Pleasanton Economic Development Strategic Plan

Background Report

August 2013

prepared for:
City of Pleasanton, California

STRATEGIC ECONOMICS

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I. INTRODUCTION

This report presents the background economic data and analysis that will inform the update to the City of Pleasanton's Economic Development Strategic Plan. The report describes demographic, employment, and real estate market conditions in the city of Pleasanton to outline its economic position. The findings synthesize a series of analyses conducted by Strategic Economics between April and July 2013, with guidance from city staff and the city's Economic Vitality Committee. In the next phase of the project, Strategic Economics will work closely with city staff and the Economic Vitality Committee to develop goals, strategies, and policies for an Economic Development Strategic Plan to guide future economic development efforts in Pleasanton.

This report is divided into four major sections:

- Demographic, household, and commute findings.
- Economic base findings, including growth industries and insights into Pleasanton's ability to attract, retain, and grow businesses.
- Real estate market findings.
- Subarea findings, including fiscal contributions, employment composition, and overall performance.

Each section ends with conclusions that summarize key findings.

A wide variety of data sources are used in the analyses, all of which were supplemented by interviews with locally-knowledgeable stakeholders. The Appendix lists data sources.

II. DEMOGRAPHIC, HOUSEHOLD, AND COMMUTE PATTERNS

This chapter analyzes demographic, household, and commute patterns in Pleasanton, in comparison to the broader regional contexts of the Tri-Valley, the East Bay, and the San Francisco Bay Area region. The "Tri-Valley" region consists of the cities or census-designated communities of Livermore, Pleasanton, San Ramon, Danville, Dublin, Blackhawk, Camino Tassajara, and Diablo. The "East Bay" region consists of Alameda and Contra Costa Counties, and the "Bay Area" consists of the nine-county San Francisco Bay Area region.

DEMOGRAPHIC AND HOUSEHOLD CHARACTERISTICS

Pleasanton has experienced rapid population growth compared to the region, though slower growth than the Tri-Valley. As shown in Figure 1, Pleasanton's population growth rate of 10.4 percent between 2000 and 2010 was significantly higher than the East Bay and Bay Area, but slower than the Tri-Valley sub-region's overall growth of 22.6 percent.

Pleasanton strongly remains a family-focused community generally known for its quality schools and general quality of life. Pleasanton's average household size (Figure 1) and share of family households (Figure 2) are significantly higher than the Bay Area overall; household size is comparable to the Tri-Valley, but Pleasanton features more family households. Pleasanton's historic strength as a child-friendly community is demonstrated by a relatively high presence of children under 18 (as shown in Figure 2) and high share of the population in the 35 to 54 range of prime working years (Figure 3). The strong presence of larger households and households with children matches Pleasanton's reputation as a city with a high quality-of-life and high-performing school district.

Complementing Pleasanton's family focus, the city also features a diverse array of household sizes and types. Nearly half of all Pleasanton households consist of only one or two people, and the share of renter households is increasing (Figure 5). Although the share of small households is significantly lower in Pleasanton than the Bay Area, there remains a need to accommodate Pleasanton's diverse household types including families with children, singles, married couples, and seniors. Notably, nearly one-third of Pleasanton's households reside in rental units rather than ownership housing (Figure 5), while only 24 percent of Pleasanton's housing stock consists of multi-family housing. National trends lend further support for the need to maintain diverse housing types; the Urban Land Institute's March 2013 study, "Americans' Views on their Communities, Housing, and Transportation" found that 38 percent of "Generation Y" – also known as "Millennials" and defined as the 30 percent of the United States population currently 18 to 34 years old – anticipate residing within apartments or other compact multi-family housing units when moving.[1] The same study and others have found increased interest in walkable, transit-served communities in this generation. Meeting these workers' preferences is increasingly important for Pleasanton since high-skill, high-technology industry sectors depend on the ability to attract new talent.

[1] Belden Russonello Strategists, "Americans' Views on their Communities, Housing, and Transportation: Analysis of a National Survey of 1,202 Adults," Urban Land Institute, March 2013. Available at http://www.uli.org/wp-content/uploads/ULI-Documents/America-in-2013-Final-Report.pdf

Pleasanton is a relatively affluent and well-educated community. 59 percent of households earn over $100,000 annually, as shown in Figure 7. This is comparable to the Tri-Valley and significantly higher than the 39 percent of households in the Bay Area. Pleasanton also has a much lower share of low-income households than the greater Bay Area. A higher share of Pleasanton residents hold bachelor's degrees or advanced degrees than in the Tri-Valley, East Bay, or Bay Area overall (Figure 8). The same holds true for younger residents aged 25 to 34 years; these residents are about as likely to hold a college degree or above as the overall population above age 25 (Figure 9).

Figure 1: Population and Households

	Population		% Change	Households		% Change	Avg Household Size	
	2000	2010	2000-2010	2000	2010	2000-2010	2000	2010
Pleasanton	63,654	70,285	10.4%	23,226	24,333	4.8%	2.72	2.77
Tri-Valley	264,445	324,185	22.6%	94,186	114,385	21.4%	2.74	2.77
East Bay	2,392,557	2,559,296	7.0%	867,495	905,293	4.4%	2.71	2.73
Bay Area	6783760	7,150,739	5.4%	2,466,019	2,576,408	4.5%	2.71	2.70

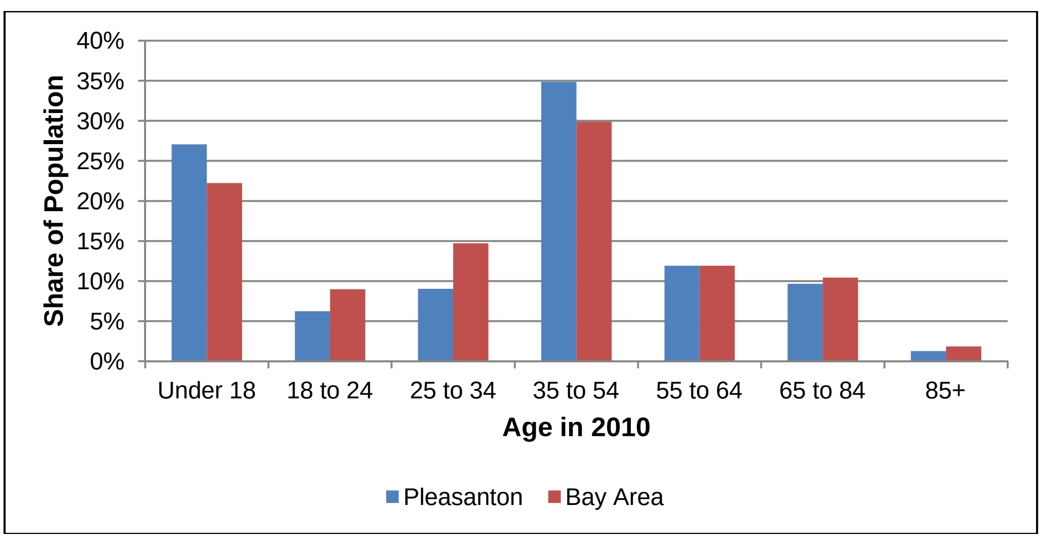
Source: U.S. Census, 2000 and 2010; Strategic Economics, 2013.

Figure 2: Share of Households Occupied by Families or Families with Children

	% Family Households		% of Households with Families with Children	
	2000	2010	2000	2010
Pleasanton	75%	80%	42%	44%
Tri-Valley	75%	75%	42%	42%
East Bay	67%	68%	37%	36%
Bay Area	65%	65%	34%	34%

Source: U.S. Census, 2000 and 2010; Strategic Economics, 2013.

Figure 3: Population by Age, 2010



Source: U.S. Census, 2010; Strategic Economics, 2013.

Figure 4: Households by Size by Location, 2010

Household Size	Pleasanton	Tri-Valley	East Bay	Bay Area
1-person household	19%	19%	25%	26%
2-person household	30%	31%	30%	31%
3-person household	19%	19%	17%	16%
4-person household	21%	20%	15%	14%
5-person household	7%	7%	7%	7%
6-person household	2%	2%	3%	3%
7-or-more-person household	1%	1%	3%	3%
Average Household Size	2.77	2.77	2.73	2.70

Source: U.S. Census, 2010; Strategic Economics, 2013.

Figure 5: Share of Households by Tenure

	Owner-Occupied		Renter-Occupied	
	2000	2010	2000	2010
Pleasanton	73%	68%	27%	32%
Tri-Valley	75%	72%	25%	28%
East Bay	60%	59%	40%	41%
Bay Area	58%	56%	42%	44%

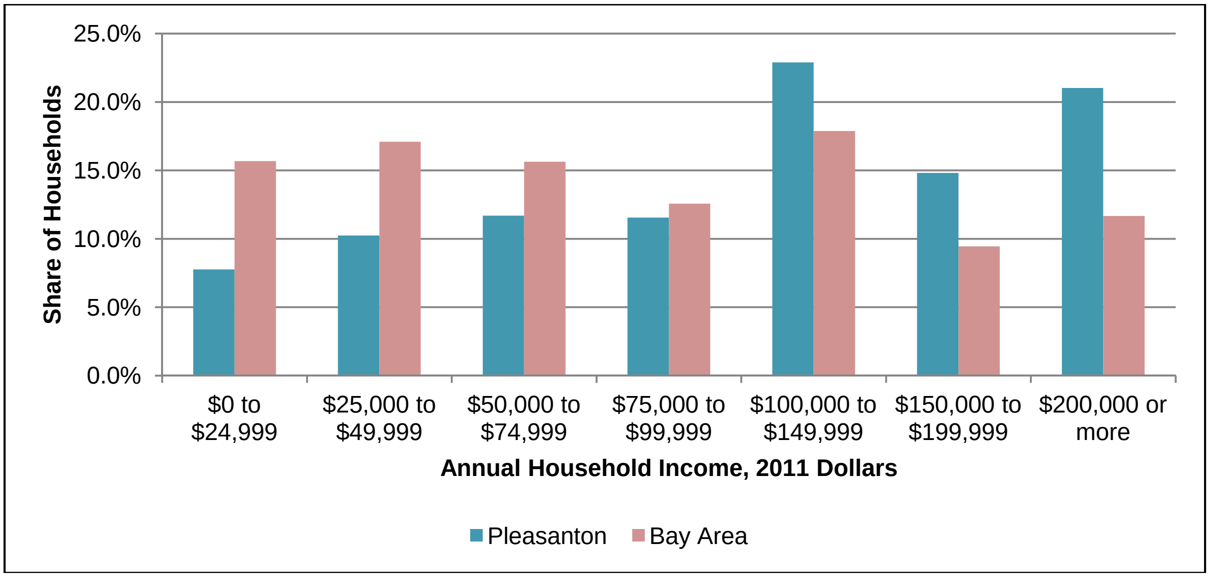
Source: U.S. Census, 2000 and 2010; Strategic Economics, 2013.

Figure 6: Share of Housing Units by Type, 2013

Location	Single-Family Detached	Single-Family Attached	Multi-Family	Mobile Homes
Pleasanton	64%	10%	24%	1%
Dublin	54%	12%	34%	0%
Livermore	71%	8%	19%	2%
Alameda County	53%	8%	38%	1%

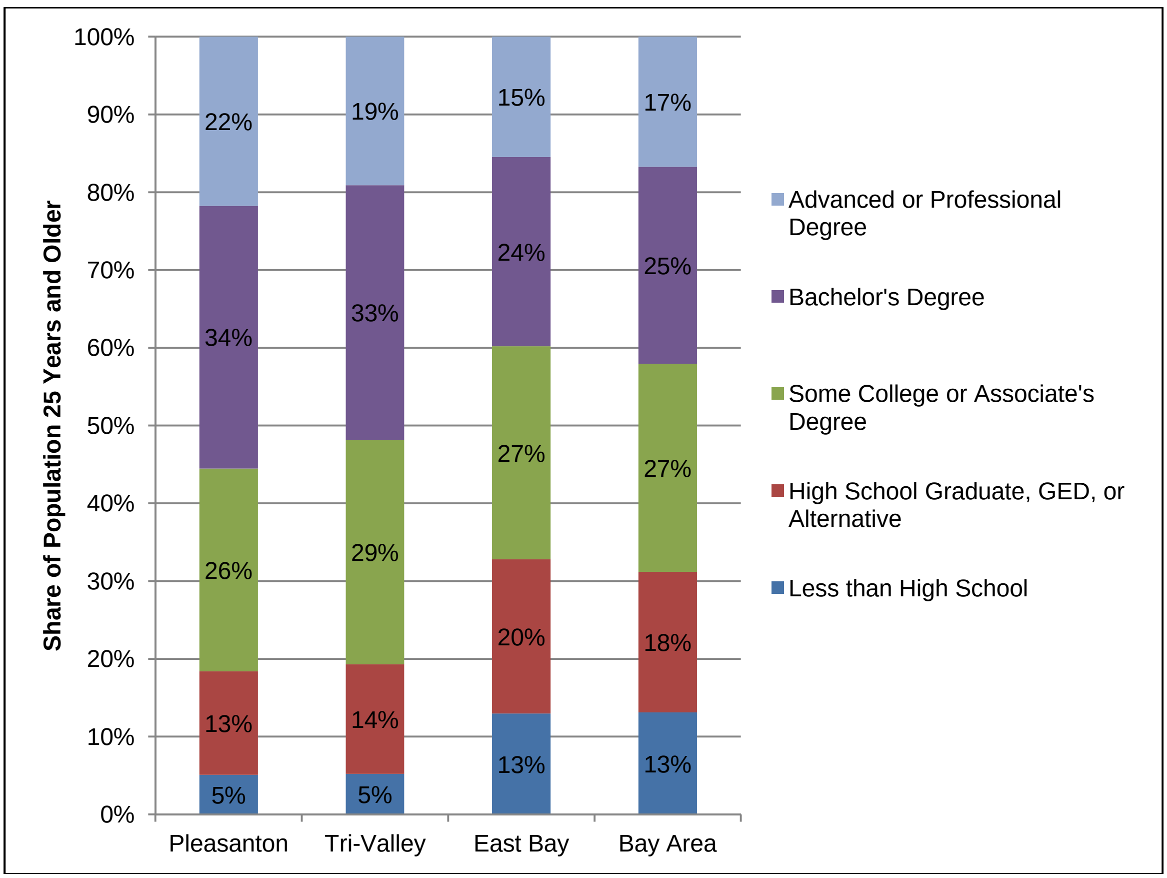
Source: California Department of Finance, 2013; Strategic Economics, 2013.

Figure 7: Annual Household Income Comparison, 2007-2011, in 2011 Dollars



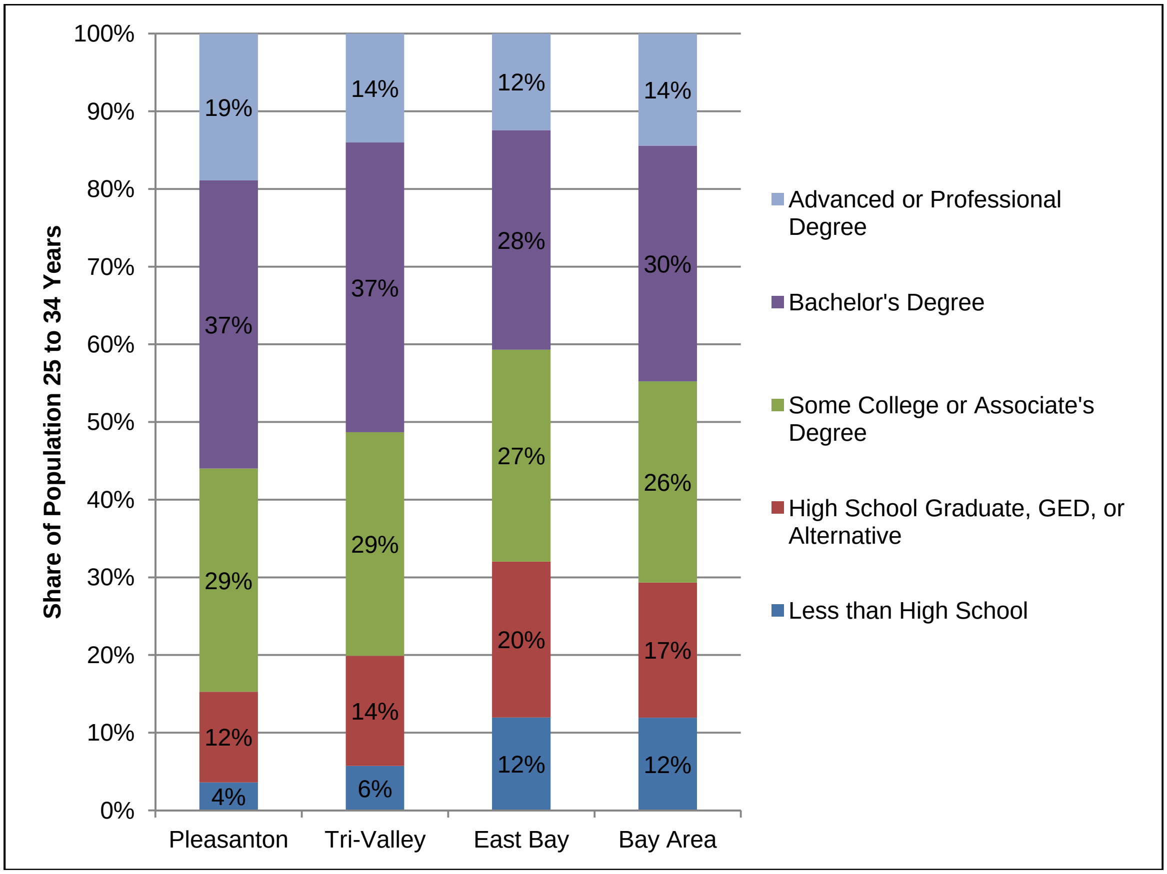
Source: U.S. Census ACS 2006-2011 5-year estimate; Strategic Economics, 2013.

Figure 8: Educational Attainment of Population Age 25 Years and Older, 2007-2011



Source: U.S. Census ACS 5-year estimate, 2007-2011; Strategic Economics, 2013.

Figure 9: Educational Attainment of the Population 25 to 34 Years Old, 2007-2011



Source: U.S. Census ACS 5-year estimate, 2007-2011; Strategic Economics, 2013.

COMMUTE PATTERNS

This section examines Pleasanton's ratio of jobs and employed residents compared to the region to determine how well the city is able to accommodate its workers locally. It also examines commute patterns among workers and residents to clarify the city's labor market area and implications for transportation and access to jobs.

Pleasanton is a jobs-rich community, offering more than two jobs for every employed resident – suggesting a lack of sufficient workforce housing. Pleasanton's ratio of jobs to employed residents is 2.05, compared to 1.80 in the Tri-Valley and 1.09 in the East Bay (Figure 10). This indicates that the city relies heavily on an in-commuting workforce. A 1996 article in the *Journal of the American Planning Association* noted that Pleasanton's jobs-housing imbalance began in the 1980s as the city's employment rapidly grew while residential growth was constrained.[2] This trend has been maintained. No universal "ideal" ratio exists due to variations in numbers of jobs held by workers, number of workers per household, differing mixes of jobs/workers/housing within adjacent communities, and variability between data sources. However, a high ratio of jobs to housing can often result in increased traffic congestion as workers commute into or out of the city rather than working locally. Furthermore, a shortage of housing can also make it challenging for employers to recruit and retain talented workers.

Most of Pleasanton's workers commute into the city. As shown in Figure 12, 11 percent of Pleasanton workers also reside in the city, and another 13 percent commute from other Tri-Valley cities. Figure 11 shows that just over half of all Pleasanton workers commute from within Alameda and Contra Costa Counties, with the remainder commuting from other Bay Area locations or the Central Valley. Pleasanton's status as an employment center focused on high-skill, high-technology industries, the city's excellent regional accessibility, and the city's high ratio of jobs to employed residents help to explain these high in-commute rates.

Pleasanton residents commute to job locations throughout the Bay Area. About 15 percent of Pleasanton's resident workforce is employed in the city (Figure 14). The majority of Pleasanton residents work in the East Bay counties of Alameda and Contra Costa (Figure 13). Pleasanton features a highly-skilled and educated population that competes for jobs throughout the region.

Nearly 25 percent of Pleasanton workers commute via alternatives to driving alone. As shown in Figure 15, a 2009 survey of nearly 2,000 Pleasanton workers – based on a self-selected sample of workers at twelve of the largest employers in Pleasanton – found that 77 percent commuted via single-occupant automobile, while 18 percent carpooled, took transit, or walked to work. Using the survey as an initial indicator, for additional comparison U.S. Census 2007-2011 estimates show that 72 percent of Bay Area workers commute via single-occupant automobile (if people working from home are excluded). Survey respondents provided average commute times of half an hour, which is similar to the region-wide average of 27 minutes.

BART and ACE provide valuable transit options for commuters to Pleasanton. Pleasanton's easy access to the West Dublin / Pleasanton and Dublin / Pleasanton BART stations provide a valuable regional commute alternative to driving for workers in Pleasanton. As of May 2013 these stations served a combined 10,500 travelers daily.[3] A 2008 BART Station Profile Study found that over 20 percent of

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[2] Cervero, Robert, "Jobs-Housing Balance Revisited: Trends and Impacts in the San Francisco Bay Area," *Journal of the American Planning Association,* vol. 62, issue 4, p. 492, 1996.

[3] BART, "BART Monthly Ridership Reports," May 2013, retrieved from http://www.bart.gov/about/reports/ridership.aspx.

riders entering the Dublin / Pleasanton station were traveling from their workplaces, and less than ten percent of riders coming from non-home locations drove alone to the station (see Figure 16).[4] BART and ACE increase total commute capacity into Pleasanton while providing workers an opportunity to avoid the stress of freeway congestion. Many local stakeholders interviewed for this report noted that BART access is a significant attractor for businesses to the Hacienda and Stoneridge areas, as demonstrated by commuter origins to the Dublin / Pleasanton Station in Figure 17 (based on surveys conducted prior to the opening of the West Dublin / Pleasanton Station).

Local businesses desire improved local transit options. A business survey commissioned by the City of Pleasanton and completed by JD Franz Research in 2012 found that the top 'missing element' in Pleasanton's business environment is "More Transportation Options/More Public Transportation Options," selected by 14.3 percent of respondents.[5] This need may refer to a weakness in allowing Pleasanton's workers to make their 'last mile' connection from BART to their jobs – although private company shuttles fulfill some of this need – or for local residents to access local jobs.

Figure 10: Ratios of Jobs to Employed Residents and Housing Units

	Pleasanton	Tri-Valley	East Bay
Jobs	67,145	202,629	1,293,963
Employed Residents	32,731	112,572	1,191,323
Housing Units	24,486	113,149	974,320
Ratio of Jobs to Employed Residents	2.1	1.8	1.1
Ratio of Jobs to Housing Units	2.7	1.8	1.3

Source: National Establishment Time-Series Database, 2009; U.S. Census ACS 2005-2009 and 2006-2010 estimates; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 11: Top Counties in which Pleasanton Workers Live, 2011

Worker County of Residence	Share of Pleasanton Workers	Worker County of Residence	Share of Pleasanton Workers
Alameda	39.0%	Placer	1.0%
Contra Costa	16.0%	Marin	0.8%
Santa Clara	9.9%	Fresno	0.8%
San Joaquin	6.5%	Santa Cruz	0.8%
San Mateo	3.7%	Monterey	0.8%
Sacramento	3.4%	Orange	0.7%
San Francisco	2.9%	El Dorado	0.6%
Stanislaus	2.4%	Merced	0.6%
Los Angeles	1.9%	San Diego	0.4%
Solano	1.7%	Other	11.3%
Sonoma	1.3%		

Source: U.S. Census Longitudinal Employer-Household Dynamics, 2011; Strategic Economics, 2013.

[4] Corey, Canapary & Galanis, "2008 BART Station Profile Study," BART, 2008, http://www.bart.gov/about/reports/profile.aspx.

[5] JD Franz Research, Inc., "City of Pleasanton: Surveys of Business Executives," City of Pleasanton, November 2012.

Figure 12: Top Cities/Communities in which Pleasanton Workers Live, 2011

Worker Place of Residence	Share of Pleasanton Workers	Worker Place of Residence	Share of Pleasanton Workers
Pleasanton	10.2%	Newark	0.8%
Livermore	6.5%	San Mateo	0.8%
San Jose	5.0%	Milpitas	0.6%
Fremont	4.5%	San Lorenzo	0.6%
San Ramon	3.5%	Vallejo	0.5%
Dublin	3.4%	Oakley	0.5%
San Francisco	2.9%	Mountain View	0.5%
Oakland	2.8%	Blackhawk	0.5%
Hayward	2.7%	Daly City	0.4%
Tracy	2.5%	Santa Rosa	0.4%
Castro Valley	1.9%	Pittsburg	0.4%
Concord	1.7%	Discovery Bay	0.4%
San Leandro	1.6%	Fresno	0.4%
Danville	1.5%	Redwood City	0.4%
Union City	1.3%	Fairfield	0.4%
Antioch	1.2%	Elk Grove	0.4%
Stockton	1.2%	Palo Alto	0.4%
Walnut Creek	1.1%	Pleasant Hill	0.4%
Brentwood	1.1%	Mountain House	0.3%
Sacramento	1.0%	Berkeley	0.3%
Los Angeles	1.0%	Richmond	0.3%
Manteca	1.0%	Foster City	0.3%
Modesto	0.9%	Lathrop	0.3%
Alameda	0.9%	Ashland	0.3%
Sunnyvale	0.8%	All Other Locations	26.4%
Santa Clara	0.8%		

Source: U.S. Census Longitudinal Employer-Household Dynamics, 2011; Strategic Economics, 2013.

Figure 13: Top Counties in which Pleasanton Residents Work, 2011

Resident County of Work	Share of Pleasanton Residents Who Work	Resident County of Work	Share of Pleasanton Residents Who Work
Alameda	48.3%	Stanislaus	0.2%
Santa Clara	21.6%	Monterey	0.1%
Contra Costa	12.4%	San Diego	0.1%
San Francisco	6.1%	Sonoma	0.1%
San Mateo	6.0%	Santa Cruz	0.1%
San Joaquin	1.6%	Fresno	0.1%
Solano	0.6%	San Bernardino	0.1%
Marin	0.6%	Placer	0.1%
Sacramento	0.4%	Yolo	0.1%
Los Angeles	0.4%	Other	1.8%
Orange	0.2%		

Source: U.S. Census Longitudinal Employer-Household Dynamics, 2011; Strategic Economics, 2013.

Figure 14: Top Cities/Communities in which Pleasanton Residents Work, 2011

Resident Place of Work	Share of Pleasanton Residents Who Work	Resident Place of Work	Share of Pleasanton Residents Who Work
Pleasanton	17.6%	Foster City	0.6%
San Jose	8.7%	Stockton	0.6%
San Francisco	6.1%	Burlingame	0.6%
Fremont	5.8%	Pleasant Hill	0.5%
Oakland	5.0%	South San Francisco	0.5%
San Ramon	4.1%	Cupertino	0.5%
Livermore	4.0%	Antioch	0.4%
Hayward	3.4%	Tracy	0.4%
Sunnyvale	3.2%	Emeryville	0.3%
Dublin	3.2%	Lafayette	0.3%
Santa Clara	3.0%	Richmond	0.3%
Walnut Creek	2.4%	Martinez	0.3%
Palo Alto	2.2%	Vallejo	0.3%
San Leandro	1.9%	San Rafael	0.3%
Milpitas	1.6%	San Carlos	0.2%
Mountain View	1.4%	Sacramento	0.2%
Redwood City	1.4%	Campbell	0.2%
Concord	1.2%	Contra Costa Centre	0.2%
Danville	1.0%	Sunol	0.2%
Castro Valley	1.0%	Brentwood	0.2%
Alameda	0.9%	San Lorenzo	0.2%
Union City	0.9%	Daly City	0.2%
Menlo Park	0.8%	Pittsburg	0.2%
Newark	0.8%	Los Altos	0.2%
San Mateo	0.8%	All Other Locations	9.0%
Berkeley	0.7%		

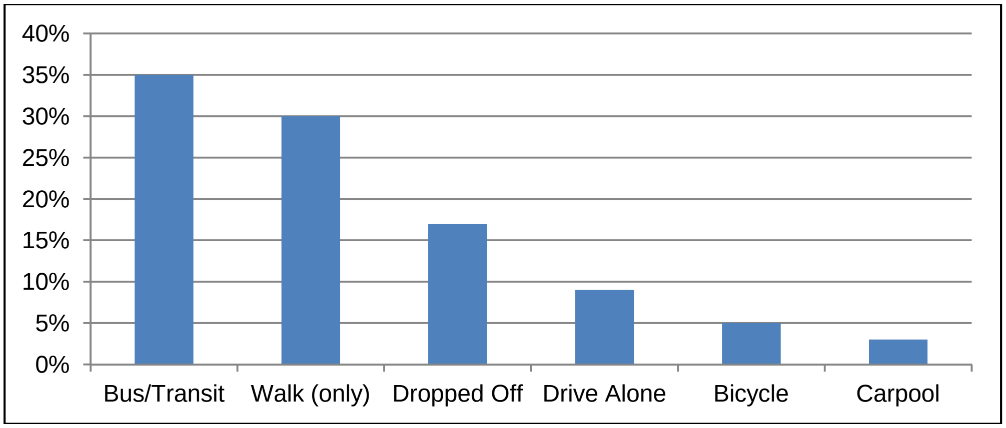
Source: U.S. Census Longitudinal Employer-Household Dynamics, 2011; Strategic Economics, 2013.

