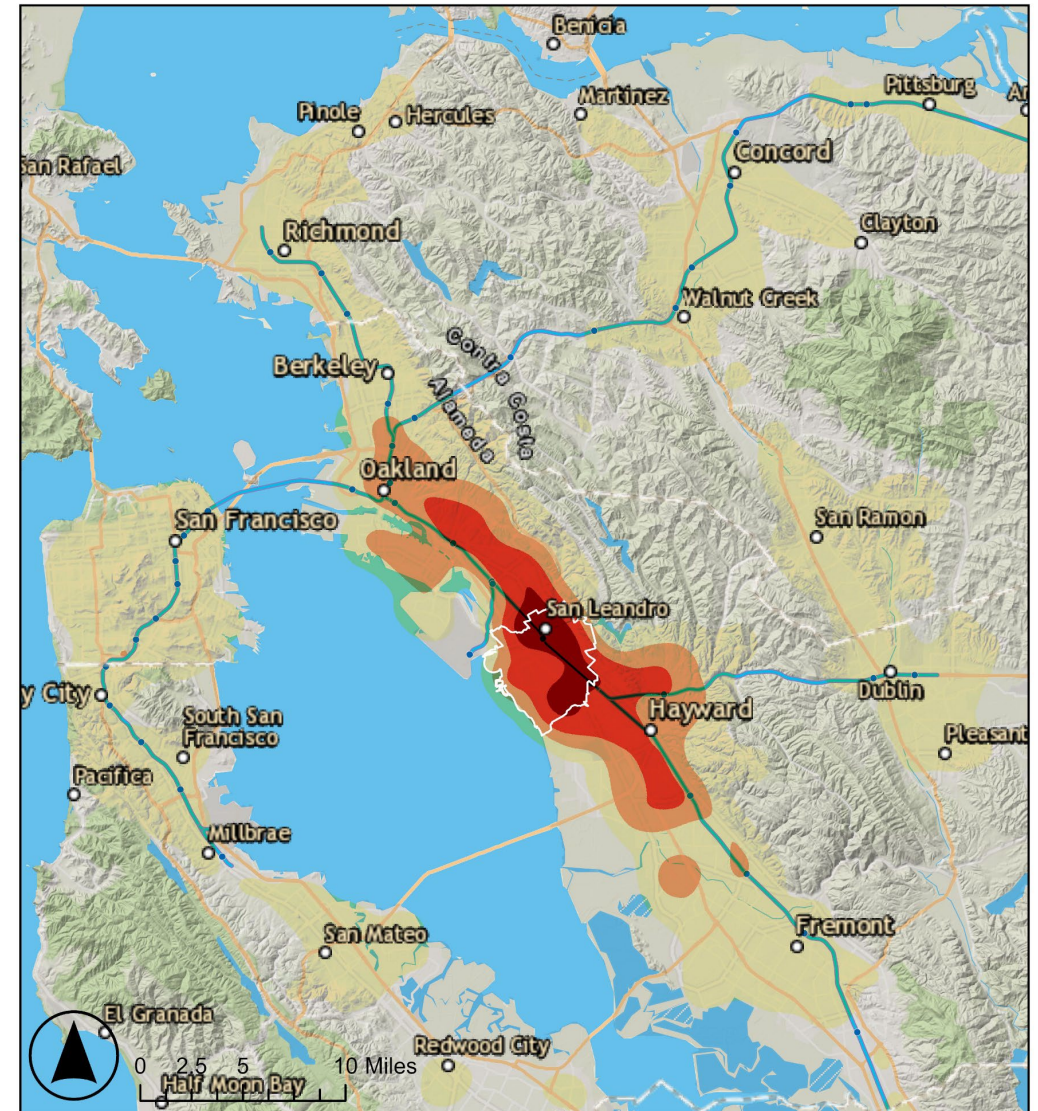
Jobs Per Square Mile



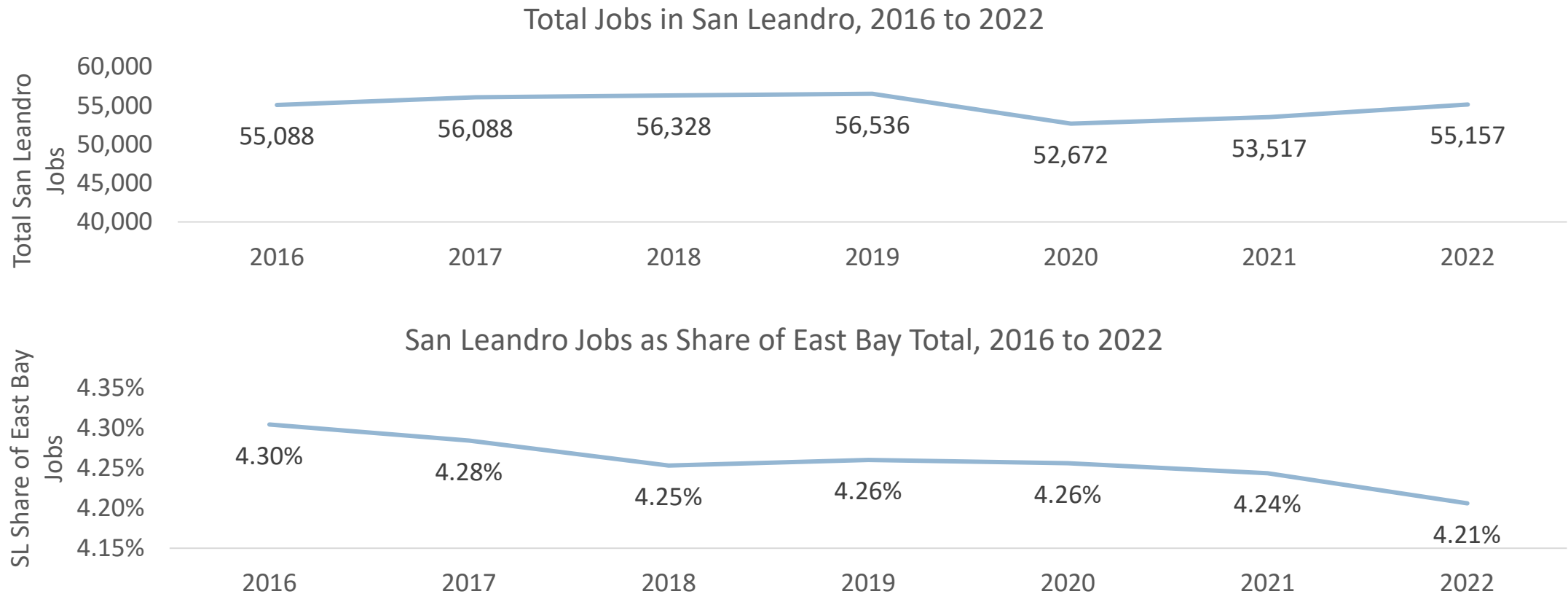
San Leandro City Boundary

BART stations and line

Sources: U.S Census, LEHD, 2020; Esri, 2023; Strategic Economics, 2023.



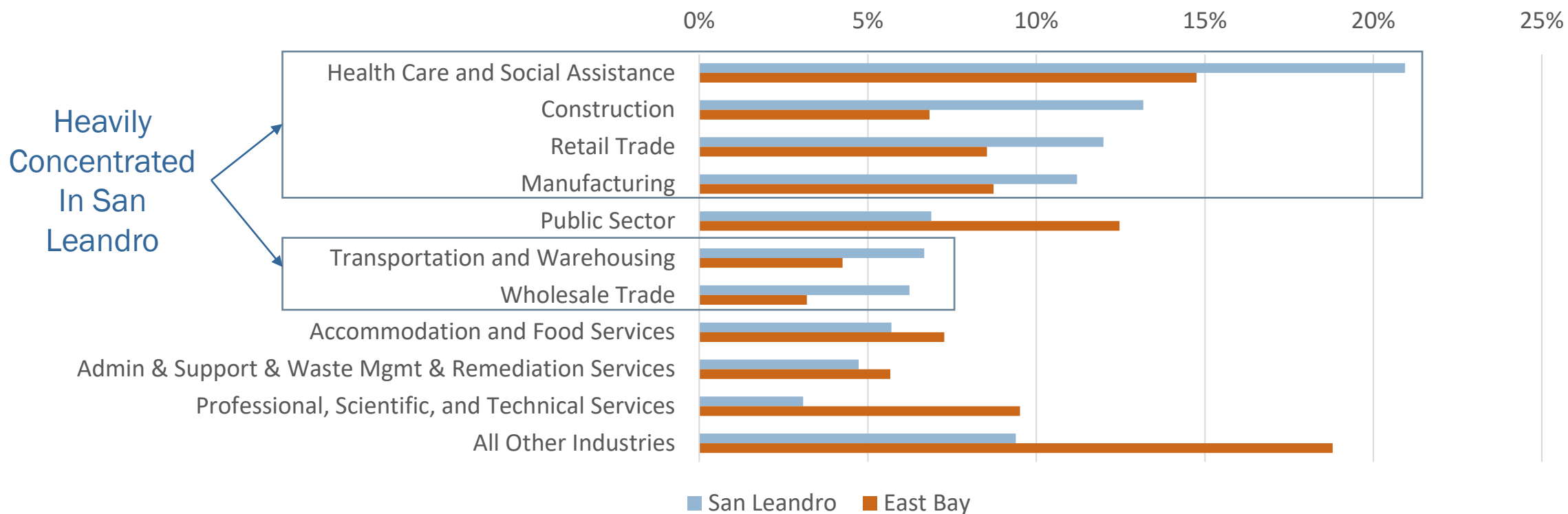
Jobs in San Leandro have nearly returned to pre-pandemic levels, but job growth lags the East Bay as a whole