Figure 15: Means of Transportation to Work, for Pleasanton Residents and Workers, 2009

Mode	Residents	Workers
Drive Alone	83%	77%
Carpool/Vanpool	5%	7%
BART	7%	5%
Telecommute	1%	3%
Bicycle	1%	2%
WHEELS	0%	2%
ACE	2%	1%
Walk	1%	1%
Motorcycle	1%	1%
Other	0%	1%

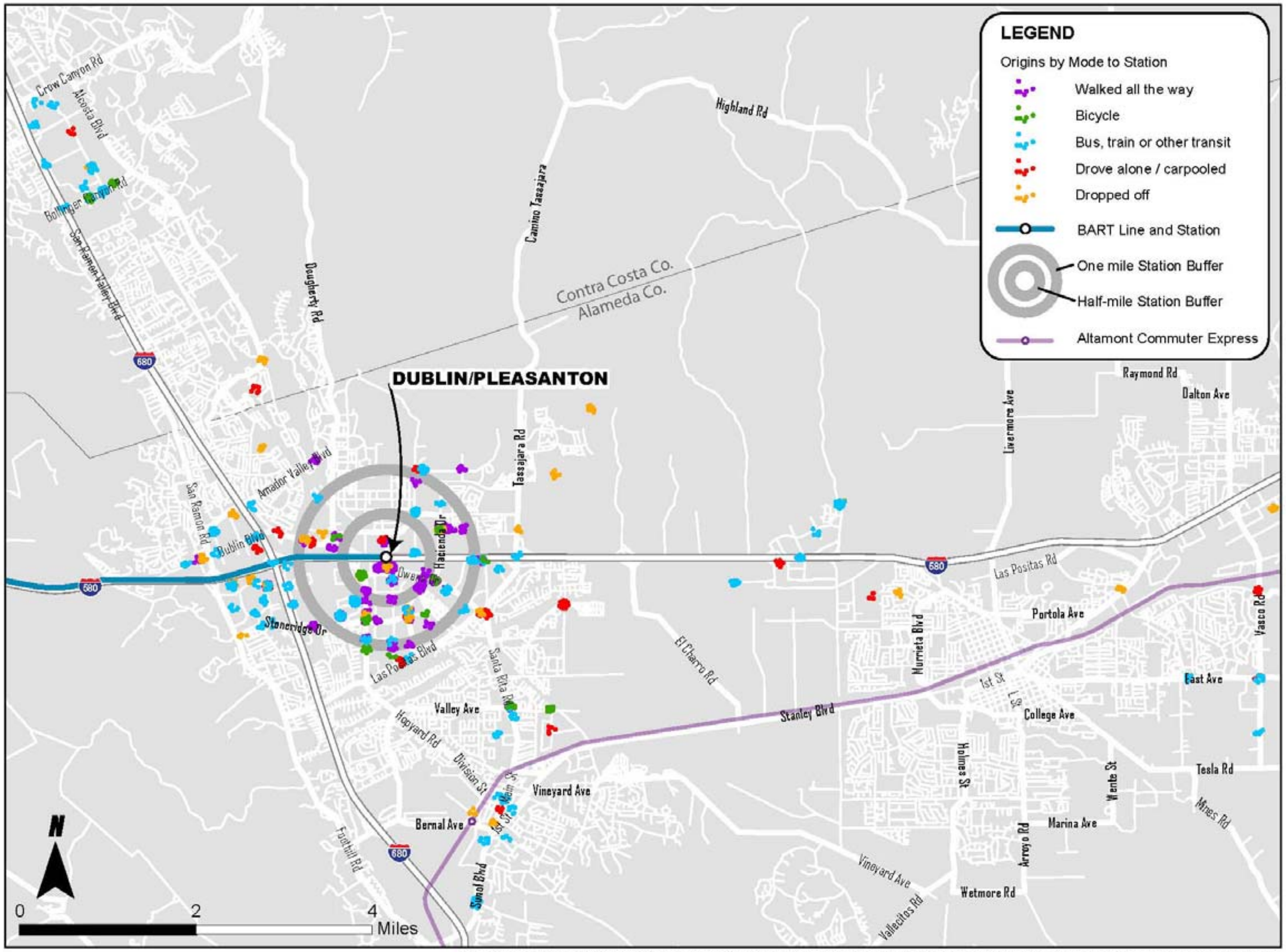
Note: Residential survey results are considered statistically valid. In contrast, the worker results are based on a survey of nearly 2,000 employees at twelve of the largest employers in Pleasanton, but may not accurately reflect all workers in Pleasanton.
Source: Valerie Brock Consulting and City of Pleasanton, 2006 and 2010; Strategic Economics, 2013.

Figure 16: Travel Mode to Dublin / Pleasanton Station (from Non-Home Locations), 2008



Source: BART, 2008 BART Station Profile Study; Strategic Economics, 2013.

Figure 17: Dublin/Pleasanton Station Non-Home Locations of BART Riders by Mode, 2008 (Prior to Opening of West Dublin / Pleasanton Station)



Data Sources: ESRI, 2008 BART Station Profile Study (weekday only; data are weighted from survey sample to represent average weekday ridership)

Source: Original image from BART, "2008 BART Station Profile Study," 2008.

FUTURE GROWTH

Based on Pleasanton's Draft Regional Housing Needs Allocation (RHNA), it is assumed that the city will plan to accommodate at least 2,000 units from 2014 to 2022. This corresponds to an annual average household growth of at least 257 new units per year, slightly higher than the city's historical development trends which added 213 households per year from 1990 to 2010 (Figure 18 and Figure 19). Pleasanton's share of Tri-Valley and East Bay households is projected to remain the same in 2022 as it is currently. The city potentially could exceed its RHNA housing unit allocation depending on the outcome of land use planning and the pace of development approvals in the East Pleasanton Specific Plan area.

A number of proposed housing projects are currently under review, and these units will not count toward the 2014 to 2022 period. Based on projects already approved and others under review, approximately 1,500 housing units in multi-family structures plus 200 to 300 single-family units will be approved by the end of 2013.

Figure 18: Draft Regional Housing Needs Household Growth Allocations, 2014 to 2022

Draft RHNA Allocations - Households	2014-2022	Annual Average	Pleasanton Share
Pleasanton	2,058	257	
Tri-Valley	9,016	1,127	22.8%
East Bay	64,533	8,067	3.2%
Bay Area	187,990	23,499	1.1%

Source: Association of Bay Area Governments (ABAG) Draft Regional Housing Need Allocation, 2013; Strategic Economics, 2013.

Figure 19: Historic and Projected Household Growth in Pleasanton

	1990	2000	2010	2022
Pleasanton Households	18,960	23,311	23,226	25,284
Share of Tri-Valley Households	26.4%	25.8%	20.3%	20.5%
Share of East Bay Households	2.4%	2.7%	2.6%	2.6%

Source: California Department of Finance, 2013; ABAG Draft Regional Housing Need Allocation, 2013; Strategic Economics, 2013.

CONCLUSIONS

- Pleasanton's population historically grew very rapidly relative to the larger region, but this growth is now likely to slow, especially compared to Tri-Valley peer cities.

- The city remains a family-focused community that features highly-educated and high-income residents drawn to its excellent schools and general quality of life.

- There is a need to ensure that the city's housing stock accommodates Pleasanton's diverse household types including smaller households, renters, and aging seniors. Recently approved and proposed multi-family housing developments will help meet the need for additional and more diverse types of housing.

- Pleasanton is a jobs-rich community with a high rate of workers commuting into the city for work; nearly one-quarter of those workers commute via alternatives to driving alone thanks to

BART and other access options, but local businesses desire improved local transit options. Alternatives to driving will become increasingly important as freeway congestion grows.

- Pleasanton's high in-commute rates and high ratios of jobs to employed residents and housing suggest that the city has a shortage of workforce housing. This may pose a challenge for future competitiveness if traffic congestion increases and job growth continues to outpace housing growth.

III. ECONOMIC BASE ANALYSIS

This section describes historical employment by industry and location within Pleasanton, trends in business creation and expansion, and venture capital investment. Unless otherwise noted, comparisons against the "Tri-Valley" region encompass all businesses/employment within the area encompassing Livermore, Pleasanton, San Ramon, Danville, Dublin, Blackhawk, Camino Tassajara, Diablo, and other adjacent unincorporated areas.

EMPLOYMENT TRENDS

Pleasanton is a highly-competitive employment center, with long-term growth outpacing the Tri-Valley and East Bay. As shown in Figure 20, Pleasanton's total employment grew 63 percent between 1995 and 2009, outpacing the fast-growing Tri-Valley's 53 percent and far surpassing the East Bay's 20 percent.

Pleasanton's employment is specialized in high-skill, technical industry sectors. Figure 20 also shows that Pleasanton's largest industry sectors are Information; Professional, Scientific, and Technical Services; Retail Trade; Manufacturing; and Finance and Insurance. Of these, the Information and Professional, Scientific, and Technical sectors have experienced rapid employment growth in Pleasanton relative to the Tri-Valley and East Bay, and the Information and Finance and Insurance industries are heavily concentrated in Pleasanton compared to the Tri-Valley (Figure 21). However, the Finance and Insurance sector has experienced slow growth relative to the Tri-Valley overall as Pleasanton has further specialized in technical fields compared to places like Dublin and San Ramon.

Pleasanton's economy is particularly focused on industry clusters in information technology, computer engineering, medical technology, and wholesale businesses serving Pleasanton's retail headquarters. The businesses within Pleasanton's Information, Professional, Scientific, and Technical Services, and Manufacturing sectors are inter-related and indicate Pleasanton's increasing specialization in innovation and knowledge-based industries – i.e., an economy with growth driven by industry sectors focused on the creation and production of breakthrough technologies and processes – with a focus on information technology, computer/electrical technology, and an emerging strength in biotechnology. Professional, Scientific, and Technical Services is diversified but much of the employment is in technology-related fields (information technology and computer engineering). An additional cluster of businesses serving Safeway's headquarters exists, though many of these businesses are classified within the Wholesale Trade industry sector.

Pleasanton's largest employers – shown in Figure 22 – reflect the city's major industry sectors; these large employers are economic anchors that attract talent and additional business activity to the city. These large employers include information technology companies like Workday Incorporated, Oracle, and EMC, biotechnology and pharmaceutical companies Roche Molecular Systems and Thoratec Corporation, and retailers like Safeway. Some of the other largest employers – such as Kaiser Permanente, Safeway and recently relocated Gap – also host large information technology operations in Pleasanton. Pleasanton's large employers draw talented employees to the city, which can then result in the creation of new, related businesses. For example, the presence of a cluster of startup software-as-a-service companies in Pleasanton traces back to PeopleSoft's headquarters in the city prior to acquisition by Oracle.

Establishment and employment data from Hacienda – the largest concentration of employment in Pleasanton and a bellwether for the city's economy – shows a rapid drop in employment during the recent economic downturn, but rapid recovery beginning in 2012. (Figure 23)

*Figure 20: Pleasanton Employment by Industry Sector, Sorted by Number of Jobs in 2009**

Industry Sector	Pleasanton Employment 1995	Pleasanton Employment 2009	Pleasanton Employment Growth, 1995-2009	Tri-Valley Employment Growth, 1995-2009	East Bay Employment Growth, 1995-2009
Information	1,711	10,224	497.5%	18.0%	17.8%
Professional, Scientific, and Technical Services	5,217	8,828	69.2%	19.9%	21.7%
Retail Trade	3,872	7,360	90.1%	90.1%	18.5%
Manufacturing	4,444	5,197	16.9%	75.4%	11.1%
Finance and Insurance	5,357	5,158	-3.7%	23.3%	-1.9%
Construction	3,507	4,723	34.7%	85.5%	46.5%
Admin & Support & Waste Mgmt & Remediation Services	2,234	4,651	108.2%	108.5%	87.1%
Wholesale Trade	4,413	4,565	3.4%	23.3%	3.5%
Accommodation and Food Services	2,520	3,658	45.2%	62.0%	17.4%
Other Services (except Public Administration)	1,597	3,484	118.2%	45.4%	8.6%
Health Care and Social Assistance	2,180	3,067	40.7%	105.6%	8.9%
Real Estate and Rental and Leasing	1,190	1,629	36.9%	57.2%	35.4%
Educational Services	1,067	1,516	42.1%	15.7%	15.6%
Arts, Entertainment, and Recreation	484	1,006	107.9%	112.4%	55.3%
Transportation and Warehousing	810	879	8.5%	24.3%	-2.4%
Public Administration	311	554	78.1%	12.9%	37.6%
Management of Companies and Enterprises	13	405	3015.4%	3518.8%	231.8%
Utilities	13	117	800.0%	27.2%	5.3%
Mining, Quarrying, and Oil and Gas Extraction	6	57	850.0%	3076.1%	817.1%
Agriculture, Forestry, Fishing and Hunting	229	53	-76.9%	-15.8%	5.3%
Unclassified	4	14	250.0%	1200.0%	1147.3%
Total	41,179	67,145	63.1%	52.5%	19.8%

* The industry sectors are described in detail in the Appendix.
Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 21: Heavily Concentrated and/or Rapidly Growing Industries in Pleasanton Relative to the Tri-Valley

Industry Sector	High Concentration	Rapid Growth
Information	X	X
Professional, Scientific, and Technical Services		X
Finance and Insurance	X	
Wholesale Trade	X	
Other Services (except Public Administration)	X	X
Educational Services		X
Public Administration		X
Management of Companies and Enterprises	X	

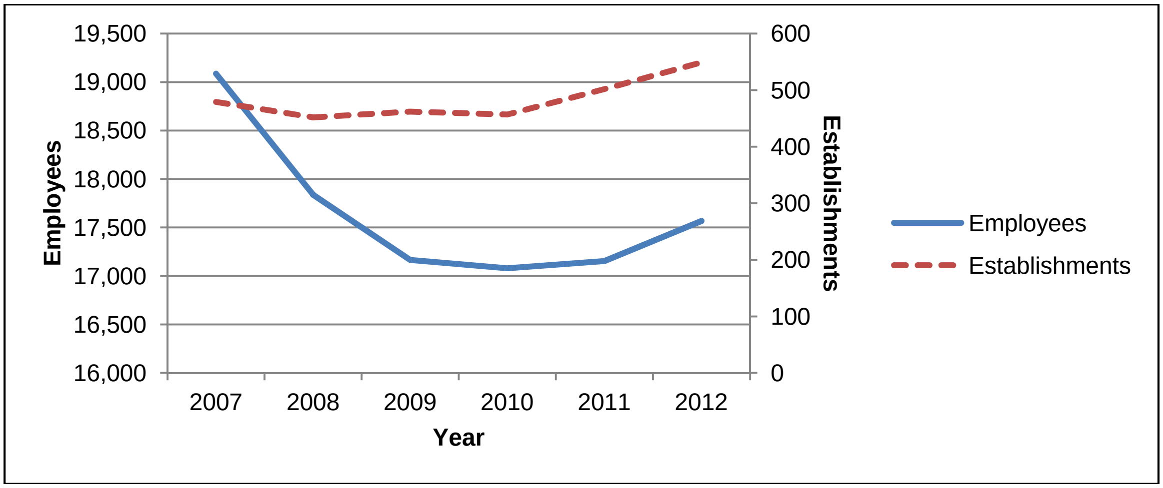
Note: "High Concentration" is based on an industry's share of total employment in Pleasanton greatly exceeding the industry's share of total employment in the Tri-Valley; industries with minimal employment or only slightly higher concentrations are not included. "Rapid Growth" is based on an industry's 1995 to 2009 growth rate in Pleasanton greatly exceeding the same in the Tri-Valley.
Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 22: Largest Employers in Pleasanton, 2013

Company Name	Employees	Since (Year)	Industry
Kaiser Permanente	3,974	1983	Health Care
Safeway	3,225	1996	Food Retail
Workday Incorporated	1,699	2009	Information Technology
Oracle	1,479	2005	Information Technology
Pleasanton Unified School District	1,272	n/a	Government
Valley Care Medical Center	1,075	1991	Health Care
Clorox Service Company	900	1973	Consumer Products
Macy's	832	1980	Apparel Retail
Ross Dress for Less Incorporated	699	2004	Apparel Retail
State Fund - Compensation Insurance	650	2007	Insurance
EMC Corporation	507	2004	Information Technology
Hendrick Automotive	478	1998	Automotive Retail
City of Pleasanton	452	n/a	Government
Roche Molecular Systems Inc.	452	1998	Medical Technology
Thoratec Corporation	421	1999	Medical Technology

Source: City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 23: Establishments and Employment Trends at Hacienda, 2007 to 2012



Source: Hacienda, 2013; Strategic Economics, 2013.

BUSINESS DYNAMICS

This section examines Pleasanton's business dynamics, analyzing job creation and expansion of firms by size and industry, and growth in venture capital investment. The analysis is primarily based on the 1995 to 2009 National Establishment Time-Series (NETS) employment data provided by the East Bay Economic Development Alliance. The NETS database is a compilation of Dun and Bradstreet business establishment data over time. It contains data on individual establishments by location and starts, closures, moves, expansions, and contractions, allowing for uniquely detailed analyses of business dynamics. NETS data differs from most government sources in that it includes sole proprietors and does not differentiate between full-time and part-time employees, thus providing a higher but more comprehensive employment count than many alternative sources. Given that the NETS dataset does not fully capture the 2009 to 2012 recessionary years, the picture of Pleasanton's business dynamics was augmented through analysis of other data sources as well as interviews with key commercial stakeholders.

Overall Drivers of Growth

Pleasanton's job gains from 1995-2009 were primarily driven by expansions of existing establishments, followed by move-ins of businesses. As shown in Figure 24, the highest amount of job "churn" in Pleasanton – that is, gross job gain and loss – was driven by establishment starts and closures, followed by expansions and contractions and moves in and out. This is consistent with regional patterns described in the October 2011 East Bay Economic Development Alliance report "Building on Our Assets: Economic Development and Job Creation in the East Bay." Ultimately expansions and contractions and establishment moves in and out drove job growth in Pleasanton, while more employment was lost due to establishment closures than was gained from starts. Notable recent expansions in Pleasanton included Workday and Clorox.

Figure 24: Drivers of Job Creation and Job Losses in Pleasanton

Employment Driver	Job Creation, 1995-2009	Job Loss, 1995-2009	Net Change, 1995-2009
Establishment Move In/Out	26,572	-18,362	8,210
Establishment Starts/Closures	55,805	-65,893	-10,088
Establishment Expansions/Contractions	49,021	-20,284	28,737

Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Drivers of Growth by Top Industry Sectors

Figure 25 shows that *net employment growth* in each of Pleasanton's top industry sectors was driven by a unique combination of factors between 1995 and 2009:

- Information sector growth was entirely driven by expansions of existing companies, demonstrating the importance of the city's existing base of these companies.

- Professional, Scientific, and Technical Services sector growth was driven by both establishment move-ins to Pleasanton and expansions of existing businesses, although closures exceeded starts.

- Retail sector growth was driven by all possible factors (moves, starts, and expansions); the attraction of Safeway and Ross Dress for Less to Pleasanton explains some of this success.

- Manufacturing sector employment losses occurred despite business expansions exceeding contractions, suggesting the importance of the city's existing base of manufacturers in maintaining the health of this sector. More employment was lost to closures and move outs of establishments. Notably, much of this sector's employment in Pleasanton is not actually on-site manufacturing, but administrative operations of manufacturing companies.

- The Finance and Insurance sector gained employment from move-ins and expansions of businesses, but closures outpaced this growth.

Figure 25: Drivers of Job Creation and Job Loss in Pleasanton for Top 5 Industries, Average Annual Change for All Years 1995 to 2009

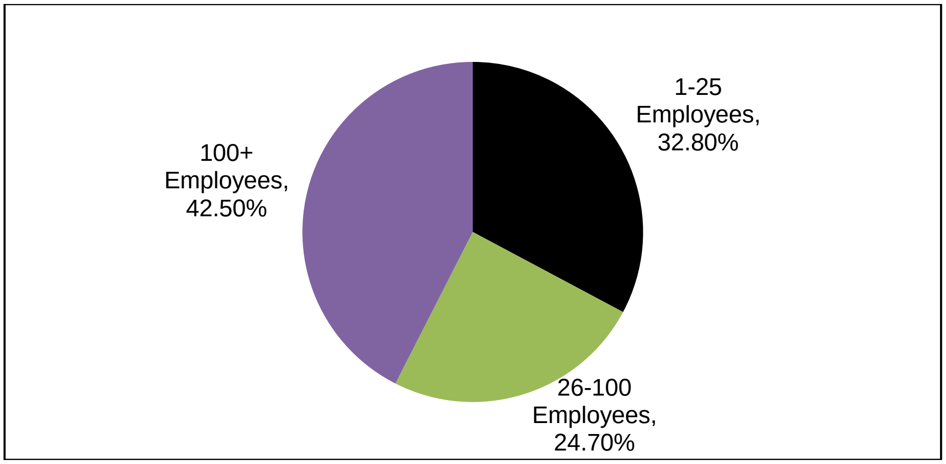
	Average Annual Net Change Due to:				
Industry Sector	**Move In/ Out**	**Starts**	**Closures**	**Expansions/ Contractions**	**Total Avg Annual Change**
Information	-49	419	-728	621	263
Professional, Scientific, and Tech. Svcs.	105	531	-651	232	217
Retail Trade	505	495	-349	33	684
Manufacturing	-92	206	-281	151	-16
Finance and Insurance	73	282	-498	99	-44

Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Drivers of Growth by Size of Business

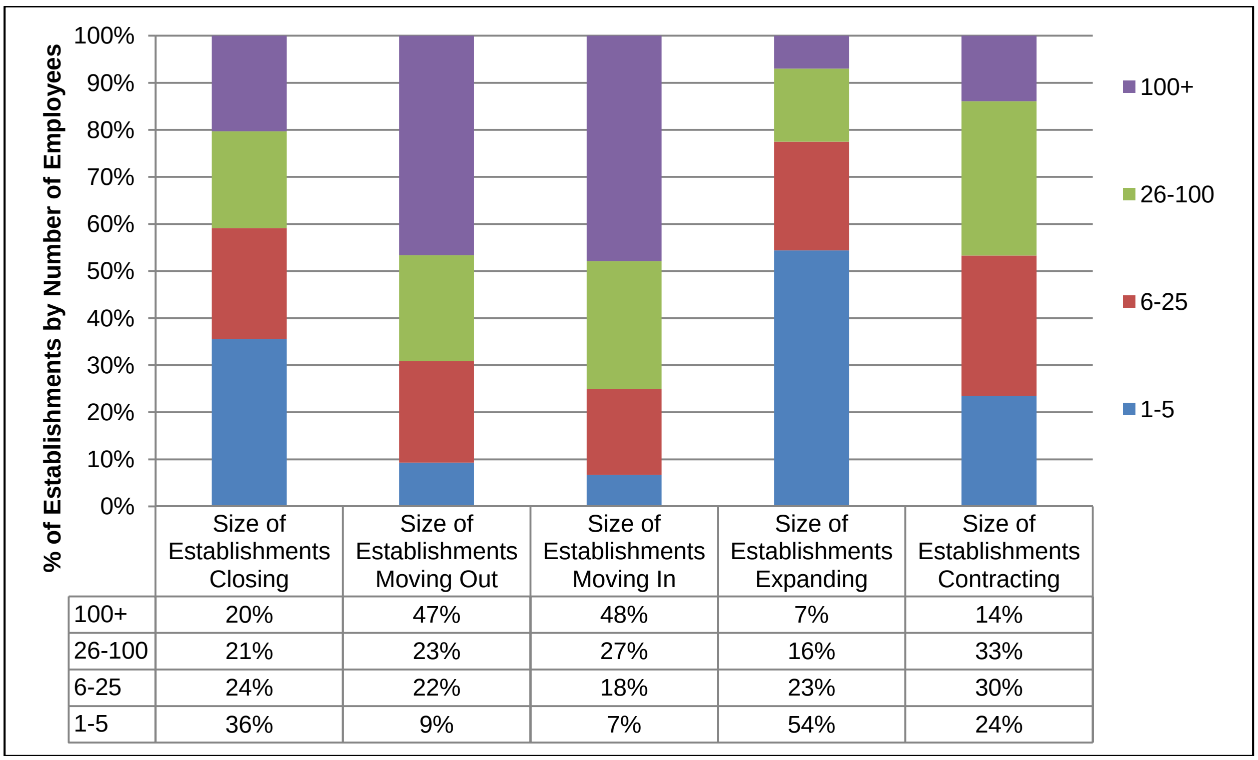
Establishment relocations into Pleasanton tend to be driven by large firms, whereas small businesses are likely to drive both closures and expansions, reflecting entrepreneurial activity. Firms with fewer than 25 employees drive the majority of Pleasanton's employment growth. The majority of establishments moving in and out of Pleasanton between 1995 and 2009 were larger firms, with at least 50 employees (see Figure 27). Over 35 percent of establishments that closed between 1995 and 2009 in Pleasanton had five or fewer employees, reflecting their early and riskiest phase of growth. However, firms with five or fewer employees also drove over half of employment gains from expansions, followed by firms with between 6 and 25 employees. As shown in Figure 27, over half of Pleasanton's total employment growth between 1995 and 2009 was driven by firms with 25 or fewer employees despite these businesses only comprising 33 percent of citywide employment in 2009 (Figure 26).

Figure 26: Pleasanton Employment by Size of Establishment, 2009



Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

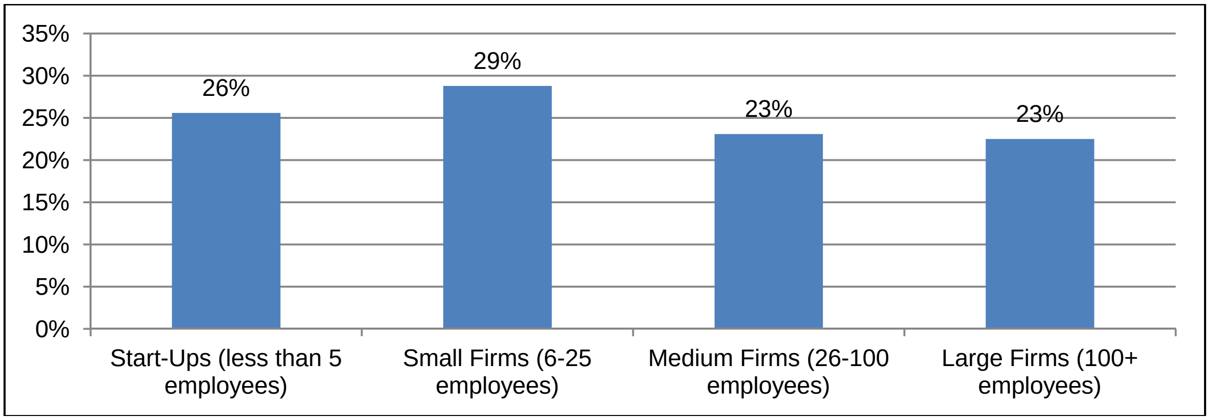
Figure 27: Size of Pleasanton Establishments Closing, Moving Out, and Moving In, 1995 to 2009



	Size of Establishments Closing	Size of Establishments Moving Out	Size of Establishments Moving In	Size of Establishments Expanding	Size of Establishments Contracting
100+	20%	47%	48%	7%	14%
26-100	21%	23%	27%	16%	33%
6-25	24%	22%	18%	23%	30%
1-5	36%	9%	7%	54%	24%

Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Figure 28: Percent of Job Growth in Existing Pleasanton Establishments by Size of Business, 1995 to 2009



Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Start-Ups

Openings of new establishments in Pleasanton are heavily concentrated in the Administrative and Support and Waste Management, Professional, Scientific, and Technical Services, and Retail Trade Industries, as shown in Figure 29. The Administrative and Support and Waste Management and Retail Trade openings are likely the result of low barriers to entry in these fields. As a share of existing establishments, sectors with the highest start-up activity also include Arts, Entertainment, and Recreation, Information, Transportation and Warehousing, and Finance and Insurance.

The five year survival rate of new establishments in Pleasanton between 1995 and 2009 was similar to the region overall and across top industry sectors, as shown in Figure 30. Pleasanton neither excels nor lags in survival of new start-ups; potential for improvement exists, although it must be recognized that start-ups will always suffer high failure rates.

Figure 29: Average Annual Start-Ups in Pleasanton by Industry, 1995 to 2009

Industry	Avg Annual Start-Ups	Start-Ups as % of Existing Establishments	Industry Start-Ups as % of All Start-Ups
Admin & Support & Waste Mgmt & Remediation Services	112	18.5%	19.6%
Professional, Scientific, and Technical Services	102	10.4%	17.8%
Retail Trade	56	9.1%	9.8%
Other Services (except Public Administration)	46	10.0%	8.0%
Health Care and Social Assistance	40	10.0%	7.0%
Finance and Insurance	37	10.1%	6.5%
Construction	37	9.3%	6.5%
Real Estate and Rental and Leasing	29	10.3%	5.1%
Wholesale Trade	27	8.8%	4.7%
Manufacturing	22	7.8%	3.8%
Information	19	11.6%	3.3%
Accommodation and Food Services	14	7.4%	2.4%
Arts, Entertainment, and Recreation	11	12.4%	1.9%
Transportation and Warehousing	8	10.5%	1.4%
Educational Services	6	9.6%	1.0%
Agriculture, Forestry, Fishing and Hunting	4	9.6%	0.7%
Other	1	25.0%	0.2%
Public Administration	1	5.4%	0.2%
Utilities	0	6.6%	0.0%
Mining	0	3.7%	0.0%

*The industry sectors are described in detail in the appendix.
Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Figure 30: Five Year Survival Rate of New Establishments for Selected Industries, 1995 to 2009*

	5 Year Survival Rate of New Establishments	
Industry	**Pleasanton**	**Bay Area**
All Industries	54.0%	54.9%
Professional, Scientific, and Technical Services	52.5%	53.6%
Information	49.0%	48.5%
Manufacturing	57.6%	55.5%
Other Services (except Public Administration)	54.7%	55.7%

*Industries were chosen based on size and data availability.
Source: National Establishment Time-Series Database, 2009; Bay Area Council Economic Institute, 2011; Strategic Economics, 2013.

Venture Capital

As of 2011, Pleasanton received the East Bay's highest share of venture capital investment; such investment is accelerating in Pleasanton. Figure 31 and Figure 32 show that Pleasanton exceeded other major East Bay cities in venture capital attraction in 2011, with the city garnering 28 percent of the area's investments. Figure 33 shows that Pleasanton companies have attracted generally increasing but uneven amounts of venture capital investments over time, while Figure 34 shows the same pattern for Pleasanton's share of Bay Area-wide investment. Venture capital investments in Pleasanton companies are contingent on a handful of companies requiring and attracting investment; for example, fourteen companies – listed in Figure 35 – received investment during the 2011 and 2012 time period.