Source: Lightcast, 2023; Strategic Economics, 2023
Note: Does not correspond to San Leandro city limits. Based on three San Leandro zip codes—94577, 94578, and 94579.

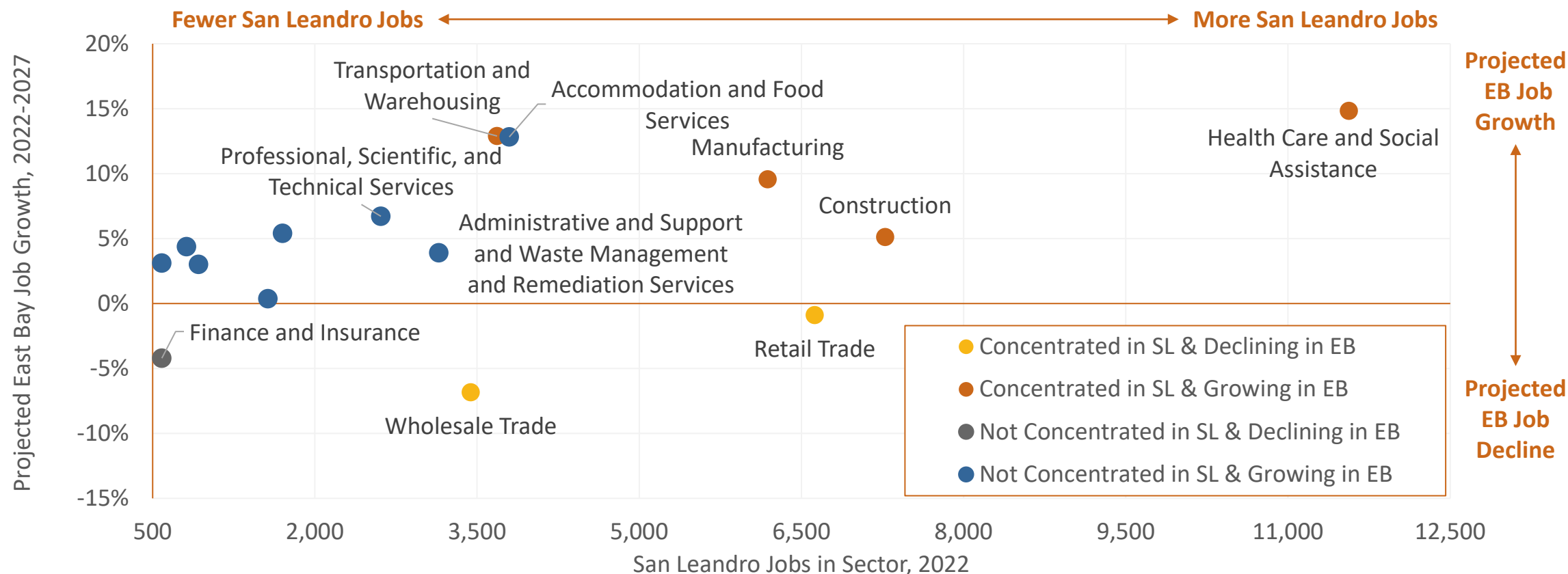
Economic strengths include industries tied to industrial lands and household-serving uses

Share of Jobs by Major Industry Sector in San Leandro vs. East Bay, 2022



Source: Lightcast, 2023; Strategic Economics, 2023

Many of San Leandro's largest and relatively concentrated industries are projected to add jobs regionally



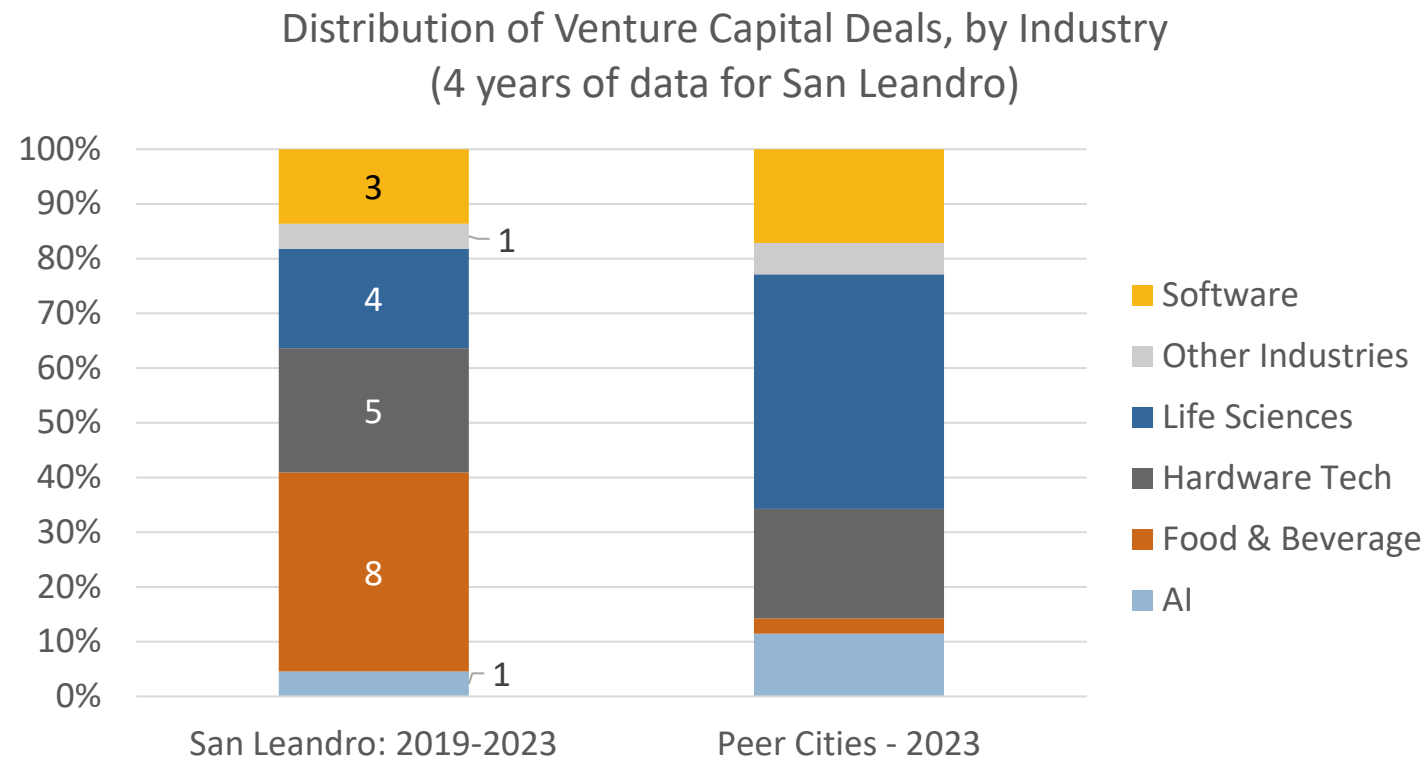
Primary economic opportunities include “legacy” industries and innovation-oriented businesses tied to industrial lands

- Over the long term, San Leandro’s high-concentration and growing sectors are focused on health care, manufacturing, construction, and transportation and warehousing
- “Manufacturing” includes advanced manufacturing processes and new R&D/prototyping work
- Modest but growing opportunities to attract biomedical businesses
- San Leandro continues to have strengths in food and beverage manufacturing

An upcoming specialized analysis will examine “creative economy” opportunities

- CVL Economics provides special expertise in assessing and building the creative economy in urban areas.
- CVL will scan potential opportunities to expand creative industries in San Leandro—including potential synergies with San Leandro’s workforce and available properties.
- Examples of creative industries include:
 - Visual & performing arts,
 - Digital arts,
 - Film & music production,
 - Industrial arts, craft metal & woodworking, etc.

Venture capital investments in San Leandro occur in businesses connected to industrial lands



- Total San Leandro venture capital raised since 2019: \$69 million
- Most “hardware tech” deals in San Leandro & Hayward were for battery technology
- San Leandro far outperformed neighboring areas in attracting food & beverage investment

Source: Crunchbase, 2023; Strategic Economics, 2023

Note: Other Industries includes manufacturing, logistics, and consumer goods.

San Leandro data comes from five years of observations. Peer cities data are just 2023, and include Hayward, Union City, Fremont, and Newark

San Leandro residents can readily access jobs throughout the region

Among working San Leandro residents in 2020:

- 18% worked in Oakland
- 15% worked in San Francisco
- 11% worked in San Leandro
- 56% worked in other locations

Where Workers Who Live in San Leandro Work, 2020

Jobs Per Square Mile

0 - 50

50 - 200

200 - 450

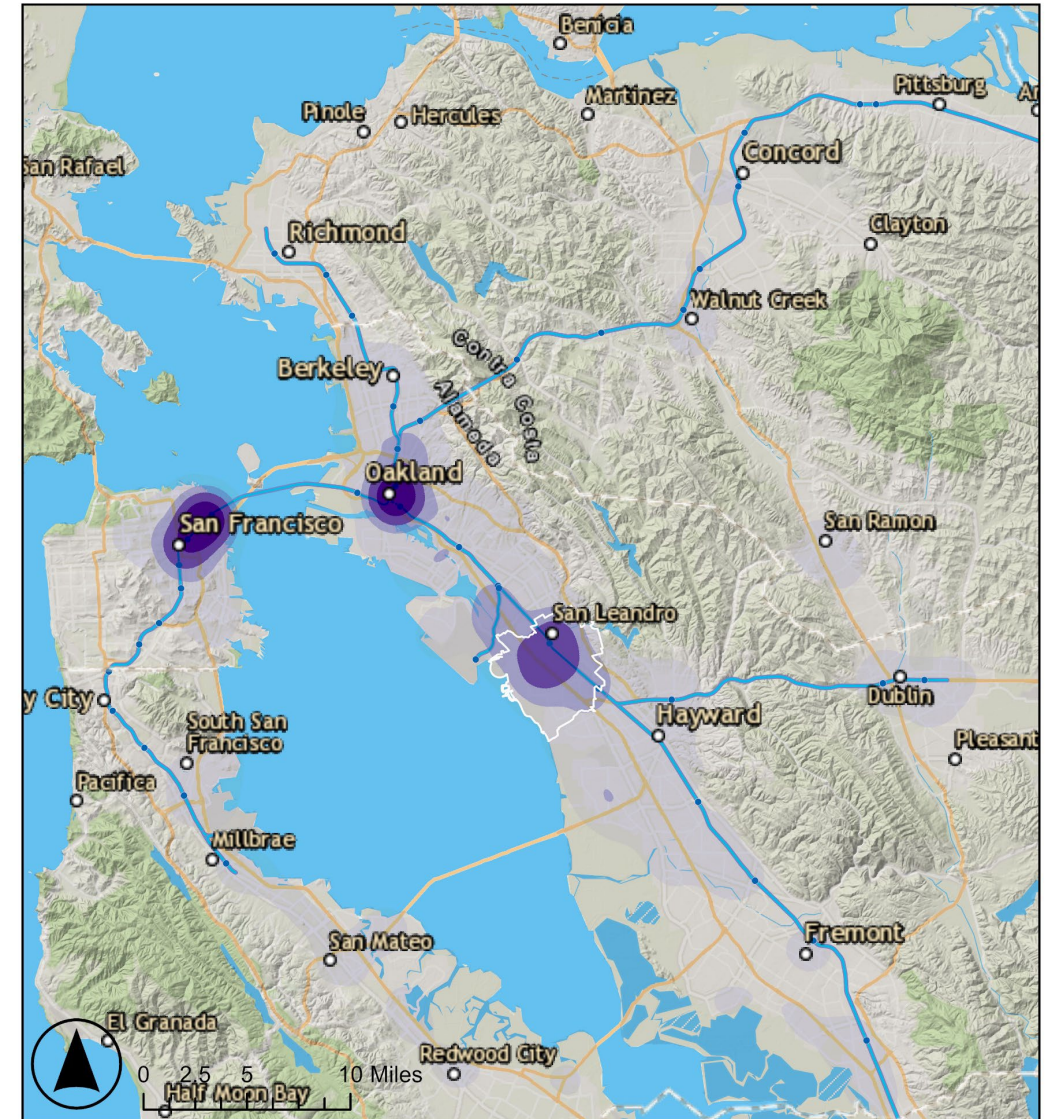
450 - 830

830 - 1,378

San Leandro City Boundary

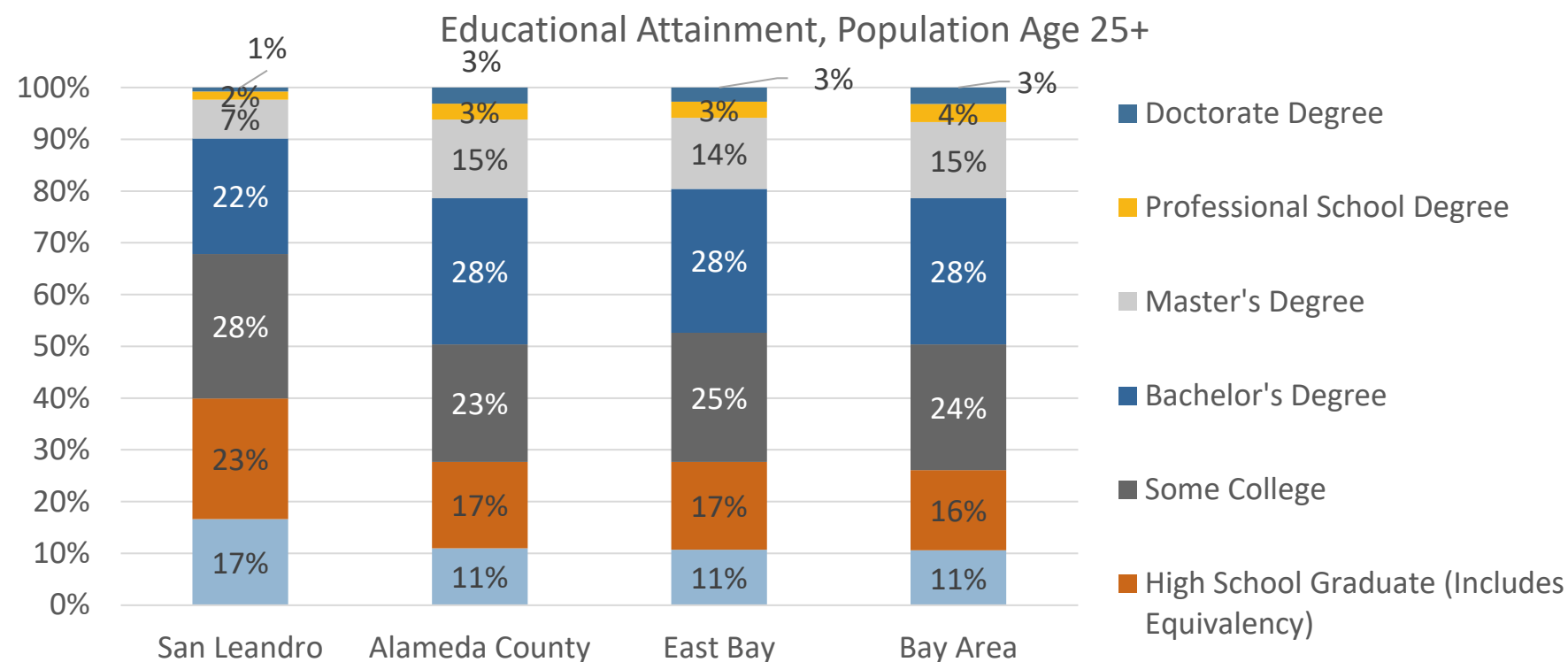
BART stations and line

Sources: U.S Census, LEHD, 2020; Esri, 2023; Strategic Economics, 2023.