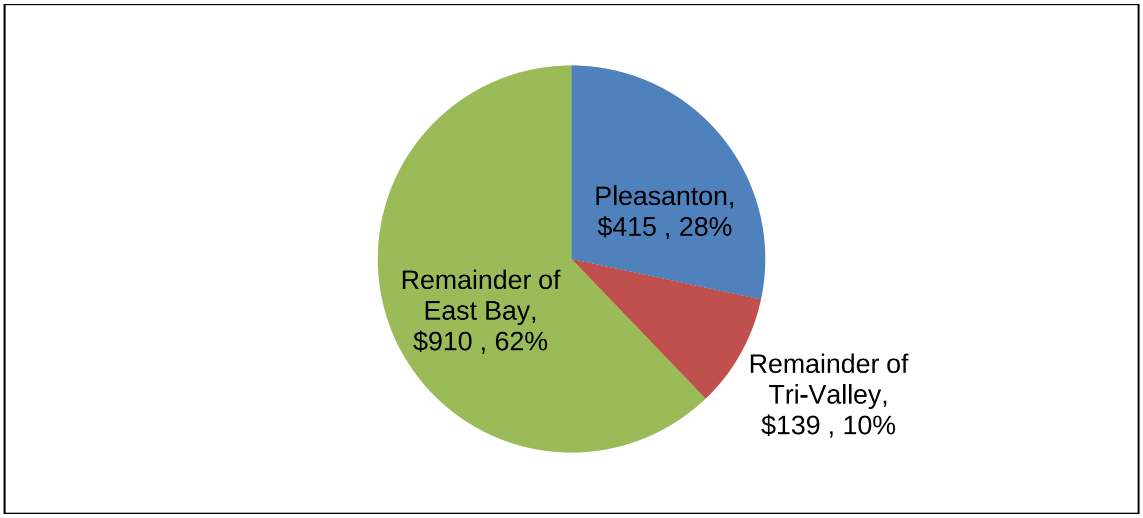
Venture capital investments in Pleasanton are increasingly focused on medical companies in the biotechnology, pharmaceutical, and medical device fields. The industries noted in Figure 35 demonstrate that venture capital recipients are in fields reflecting Pleasanton's strongest industry clusters, including information technology and medical/biotechnology. In general, Pleasanton fills an entrepreneurship niche in information technology, life sciences, and biotechnology; Pleasanton's building stock is suited to these uses, as opposed to heavier manufacturing operations.

Figure 31: East Bay Venture Capital Funding Summary, 2011

Jurisdiction	Total (millions $)
Pleasanton	$415
Fremont	$301
Oakland	$218
Livermore	$106
Hayward	$103
Dublin	$26

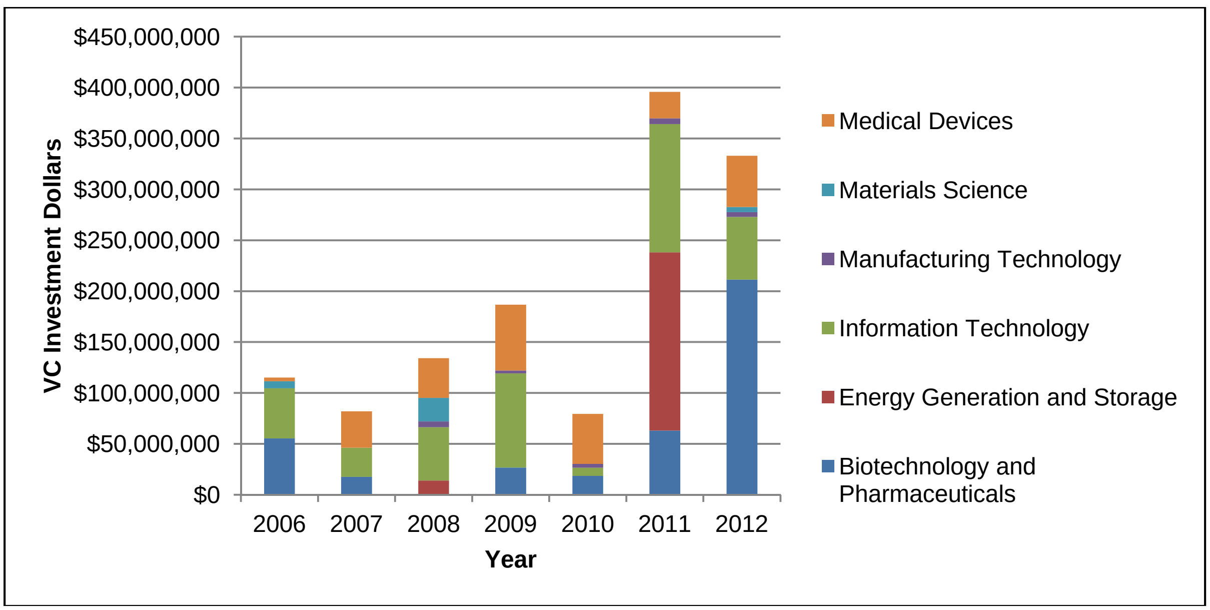
Sources: Center for Strategic Economic Research, 2012; Economic & Planning Systems, Inc., 2012; City of Pleasanton, 2012; Strategic Economics, 2013.

Figure 32: 2011 Venture Capital Investment in the East Bay Region (Millions of Dollars)



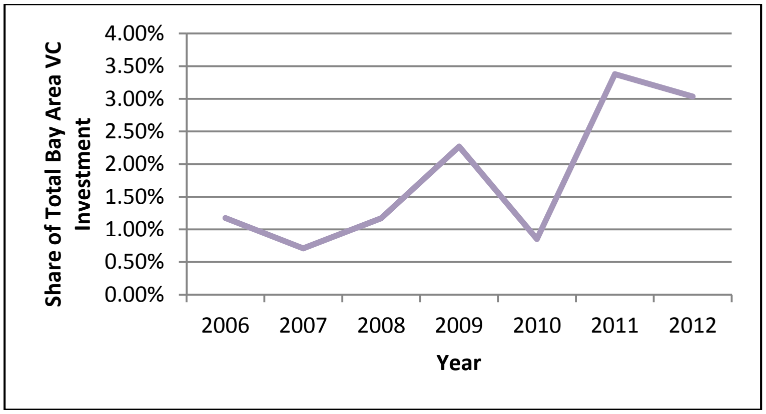
Source: Center for Strategic Economic Research, 2012; Economic & Planning Systems, Inc., 2012; PriceWaterhouseCoopers/ National Venture Capital Association Money Tree Report, 2011; Thomson Reuters, 2011; Bay Area Council Economic Institute, 2011; East Bay EDA, 2011; City of Pleasanton, 2012; Strategic Economics, 2013.

Figure 33: Major Known Venture Capital Investments in Pleasanton by Year and Company Category



Source: San Jose Mercury News, 2006-2013; City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 34: Pleasanton Share of Bay Area Venture Capital Investment



Sources: PricewaterhouseCoopers MoneyTree Report, 2013; San Jose Mercury News, 2006-2013; City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 35: Pleasanton Companies Known to Receive Venture Capital Financing in 2011-2012

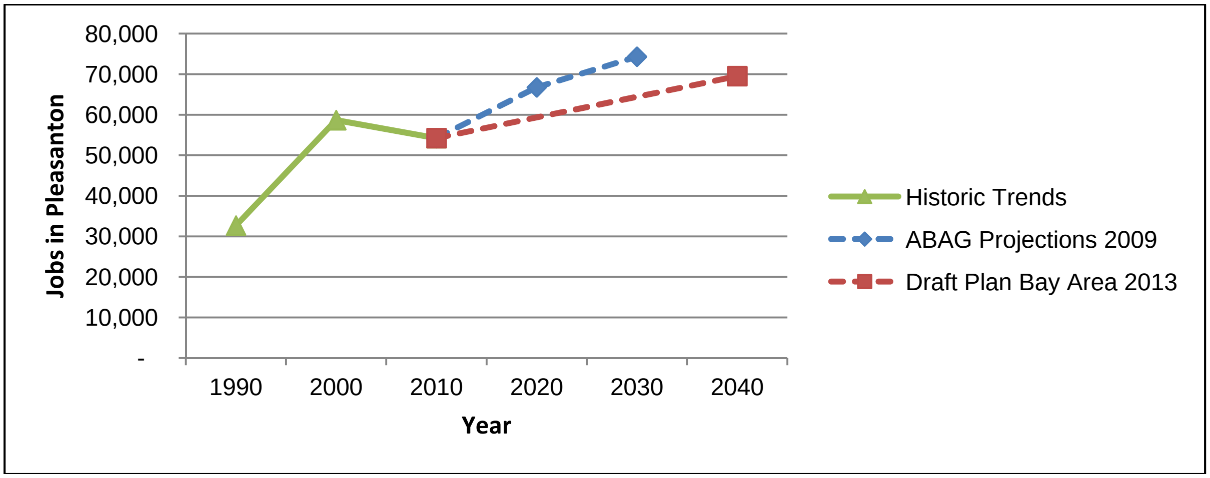
Company Name	Category
Cerebrotech Medical Systems	Biotechnology and Pharmaceuticals
Firespotter Labs	Information Technology
Fulcrum Bioenergy	Energy Generation and Storage
IntegenX	Biotechnology and Pharmaceuticals
Milyoni	Information Technology
NeoTract	Medical Devices
Pivotal Systems	Manufacturing Technology
Rolith	Materials Science
ServiceMax	Information Technology
SFJ Pharmaceuticals	Biotechnology and Pharmaceuticals
Spigit	Information Technology
Steelwedge Software	Information Technology
Tri-Reme Medical	Medical Devices
Workday	Information Technology

Source: San Jose Mercury News, 2006-2013; City of Pleasanton, 2013; Strategic Economics, 2013.

EMPLOYMENT GROWTH FORECASTS

Employment growth in Pleasanton has historically been very strong, adding jobs from 1990 to 2010 at an average annual growth rate of 2.6 percent. ABAG's 2009 employment projections forecast that the city would continue to add jobs at an average growth rate of 1.6 percent from 2010 to 2030. The 2009 growth projections have since been revised, with the Draft Plan Bay Area forecasting an average annual growth rate of 0.8 percent from 2010 to 2040 (Figure 36). This new 2013 forecast is based on the allocation of future regional job growth to locations within the core of the region as well as transit-accessible priority development areas (PDAs). Pleasanton's high-skill industry clusters of information technology, medical technology, biotechnology, and other professional services are likely to experience continued strong growth, especially as Pleasanton's entrepreneurial economy continues to grow based on these existing strengths.

Figure 36: Historic and Projected Job Growth in Pleasanton



Source: ABAG "Projections 2009," 2009; ABAG and Metropolitan Transportation Commission, Draft Plan Bay Area, 2013; Strategic Economics, 2013.

CONCLUSIONS

- Pleasanton's economy grew rapidly between 1995 and 2009, with employment growth outpacing the East Bay and Tri-Valley.

- On the whole, Pleasanton is successfully growing as a highly innovative and increasingly locally-grown economy. Pleasanton's economy is focused on high-skill technical industry sectors with clusters in information technology, computer engineering, medical technology, and wholesale businesses serving Pleasanton's retail headquarters.

- Pleasanton's growth has historically been anchored by its largest employers. These employers attract talented workers who settle in Pleasanton and may later start their own businesses, and the large employers attract related businesses which service them creating an important supply chain.

- Pleasanton now features a home-grown innovation economy – focused on computer and medical technology research, development, and deployment/production – partially as an outgrowth of talent originally attracted to the city's large employers. The clearest example of this process is the existence of a software-as-a-service base of startup businesses, due partly to PeopleSoft and Documentum's former headquarters in the city prior to acquisition by Oracle and EMC, respectively.

- Job growth in Pleasanton is driven primarily by expansions of existing businesses, though business starts and closures generate the most total gains and losses – or "churn" – in employment. Businesses that move in or out of Pleasanton tend to be very large. Businesses with fewer than 25 employees drive an outsized share of employment growth in Pleasanton.

- Pleasanton's entrepreneurial innovation economy is gaining strength, as measured by venture capital investments.

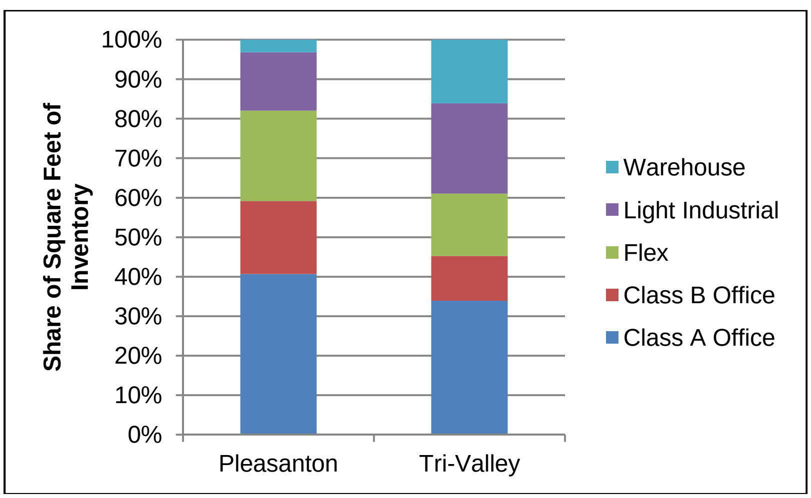
IV. OFFICE, FLEX, AND INDUSTRIAL REAL ESTATE MARKET ANALYSIS

OVERVIEW OF OFFICE, FLEX, AND INDUSTRIAL USES IN PLEASANTON

This section explores existing conditions, recent trends, and demand drivers in the market for office, flex, and industrial land uses, defined as follows:

- Office: The analysis examines trends in both Class A and Class B office space. Class A is generally defined as high-quality space in marquee office buildings, typically multi-story and constructed of steel, with high-end amenities such as high-speed data infrastructure, on-site security, and en suite bathrooms. Class B buildings are also constructed of steel or reinforced concrete, but are likely to feature simpler designs and inexpensive finishes with fewer amenities and shared common facilities. As shown in Figure 37 below, almost 60 percent of the city's commercial and industrial real estate inventory is Class A and Class B office.
- Flex: Flex space describes a wide range of building types that are typically one to two stories of reinforced concrete or tilt-up concrete construction, with open and flexible spaces suitable for either office or light research and development activities, often featuring loading doors but not truck-height loading docks. Flex buildings typically feature parking ratios of 3 or more spaces per 1,000 feet of space and are therefore capable of accommodating higher worker densities than light industrial buildings at 1 to 2 spaces per 1,000 square feet. About 23 percent of the city's commercial and industrial inventory is flex space.
- Industrial: Industrial is defined as light industrial manufacturing space and warehouse and distribution facilities, with no significant heavy manufacturing operations. "Light industrial" space is defined as suitable for smaller and lighter manufacturing, construction, or research and development operations – such as workshops, machine tooling, or specialized manufacturing. "Warehouse" space is essentially a shell storage building with truck-height loading docks and minimal parking. Less than 18 percent of Pleasanton's commercial and industrial inventory consists of these uses.

Figure 37: Comparison of Office, Flex, and Industrial Inventory Composition, 4th Quarter 2013

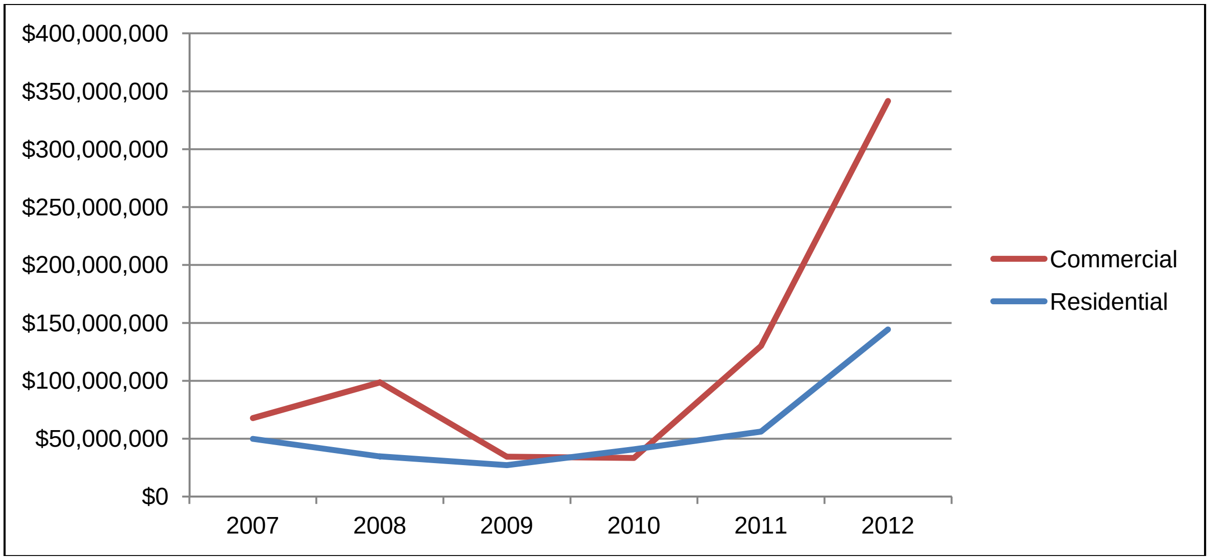


Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Recent Commercial Development Activity

The City of Pleasanton provided building permit valuation data and a summary of recently-constructed or proposed projects to understand recent overall development trends. As shown in Figure 38, commercial permitting activity has significantly increased since 2010. However, the vast majority of this activity is occurring as improvements to or use conversions of existing buildings rather than new construction. Recent large commercial development projects include a new multi-story research and development building at the Clorox campus, redevelopment and expansion of the Mercedes-Benz dealership, and construction of a senior continuum of care community on the Staples Ranch site.

Figure 38: Pleasanton Building Permit Valuation, 2007 to 2012



Source: City of Pleasanton, 2013; Strategic Economics, 2013.

OFFICE/FLEX MARKET

Tri-Valley Office and Flex Market Context

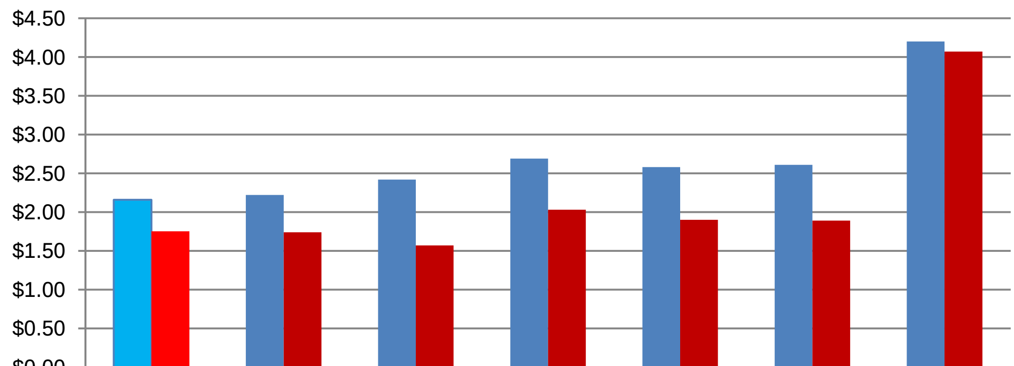
The Tri-Valley historically competed for office/flex users on the basis of its cost competitiveness, regional access by a high-quality labor pool, land/development opportunity for consolidated operations, and location within a growing residential community. The Tri-Valley's base of office/flex buildings began to grow in the early 1980s, particularly with the development of Hacienda and Bishop Ranch. At the time, the Tri-Valley offered far lower prices than San Francisco and Downtown Oakland and large land/development opportunity for users seeking to consolidate operations in build-to-suit and self-contained campuses. As a result, the Tri-Valley was able to attract company headquarters and large-scale back-office functions such as processing centers. The Tri-Valley also offered regional access via I-580 and I-680 and a location adjacent to growing residential communities.

Today, cost competitiveness, space availability, and regional access remain the Tri-Valley's primary business attractors, but the area now features significant amenities, a large

professional residential population, and thirty years of established businesses. Businesses continue to seek Tri-Valley locations due to lower rents relative to the central Bay Area, as shown in Figure 39. Like most of the Bay Area, the mix of businesses has shifted toward higher-skill, higher-technology businesses as low-skill back-office functions have been moved to lower cost locations or automated. Meanwhile, the Tri-Valley has matured and now features extensive amenities, a valued base of high-skill residents, and an established business environment that can generate spin-off businesses.

Within the Tri-Valley, office/flex locations near the I-580/I-680 interchange and BART stations are most appealing to businesses. Locations near the I-580/I-680 interchange and BART tend to be most desirable for office/flex users due to their excellent access to the regional workforce and other destinations. However, the growth of Bishop Ranch midway between Highway 24 and I-580 indicates the alternative value of a cost-competitive location that leverages population growth in eastern Contra Costa County in addition to Alameda County.

Figure 39: Office Asking Rates in Selected Tri-Valley Cities versus Central Bay Area Locations, First Quarter of 2013



	Pleasanton	San Ramon	Dublin	Walnut Creek	Downtown Oakland	San Jose	San Francisco
Class A Office	$2.16	$2.22	$2.42	$2.69	$2.58	$2.61	$4.20
Class B Office	$1.75	$1.74	$1.57	$2.03	$1.90	$1.89	$4.07

Class A Office   Class B Office

Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.
Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.

Pleasanton’s Office and Flex Market Findings

Pleasanton is strongly oriented toward office and flex uses; the city primarily competes against San Ramon and Dublin for office users and against Livermore for flex users. Over 80 percent of Pleasanton’s commercial and industrial space consists of office and flex uses. Figure 40 shows that Pleasanton comprises approximately 40 percent of Tri-Valley Class A space, 55 percent of Class B, and 49 percent of flex. The Tri-Valley’s other primary concentration of Class A space is located in San Ramon – primarily at Bishop Ranch office park – while Dublin has begun to add Class A inventory. Livermore features Class B office space but little to no Class A; however, Livermore contains the Tri-Valley’s largest concentration of flex space.

Users are drawn to Pleasanton due to similar reasons as the Tri-Valley in general – low costs relative to the Bay Area, a complement of high-quality as well as large spaces, and regional

accessibility – but Pleasanton particularly benefits from its prized location at the I-580 and I-680 interchange, BART access, and well-developed business and worker amenities. These offerings are highly valued by many businesses, although some will always seek the least expensive space within the Tri-Valley. A recent survey of Pleasanton business executives found that the city was highly rated as a business destination primarily because of its "central location which provides good access to the regional market."[6]

Notably, the Bishop Ranch office park in San Ramon lags Pleasanton in BART and freeway interchange access, but seeks to balance these disadvantages by running shuttles from BART stations, enjoying access from the Walnut Creek area, and aggressively competing for large tenants on the basis of its single ownership. Brokers and business representatives view Bishop Ranch as Pleasanton's primary competition in the Tri-Valley. Interviewees stated that Bishop Ranch is more likely to attract traditional finance and insurance office users, whereas Pleasanton competes well for more technical businesses due to its proximity to Silicon Valley and the National Laboratories. However, Bishop Ranch has an advantage in its sole-ownership and ability to aggressively recruit large tenants to anchor the park.

As with all of the Tri-Valley, increasing rents in Pleasanton have resulted in higher-value activities locating in the city. Pleasanton still hosts back office functions for numerous companies, but these functions are now high-skill and high-tech. Examples include Kaiser Permanente and Gap's locations of their information technology operations in Pleasanton.

Pleasanton has a longer history of office/flex buildings than other locations in the Tri-Valley; as a result, rents are more varied and the city is able to offer diverse types and sizes of space for diverse users. Pleasanton has a large inventory of office and flex space and began major development prior to competing Tri-Valley cities. As a result, the city hosts a wide range of types of spaces and building conditions. This diverse space allows Pleasanton to flexibly accommodate headquarters, back-office operations, and smaller office users. Figure 41 shows that Pleasanton's Class A office space commands lower lease rates than Dublin, but brokers attributed this difference to Pleasanton's diverse and larger inventory.

Pleasanton's Class A office space is recovering more slowly than the Tri-Valley largely due to vacancy at California Center – which is itself an indicator of the challenges of repositioning large single-tenant campuses for new tenants. As shown in Figure 42, Pleasanton's Class A office occupancy is lower than the Tri-Valley as a whole. This is largely attributable to large vacancy at the California Center in Hacienda. Brokerage Colliers International estimates that Pleasanton's Class A occupancy rate increases to 94 percent from 87 percent if California Center is removed. California Center has begun to fill this vacant space with smaller tenants while also seeking large tenants to capitalize on its position as one of the few locations able to accommodate a large tenant in Pleasanton.

Pleasanton's Class B office space is prospering relative to the Tri-Valley, partly due to the amenities and access offered in Pleasanton for price-conscious office users. Figure 42 and Figure 43 show that asking lease rates and occupancy rates in Pleasanton are out-performing the Tri-Valley.

Flex space occupancy in Pleasanton has recovered well, although rent growth has been slow. As shown in Figure 44 and Figure 45, Pleasanton flex space occupancy has risen since 2009, yet rents were stagnant between 2012 and 2013 due to value-seeking by tenants.

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[6] JD Franz Research, Inc., "City of Pleasanton: Surveys of Business Executives," City of Pleasanton, November 2012.

Businesses seeking flex space in Pleasanton tend to be smaller and largely office-focused, but the city's flex buildings are re-purposed by tenants to meet their exact needs; flex space is primarily occupied by a mix of office-based businesses seeking inexpensive rents or businesses seeking to house office operations, research and development activities, and/or clean manufacturing activities under one roof. Brokers report that 80 to 90 percent of flex buildings in Pleasanton are used as office space, primarily by users seeking inexpensive rents. However, the remainder of these buildings can be used to host research and development activities or clean manufacturing operations. The value of flex buildings is the ability to re-purpose them to meet exact needs. For example, two buildings in Brittania Business Center in the 5700 block of Stoneridge Drive include manufacturing, front office, and research and development functions within single-story building shell.

Pleasanton's existing office and flex business districts feature a model based on single-uses and heavy automobile access, in contrast to recent trends favoring alternative mixed-use centers with multi-modal transportation access. Pleasanton's commercial districts have achieved success as single-use, automobile-oriented campuses, but interest is increasing in mixed-use communities that place housing near jobs, leverage transit access, and offer informal public spaces in which chance interactions and knowledge sharing can occur. Research shows that an increasing number of workers – especially the younger Generation X and Generation Y workers – prefer working in walkable, mixed-use districts and are more likely to prefer transit.[7] [8] These districts are also preferred by innovation industries since they can benefit from the information-sharing and knowledge-spillover that occurs in these types of environments.[9]

*Figure 40: Office and Flex Space Inventory of Major Tri-Valley Office/Flex Concentrations, in Square Feet, and Pleasanton Share of Tri-Valley, First Quarter, 2013**

	Pleasanton	Dublin	San Ramon	Livermore	Tri-Valley	Pleasanton Share of Tri-Valley
Class A Office	6,190,000	1,490,000	7,560,000	nominal	15,240,000	41%
Class B Office	2,810,000	410,000	1,040,000	820,000	5,080,000	55%
Flex	3,480,000	870,000	710,000	2,040,000	7,090,000	49%
Total Office & Flex	12,480,000	2,770,000	9,310,000	2,860,000	27,420,000	46%

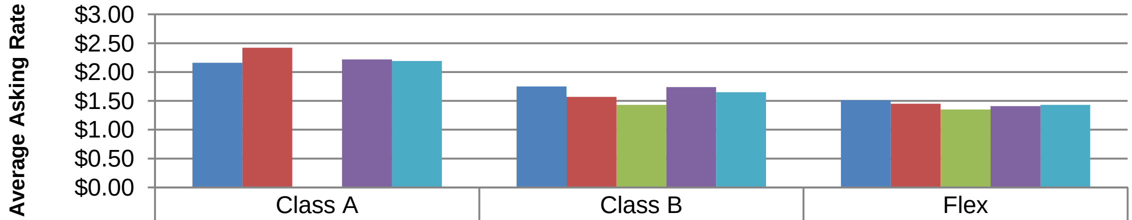
*Numbers may not add due to rounding.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

[7] Belden Russonello Strategists, "Americans' Views on their Communities, Housing, and Transportation: Analysis of a National Survey of 1,202 Adults," Urban Land Institute, March 2013. Available at http://www.uli.org/wp-content/uploads/ULI-Documents/America-in-2013-Final-Report.pdf

[8] Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2011."

[9] See, for example: Carlino, Gerald, Satyajit Chatterjee, and Robert Hunt. Urban Density and the Rate of Invention. Working paper. Federal Reserve Bank of Philadelphia, 2006.