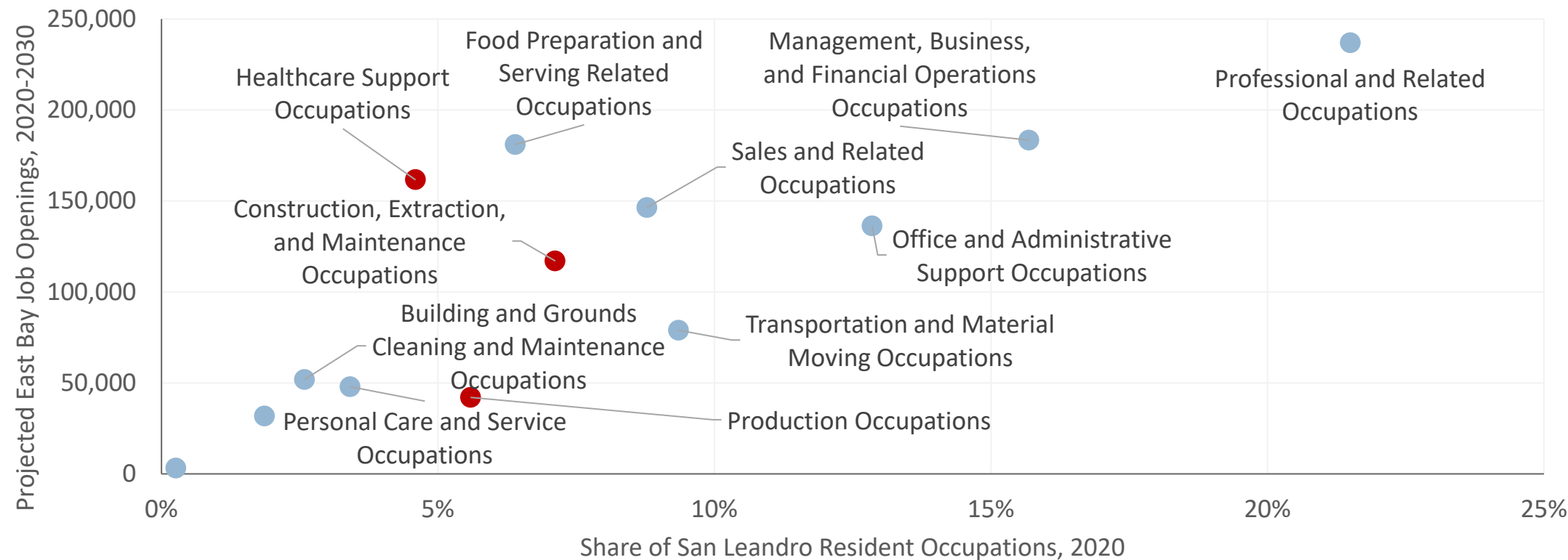
Workforce training and “career ladder” job opportunities will be critical for San Leandro’s high share of residents without any college education

- San Leandro incomes are also lower than peers
- Most high-wage job openings will require at least a Bachelor’s degree



Sources: U.S. Census Bureau ACS 2021 5 Year Estimates; Strategic Economics, 2023.

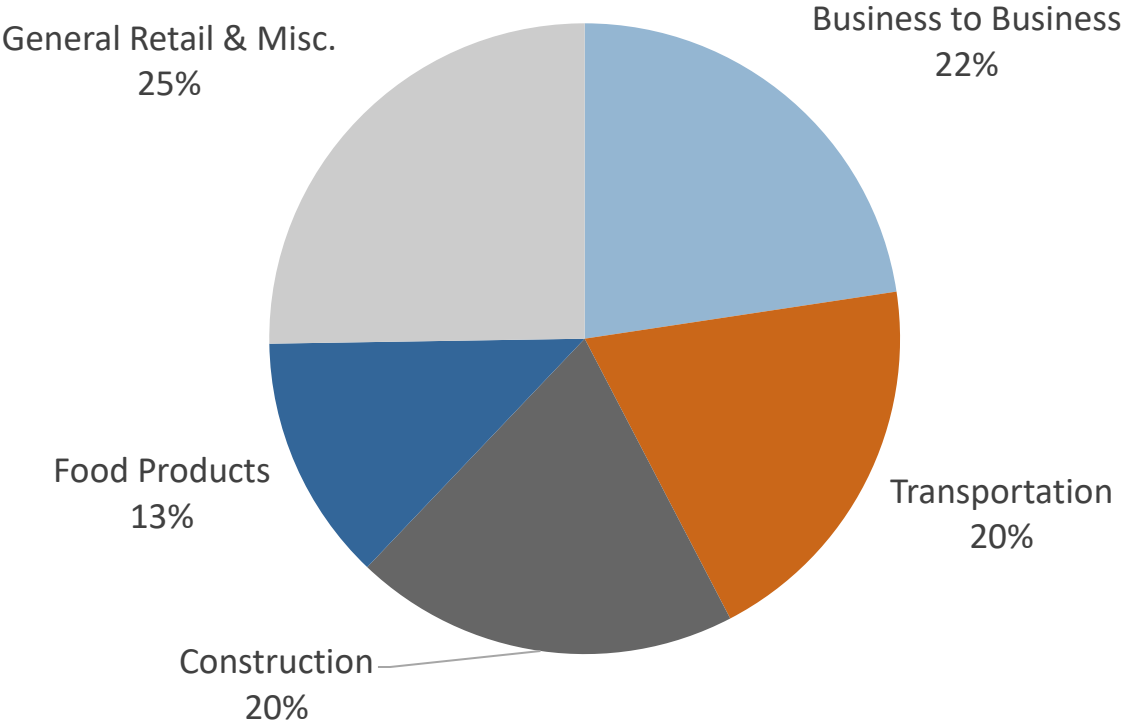
Workforce training and connections to resources are required to enable resident access to high quality job opportunities



Sources: ACS 5-Year, 2021; CA EDD, 2023; Strategic Economics, 2023.
Note: Occupation sectors in red represent opportunities for connecting workforce training to local residents

Sales tax revenues reflect the importance of both retail and industrial uses for San Leandro’s economic health and tax base