Figure 41: Average Asking Rate per Square Foot per Month, Office and Flex Space, First Quarter 2013

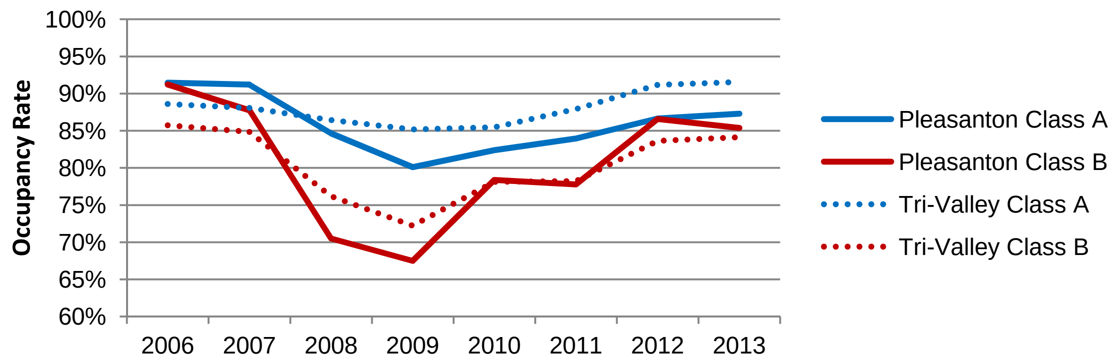


	Class A	Class B	Flex
Pleasanton	$2.16	$1.75	$1.51
Dublin	$2.42	$1.57	$1.45
Livermore*		$1.43	$1.35
San Ramon	$2.22	$1.74	$1.41
Tri-Valley	$2.19	$1.65	$1.43

Pleasanton Dublin Livermore* San Ramon Tri-Valley

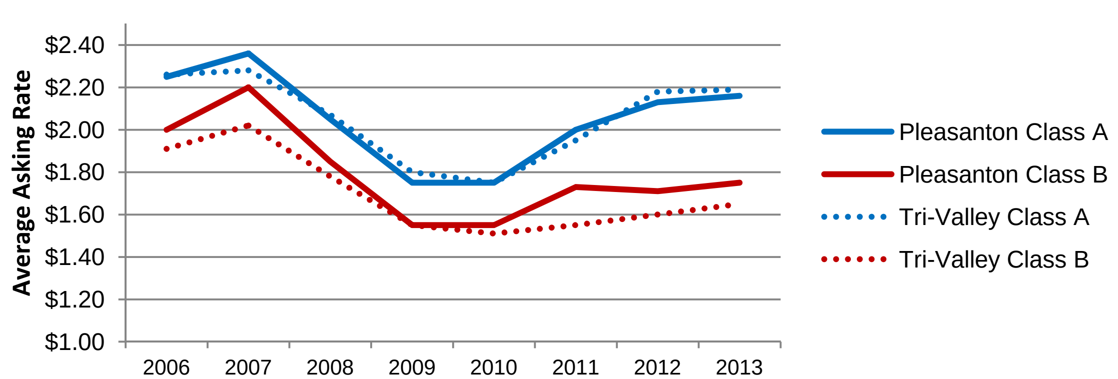
Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.
*Livermore does not feature a notable presence of Class A office space.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 42: Office Occupancy Rate Trend in Pleasanton and the Tri-Valley, 2006 to 2013



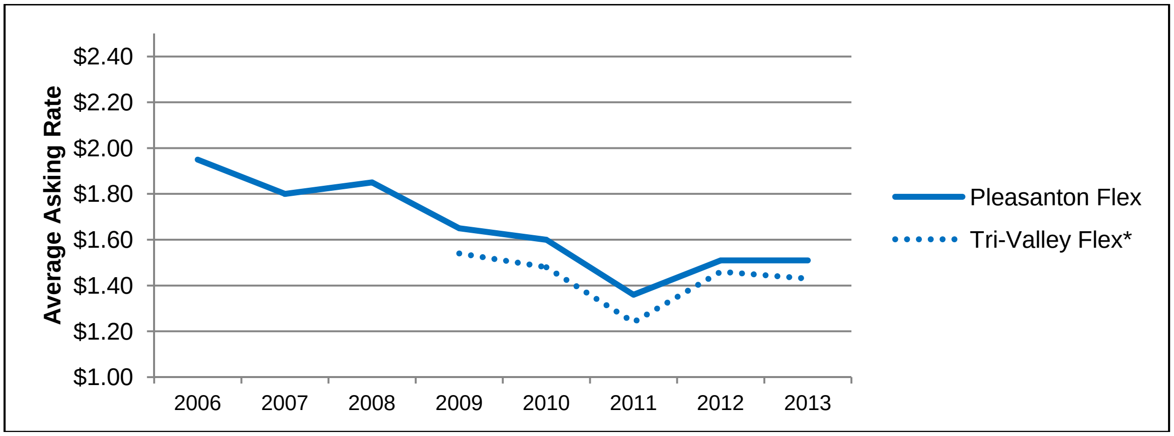
Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 43: Office Average Asking Rate Trend per Square Foot per Month, 2006 to 2013



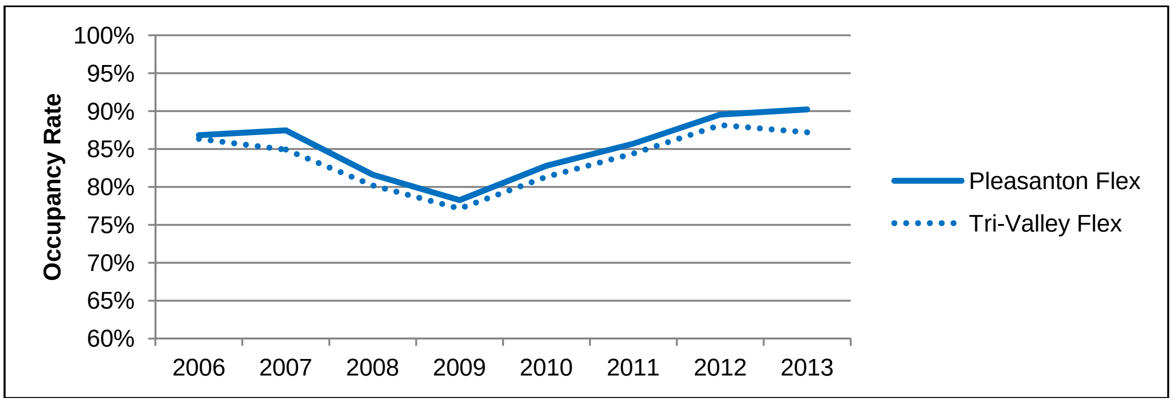
Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.
*Data unavailable for Tri-Valley Flex prior to 2009
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 44: Flex Average Asking Rate Trend per Square Foot per Month, 2006 to 2013



Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.
*Data unavailable for Tri-Valley Flex prior to 2009
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 45: Flex Occupancy Rate Trend in Pleasanton and the Tri-Valley, 2006 to 2013



Average asking rate is provided on a “full service gross” basis, including insurance, utilities, taxes, maintenance, etc.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

INDUSTRIAL MARKET

Pleasanton features a small share of the Tri-Valley's industrial space, and industrial space comprises a small share of all employment space in Pleasanton. This section therefore focuses on the competitive landscape of industrial uses in the Tri-Valley and Pleasanton's niche opportunities.

Tri-Valley Context

The Tri-Valley is a secondary industrial market within the Bay Area and beyond; industrial uses are concentrated in the I-880 corridor and San Joaquin County. The I-880 corridor offers industrial users easy access to the Greater Bay Area, Port of Oakland, and Oakland Airport. Meanwhile, cities in San Joaquin County – such as Manteca, Stockton, and Tracy – have low land costs and high land availability that attract large manufacturing and warehouse operations.

Industrial users locate in the Tri-Valley for their own unique reasons, since land and rent values are high, yet access to the central Bay Area is limited compared to the I-880 corridor. Industrial users seeking space in the Tri-Valley are likely to have situation-specific reasons for selecting the region, such as nearby worker/owner residences, activities that do not demand frequent access to the central Bay Area, or proximity to complementary businesses.

Within the Tri-Valley, Livermore is the largest and most sought-after industrial market because it has low rents, large spaces, access to the Central Valley, and adequate access to the central Bay Area. Notable concentrations of industrial space exist in Pleasanton, San Ramon, Dublin, and Livermore. Livermore dominates this inventory, containing 66 percent of the region's light industrial space and nearly 90 percent of warehouse space.

Pleasanton's Industrial Market Findings

Pleasanton contains 22 percent of the Tri-Valley's light industrial space and 7 percent of warehouse space (Figure 46); this inventory is clustered in the Valley, Stanley, and Commerce Circle business districts.

Pleasanton's industrial space users tend to be small, independent companies with unique reasons for locating in the city; Pleasanton's industrial spaces are too small to accommodate larger users. Brokers report that Pleasanton has very few industrial tenants occupying over 10,000 square feet of space. Since Pleasanton has higher rents than other Tri-Valley industrial spaces (as shown in Figure 47 and Figure 48), these users have specific reasons for choosing Pleasanton. Examples include construction companies working locally or businesses owned by local residents.

Anecdotally, industrial businesses are likely to leave Pleasanton as they grow. Companies seeking more than 10,000 to 20,000 square feet are likely to leave Pleasanton for Livermore since large and less expensive offerings are available there.

There is long-term demand for industrial space in Pleasanton. The East Pleasanton market study found that new industrial buildings were not likely to be developed in Pleasanton in the near term due to the high land values in the city and the relatively low rents attained from industrial uses. However, brokers interviewed for this study believe that there is sufficient demand to fill the existing industrial space over the long term.

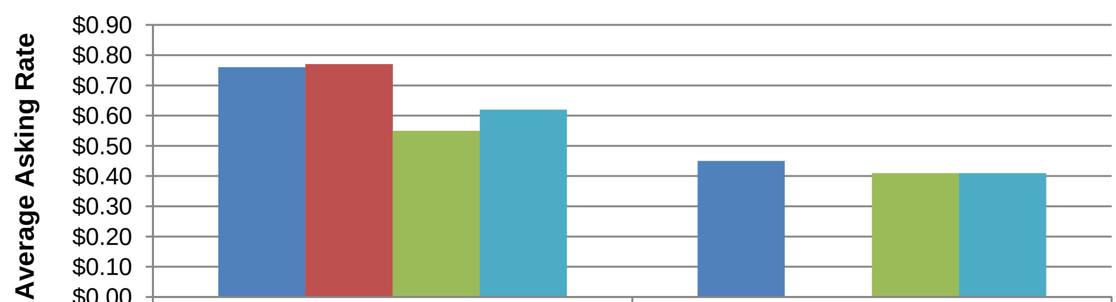
Market pressure to convert existing industrial space to office and service uses could erode the city's ability to accommodate industrial tenants such as small manufacturers, construction companies, and other locally serving businesses. Industrial uses in Pleasanton are preserved partly due to low on-site parking availability and general policies protecting industrially-zoned lands. However, the low rents for industrial uses attract companies seeking inexpensive space for uses such as offices, childcare, schools, churches, etc. Buildings are sometimes converted to these uses when sufficient parking and compatibility with surrounding uses exist. Such conversions must be carefully monitored to ensure that they do not impact the ability to attract additional industrial tenants to the building or surrounding buildings in the future.

Figure 46: Industrial Space Inventory in Square Feet, and Pleasanton Share of Tri-Valley, First Quarter, 2013

	Pleasanton	Dublin	Livermore	Tri-Valley	Pleasanton Share of Tri-Valley
Light Industrial	2,244,336	1,299,302	6,724,701	10,252,394	21.9%
Warehouse	487,405	259,917	6,494,466	7,244,465	6.7%
Total	2,731,741	1,559,219	13,219,167	17,496,859	15.6%

Average asking rate is provided on a "triple-net" basis, which does not include property taxes, insurance, and maintenance.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 47: Average Asking Rate per Square Foot per Month, Industrial Space, First Quarter 2013

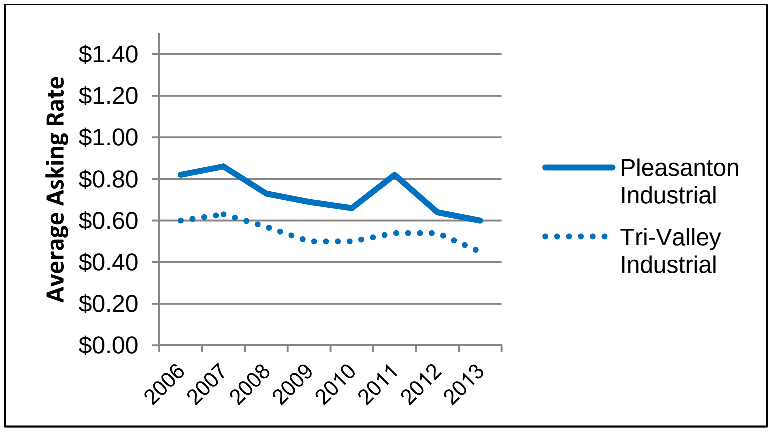


	Light Industrial	Warehouse
Pleasanton	$0.76	$0.45
Dublin	$0.77	$0.00
Livermore*	$0.55	$0.41
Tri-Valley	$0.62	$0.41

■ Pleasanton ■ Dublin ■ Livermore* ■ Tri-Valley

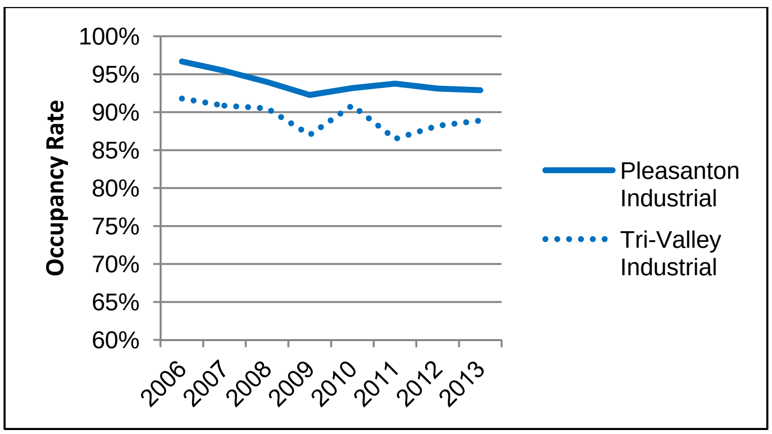
*No asking rate data was available for Dublin's small inventory of warehouse space.
Average asking rate is provided on a "triple-net" basis, which does not include property taxes, insurance, and maintenance.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 48: Average Industrial Asking Rate Trend per Square Foot per Month, 2006 to 2013



Average asking rate is provided on a "triple-net" basis, which does not include property taxes, insurance, and maintenance.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

Figure 49: Industrial Occupancy Rate Trend in Pleasanton and the Tri-Valley, 2006 to 2013



Average asking rate is provided on a "triple-net" basis, which does not include property taxes, insurance, and maintenance.
Source: Colliers International, First Quarter 2013; Strategic Economics, 2013.

OFFICE, FLEX, AND INDUSTRIAL MARKET CONCLUSIONS

- Pleasanton's commercial and industrial market primarily consists of office and flex uses.
- Pleasanton primarily competes within the Tri-Valley against San Ramon and Dublin for office users. Dublin's inventory of Class A office space is small, but San Ramon's Bishop Ranch is a threat; the park lacks immediate BART access, but can more easily tap the Walnut Creek labor pool and its sole-ownership allows aggressive price competition for key users. Pleasanton has an edge in attracting scientific and technical businesses, as compared to more traditional office users such as finance, insurance, and real estate.
- Businesses are drawn to Pleasanton because of greater value (low cost/high quality) for office space compared to competing central Bay Area locations, convenient access via I-580, I-680, and BART, a strong base of daily amenities, and the presence of a well-educated population in the Tri-Valley.

- Pleasanton features a diverse base of office and flex building types, ages, and conditions, and can therefore accommodate a wide array of user needs.

- Pleasanton's existing office and flex business districts feature a model based on single-uses and heavy automobile access, in contrast to increasing interest in mixed-use communities and/or communities offering transit, pedestrian, and bicycle access and interactive public gathering spaces. Younger, high-skill workers are driving increasing demand for these types of environments.

- Pleasanton's existing business centers will need to reorient toward redevelopment, reinvestment, and infill development on their properties since there are few remaining greenfield development sites in those areas. Pleasanton may soon need to open additional land for commercial development, but the existing business centers already occupy locations with the best combination of access and amenities.

- The broader economic recovery is driving improved occupancy and lease rate performance in Pleasanton's flex and Class B office space, though Class A vacancies are still high.

- Future office and flex new development opportunities are likely to focus on multi-story, higher-density office and research and development buildings, following Pleasanton's historical pattern of build-to-suit projects for large businesses. Modern trends in commercial construction suggest a need to provide a mix of uses, a variety of transportation modes, and diverse housing options near employment centers.

- The Tri-Valley and Pleasanton in particular are secondary industrial markets; the I-880 corridor has higher inventory, lower costs, and better access to the Bay Area, while the Central Valley has very low costs and large amounts of land suitable for warehouse and distribution space.

- Pleasanton's industrial spaces fill a niche for small, service-oriented, and relatively price insensitive businesses seeking access to the Pleasanton market for unique reasons.

- Small institutional and office users are currently generating significant demand for industrial spaces in Pleasanton, but their needs must be balanced against ensuring sufficient industrial space is available as more truly-industrial businesses seek space in the future. Conversions of industrial space to other uses must be carefully analyzed to ensure that they will not negatively impact the ability to attract and retain current and future industrial tenants.

V. RETAIL AND LODGING MARKET ANALYSIS

RETAIL MARKET

This section describes Strategic Economics' retail market findings. The retail market was assessed through real estate market indicators, comparison to the Tri-Valley's competitive supply, sales performance relative to the Tri-Valley, and leakage and capture of sales compared to the Tri-Valley. Strategic Economics also assessed conditions in smaller retail centers serving the Pleasanton community, and compared retail performance within the city's "sales tax district" areas. Note that this section analyzes taxable retail sales and excludes taxable business-to-business sales.

Regional Context and General Performance

Pleasanton is the dominant retail location among the Tri-Valley's primary retail concentrations in Dublin, Pleasanton, and Livermore. The city features the largest inventory of space, lowest vacancy rates, and highest asking lease rates. As shown in Figure 50, Pleasanton comprises nearly 40 percent of the Tri-Valley's 13.4 million square feet of retail in Pleasanton, Dublin, and Livermore.

Pleasanton leads the Tri-Valley in total taxable retail sales. As shown in Figure 51, Pleasanton has higher taxable retail sales than either Dublin or Livermore. Only Walnut Creek has higher taxable retail sales (but lower taxable sales overall). Walnut Creek was examined for comparative purposes since it is the next-closest regional retail center; however, it is not within Pleasanton's primary regional retail trade area.

Pleasanton's total taxable retail sales are successfully recovering from the recent recession. Pleasanton's taxable retail sales have been recovering since their lowest point in 2009 (Figure 51).

Pleasanton's taxable retail sales recovery has slightly lagged that of Dublin and Livermore. Despite Pleasanton's improving sales performance, sales have not grown as rapidly as those in Dublin and Livermore (Figure 51), possibly due to new retail additions in those cities.

Pleasanton has higher taxable retail sales per capita than Livermore, the Tri-Valley, and Alameda County, but lower taxable retail sales per capita than Dublin. As shown in Figure 52, Pleasanton far outperformed most comparison geographies in taxable sales per capita in 2011. However, Dublin had higher sales per capita; that city is aggressively expanding its retail offerings, and is a relatively small community that features similar access to the I-580 and I-680 interchange and corridors. Walnut Creek featured higher sales per capita than Pleasanton as well, but serves a different primary retail market.

Automobile vehicle and parts dealers generated nearly one-fourth of Pleasanton's taxable retail sales in 2012, followed by general merchandise stores, restaurants and bars, and apparel. Figure 53 shows the large share of taxable retail sales contributed by the automobile dealerships located along I-580. General merchandise and apparel stores comprised another 28 percent of sales. This retail mix matches Pleasanton's freeway-oriented retail mix of automobile dealerships, clothing stores at Stoneridge Shopping Center, and "big box" retailers such as Walmart and OfficeMax.

Citywide sales leakage analysis shows opportunities for additional building material and garden equipment stores, home furnishing stores, and gasoline stations. Compared to the Tri-Valley, Pleasanton is experiencing retail sales leakage in those categories. The city already captures a notable surplus of sales in General Merchandise stores, Clothing and Clothing Accessories stores, and Motor

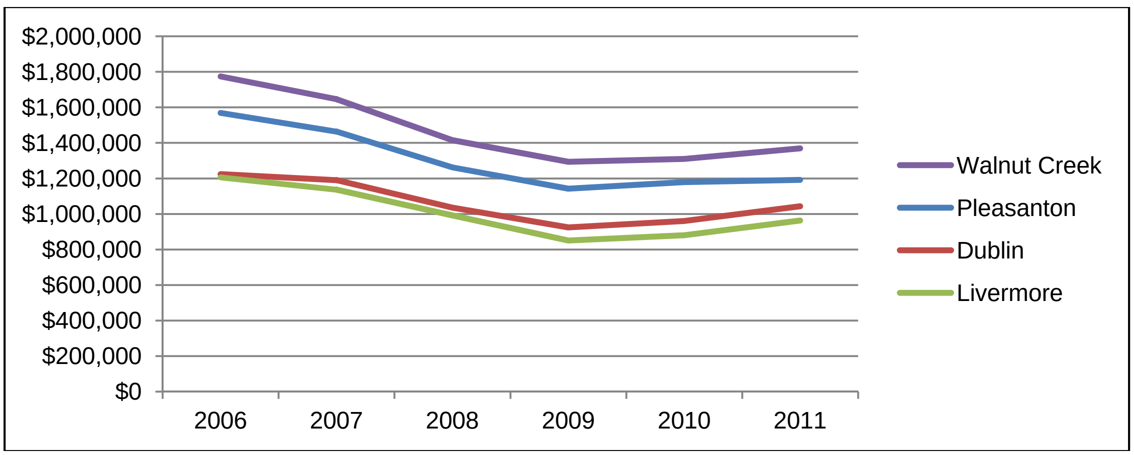
Vehicles and Parts Dealers. The sales leakage analysis compares sales per capita in Pleasanton versus the Tri-Valley as a whole, and serves as a rough estimate of retail categories in which Pleasanton is underperforming or over-performing. Figure 54 shows the magnitude of Pleasanton's sales leakage or capture.

Figure 50: Tri-Valley Retail Inventory, Rent, and Vacancy, 2012

	Pleasanton	Dublin	Livermore
Inventory (sq. ft.)	5,150,000	3,930,000	4,300,000
Vacancy Rate	4.40%	8.00%	7.40%
Monthly Rent (per sq. ft.)	$1.83	$1.74	$1.56

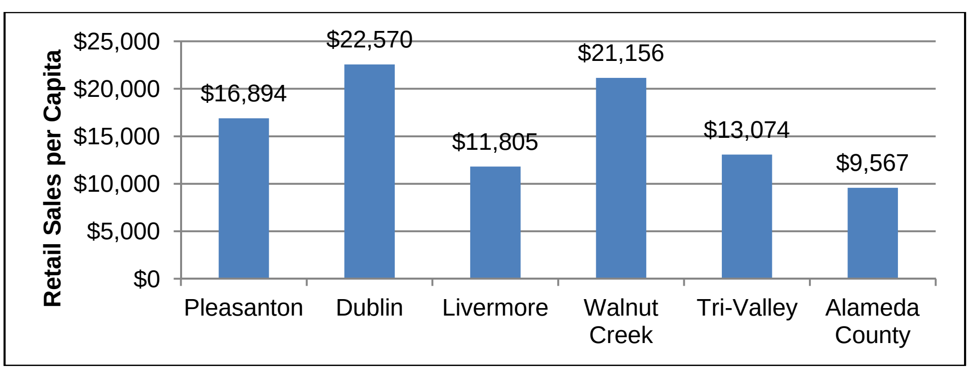
Monthly rent is provided on a "triple-net" basis, which does not include property taxes, insurance, and maintenance.
Source: Costar, 2012; Economic & Planning Systems, 2012; City of Pleasanton, 2012; Strategic Economics, 2013.

Figure 51: Taxable Retail Sales, 2006 to 2011 (in thousands of 2012 dollars)



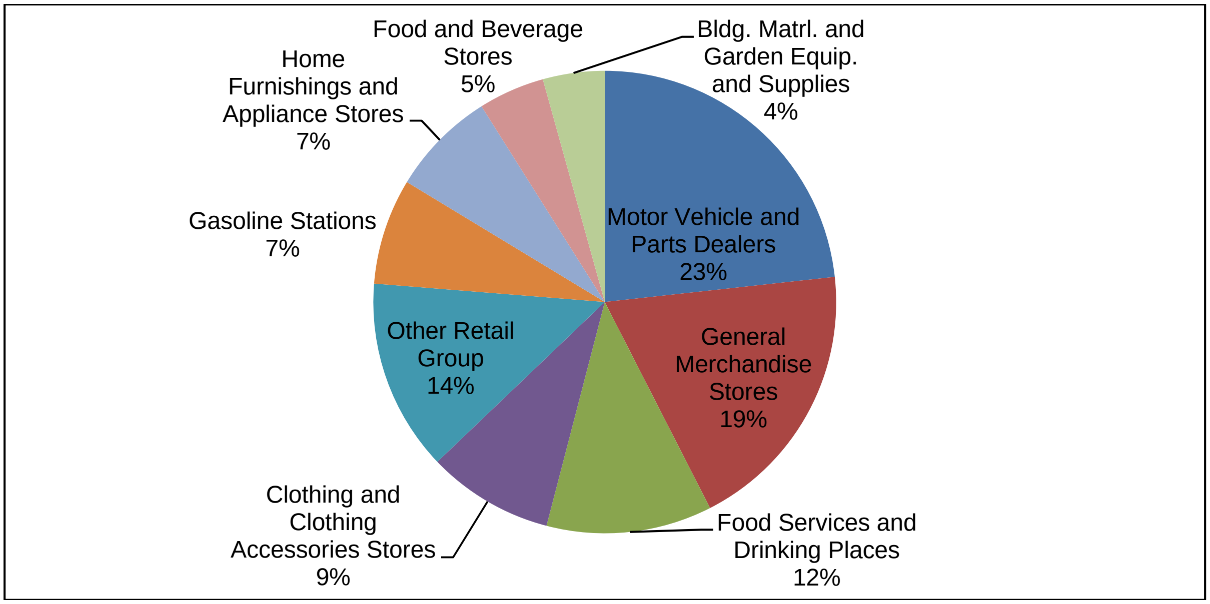
Source: California Department of Finance, 2011; Strategic Economics, 2013.

Figure 52: Retail Sales per Capita, 2011



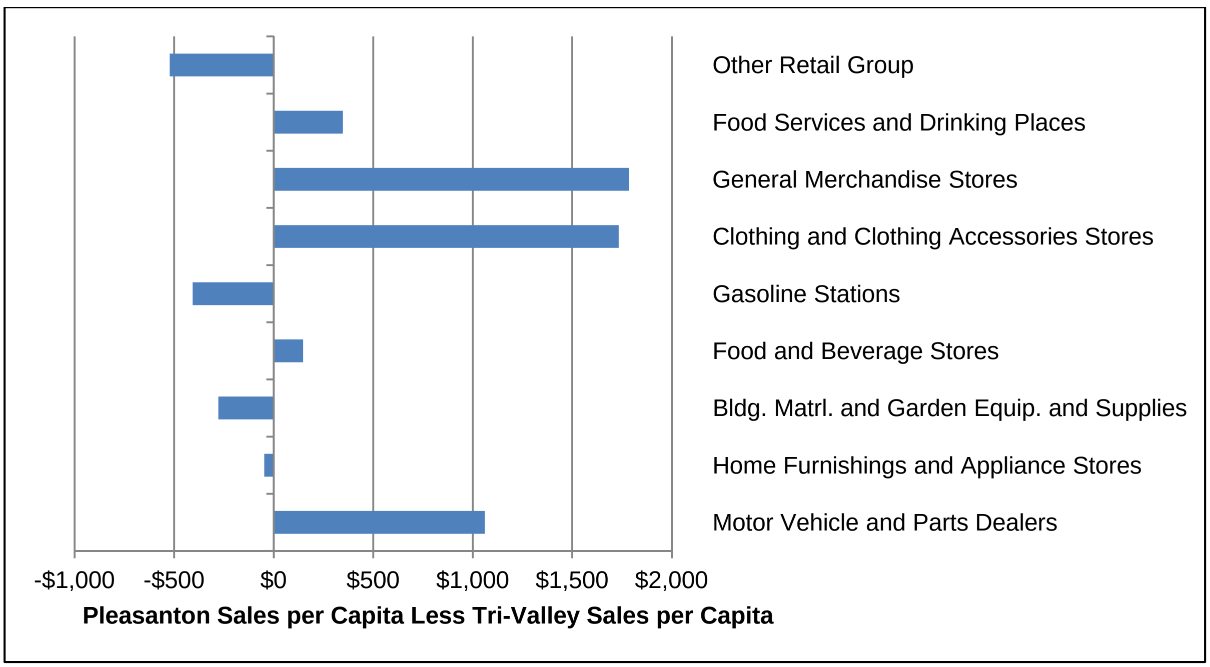
Source: California Department of Finance, 2010; Strategic Economics, 2013.

Figure 53: Taxable Retail Sales in Pleasanton by Category, 2012



Source: California Department of Finance, 2011; Strategic Economics, 2013.

Figure 54: Leakage Analysis: Comparison of Sales per Capita by Category, Pleasanton versus Tri-Valley, 2011 (in 2011 Dollars)



Source: California Department of Finance, 2011; Strategic Economics, 2013.

Local Retail Supply and Performance

This section examines Pleasanton's retail supply and competitive positioning based on types of shopping centers. It also assesses sales performance within the city's "sales tax districts," which are geographic aggregations of sales tax data. The purpose of these analyses is to identify challenges to retail performance, underperforming retail areas, and new opportunities to improve performance. This section categorizes shopping centers into three types based on the trade areas from which they draw customers:

- **Regional retail centers** draw customers from a large regional trade area and are typically anchored by large department stores (Stoneridge Shopping Center). These large concentrations of retail require excellent freeway access and visibility.

- **Community retail centers** serve a smaller trade area than regional retail centers. Some community centers have grocery stores (Trader Joe's), while many focus on other retail formats such as discount department stores (Walmart, Target) and other discount goods in the categories of sports equipment (Sport Chalet), books (Barnes & Noble), apparel (Kohl's), electronics (Best Buy), or home improvement (Lowe's).

- **Neighborhood retail centers** provide convenient daily needs shopping to a highly-localized trade area. They are often anchored by a grocery store and/or drug store and contain a small amount of additional in-line retail space. Centers typically range between 30,000 square feet (if they lack an anchor store) to 100,000 square feet.

Pleasanton's regional and community retail centers are described in Figure 55, along with competing centers in other cities. Pleasanton's neighborhood retail centers and downtown are described in Figure 56. Figure 57 shows the location of major shopping centers in Pleasanton.

Stoneridge Shopping Center is the only traditional regional retail destination in the Tri-Valley, but faces new competitive challenges from growth in nearby community centers. Stoneridge Shopping Center remains the only traditional regional retail destination in the Tri-Valley. However, growth of newer community centers in Dublin – such as Fallon Gateway and Grafton Station – is increasing the immediately adjacent supply of retail. While these stores have smaller trade areas than Stoneridge Shopping Center, the increase in alternative shopping options and more modern formats – such as the open-air "lifestyle center" format at Grafton Station – may erode sales at Stoneridge and Pleasanton's community centers despite the additional demand created by residential growth in Dublin. Notably, Pleasanton's historic 27 percent capture of all taxable retail sales in the Tri-Valley fell to 26 percent in 2011, *prior* to the opening of Livermore Premium Outlets in Livermore and Target and Dick's Sporting Goods at Fallon Gateway in Dublin. Stoneridge Shopping Center is proactively planning improvements to improve its competitiveness, including a recent five-year renewal of entitlements to allow the addition of approximately 363,000 square feet.

Livermore Premium Outlets also competes within a large regional trade area, but attracts a niche shopper seeking outlet bargains. Although Livermore Premium Outlets poses a threat to Stoneridge mall's sales, it is positioned to attract a specific niche of value-seeking customers from a trade area extending well beyond the Tri-Valley.

Pleasanton's neighborhood retail centers have successfully filled anchor tenant vacancies and are successfully competing. Neighborhood retail centers have successfully filled all anchor tenant vacancies in the past several years, with the additions of New Leaf Community Market at Vintage

Hills Shopping Center and Wal-Mart Neighborhood Market at Meadow Plaza Shopping Center (see Figure 56). Before that, Fresh & Easy, 99 Ranch Market, and a new Safeway at Pleasanton Gateway also opened.

Although Pleasanton's new grocery stores fill unique and different niches, it is possible the city is again becoming over-retailed with food stores. A wide range of consumer niches are represented by Pleasanton's grocery stores, as shown in Figure 56. However, the leakage analysis results in Figure 54 show that Pleasanton already captures a higher than average amount of per capita food sales. The added food stores may potentially undercut existing stores until population growth demand catches up to inventory. Analysis by EPS for the East Pleasanton Specific Plan found that Pleasanton is already over-supplied by grocery stores.