Sales Taxes Collected in San Leandro, FY22-23

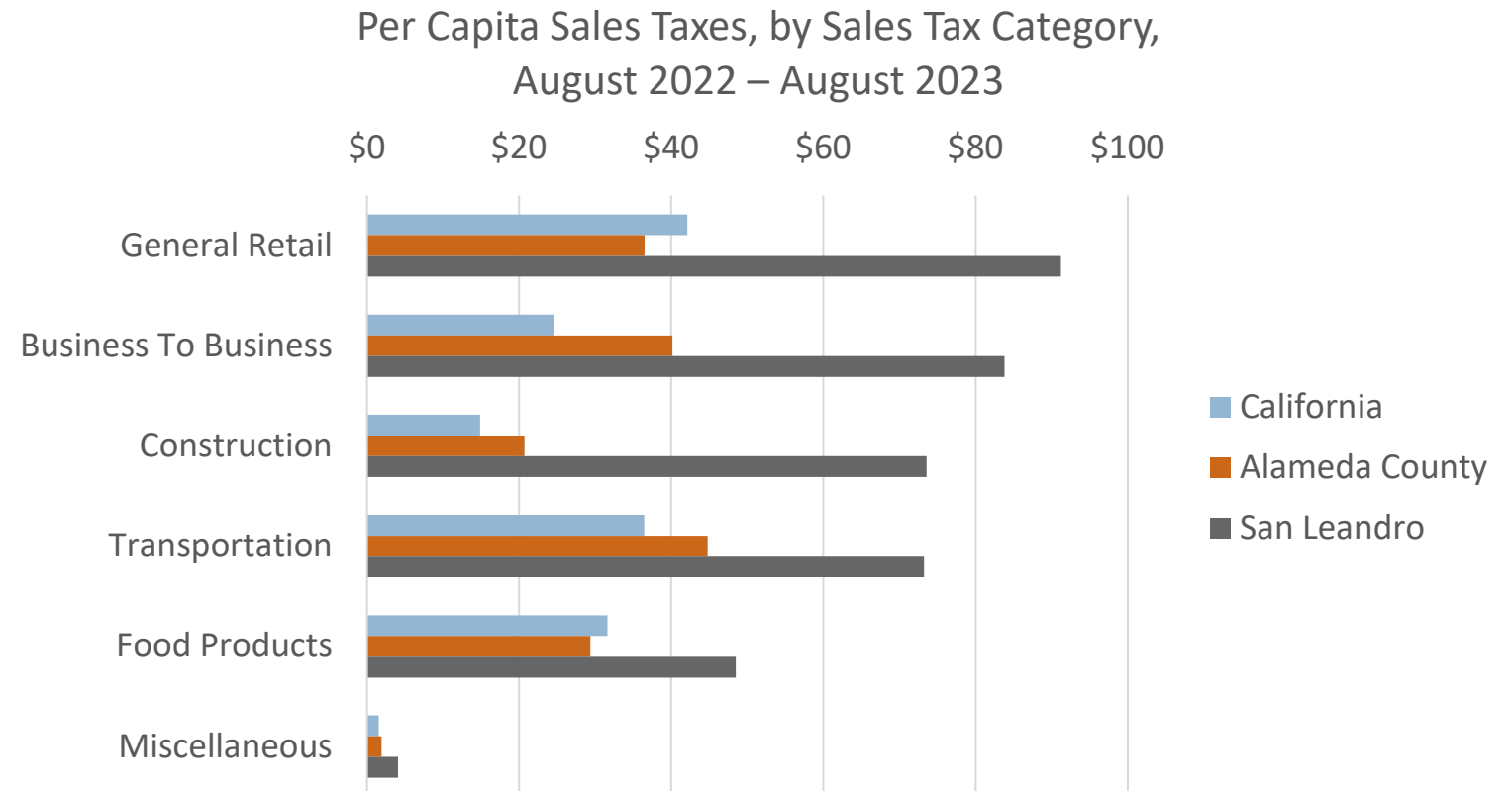


Source: Avenu Insights, 2023; Strategic Economics, 2023 Note: Includes the last two quarters of 2022 and the first two quarters of 2023.

San Leandro collects more than twice the total sales tax per capita compared to Alameda County

Compared to Alameda County, San Leandro's sales tax revenue per capita is especially high in the categories of:

- Construction
- General Retail
- Business to Business

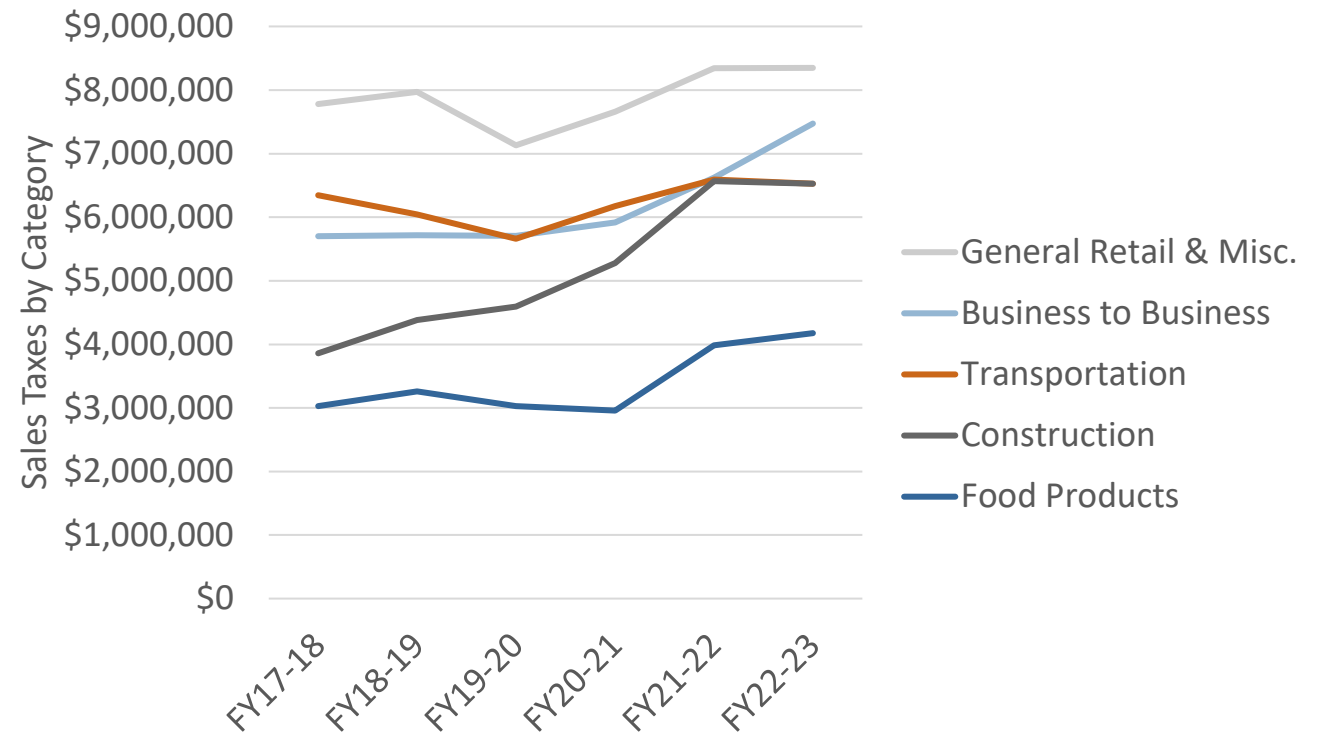


Source: Avenu Insights, 2024; Strategic Economics, 2024.

Business to Business and Construction are growing in sales, while retail remains strong

- Largest growth sub-segments:
 - Building materials
 - Electronic equipment
 - Heavy Industry
 - Auto Sales
- Largest declining sub-segments:
 - Apparel
 - Light Industry
 - Auto Parts

Annual Sales Tax Collections in San Leandro, 2018-2023

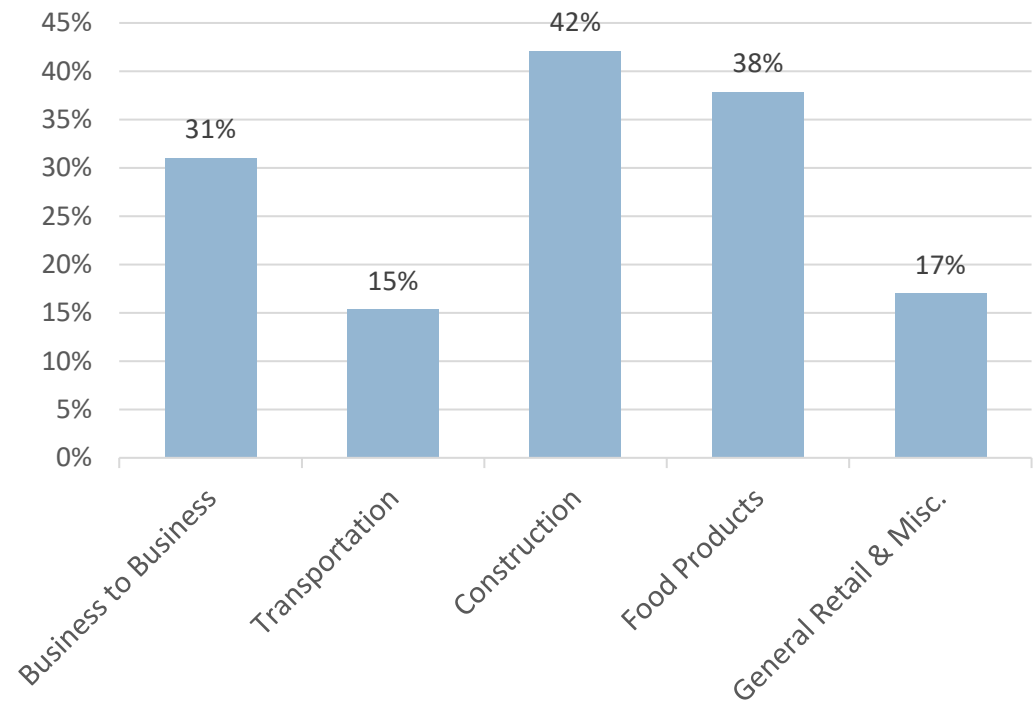


Source: Avenu Insights, 2023; Strategic Economics, 2023

Broader retail market transformations favor food, services, daily needs, and unique or boutique stores

- San Leandro's grocery and restaurant sales are growing at a faster pace than general retail
- Reflects broader retail trends favoring:
 - Daily needs
 - Services
 - Dining and entertainment
 - Unique/boutique stores

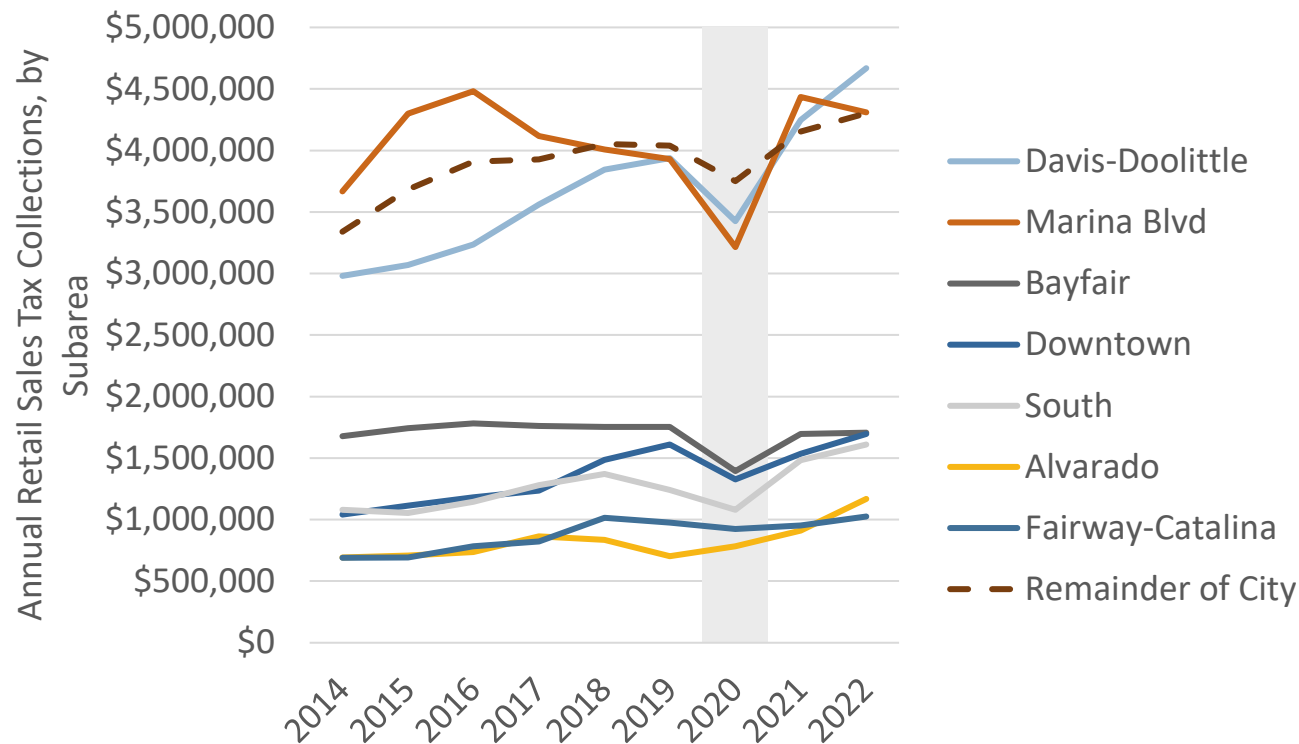
Sales Tax Growth in San Leandro by Category, FY19-20 to FY22-23



Retail sales in the Alvarado and Davis-Doolittle areas grew at the fastest pace since 2019

2019 to 2022 Retail Sales Growth

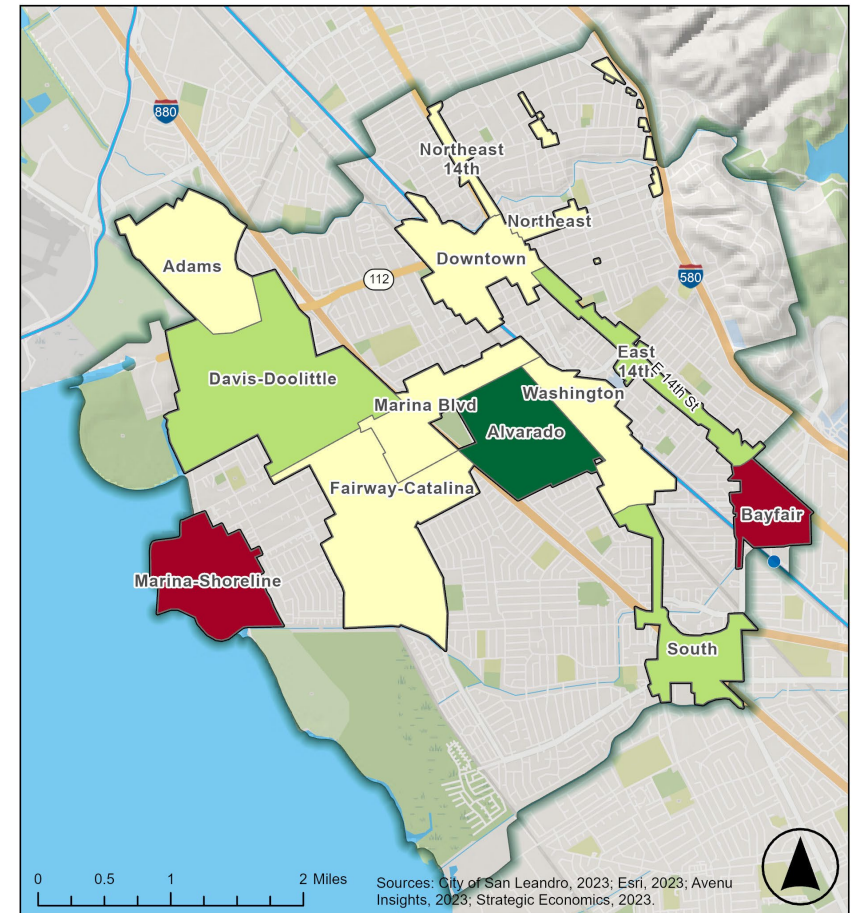
Pre-COVID vs. Post-COVID Retail Sales Growth by Subarea



Source: Avenu Insights, 2023; Strategic Economics, 2023

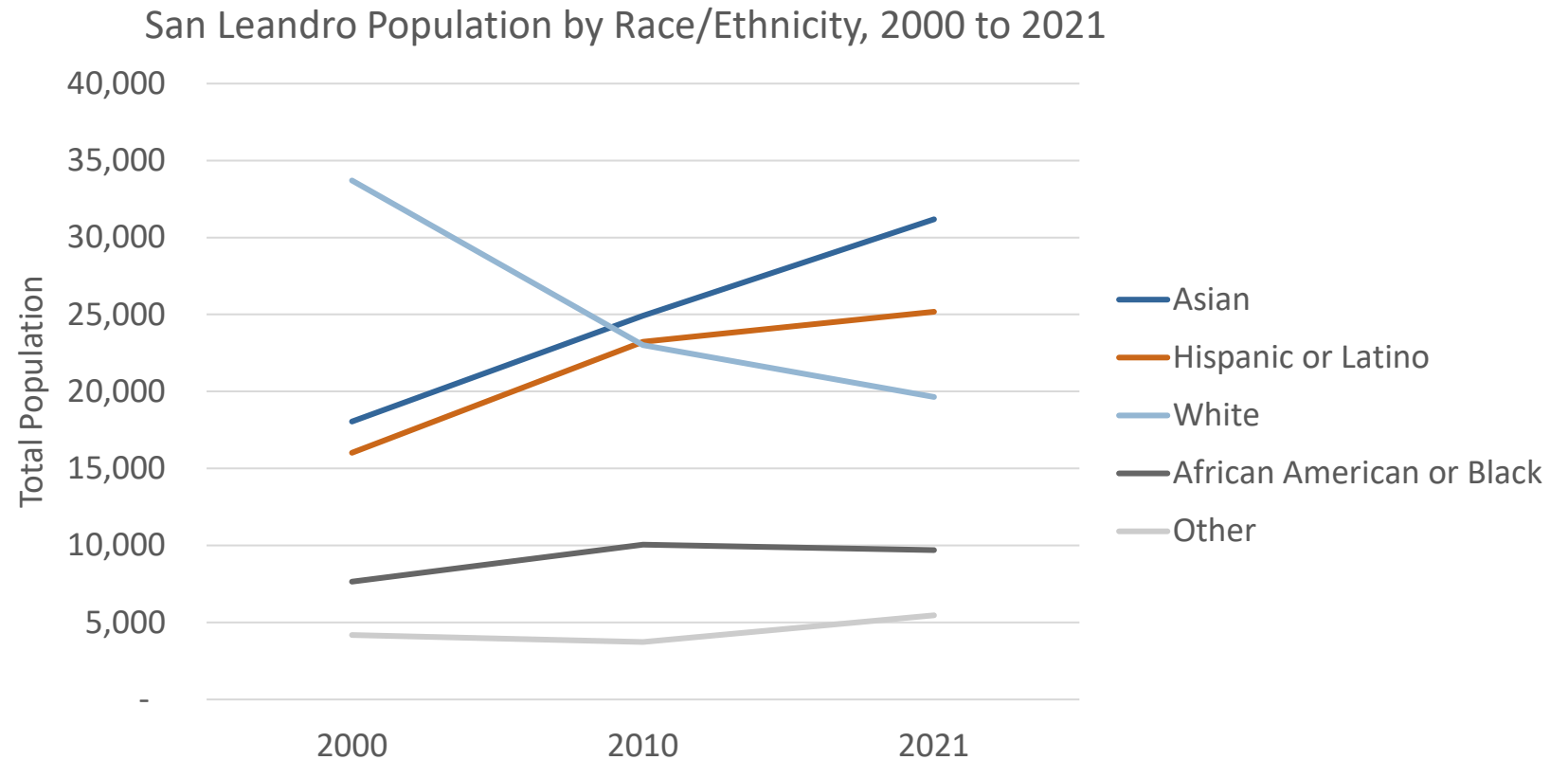
Note: Grey bar indicates COVID-19 Pandemic