Analysis of taxable retail sales in Pleasanton's "sales tax districts" found that over half of Pleasanton's taxable retail sales occur in shopping centers located in the Hacienda and Stoneridge Mall areas. The City of Pleasanton provided taxable sales data for six sales tax districts, three of which had high amounts of retail sales (versus business to business sales). Figure 55 and Figure 56 show which shopping centers are located in the Hacienda and Stoneridge mall sales tax districts.

Based on its share of citywide sales, the Hacienda sales tax district is underperforming the city's retail sales growth since 2009. As shown in Figure 59 and Figure 60, the four retail centers and automobile dealership in Hacienda have been losing share of citywide sales since 2009 and have been in a slow decline since 2006. (The 2009-2012 recession was the period of longest retail vacancy in Hacienda over the last 10 years.) Three of the centers – Crossroads Center, Gateway Square, and Hacienda Plaza – are small unanchored centers focused on serving daily needs of workers. They are more likely to suffer drops in performance due to vacancies in nearby office buildings.

Downtown Pleasanton is facing heightened competition from Downtown Livermore and would benefit from improved tenanting and commercial spaces; however, performance is stable. Downtown Pleasanton was historically the only major traditional "downtown" in the Tri-Valley, but redevelopment in Downtown Livermore has created new competition within this niche. Downtown Pleasanton already features a more compact, traditional, and historic fabric compared to Livermore, but the heightened competition reinforces the need for reinvestment and careful tenant selection. Interviews with brokers, property owners, and managers suggest that vacancy is below 5 to 7 percent for retail spaces, and asking rents range from $3 to $4 per square foot per month (full service gross) depending on quality and location. Interviewees reported that Downtown primarily suffers from gaps in its tenant mix (particularly for clothing retail and later-night dining options), lack of modernization by some property owners, and a perception that parking is too far from stores.

Overall, Pleasanton's community and neighborhood shopping centers, even those without an anchor, perform relatively well in terms of occupancy rates. According to brokers, the asking rents for these centers are lower than the city's average ($1.50 per square foot as opposed to $1.83 citywide). However, the occupancy rate in these centers is healthy, generally above 90 percent. This high occupancy indicates that there is sufficient demand from retailers to locate in the existing community and neighborhood shopping centers.

Older, unanchored neighborhood retail centers generate significantly lower local sales tax revenues. Analysis of taxable sales data for the city shows that unanchored neighborhood shopping centers constructed in the 1960s and 1970s generate lower revenues than newer centers (Figure 61). While these centers may currently have low vacancy rates, due to their age they may require upgrades or repositioning to enhance their revenues and further contribute to the city's economy.

Figure 55: Regional and Community Centers in Pleasanton, Dublin, and Livermore

Center Type	Pleasanton Sales Tax District	City / Center Name	Anchor Tenants	Approximate Address	Year Built	Approximate Square Feet
		Pleasanton				
Regional	Stoneridge Mall	Stoneridge Shopping Center	Nordstrom, Sears, JCPenney, Macy's	1 Stoneridge Mall Rd.	1981	1,312,000
Community		Rose Pavilion	Macy's Furniture, Fresh & Easy, Ranch 99	4299 Rosewood Dr.	1988-1991	323,000
Community	Hacienda	Metro 580	Wal-Mart., Kohl's, Sport Chalet	4501 Rosewood Dr.	1996	303,000
Community		Pleasanton Square	Home Depot, Smart & Final	6000 Johnson Dr.	1991	205,000
Community		JCPenney Plaza	JCPenney Home Store, Cost Plus World Market, OfficeMax	5516 Springdale Ave.	1982	164,000
Downtown/ Boutique	Downtown	Downtown Pleasanton		Main Street		379,000
		Dublin				
Community		Hacienda Crossings	T.J. Maxx, Best Buy, Bed Bath & Beyond, Regal Cinemas	4820-4980 Dublin Blvd.	1999	264,000
Community		Dublin Place / Town Square	Target, Pet Smart	7200 Amador Plaza	1979-81	206,000
Community		Grafton Station	Lowe's	3750 Dublin Blvd.	2007	179,000
Community		Fallon Gateway	Target, Dick's Sporting Goods	2800 Dublin Blvd.	2012	380,000
Community		Osh Center	Osh, Ross, Marshall's, Michael's	Dublin Blvd. and Regional St.	1971	164,000
		Livermore				
Regional		Livermore Premium Outlets	Banana Republic Factory Store, Neiman Marcus Last Call, Nike Factory Store, Saks Fifth Avenue Off 5th	2774 Paragon Outlets Dr.	2012	540,000; expansion underway
Community		Costco Center	Costco	2800 Independence Dr.	1993	177,000
Community		Vintage Square	Wal-Mart, Home Depot, OfficeMax, Kohl's	2500 Las Positas Rd.	1993, 2000, 2007	108,000
Community		Target Center	Target	4300 Las Positas Rd.	1992	113,000
Community		Lowe's Center	Lowe's	4255 1st St.		133,000
Downtown/ Boutique		Downtown Livermore		First Street		

Source: City of Pleasanton, 2013; Economic & Planning Systems, 2012; CoStar, 2012; Strategic Economics, 2009 and 2013.

Figure 56: Neighborhood Retail Centers in Pleasanton

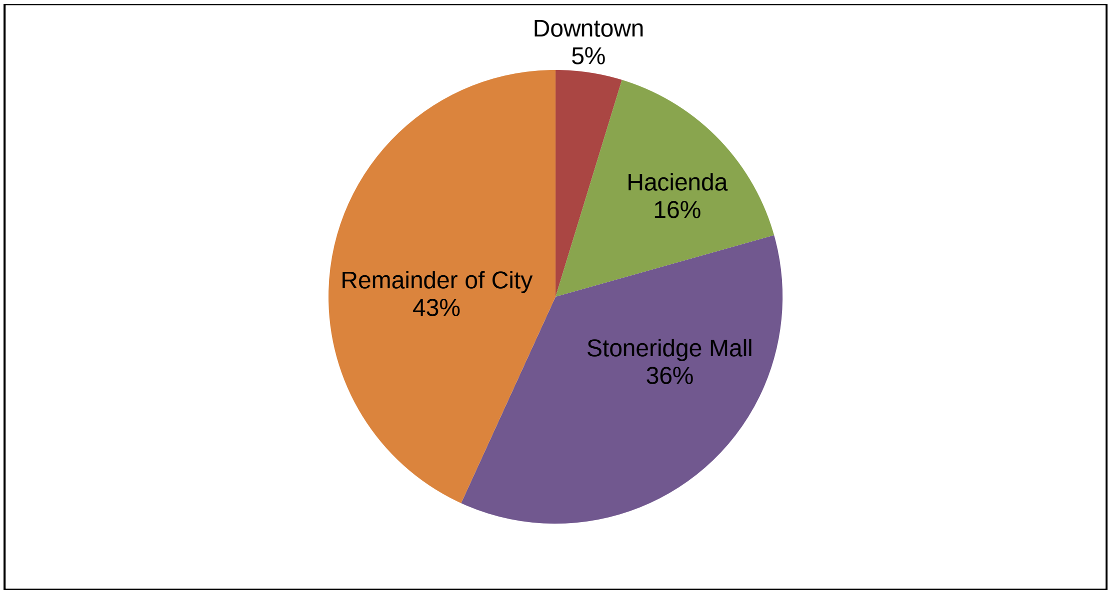
Year Built	Sales Tax District	City / Center Name	Anchor Tenants	Approximate Address	Approximate Square Feet
2012		Pleasanton Gateway	Safeway	6790 Bernal Ave.	122,000
1996		Amador Center	Safeway, Walgreens	1701 Santa Rita Rd.	87,000
1991		Cort Furniture Rental Plaza		6700 Santa Rita Rd.	23,000
1990	Hacienda	Crossroads		Hopyard Rd. and Inglewood Dr.	58,000
1990s		Val Vista Center	Lucky	6155 W. Las Posita Blvd.	68,000
1988-92, 2003		Bernal Plaza		6654-6690 Koll Center Pkwy.	36,000
1989		Oak Hills Shopping Center	Raley's	5420 Sunol Blvd.	120,000
1989	Hacienda	Gateway Square		Hopyard Rd. and Stoneridge Dr.	87,000
1989		Santa Rita Square		Santa Rita Rd. south of Las Positas	27,000
1987		Trader Joe's Plaza	Trader Joe's	4040 Pimlico Dr.	27,000
1986		Meadow Plaza Shopping Center	Wal-Mart Neighborhood Market	3112 Santa Rita Rd.	54,000
1985	Hacienda	Hacienda Plaza		Stoneridge Dr. and Gibraltar	32,000
1982		Hopyard Village		Hopyard Rd. and Valley Ave.	78,000
1980s		Hopyard Retail		Hopyard Rd. and Owens Dr.	50,000
1979-1981		Del Valle Plaza		915 Main St.	25,000
1979		Vintage Hills Shopping Center	New Leaf Community Market	3550 Bernal Ave.	47,000
1977		Mission Plaza Shopping Center		Santa Rita Rd. and Lockhart Ln.	36,000
1972		Gene's Fine Food/Rite Aid Center	Gene's Fine Foods, Rite Aid	2803 Hopyard Rd.	80,000
1968-70, 1975-77		Valley Plaza Shopping Center		Santa Rita Rd. and Valley Ave.	49,000
1963	Downtown	Pleasant Plaza		4277 First St.	13,000

Source: City of Pleasanton, 2013; Economic & Planning Systems, 2012; CoStar, 2012; Strategic Economics, 2009 and 2013.

Figure 57: Map of Pleasanton Shopping Centers and Major nearby Dublin / Livermore Shopping Centers

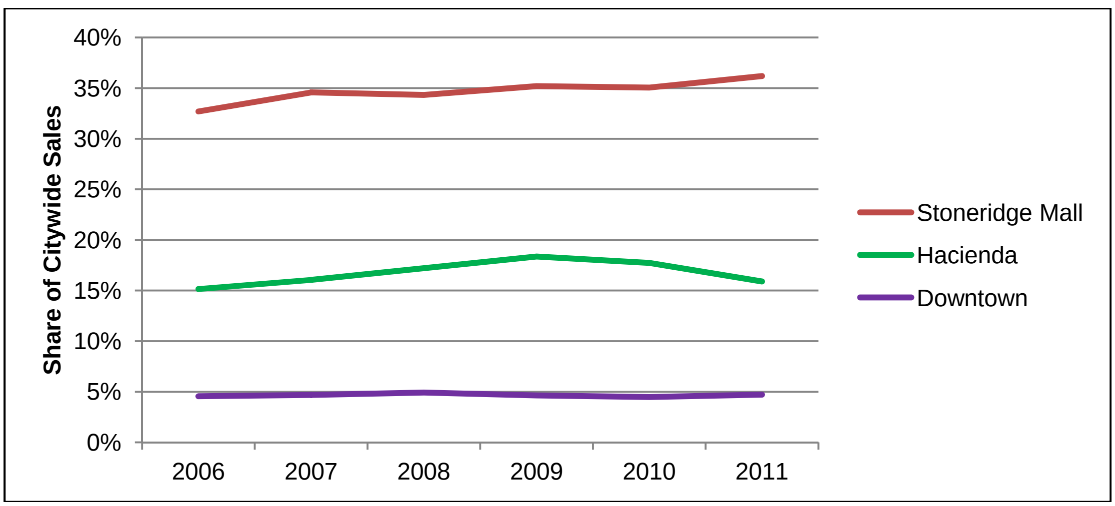
Source: Microsoft Bing Maps, 2013; Strategic Economics, 2013.

Figure 58: Pleasanton Retail Sales by Sales Tax District, 2011



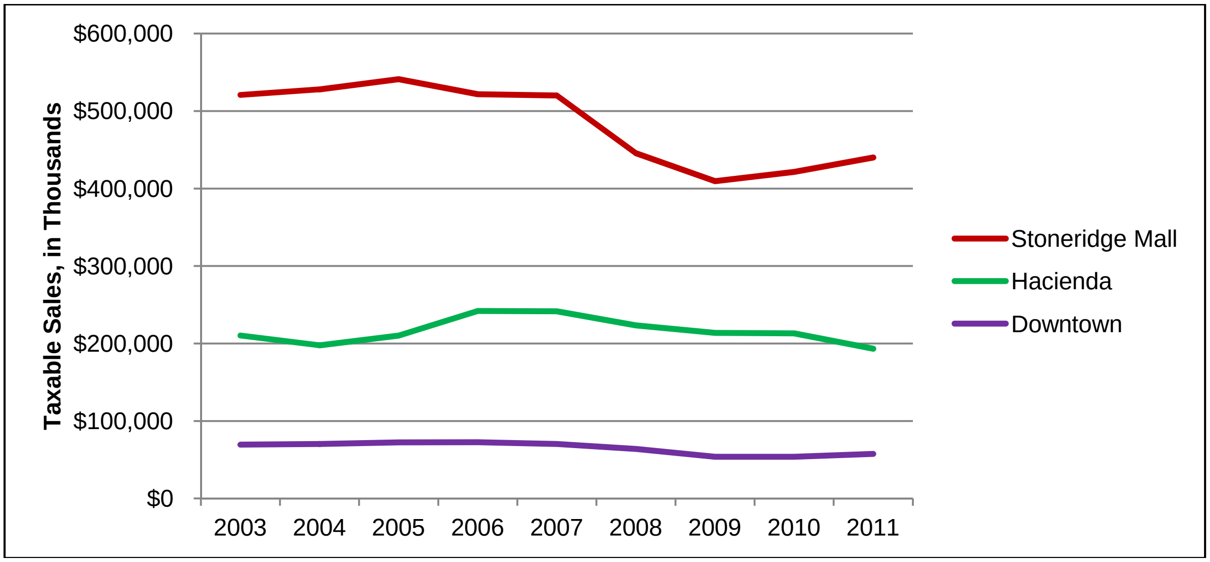
Source: City of Pleasanton, 2013; California State Board of Equalization, 2011; Strategic Economics, 2013.

Figure 59: Pleasanton Sales Tax District Share of Citywide Sales, 2006 to 2011



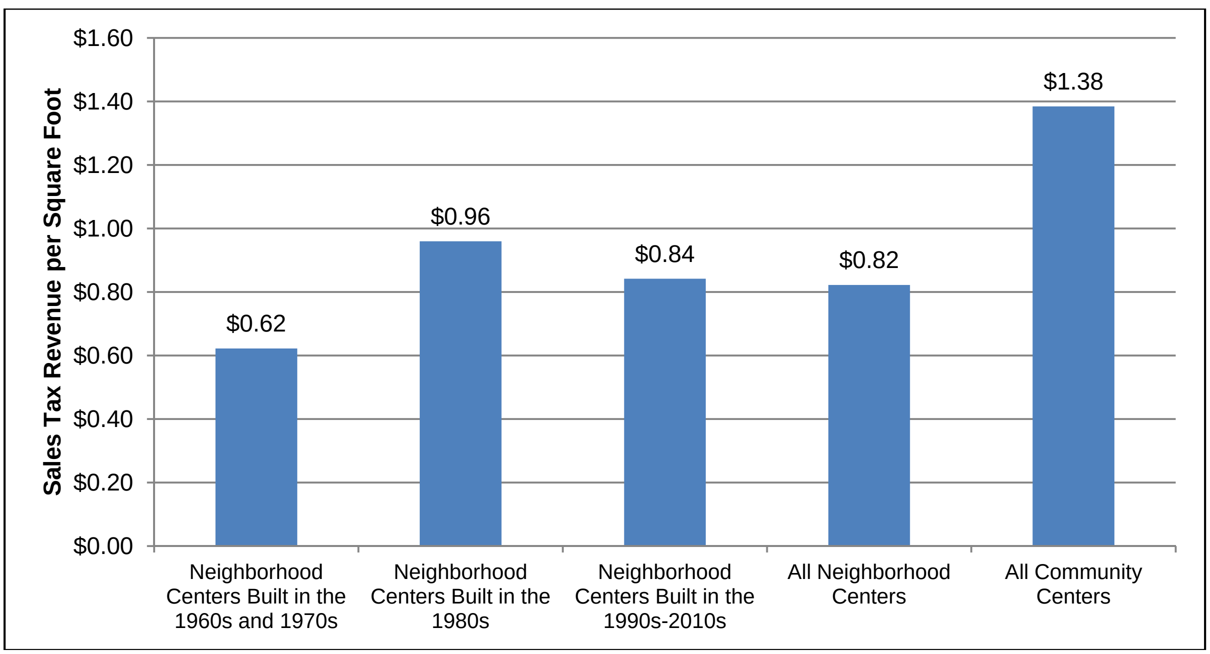
Source: City of Pleasanton, 2013; HDL Companies, 2013; California State Board of Equalization, 2013; Strategic Economics, 2013.

Figure 60: Pleasanton Taxable Retail Sales by Sales Tax Area, 2003 to 2011 (in 2012 dollars)



Source: City of Pleasanton, 2013; HDL Companies, 2013; California State Board of Equalization, 2013; Strategic Economics, 2013.

Figure 61: Sales Tax Revenue per Square Foot of Neighborhood and Community Retail Centers, by Year Built, 2012



Center types are described on page 45; Centers are listed by year built in Figure 55 and Figure 56 on pages 47-48.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

LODGING MARKET

Strategic Economics examined available data from the Tri-Valley Convention and Visitors Bureau and the City of Pleasanton to assess the recovery of the lodging market since the recession, and key issues.

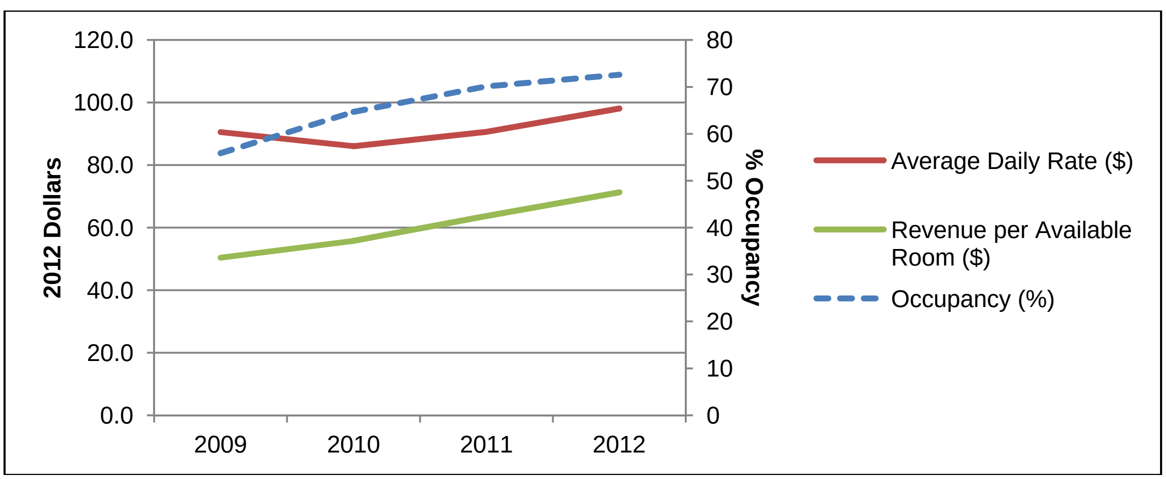
The Tri-Valley hotel market has experienced a strong recovery since 2009. As shown in Figure 62, the Tri-Valley has experienced increased occupancy rates, average daily rates, and revenue per available rooms since 2009 and 2010. Pleasanton is also showing strong signs of recovery post-recession. According to transient occupancy tax (TOT) revenue data, Plesasanton's hotel revenues are now approaching the pre-recession level in fiscal year 2006/2007 (Figure 63).

Pleasanton is a major hotel market in the Tri-Valley, containing 37 percent of the Tri-Valley's nearly 4,900 hotel rooms.

The lodging market in Pleasanton primarily serves business travelers. As the hotel types shown in Figure 64 demonstrate, most hotels are mid-level large chains focused on business travelers. Three hotels with 833 rooms are full-service business hotels offering extensive amenities such as conference / meeting / event space, on-site dining, and/or extensive workout facilities. Three hotels with 359 rooms are limited-service business hotels with fewer amenities, and three hotels with 375 rooms are extended stay hotels catering to workers with temporary long-term lodging needs in Pleasanton. Pleasanton also includes three economy hotels and the boutique Rose Hotel in Downtown Pleasanton.

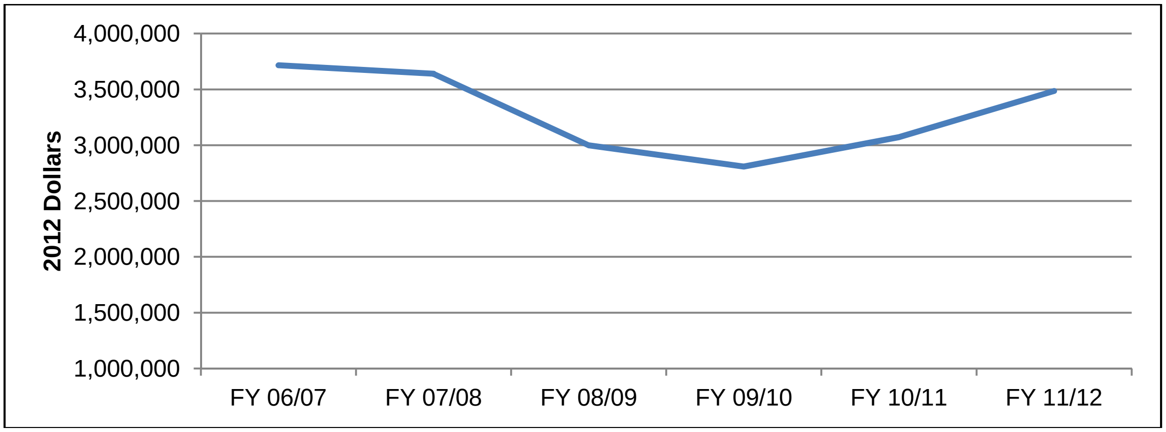
Tri-Valley hotels suffer from sometimes high vacancies on the weekends, although performance is improving. Due to the Tri-Valley's strong focus on business travelers, weekend occupancy has long lagged weekday occupancy. For the entirety of 2012, data from STR Global shows that weekday occupancy was 75 percent, compared to 68 percent on weekends. This gap was sometimes significantly wider depending on the time of year. However, the Tri-Valley Convention and Visitors Bureau – now known as Visit Tri-Valley – is promoting the region's lifestyle amenities for weekend travelers, and reports strong increases in weekend occupancy recently.

Figure 62: Tri-Valley Hotel Average Daily Rate, Revenue per Available Room, and Occupancy Trends (inflation adjusted to 2012 dollars)



Source: STR Global, 2008-2012; Tri-Valley Convention and Visitors Bureau, 2013; Strategic Economics, 2013.

Figure 63: Pleasanton Total Transient Occupancy Tax Receipts by Fiscal Year, 2006-2012 (inflation adjusted to 2012 dollars)



Source: City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 64: Hotels in Pleasanton

Type	Hotel Name	# Rooms
Business, Full Service	Hilton Pleasanton at The Club	294
Business, Full Service	Marriott Pleasanton	242
Business, Full Service	Four Points by Sheraton Pleasanton	214
Business, Full Service	Sheraton Hotel Pleasanton	171
Business, Limited Service	Courtyard by Marriott Pleasanton	145
Extended Stay	Residence Inn Pleasanton	135
Extended Stay	Hyatt House Pleasanton	128
Business, Full Service	Larkspur Landing Pleasanton	126
Extended Stay	Extended Stay America Pleasanton Chabot Drive	112
Economy	Best Western Plus Pleasanton Inn	102
Economy	Motel 6 Pleasanton	76
Boutique	Rose Hotel	35
Economy	Tri-Valley Inn & Suites	34
	Total	1,814

Source: City of Pleasanton, 2013; Strategic Economics, 2013.

RETAIL AND LODGING MARKET CONCLUSIONS

- Pleasanton is still the largest and strongest retail location in the Tri-Valley, with the highest inventory, highest occupancy rates, highest asking lease rates, and – as of 2011 – the highest taxable sales.

- Automobile dealerships are a major contributor to Pleasanton's taxable retail sales and, therefore, fiscal health. Sales at automobile dealers comprised one-fourth of taxable retail sales in 2012.

- Pleasanton does not capture its full potential sales in the categories of building material and garden equipment stores, home furnishings stores, or gasoline stations, but captures a surplus in most other categories.

- Pleasanton is facing new threats to its regional retail dominance from community shopping centers in Dublin and Livermore Premium Outlets in Livermore. Stoneridge Shopping Center is proactively preparing to address these threats, having recently renewed entitlements to allow the addition of approximately 363,000 square feet.

- Pleasanton's smaller neighborhood retail centers have successfully filled anchor tenant vacancies, but there may now be an oversupply of grocery stores in the city as a result.

- Although all Pleasanton retail centers experience reasonably strong occupancy, the smallest and oldest unanchored neighborhood centers in Pleasanton may eventually require reinvestment or even repositioning to other uses if they are not well-located.

- The Pleasanton lodging market is recovering well from the recession; the emphasis on business-serving hotels has historically resulted in low occupancy on the weekends, but Visit Tri-Valley (Tri-Valley Convention and Visitors Bureau) reports improvements.

VI. SUBAREA ANALYSIS

This section describes analysis results for six major employment subareas in Pleasanton, examining real estate market conditions, employment mix and growth, retail sales, local tax revenue generation, and other economic and fiscal characteristics. The subareas were selected based input from city staff and Economic Vitality Committee members with the goal of providing insight to the unique contributions each subarea makes to Pleasanton's economy and to the city's fiscal health, and to identify if there are opportunities to improve performance.

As shown in Figure 65, the six subareas cover most of Pleasanton's dense employment concentrations. The six subareas are:

- Hacienda
- Stoneridge
- Commerce Circle and Hopyard
- Bernal Corporate Park
- Downtown Pleasanton
- Valley and Stanley Business Parks

The East Pleasanton Specific Plan was not included as a subarea because there is little to no business activity to assess, and because the area is undergoing its own in-depth technical analysis and planning process.

The series of maps following Figure 65 show the distribution of key employment sectors within the subareas.