Includes all industries except Business to Business; Building Materials - Wholesale; Government/Non-profit; and Vehicle Parts Manufacturing.



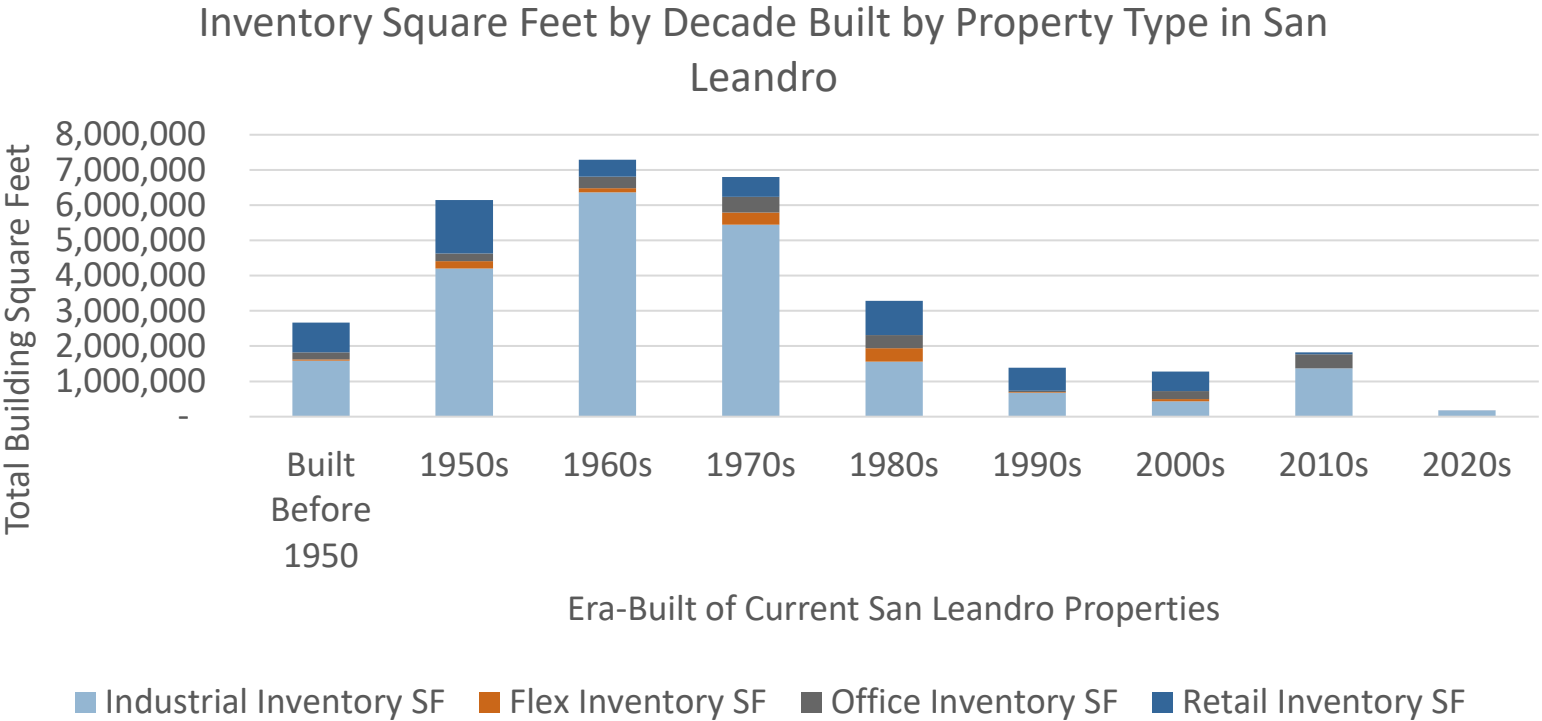
The diversity of San Leandro's residents supports retail opportunities

- San Leandro's largest Asian or Latino ethnic groups:
 - Mexican
 - Chinese
 - Filipino
- Businesses serving these communities are poised for growth
 - E.g., Marina Faire has added several Asian-oriented businesses as part of their recent remodel



Sources: U.S. Decennial Census, 2021 5 Year Estimates; Strategic Economics, 2023.

Strong demand for industrial space is driving development and reinvestment interest, but much of the existing building stock is dated



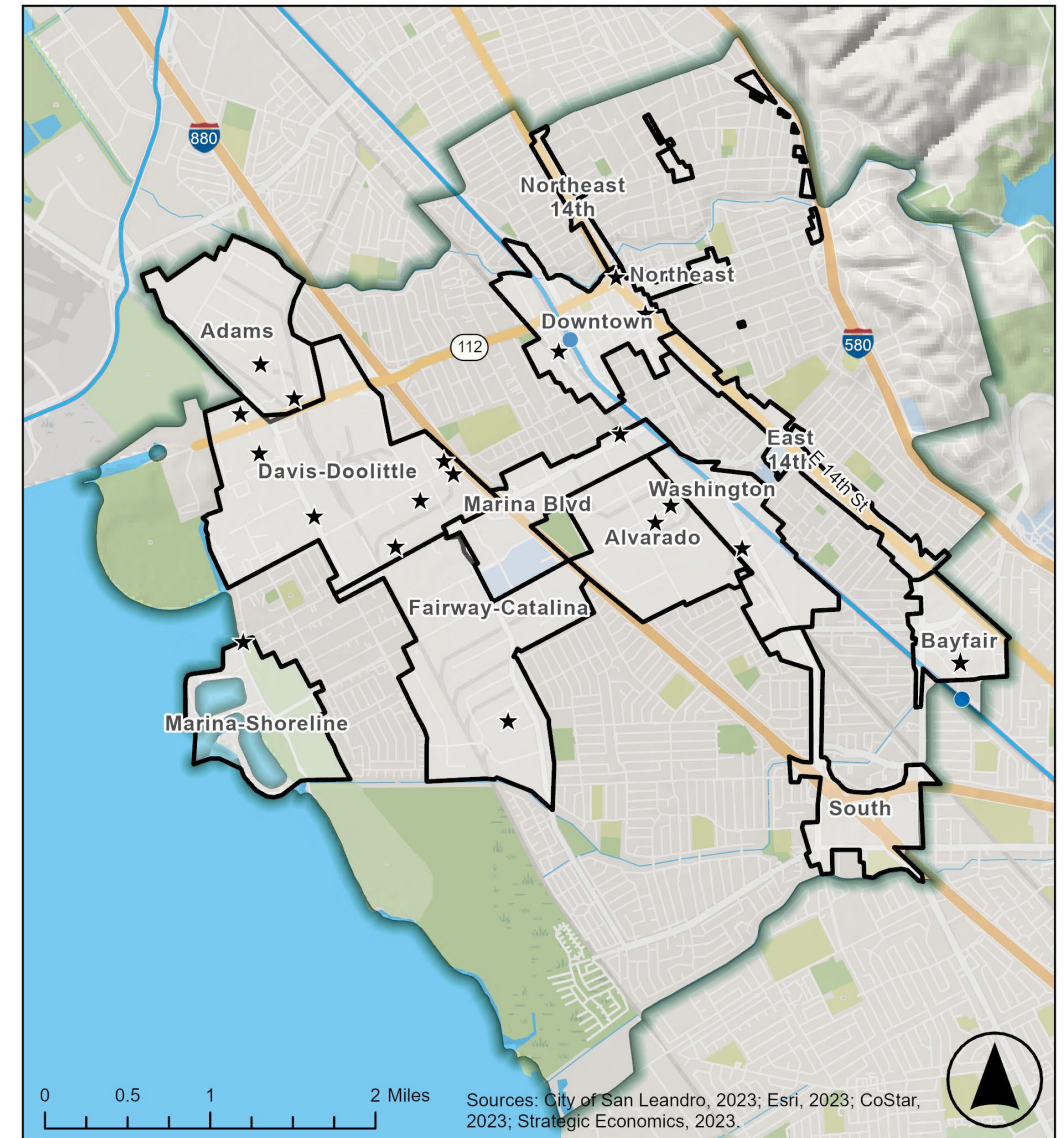
- Modern industrial users need buildings with 32'- 40' clear heights (depending on use) and ample power capacity (4,000 amps)
- Industrial buildings are attractive to a variety of users because of their flexibility