Figure 65: Pleasanton Subarea Boundaries Overlaid on Employment Concentrations

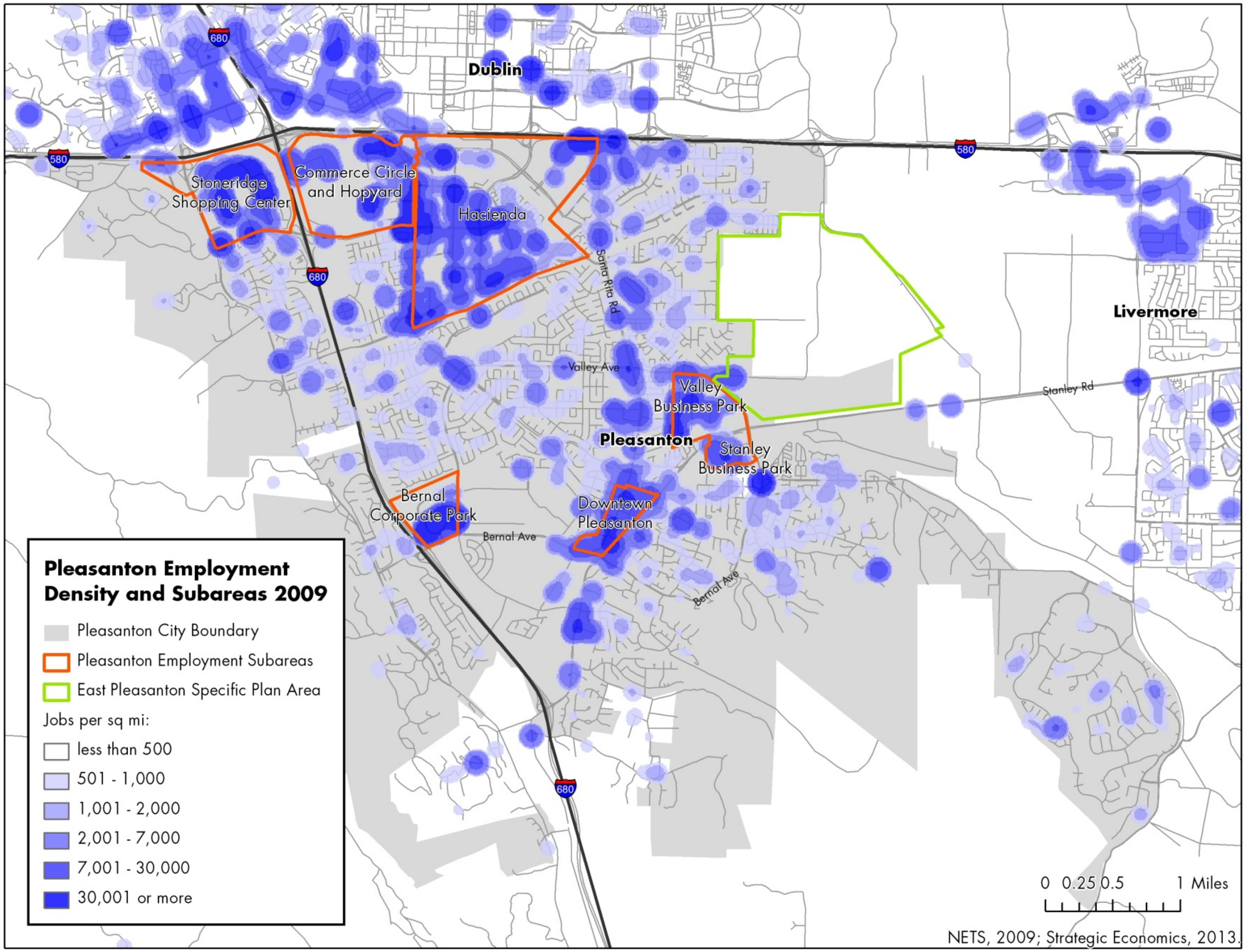


Figure 66: Professional, Scientific, and Technical Services Industry Employment Density, 2009

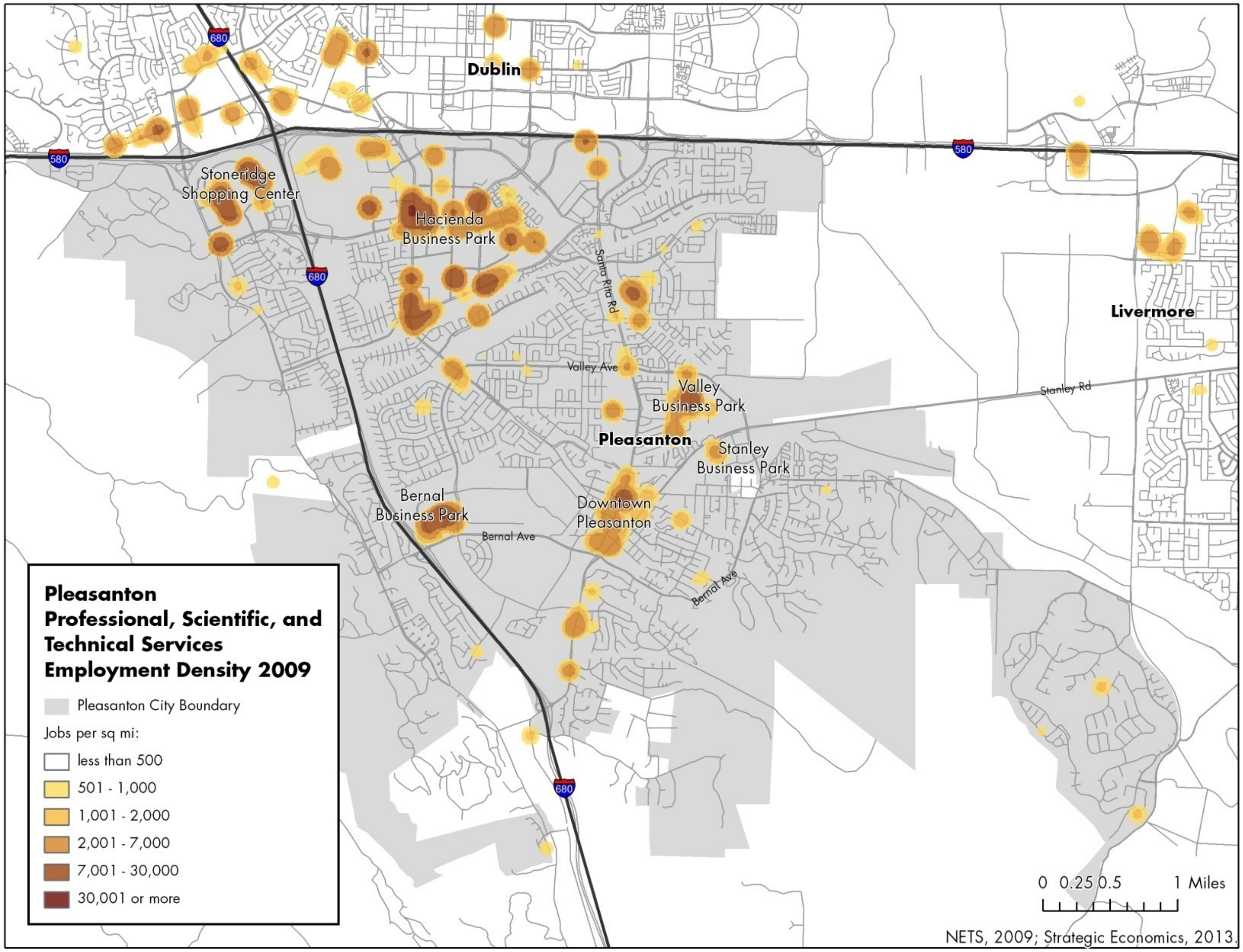


Figure 67: Information Industry Employment Density, 2009

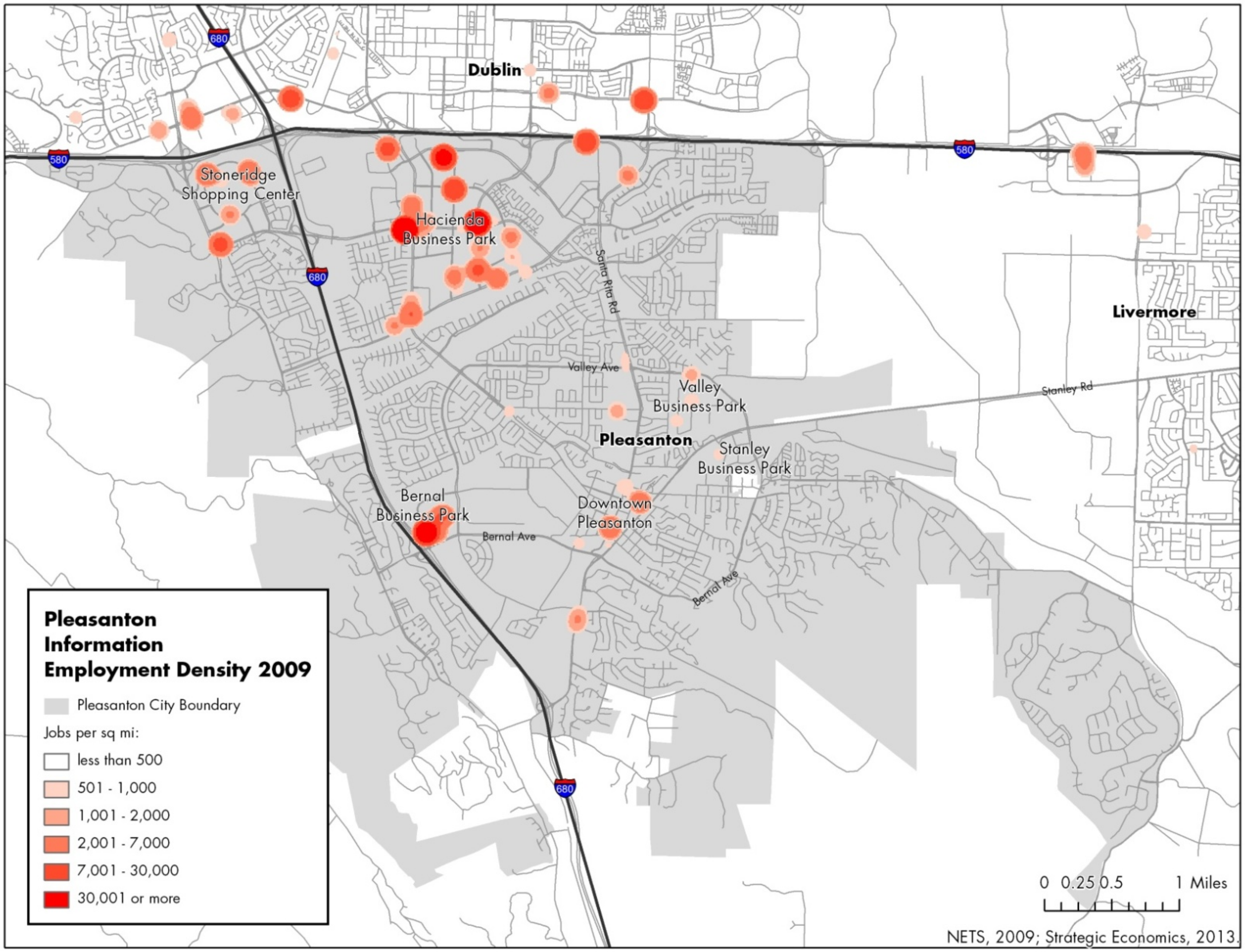


Figure 68: Manufacturing Industry Employment Density, 2009

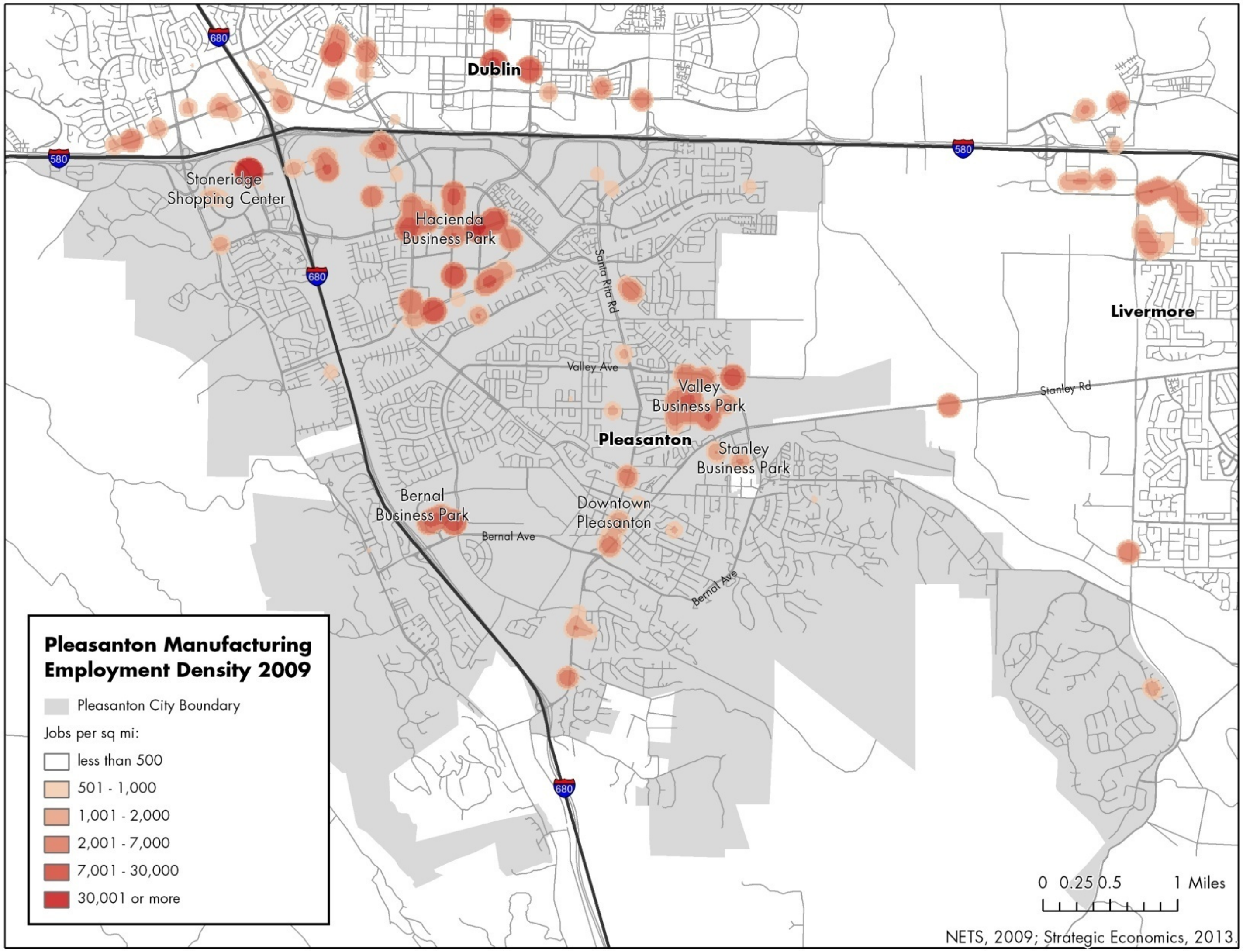
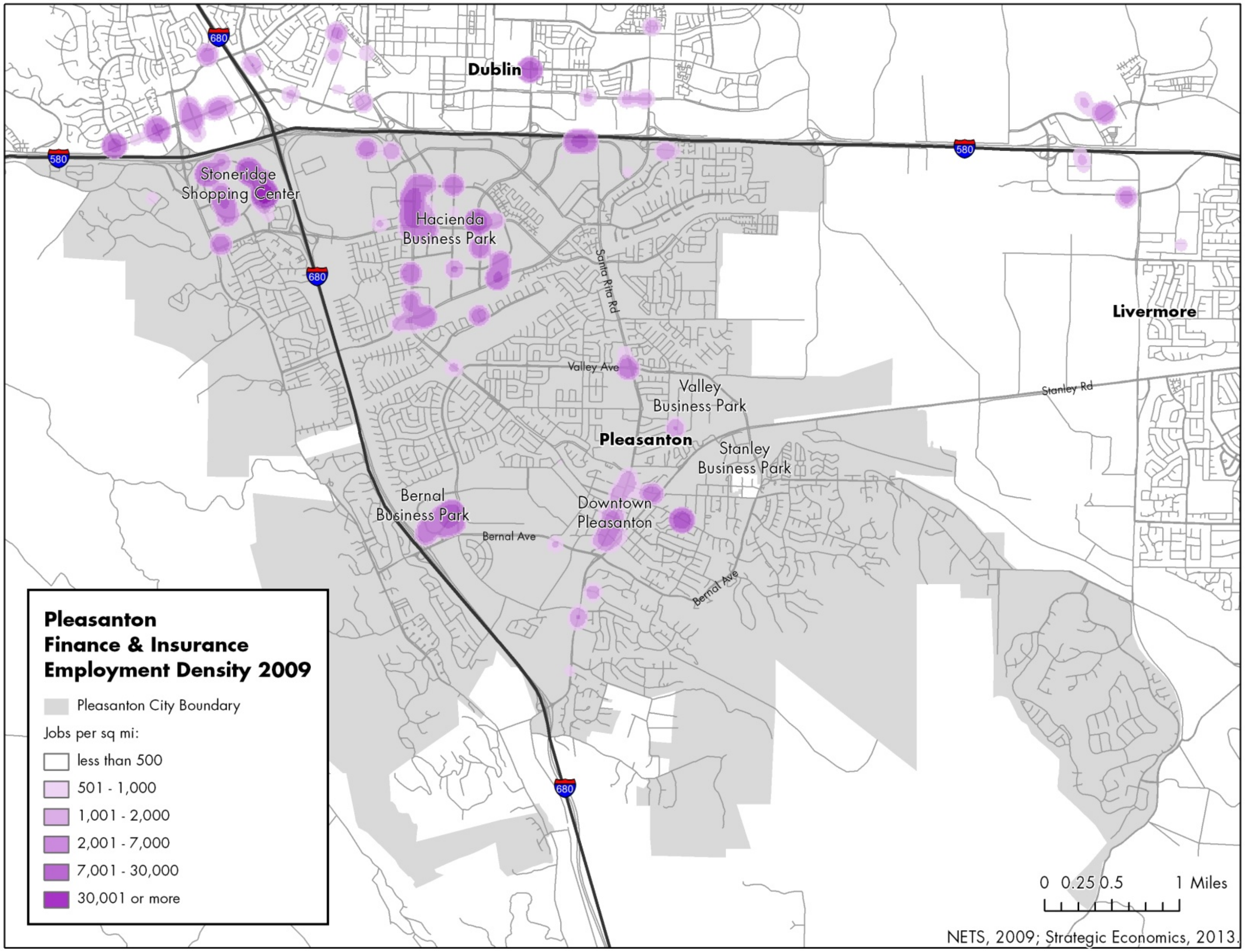


Figure 69: Finance and Insurance Industry Employment Density, 2009



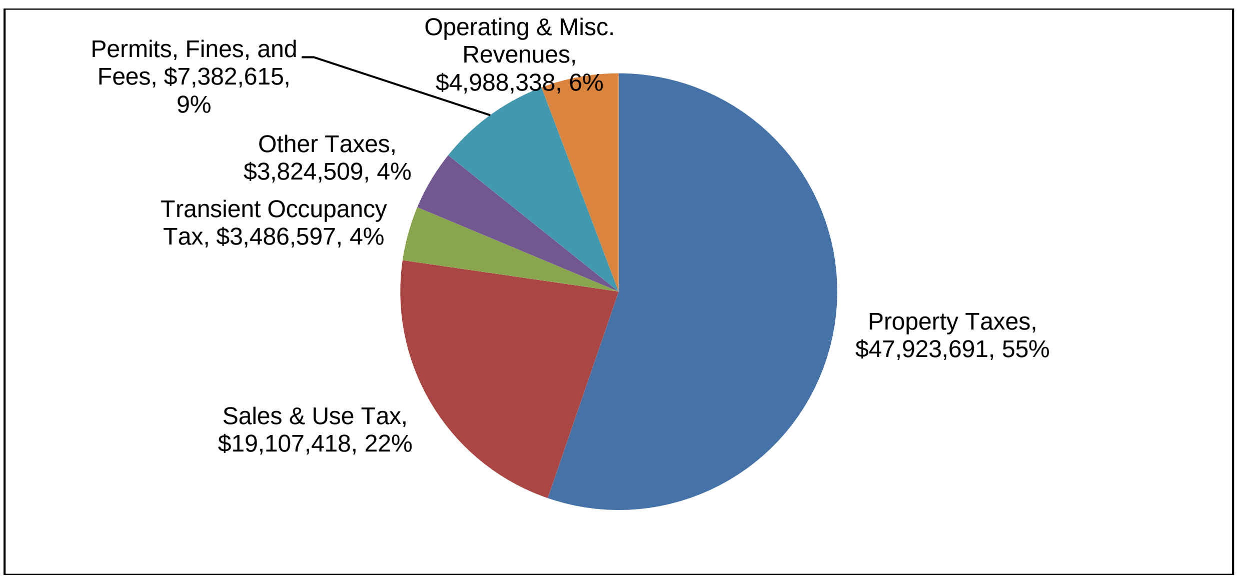
CITYWIDE FISCAL CONTEXT

Prior to examining the subareas' contributions to the City of Pleasanton's fiscal health, it is necessary to review the largest revenue and cost drivers affecting the city's General Fund. The General Fund is the primary funding source through which the city pays for its services. This overview of the General Fund covers fiscal year 2011/2012. However, the mix of revenue sources and expenditures does not change significantly from year to year.

As shown in Figure 70, property taxes make up over half of Pleasanton's revenue. Sales and use tax follows, generating 21 percent of revenue. Transient occupancy tax – i.e., tax on hotel and motel stays – contributes 4 percent of revenues. Other revenue sources include items such as fees, fines, business licenses, and interfund revenues. The following subarea fiscal analyses cover property taxes, sales and use tax, and transient occupancy tax, thus examining the types of revenue sources that comprise 78 percent of Pleasanton's General Fund revenues.

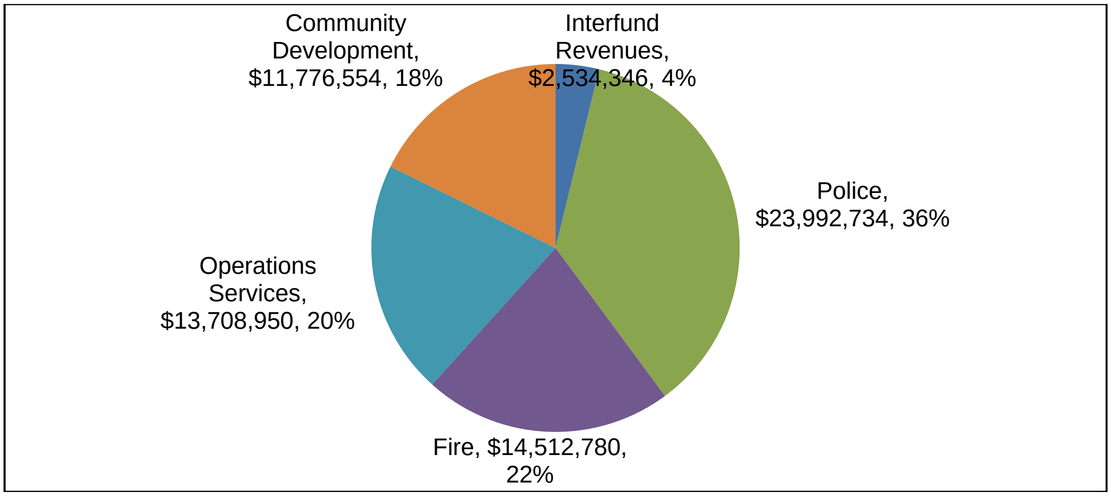
Nearly half of Pleasanton's General Fund expenses pay for public safety (fire and police) (Figure 71); these are typically the largest cost drivers in any city. The remainder of costs are spread across Pleasanton's various departments and general government expenses. The subarea fiscal analyses qualitatively assess cost impacts, such as if a certain subarea requires significant police resources. The majority of expenditures is linked to service population on a per capita basis (residents and employees) and therefore would largely vary between subareas based simply on the number of people employed in a subarea. Fire Department costs also do not vary significantly between the subareas.

Figure 70: General Fund Revenues by Source, Fiscal Year 2011/2012



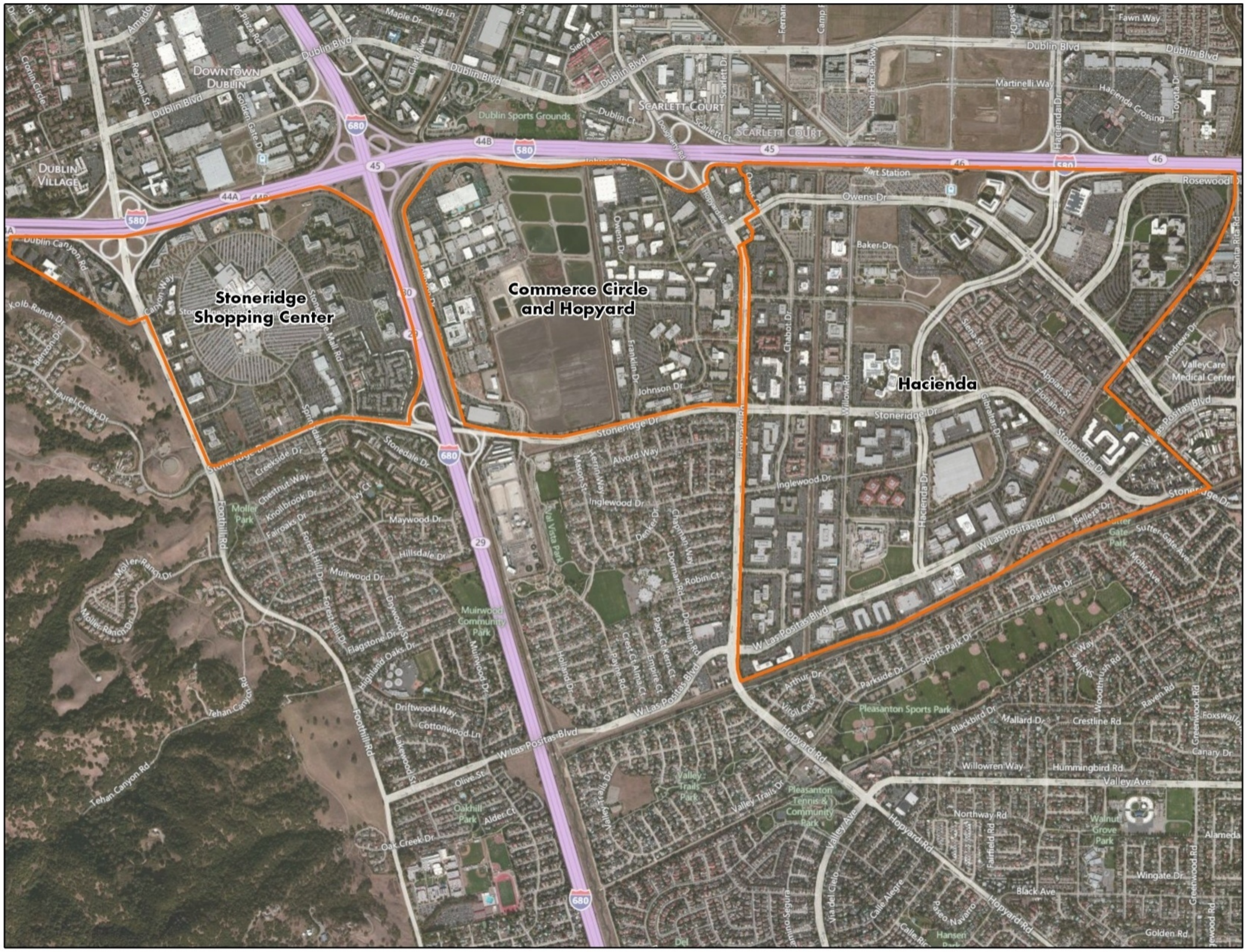
*Revenues are higher than expenditures due to operating transfers to other funds which are not counted as expenditures. For more detail, see City of Pleasanton budget documents: http://www.cityofpleasantonca.gov/services/finance/budget-and-financial-charts.html.
Source: City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 71: City of Pleasanton General Fund Expenditures by Department, Fiscal Year 2011/2012



Source: City of Pleasanton, 2013; Strategic Economics, 2013.

Figure 72: Reference Map of Northern Subareas



Source: Nokia and Microsoft Bing Maps, 2013; Strategic Economics, 2013.

HACIENDA

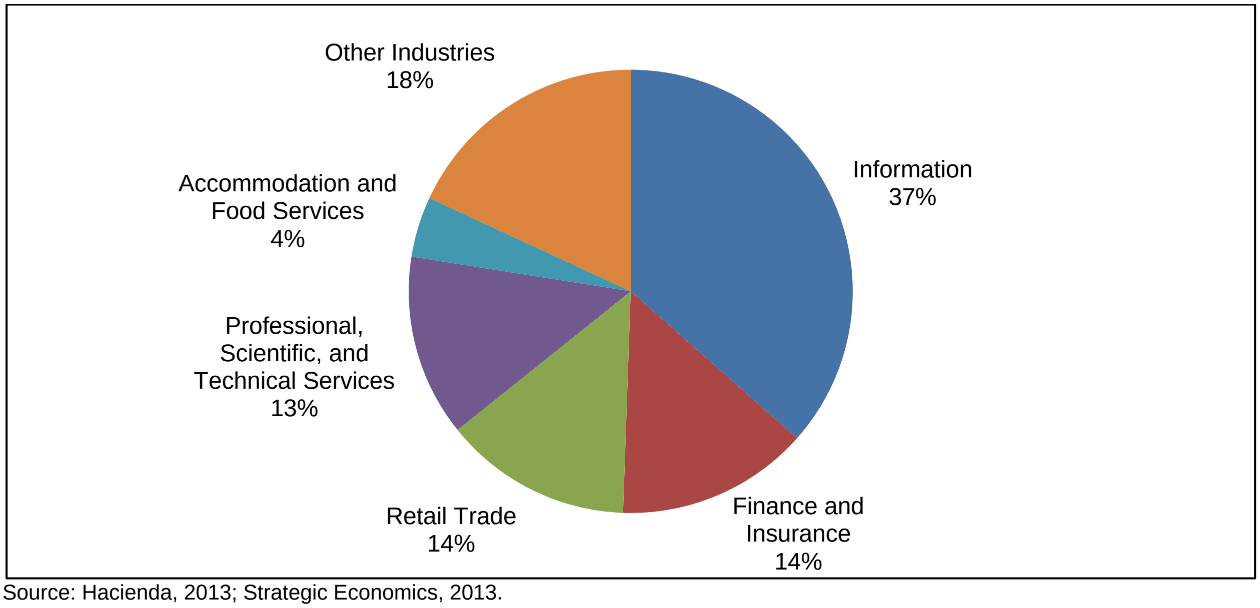
The "Hacienda" subarea boundaries correspond to those of the Hacienda Owners Association. These boundaries were selected because Hacienda is a single Planned Unit Development and because the Hacienda Owners Association tracks detailed data for the specific area. The area is Pleasanton's largest and most concentrated employment center.

Employment

Hacienda is Pleasanton's largest business district, with industries that mirror the city overall. Based on employment data provided by the Hacienda Owners Association, the area included 17,500 jobs in 2012 – the highest of the selected subareas and 25 to 30 percent of citywide jobs. Hacienda has a large presence of Information, Finance and Insurance, Retail, and Professional, Scientific, and Technical Services companies. Hacienda is the largest employment center in Pleasanton, and the largest sectors at Hacienda overlap with citywide sectors except for a lack of companies in the Manufacturing industry. Interviews with brokers confirmed that Hacienda's major users are concentrated in financial services, medical technology, general technology-based companies, and food brokers supporting Safeway.

Hacienda employment grew 44 percent between 1995 and 2012, driven by significant gains in Information, Retail Trade, and Health Care and Social Assistance. The Information and Retail Trade average business sizes are large due to the inclusion of Oracle and Ross Dress for Less (although the latter is moving to Dublin in 2014 to own its property).

Figure 73: Hacienda Employment by Top Industries, 2012 (additional detail in following table)



Source: Hacienda, 2013; Strategic Economics, 2013.

Figure 74: Hacienda Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2012 Employment	2012 Businesses	2012 Average Firm Size	1995-2012 Employment Growth	1995-2012 Employment Growth %
Subarea Totals	*17,567*	*549*	*32*	*5,335*	*44%*
Top 10 Industry Sectors:					
Information	6,415	91	70	2,596	68%
Finance and Insurance	2,465	77	32	663	37%
Retail Trade	2,407	41	59	1,867	346%
Professional, Scientific, and Technical Services	2,329	89	26	-332	-12%
Accommodation and Food Services	773	33	23	41	6%
Health Care and Social Assistance	744	87	9	352	90%
Manufacturing	503	11	46	156	45%
Wholesale Trade	354	13	27	-597	-63%
Public Administration	353	5	71	239	210%
Admin. & Support & Waste Mgmt. & Remediation Svcs.	346	26	13	190	122%

Source: Hacienda, 2013; Strategic Economics, 2013.

Real Estate

Hacienda's inventory is primarily office-focused, but provides a range of types of office and flex space, plus supportive retail amenities. Hacienda contains approximately 5.5 million square feet of office space, 1.8 million square feet of flex, and 900,000 square feet of retail. Retail amenities include a community shopping center, a Mercedes-Benz dealership, and three neighborhood centers that primarily provide amenities and daily needs for workers.

Hacienda – along with much of the higher quality office space along the I-580 corridor in northern Pleasanton – commands high rents. Office space along the I-580 corridor commands the highest overall rents in Pleasanton, with similar rents found in Stoneridge and Hacienda. Brokers report typical top Class A rents ranging from $2.00 to $2.35 per square foot per month (full service gross) down to $1.65 to $2.15 for older Class A and Class B space. Hacienda is confronting high vacancy rates in its office space, with data from the owners association showing a 23 percent rate in the first quarter of 2013, and 7 percent in flex space. Much of this vacancy is located at California Center, which is heavily marketing its space since completing reinvestments, and has attracted the information technology departments of Gap and Macy's.

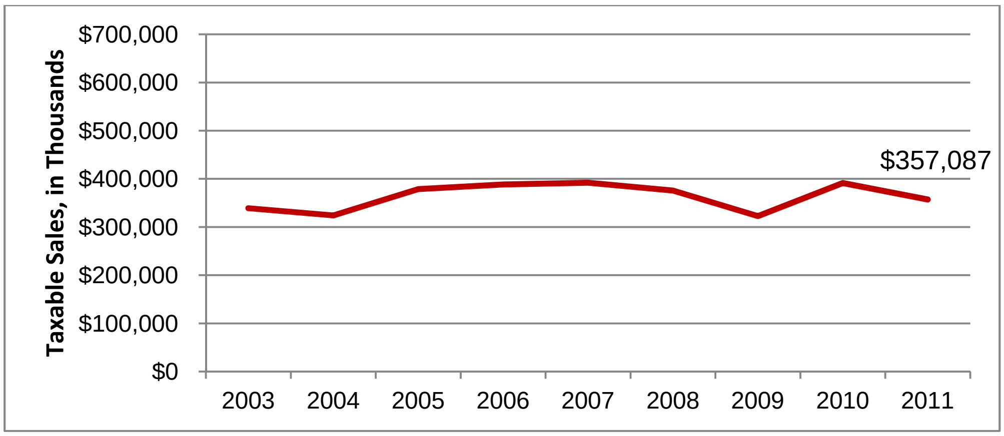
Hacienda draws users based on the area's diverse inventory (including accommodations for large users), BART access, retail amenities, a high quality environment, and excellent infrastructure. Hacienda's Class A multi-tenant office space generally competes within the same price range and for the same type of user as the Stoneridge subarea, but Hacienda features a large and diverse inventory that makes it easier for users to find the exact space needed. Hacienda includes large floorplate buildings able to accommodate large users, although some of these spaces are being subdivided since it can take extra time to attract a single large user. The area also has older single-story buildings that can be flexibly reused to accommodate a variety of users and activities. Brokers report that potential tenants place a high value Hacienda's BART access and the presence of daily retail amenities.

Hacienda competes for tenants with many of the Tri-Valley's existing business districts, including Bishop Ranch Office Park. Hacienda competes within the Tri-Valley against Bishop Ranch, which is able to offer unique lease terms due to sole ownership of the entire park. Hacienda is gradually running out of development capacity on greenfield sites, which will require a reorientation toward infill development and reinvestment or redevelopment of older properties. Development in Hacienda has begun to create a more transit-oriented, mixed-use district by introducing retail and residential uses to the park – helping improve its competitiveness relative to other business districts, especially Bishop Ranch.

Taxable Sales

Hacienda generates 20 percent of citywide taxable sales. Hacienda's inclusion of four shopping centers and a high number of office-based businesses generate a relatively even mix of taxable sales. Taxable sales have experienced a very uneven recovery since the recession due to high vacancy rates in the office space, which impacts both retail and business to business sales.

Figure 75: Hacienda Taxable Sales

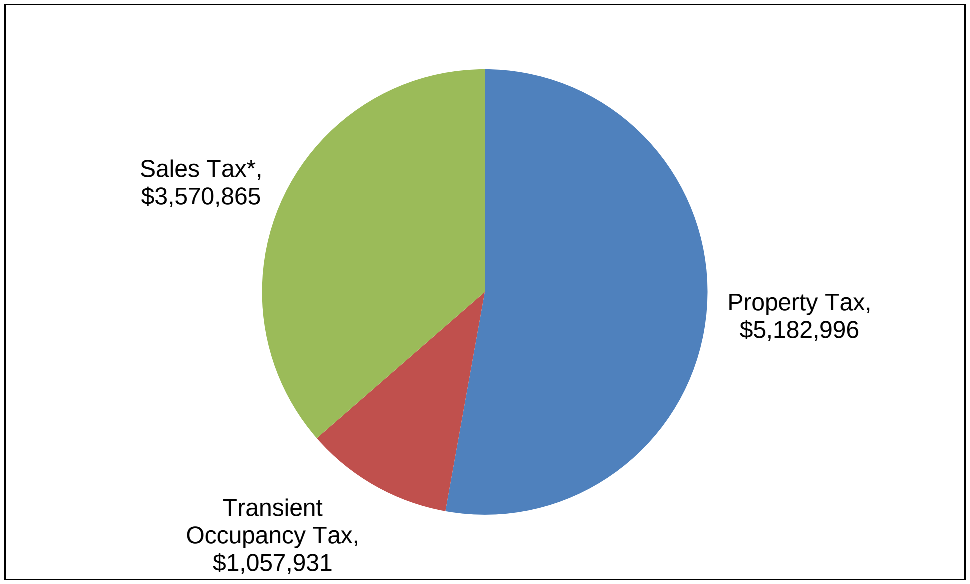


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

Hacienda is a key wealth generator for Pleasanton, accounting for over 10 percent of the city's total General Fund revenues. Hacienda contributes significant revenues to the city including property tax, sales tax, and transient occupancy tax. Hacienda is also likely a major generator of the city's business license fee tax revenue since it is scaled by gross receipts, although this data is not available at the subarea level.

Figure 76: Hacienda Major Known General Fund Revenue Contributions, 2011-2012



*Sales tax data is for calendar year 2011.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Hacienda does not generate significant cost to the city, due to the fact that it contributes its own resources toward public safety and maintenance of facilities and infrastructure internal to the area. Hacienda Owners Association has its own security patrols and maintains the landscaping, lighting, traffic signals, sidewalks, street furniture, and other public amenities and infrastructure per an agreement with the City of Pleasanton that expires in 2039. These maintenance costs would otherwise be borne by the city's Operations Services Department.

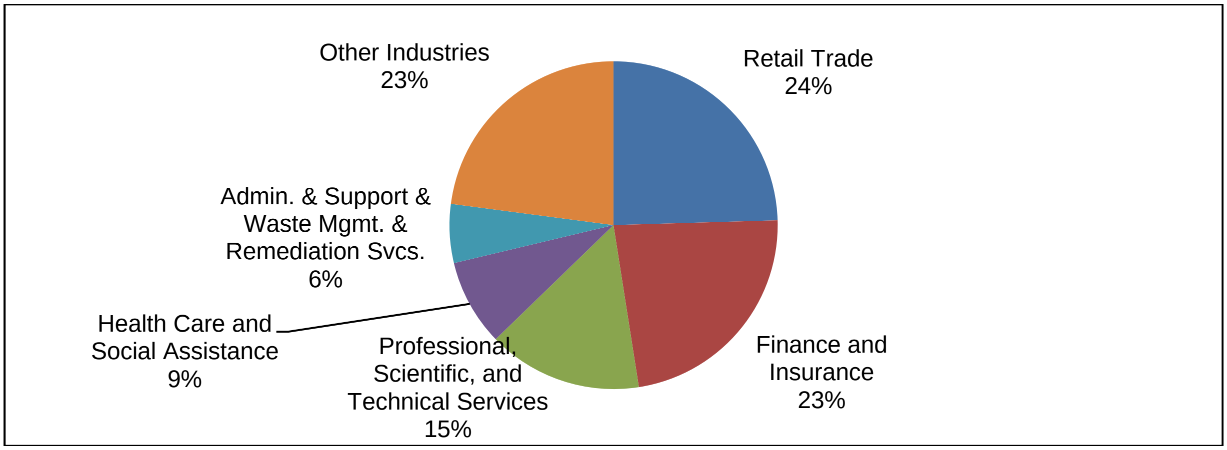
STONERIDGE

The Stoneridge subarea encompasses Stoneridge Shopping Center and adjacent shopping centers, offices, and hotels. This area was selected because of its concentration of retail and office employment.

Employment

Stoneridge employment is dominated by businesses in the Retail Trade, Finance and Insurance, Professional, Scientific, and Technical Services, and Health Care sectors. Employment analysis for 1995 to 2009 shows rapid employment growth in this area as new office buildings were developed. Retail Trade is the dominant industry sector due to inclusion of Stoneridge Shopping Center and the Safeway headquarters. Firm sizes tend to be small since there are a number of multi-tenant spaces.

Figure 77: Stoneridge Employment by Top Industries, 2009 (additional detail in following table)



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 78: Stoneridge Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2009 Employment	2009 Businesses	2009 Average Firm Size	1995-2009 Employment Growth	1995-2009 Employment Growth %
Subarea Totals	*8,073*	*653*	*12*	*6,876*	*574%*
Top 10 Industry Sectors:					
Retail Trade	1,980	113	18	637	47%
Finance and Insurance	1,857	100	19	656	55%
Professional, Scientific, and Technical Services	1,229	139	9	755	159%
Health Care and Social Assistance	689	57	12	395	134%
Admin. & Support & Waste Mgmt. & Remediation Svcs.	467	57	8	251	116%
Information	410	22	19	46	13%
Wholesale Trade	378	27	14	-218	-37%
Manufacturing	285	19	15	113	66%
Accommodation and Food Services	254	17	15	33	15%
Real Estate and Rental and Leasing	214	42	5	109	104%

Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Real Estate

Apart from retail offerings, the Stoneridge subarea is office-focused, including several multi-tenant high-quality office buildings and the Safeway headquarters campus. Workday's recently-acquired five building campus is also in Stoneridge, and the company plans to gradually expand into the existing space. Three hotels are also located in the Stoneridge subarea. Stoneridge typically attracts smaller professional services companies, some of which service Safeway.

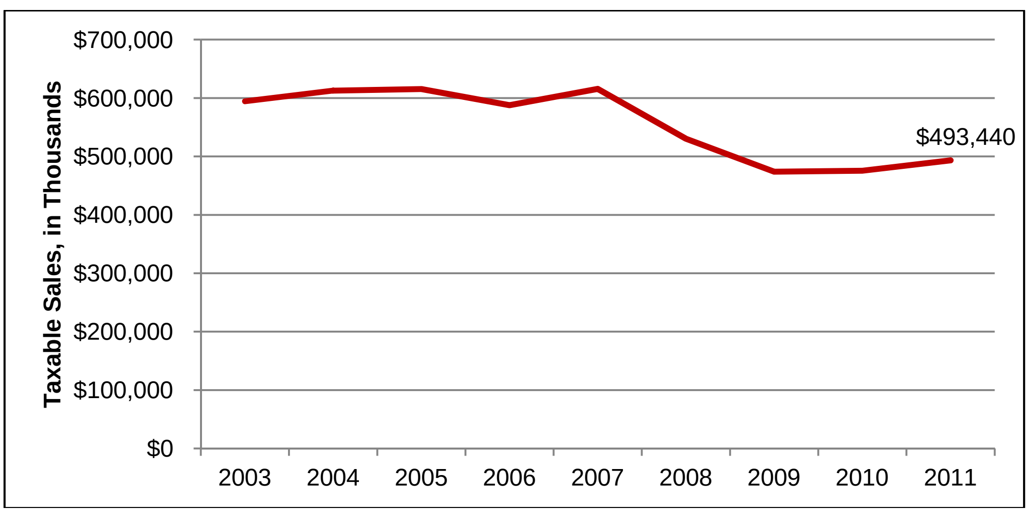
Stoneridge's inventory of Class A office space competes with Hacienda for its tenants, and commands high rents due to a similar combination of access and amenities. Lease rates at Stoneridge are comparable to top-level Class A rents at Hacienda, as Stoneridge offers amenities via Stoneridge Shopping Center and similar access to the freeways and BART. Brokers estimate current office vacancies of approximately 12 percent.

The Stoneridge subarea is approaching maximum build out of office space, and the mall is confronting increasing competition from retail offerings in Dublin and Livermore. Stoneridge is no longer an option for businesses needing large amounts of space since only some smaller multi-tenant spaces remain, and many of those tenants will need to exit their space as Workday expands into its campus. Stoneridge Shopping Center is facing increasing competition from new community centers in Dublin and Livermore Premium Outlets in Livermore, and the JC Penney Plaza shopping center suffers from limited visibility and a dated appearance. However, the mall is proactively planning reinvestment and expansion to meet these challenges, as indicated by the recent renewal of entitlements to allow the addition of approximately 363,000 square feet.

Taxable Sales

The Stoneridge subarea drives nearly 28 percent of citywide taxable sales; Stoneridge Shopping Center generates 36 percent of taxable retail sales citywide. Sales declined significantly during the recession but have begun to recover.

Figure 79: Stoneridge Taxable Sales

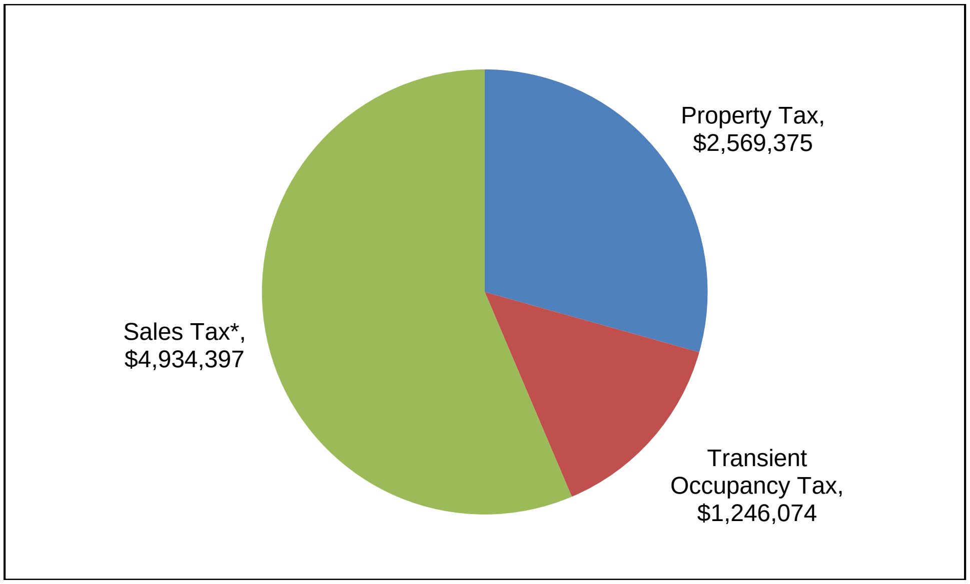


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

Sales tax revenues comprise over half of the Stoneridge subarea's known tax revenue contributions since Stoneridge Shopping Center is the largest single sales tax revenue source in Pleasanton. The subarea's three hotels also generate 36 percent of citywide transient occupancy tax revenue.

Figure 80: Stoneridge Major Known General Fund Revenue Contributions, 2011-2012



*Sales tax data is for calendar year 2011.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

The Stoneridge subarea generates higher than usual calls for police service due to the mall's attraction of large numbers of people from throughout the region. Although the tax revenues more than offset additional police costs, Stoneridge does require a relatively high dedication of police resources for calls for service and staffing during the holidays.

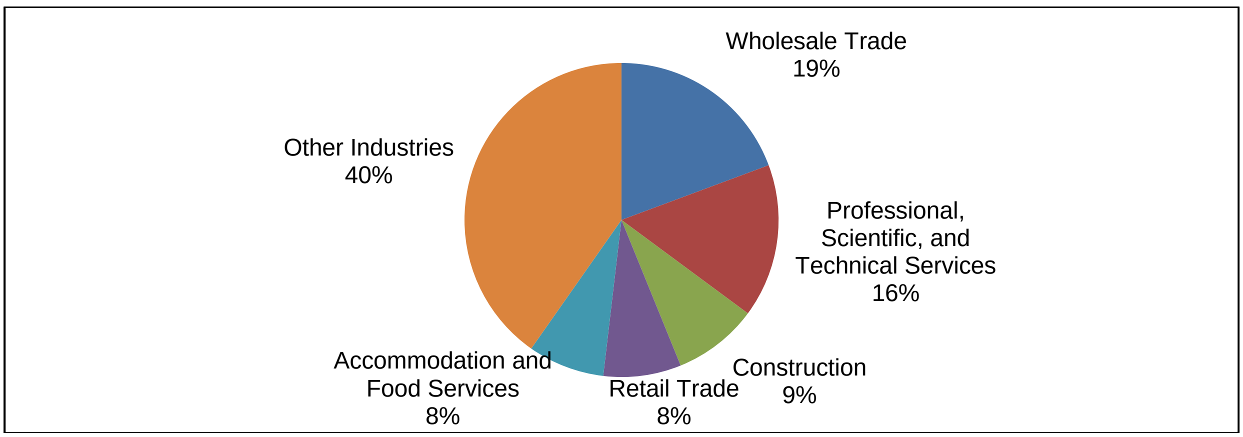
COMMERCE CIRCLE AND HOPYARD

The Commerce Circle and Hopyard subarea encompasses the largely industrial cluster of businesses surrounding Commerce Circle Drive off Johnson Drive just east of the I-580/I-680 interchange; it extends east to Hopyard Road and south to Stoneridge Drive, including the mix of office and retail uses west of Hopyard Road. This subarea was selected since it is a notable employment center.

Employment

This subarea features a mix of industrial sectors (Wholesale Trade, Construction) and Professional, Scientific, and Technical Services; the Commerce Circle portion is one of Pleasanton's older industrial concentrations, while the area west of Hopyard includes companies such as Clorox and Thoratec. Notably, this data does not reflect the 2010-2011 move of Clorox's Oakland workers to the campus west of Hopyard, although some Clorox jobs were already present on Johnson Drive. Employment growth in Commerce Circle and Hopyard was relatively low between 1995 and 2009 since much of the area was already developed in the mid-1990s.

Figure 81: Commerce Circle and Hopyard Employment by Top Industries, 2009 (additional detail in following table)



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 82: Commerce Circle and Hopyard Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2009 Employment	2009 Businesses	2009 Average Firm Size	1995-2009 Employment Growth	1995-2009 Employment Growth %
Subarea Totals	*6,881*	*474*	*15*	*1,347*	*24%*
Top 10 Industry Sectors:					
Wholesale Trade	1,330	40	33	839	171%
Professional, Scientific, and Technical Services	1,087	97	11	66	6%
Construction	601	40	15	400	199%
Retail Trade	550	39	14	136	33%
Accommodation and Food Services	543	17	32	7	1%
Manufacturing	491	27	18	-74	-13%
Finance and Insurance	475	44	11	-617	-57%
Arts, Entertainment, and Recreation	429	9	48	225	110%
Admin. & Support & Waste Mgmt. & Remediation Svcs.	305	58	5	-223	-42%
Information	236	9	26	93	65%

Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Real Estate

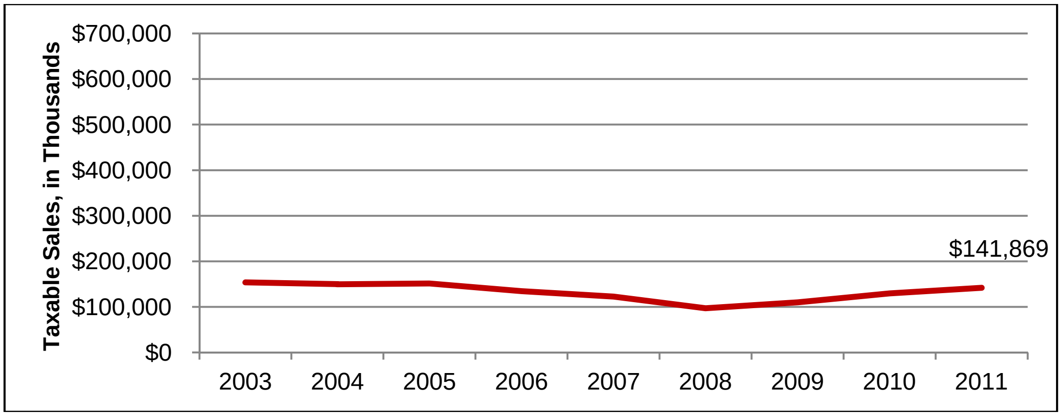
The Commerce Circle and Hopyard subarea features a diverse mix of Class A office, Class B office, flex, and light industrial space, plus Pleasanton Square community shopping center and two hotels. Lease rates for Commerce Circle's industrial space range from approximately $.65 to $.85 per square foot per month triple-net.

The Commerce Circle portion of this subarea is well-maintained, but is also one of Pleasanton's oldest commercial/industrial areas and may be an area of change in the future. Commerce Circle's future uses may be limited due to its location on a ring road with no direct access to adjacent freeways, but antiquated buildings may have redevelopment potential. Creative reuse of these buildings is already occurring – including reuse by fitness facilities – but brokers stated that parking and access are already a concern and a likely future constraint. In contrast to Commerce Circle, the office-focused area immediately west of Hopyard Road features convenient access to I-580.

Taxable Sales

The Commerce Circle and Hopyard subarea generates eight percent of citywide taxable sales. Sales have largely recovered from the recession.

Figure 83: Commerce Circle and Hopyard Taxable Sales

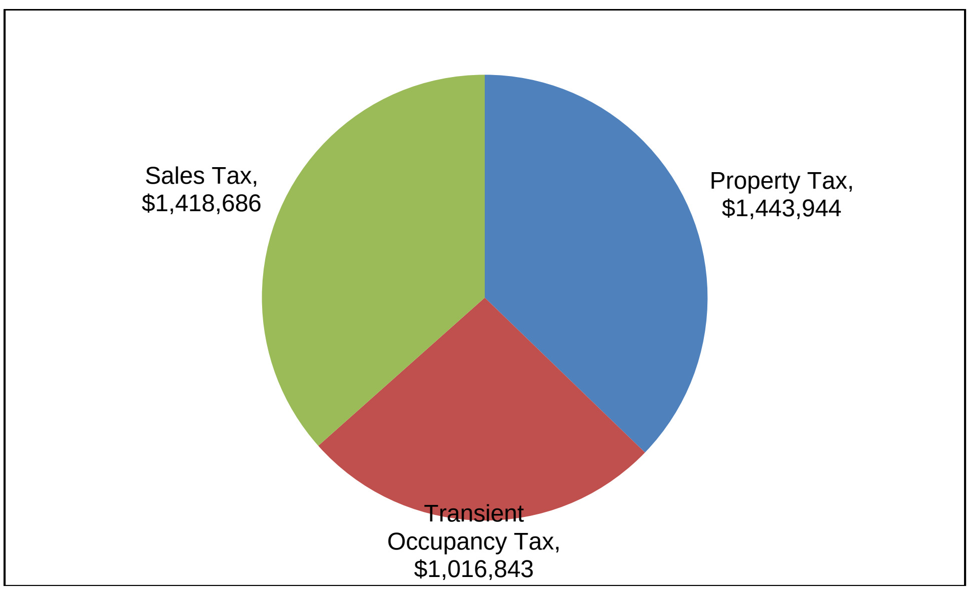


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

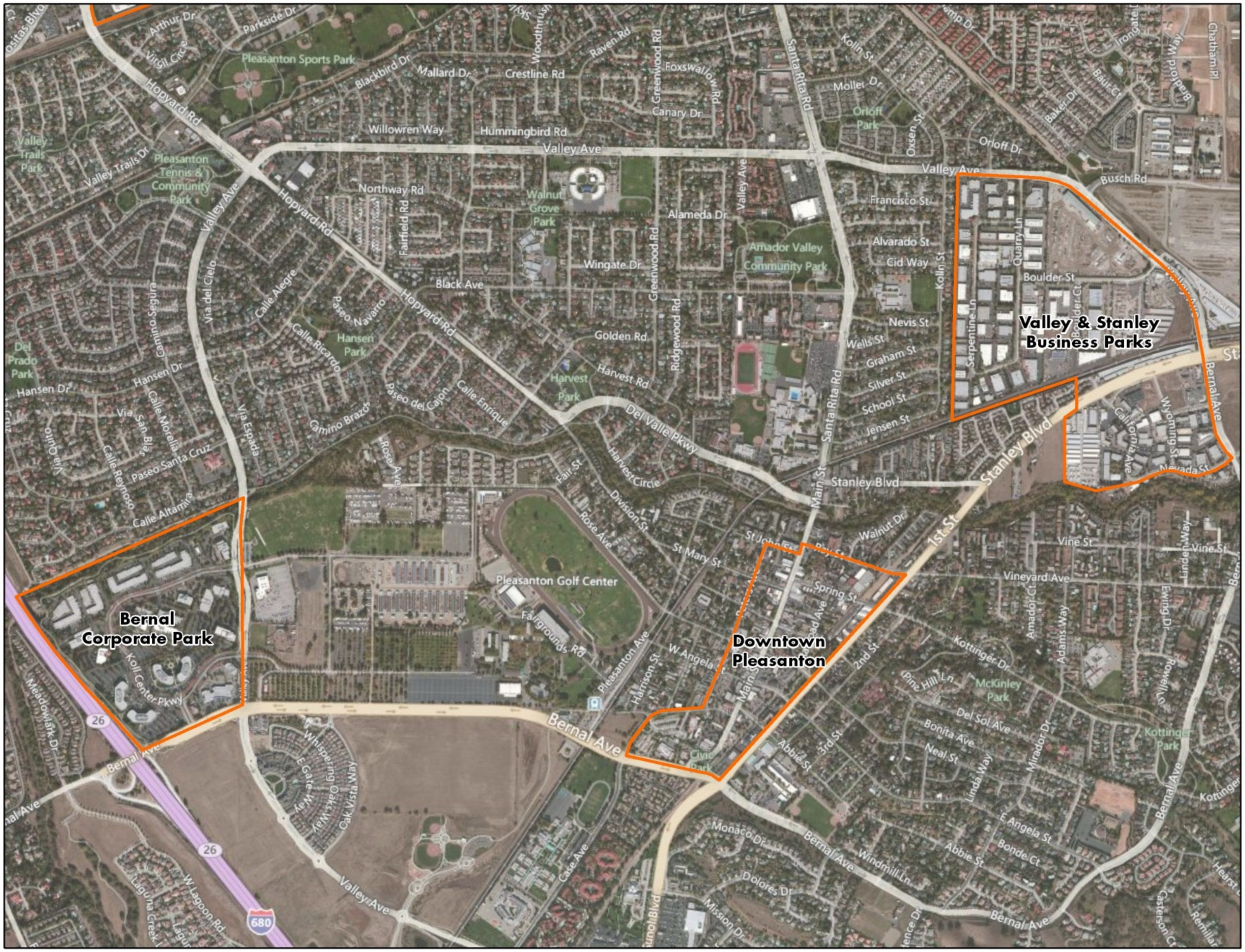
The Commerce Circle and Hopyard subarea is one of four subareas generating transient occupancy tax, providing nearly 30 percent of citywide transient occupancy tax revenues.

Figure 84: Commerce Circle and Hopyard Major Known General Fund Revenue Contributions, 2011/2012



Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Figure 85: Reference Map of Southern Subareas



Source: Nokia and Microsoft Bing Maps, 2013; Strategic Economics, 2013.

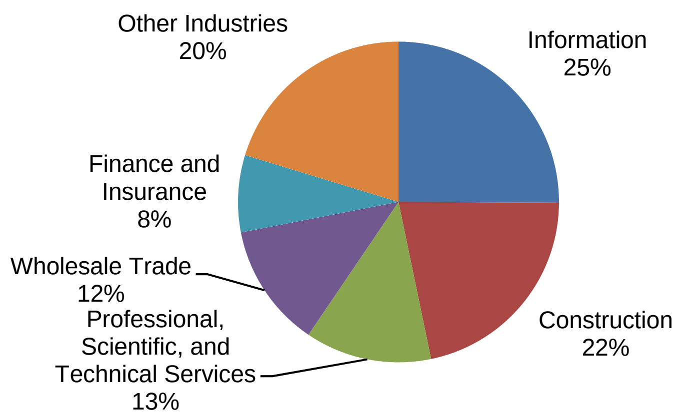
BERNAL

Bernal's boundaries roughly match those of the Bernal Corporate Park Planned Unit Development area. This subarea was selected because it is a concentrated employment center.

Employment

Bernal employment is concentrated in a diverse variety of industry sectors reflecting the business district's mix of office and flex space, including Information, Construction, Professional, Scientific, and Technical Services and Wholesale Trade. Employment grew rapidly in this subarea since Bernal Corporate Park completed significant build out between 1995 and 2009. The concentration of Information jobs is partly driven by EMC's presence, which exists in Pleasanton due to EMC's acquisition of Documentum.

Figure 86: Bernal Employment by Top Industries, 2009 (additional detail in following table)



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 87: Bernal Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2009 Employment	2009 Businesses	2009 Average Firm Size	1995-2009 Employment Growth	1995-2009 Employment Growth %
Subarea Totals	*6,272*	*289*	*22*	*3,820*	*156%*
Top 10 Industry Sectors:					
Information	1,573	18	87	1,531	3645%
Construction	1,359	18	76	1,069	369%
Professional, Scientific, and Technical Services	799	60	13	427	115%
Wholesale Trade	782	30	26	-27	-3%
Finance and Insurance	487	51	10	152	45%
Manufacturing	413	18	23	172	71%
Management of Companies and Enterprises	372	3	124	372	n/a
Admin. & Support & Waste Mgmt. & Remediation Svcs.	106	31	3	50	89%
Health Care and Social Assistance	105	13	8	-17	-14%
Real Estate and Rental and Leasing	72	11	7	25	53%

Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Real Estate

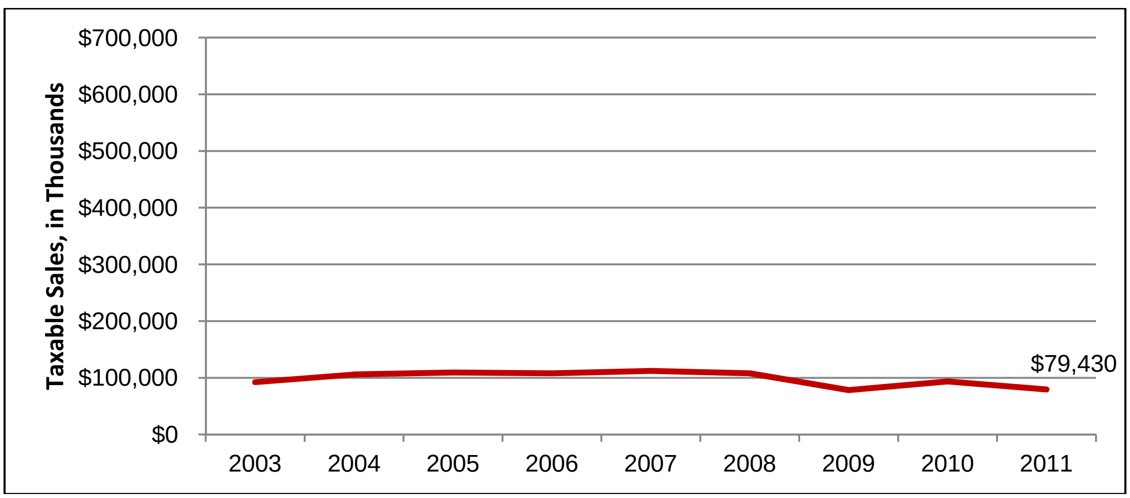
Bernal includes approximately 1.1 million square feet of commercial space with a mix of Class A office, Class B, and flex. One small, unanchored shopping center serves day-to-day worker needs, though the Safeway-anchored Pleasanton Gateway shopping center is now operating adjacent to (but not included in) the Bernal subarea. Brokers report that vacancy is approximately 15 percent, and that Bernal rents are typically at least $.10 per square foot per month lower than comparable spaces in areas in Stoneridge or Hacienda.