Sources: CoStar, 2023; Strategic Economics, 2023.

Future development opportunity sites are likely to be larger and underutilized

- Analysis includes identification of opportunity site characteristics and locations
- Industrial development activity primarily occurs at sites:
 - With prior uses that were older, vacant, and underutilized (with relatively low floor area ratios)
 - That are relatively large (1.5+ acres minimum)
- High-profile projects are converting retail/restaurants to other uses: Bayfair Center & Shoreline

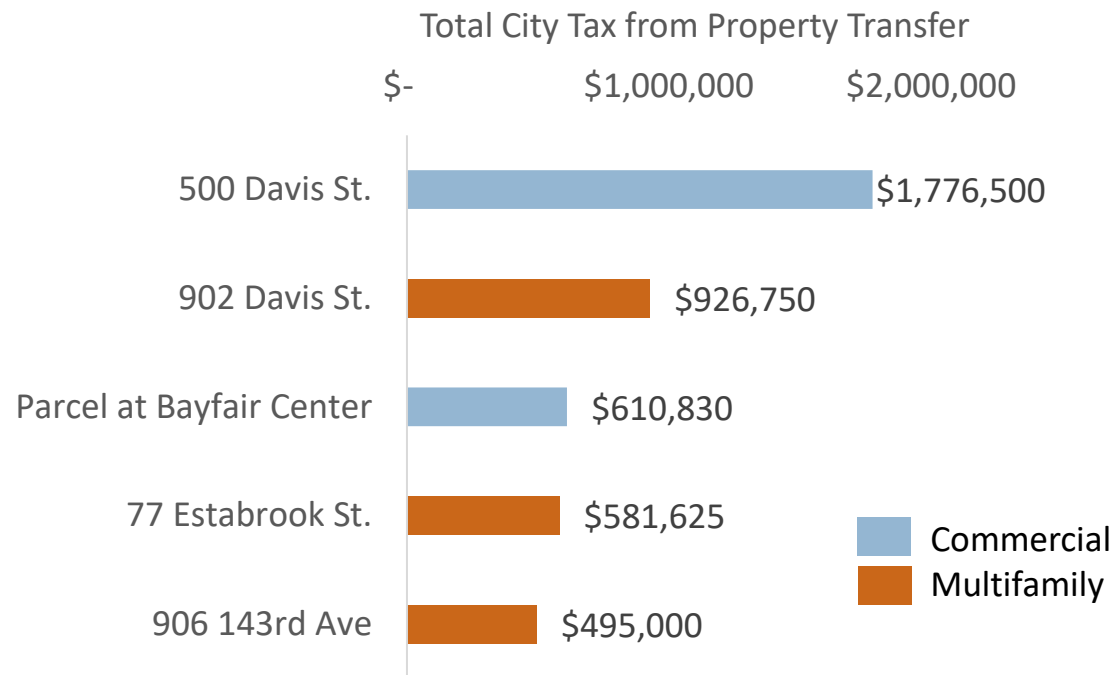
San Leandro Subareas with Development Activity



Note: Stars represent recently completed or in-progress development projects.

New development increases City revenue through both property purchases and increased property tax values

Top 5 Property Transfer Tax Revenues from Property Sales Transactions, 2019-2023




Examples of Annual Property Tax Increases:

- Torani Development – 2000 Marina Blvd:
 - \$197k increase in annual property tax revenue
- Mazda – 620 Marina Blvd:
 - \$67k increase in annual property tax revenue

Sources: City of San Leandro, 2023; Alameda County, 2024; Strategic Economics, 2023.
Note: City taxes from property transfers total \$4.3 million.


Our research and conclusions have also been informed by extensive community engagement

- Community Workshop
- Five Focus Groups
 - Small Businesses
 - Industrial
 - Youth & Entrepreneurship
 - Large Retail
 - Tech/Emerging Industries
- Five Interviews (In Progress)

 Station #1: General Community Priorities

Instructions: Indicate your level of agreement with each statement by placing a dot in the appropriate box.

How well does San Leandro meet your needs?	Level of Agreement					
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	I Don't Know
San Leandro offers many great eating, drinking, and entertainment places.	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	
San Leandro offers high-quality public spaces, such as parks, plazas, and walkable shopping streets.	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●
San Leandro offers high-quality job opportunities in my occupation/profession.	●●●●●	●●●●●	●●●●●	●●●●●		●●●●●
I have access to great education and/or job training opportunities in or near San Leandro.	●●●●●	●●●●●	●●●●●	●●●●●		●●●●●
San Leandro is a great environment for small businesses.	●●●●●	●●●●●	●●●●●	●●●●●		●●●●●
San Leandro offers adequate support and services for entrepreneurs and small business owners to start up or expand.	●●●●●	●●●●●	●●●●●	●●●●●		●●●●●
San Leandro is a safe place to live and work.	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Housing in San Leandro is affordable to people and families with a range of different incomes.	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	
Existing transportation options in San Leandro make it easy for me to get to work.	●●●●●		●●●●●	●●●●●	●●●●●	●●●●●

 Economic Development Strategy Community Workshop – Nov. 18, 2023

Stakeholders identified several themes for strengths and weaknesses

Strengths

- Location
 - 880, BART, 580, Port of Oakland, San Mateo Bridge, airports, education institutions, manufacturing centers
- Industrial land supply and flexible building stock
- Business-friendly staff, reputation
- Food manufacturing, advanced mfg. strengths
- Affordable small business, small warehouse spaces
- Access to skilled workforce

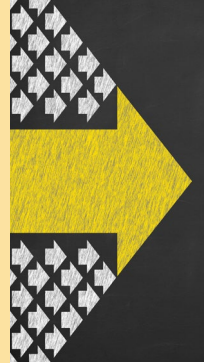
Weaknesses

- Homelessness
- Public safety
- Power accessibility for industrial businesses
- Processing time for permits, new developments
- Retail may be unattractive to current residents
- Pedestrian safety

Immediate next steps: “SWOT” summary and strategies development

Conclusion Examples

- Large/concentrated industries positioned for growth
- Emerging industries
- Workforce development opportunities in growing occupations
- Community priorities and quality of life
- Real estate development conditions/trends and opportunity sites
- Infrastructure to support businesses
- Small business needs
- Broader and local retail trends
- City process challenges



Example Strategy Topics

- Targeted industry sector support and engagement
- Workforce development partnerships
- Subarea-tailored policies, programs, and actions
- Zoning and land use
- Public safety programs
- Infrastructure investments and funding mechanisms
- Small business grant/loan programs and technical assistance partnerships

Questions

- Do you have any questions about the findings presented today?
- Did any of the findings surprise you?
- What should be explored further?