Bernal is perceived by tenants as lacking access due to its distance from the I-580 and I-680 interchange and lack of a BART station, but tenants desiring easy access to Silicon Valley are drawn to the subarea. Tenants frequently choose Bernal because of its easy automobile access to Silicon Valley via I-680. New retail at Pleasanton Gateway has markedly improved offerings available to workers in Bernal, though the area has fewer amenities compared to northern Pleasanton's employment centers.

Taxable Sales

Bernal generates low taxable sales, particularly since the area includes only one small retail center. Taxable sales have declined significantly since 2007.

Figure 88: Bernal Taxable Sales

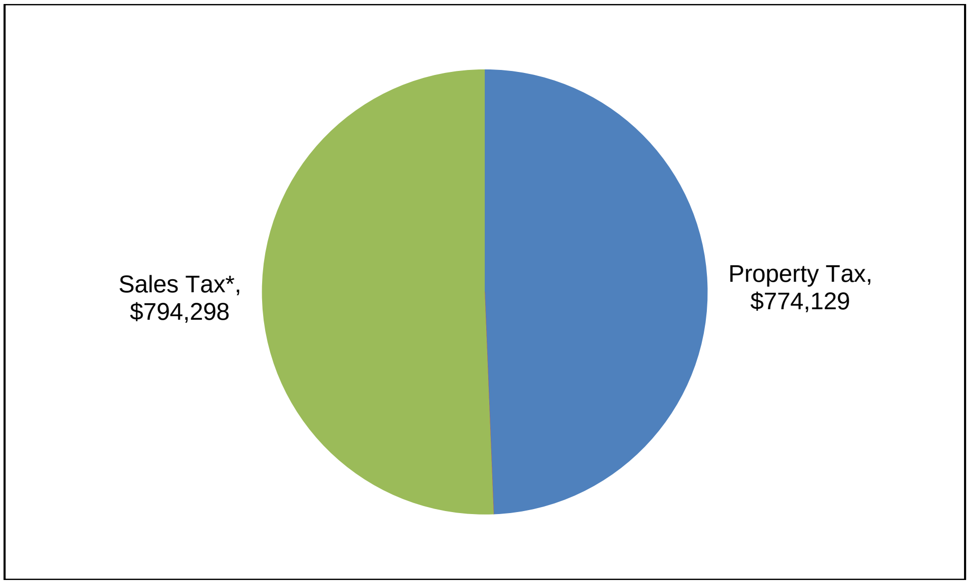


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

Bernal's main General Fund contributions are split between property tax revenue and sales tax revenue, with no transient occupancy tax. Bernal generated 11 percent of citywide business to business tax revenues in 2011.

Figure 89: Bernal Major Known General Fund Revenue Contributions, 2011-2012



*Sales tax data is for calendar year 2011.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

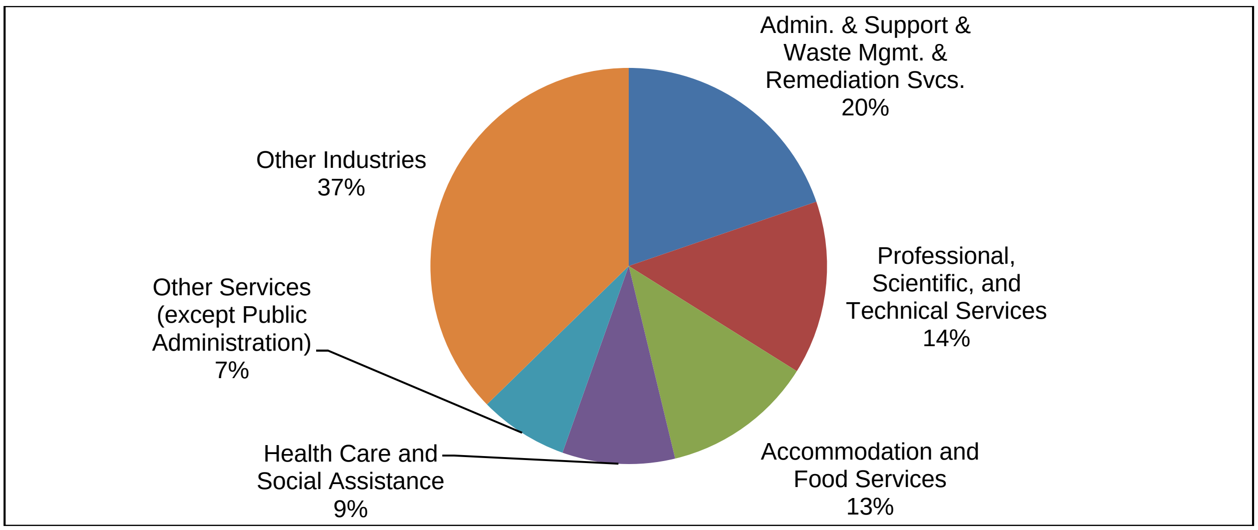
DOWNTOWN PLEASANTON

For analytical purposes, the Downtown subarea extends roughly from First Street to Peters Avenue and from Bernal Avenue to Ray Street. These boundaries were selected to capture businesses along and adjacent to the primary, walkable spine of Main Street. The boundaries include Pleasanton's City Hall, library, police department, and other municipal offices.

Employment

Downtown Pleasanton's employment mix reflects the split between the area's ground floor retail, restaurant, and personal services orientation versus upper floor and standalone small office spaces. Downtown Pleasanton's top industry sectors of Administrative and Support and Waste Management and Remediation Services and Professional, Scientific, and Technical Services are likely based out of office spaces, whereas Accommodation and Food Services and Retail Trade employment are housed in retail storefronts. Average firm sizes are universally small since there are few large commercial spaces.

Figure 90: Downtown Pleasanton Employment by Top Industries, 2009 (additional detail in following table)



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 91: Downtown Pleasanton Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2009 Employment	2009 Businesses	2009 Average Firm Size	1995-2009 Employment Growth	1995-2009 Employment Growth %
Subarea Totals	*3,722*	*589*	*6*	*1,335*	*56%*
Top 10 Industry Sectors:					
Admin. & Support & Waste Mgmt. & Remediation Svcs.	735	49	15	537	271%
Professional, Scientific, and Technical Services	527	99	5	238	82%
Accommodation and Food Services	459	32	14	126	38%
Health Care and Social Assistance	342	60	6	89	35%
Other Services (except Public Administration)	270	82	3	86	47%
Public Administration	258	5	52	104	68%
Finance and Insurance	247	51	5	70	40%
Retail Trade	208	65	3	-41	-16%
Information	186	12	16	159	589%
Manufacturing	122	24	5	89	270%

Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Real Estate

According to the 2002 Downtown Specific Plan, the subarea features approximately 850,000 square feet of commercial space including office, retail, and a 35 room boutique hotel. Downtown Pleasanton also includes City Hall, library, and the Firehouse Arts Center.

Brokers and the Pleasanton Downtown Association report retail vacancies of 5 to 7 percent and rents of $3 to 4 per square foot per month (full service gross). Office rents are approximately $1.60 to $2.75 per square foot per month (full service gross). Downtown Pleasanton commands relatively high rents, indicating that it continues to be a strong location for business attraction and retention.

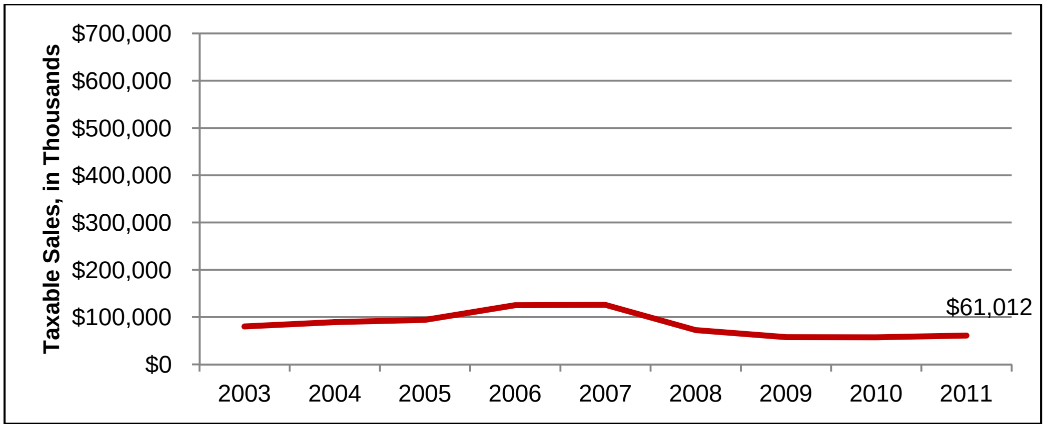
Downtown Pleasanton competes locally and regionally as a unique walkable, historic retail district with event programming and entertainment options; the area serves as an amenity for both visitors and residents. Within the Tri-Valley, only Downtown Livermore offers a similar substantial walkable retail and entertainment district, though Downtown Livermore features newer buildings and greater dominance of major chain stores and restaurants. Downtown Pleasanton is achieving success in creating event programming, a farmers market, and entertainment at the Firehouse Arts Center to draw foot traffic. Office users tend to seek out Downtown Pleasanton because of its unique attributes; it is unlikely such office tenants would strongly consider alternative locations in a more mainstream office park.

Downtown Pleasanton lacks sufficient entertainment and dining uses to sustainably draw strong foot traffic and would benefit from additional retail, dining, and entertainment uses that would create stronger "destination." Downtown Pleasanton has other disadvantages – such as existence of spaces needing reinvestment, non-ideal first floor tenant mixes, the linear arrangement of the corridor, and perceptions that parking is difficult – but these issues can be resolved more readily if sufficient foot traffic and value are created.

Taxable Sales

Downtown Pleasanton's taxable sales declined after 2007 partly due to the loss of an office-based software company; taxable sales have remained flat since then.

Figure 92: Downtown Pleasanton Taxable Sales

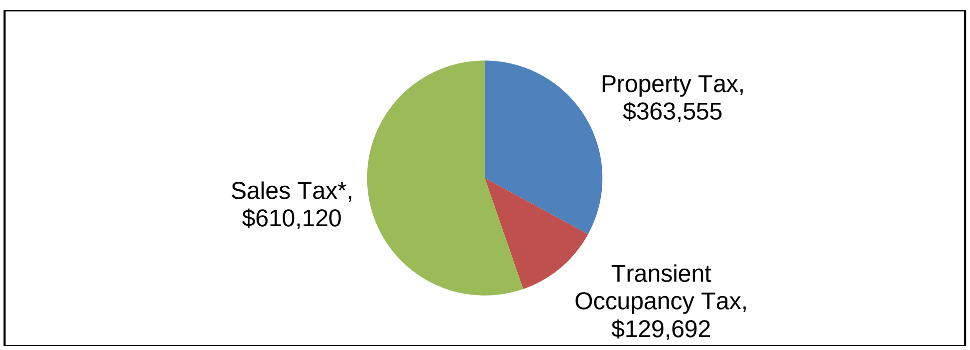


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

Downtown Pleasanton generates sales tax and transient occupancy revenues to the General Fund, though they only comprise 3 percent and 4 percent of total category revenues respectively; the area requires unique services from the city. The Pleasanton Downtown Business Improvement District assessments provide approximately $63,000 annually to the Pleasanton Downtown Association, which is matched by a grant from the city. In addition, the association receives funding from a variety of sources to support its operations. The area receives unique additional services such as additional sidewalk cleaning, other maintenance, and support for event programming. These costs must be balanced against the role Downtown Pleasanton plays as a community gathering space, source of community pride, and unique regional destination.

Figure 93: Downtown Pleasanton Major Known General Fund Revenue Contributions, 2011/2012



*Sales tax data is for calendar year 2011.
**Transient occupancy tax receipts are suppressed due to confidentiality restrictions.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

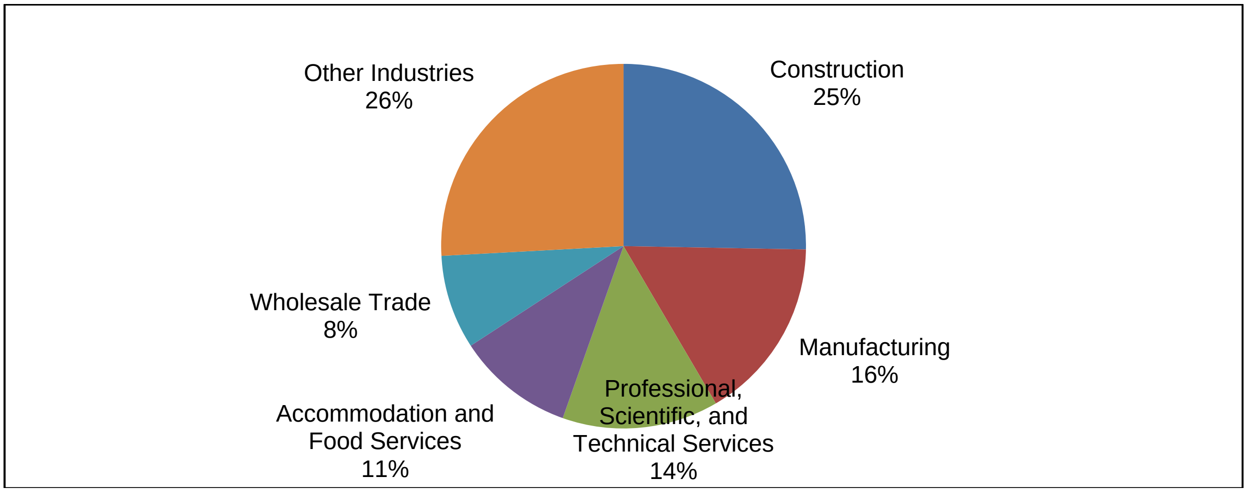
VALLEY AND STANLEY BUSINESS PARKS

The Valley and Stanley Business Parks subarea encompasses the corresponding Planned Unit Development areas and other industrial land extending east to Valley Avenue. These areas were selected because they are Pleasanton's largest concentration of industrial employment uses.

Employment

Valley and Stanley Business Parks' small firm sizes and top industry sectors of Construction and Manufacturing reflect the area's utility for small businesses needing industrial space. Very small Professional, Scientific, and Technical services companies are also present. Employment grew between 1995 and 2009 as additional development occurred.

Figure 94: Valley and Stanley Business Parks Employment by Top Industries, 2009 (additional detail in following table)



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Figure 95: Valley and Stanley Business Parks Subarea Employment and Business Characteristics, Overall and for Top Ten Industry Sectors

	2009 Employment	2009 Businesses	2009 Average Firm Size	1995-2009 Employment Growth	1995-2009 Employment Growth %
Subarea Totals	*4,050*	*413*	*10*	*1,170*	*41%*
Top 10 Industry Sectors:					
Construction	1,024	57	18	235	30%
Manufacturing	659	50	13	117	22%
Professional, Scientific, and Technical Services	561	65	9	295	111%
Accommodation and Food Services	421	3	140	419	20950%
Wholesale Trade	338	43	8	1	0%
Admin. & Support & Waste Mgmt. & Remediation Svcs.	274	32	9	-29	-10%
Retail Trade	197	34	6	-131	-40%
Other Services (except Public Administration)	178	52	3	54	44%
Real Estate and Rental and Leasing	111	17	7	79	247%
Health Care and Social Assistance	78	10	8	44	129%

Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Strategic Economics, 2013.

Real Estate

Valley and Stanley Business Parks' inventory consists of industrial and flex spaces serving small services companies such as contractors, light manufacturers, and some specialized life sciences labs or manufacturing facilities. Interviewed brokers noted that the Valley and Stanley Business Parks subarea serves a niche for smaller companies requiring small increments of industrial space. Lease rates were reported as $.60 to $.90 per square foot per month (triple-net); low costs heighten the appeal of Valley and Stanley Business Park spaces for non-industrial users seeking inexpensive locations.

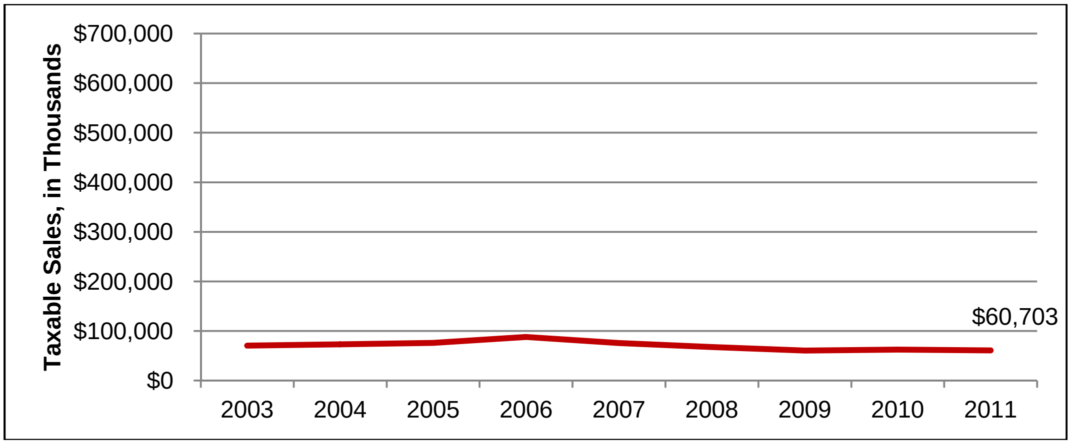
Valley and Stanley Business Parks' industrial uses still require adequate infrastructure, including high-speed internet access. Valley and Stanley Business Parks lack access to business grade high speed data infrastructure. This is a major deficiency; Manufacturing and Professional, Scientific, and Technical Services businesses frequently have high technology and data needs.

Valley and Stanley Business Parks are experiencing strong demand from small, non-industrial users in the short-term, but must balance these tenants' needs against long-term demand from industrial tenants. Interviews with brokers suggest that long-term industrial demand will be sufficient to fill industrial vacancies in this subarea. However, the greatest demand is currently generated by small, non-industrial users seeking flexible and inexpensive space, including childcare, offices, schools, and churches. The city and property owner organizations must carefully consider each of these uses to ensure that adequate parking is available, the use is compatible with nearby current/future industrial users, and that alterations to the buildings will allow for diverse future industrial or non-industrial tenants.

Taxable Sales

Taxable sales are low and almost entirely driven by business-to-business transactions.

Figure 96: Valley and Stanley Business Parks Taxable Sales

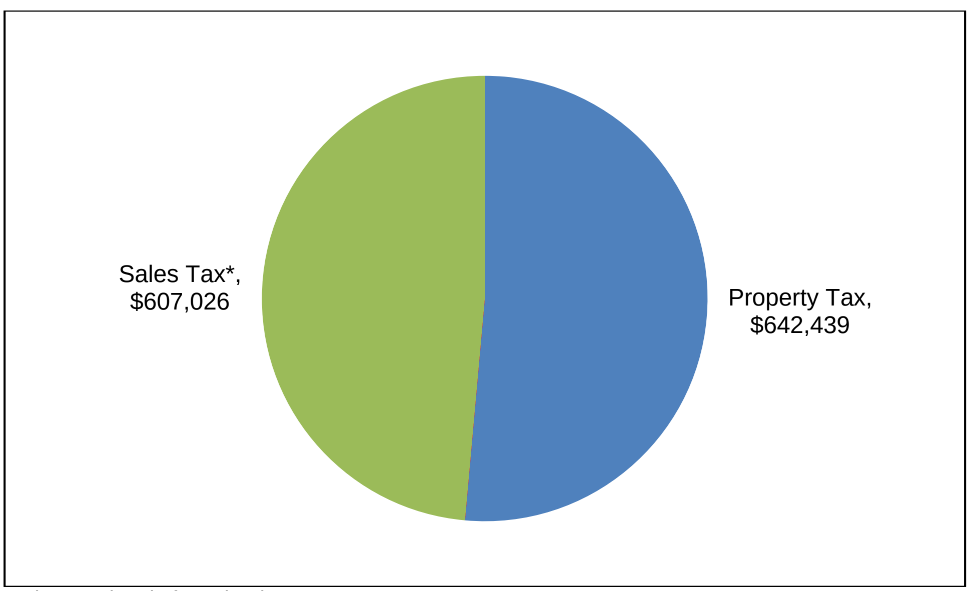


Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Tax Revenues

The Valley and Stanley Business Parks subarea generates a nearly even split of property and sales tax revenue to the city. There are no reasons to believe that Valley and Stanley Business Parks drive significant additional cost burdens to the city.

Figure 97: Valley and Stanley Business Parks Major Known General Fund Revenue Contributions, 2011/2012



*Sales tax data is for calendar year 2011.
Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

SUBAREA CONCLUSIONS

- **Pleasanton's employment centers, especially Hacienda and Stoneridge, are major revenue generators for the city, as shown in Figure 98.** Hacienda generates 20 percent of sales tax revenue and Stoneridge generates 28 percent.

- **Hacienda largely pays its own way in terms of municipal service costs**. Hacienda saves the city money by paying for significant street, sidewalk, landscaping, lighting, and other costs that would otherwise by the responsibility of Pleasanton's Operations Services Department.

- **Service costs at Stoneridege and Downtown Pleasanton are slightly higher than other employment areas, but are likely more than offset by the retail sales tax revenues.** The Stoneridge subarea requires additional police services due to its high volume of shoppers and visitors. Downtown Pleasanton requires additional services to support the Pleasanton Downtown Association's programming and to maintain the area's unique sidewalk and street cleaning and maintenance needs.

- **Downtown Pleasanton performs adequately as a retail district, but could attract additional shoppers and visitors with the introduction of more entertainment and dining options; the Downtown Hospitality Guidelines and forthcoming Cultural Arts Master Plan can help address deficiencies.** The Pleasanton Downtown Association and City of Pleasanton have pursued a successful strategy of introducing events – such as the farmers market – and the Firehouse Arts Center entertainment venue to Downtown. These events attract additional foot traffic to the area on an irregular basis. Additional events could build on this impact, while a consistent "destination" business or cluster of businesses would draw regular visitors.]

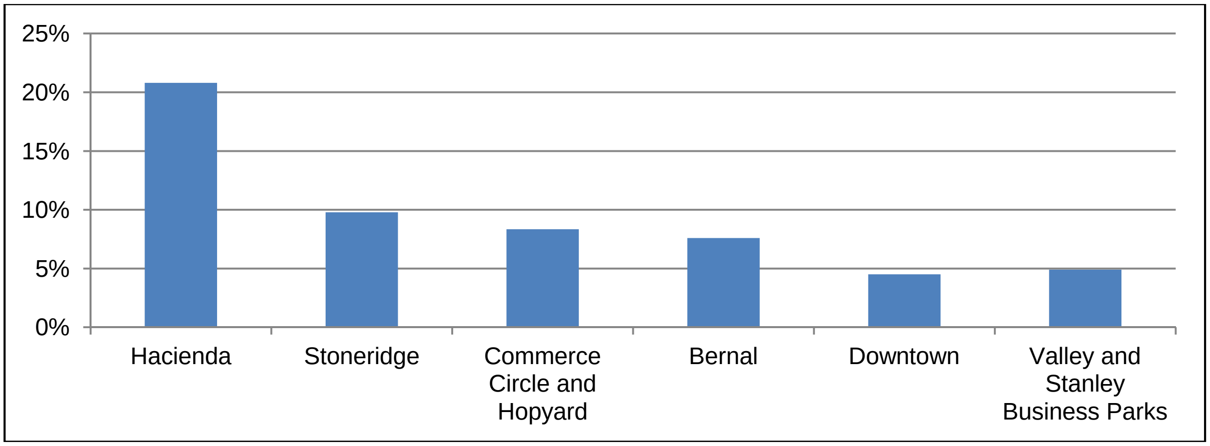
- **The industrial areas of Commerce Circle, Valley Business Park, and Stanley Business Park are experiencing strong demand from small, non-industrial users in the short-term, but must balance these tenants' needs against long-term demand from industrial tenants.** The city and property owner organizations must carefully consider whether to allow any proposed non-industrial use in these areas to ensure that adequate parking is available, the use is compatible with nearby current/future industrial users, and that alterations to the buildings will allow for diverse future industrial or non-industrial tenants.

Figure 98: Subarea Share of Citywide Revenue by Category, Fiscal Year 2011/2012

	Share of Citywide Revenue					
Revenue Category	**Hacienda**	**Stoneridge**	**Commerce Circle & Hopyard**	**Bernal**	**Downtown Pleasanton**	**Valley and Stanley Business Parks**
Sales Tax	20%	28%	8%	5%	3%	3%
Transient Occupancy Tax	30%	36%	29%	0%	4%	0%
Property Tax	12%	6%	3%	2%	1%	1%

Source: City of Pleasanton, 2013; HDL Companies, 2013; Strategic Economics, 2013.

Figure 99: Subarea Shares of Citywide Employment, 2009



Source: National Establishment Time-Series Database, 2009; East Bay Economic Development Alliance, 2011; Hacienda, 2013; Strategic Economics, 2013.

VII. APPENDIX: DESCRIPTION OF NAICS INDUSTRIES

This report makes frequent reference to "industry sectors" and "subsectors" when classifying employment. The sector classifications are based on the North American Industry Classification System (NAICS). NAICS is a standardized industry classification system used by United States Federal agencies in classifying economic statistics. At its highest level of classification, NAICS breaks out twenty industry sector categories. Each of these categories is further broken into increasingly specific industry sub-sectors, industry groups, and industries. The following table describes the industry sectors, with descriptions quoted from the United States Census Bureau.[10]

Industry Code	Industry Sector	Description
11	Agriculture, Forestry, Fishing and Hunting	Comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.
21	Mining, Quarrying, and Oil and Gas Extraction	Comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.
22	Utilities	Comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.
23	Construction	Comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.
31-33	Manufacturing	Comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction.
42	Wholesale Trade	Comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.
44-45	Retail Trade	Comprises establishments engaged in retailing merchandise, generally without transformation, and

[10] Descriptions were obtained from the United States Census at http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007, accessed August 15, 2013.

Industry Code	Industry Sector	Description
		rendering services incidental to the sale of merchandise.
48-49	Transportation and Warehousing	Includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.
51	Information	Comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.
52	Finance and Insurance	Comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions.
53	Real Estate Rental and Leasing	Comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.
54	Professional, Scientific, and Technical Services	Comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.
55	Management of Companies and Enterprises	Comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.
56	Administrative and Support and Waste Management and Remediation Services	Comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Industry Code	Industry Sector	Description
61	Educational Services	Comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and/or accommodation services to their students.
62	Health Care and Social Assistance	Comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in the sector are defined based on the educational degree held by the practitioners included in the industry.
71	Arts, Entertainment, and Recreation	Includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.
72	Accommodation and Food Services	Comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.
81	Other Services (except Public Administration)	Comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.
92	Public Administration	Consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, provide for public safety and for national defense. In general, government establishments in the Public Administration sector oversee governmental programs and activities that are not performed by private establishments. Establishments in this sector typically are engaged in the organization and financing of the production of public goods and services, most of which are provided for free or at prices that are not economically significant.

VIII. APPENDIX: PRIMARY DATA SOURCES

A variety of data sources were consulted and analyzed in the creation of this report. Major data sources are described below.

- United States Census, 2000 and 2010: The decennial census is the most accurate source of data available covering limited population and household characteristics. More comprehensive data on household incomes, ethnicities, educational attainment, etc. was collected from the American Community Survey (ACS).

- California Department of Finance: Department of Finance estimates were also consulted to examine population and housing unit counts.

- National Establishment Time-Series Database (NETS), 2009: Strategic Economics analyzed NETS data covering 1995 and 2009 in order to understand long-term business trends; the data was provided by the East Bay Economic Development Alliance. The NETS database is a compilation of Dun and Bradstreet business establishment data over time. It contains data on individual establishments by location and starts, closures, moves, expansions, and contractions. This employment data differs from most government sources in that it includes sole proprietors and does not differentiate between full-time and part-time employees; as a result, NETS employment counts are often higher than other government sources.

- Hacienda Owners Association: The Hacienda Owners Association (HOA) tracks data describing conditions within the business center. The HOA provided multiple years of data describing the number of businesses, employees, residents, and residential units within the park, as well as developed square feet by land use and services provided for upkeep and maintenance.

- Longitudinal Employer-Household Dynamics (LEHD), 2010: LEHD is a US Census project that integrates data from a variety of federal and state resources to model worker, industry, and commute characteristics. LEHD is uniquely useful for understanding commute patterns and employment distribution, but suffers from reduced accuracy at small geographies.

- Regional and citywide real estate market data: Real estate data was primarily obtained from Colliers International market research reports provided by the City of Pleasanton. These reports were compared against reports from Cassidy Turley, LoopNet, Terranmoics, and CoStar data contained within the “Draft Report: Economic and Market Analysis for East Pleasanton Specific Plan” prepared by EPS in October 2012.

- Planned, proposed, and recent construction information: Recent construction trend data was provided by the City of Pleasanton and also gathered from broker market reports, and interviewees.

- Citywide and regional sales tax data: This data was primarily obtained from the California State Board of Equalization.

- Sales tax district data: The City of Pleasanton – via HDL Companies – provided 2012 citywide sales tax data and multi-year sales tax data by Sales Tax District. The California Department of Finance provided population estimates for sales per capita analyses. ULTRA-RESEARCH provided further input in its March 29, 2013 report “2011 Retail Sales Analysis Report for the City of Pleasanton, California.”

- Retail inventory and retail centers data: Retail inventory data was primarily assembled from the City of Pleasanton, Strategic Economics' 2009 report "Hacienda: Retail Mixed Use Market Study Update," the EPS report "Draft Report: Economic and Market Analysis for East Pleasanton Specific Plan," and leasing documents.

- Transient occupancy tax data: Transient occupancy tax data was provided by the City of Pleasanton for both the city and subareas.

- Hotel and accommodations performance and inventory data: Hotel data was provided by the Tri-Valley Convention and Visitors Bureau, City of Pleasanton, review of STR Global reports, and review of other market reports.

- Police utilization and cost data: Police department calls-for-service data by subareas was provided by the City of Pleasanton Police Department.

- Fire utilization and cost data: Fire department calls-for-service data was provided by the Livermore-Pleasanton fire Department.

- All findings were heavily informed by interviews with local stakeholders, including brokers specializing in retail, office, and industrial leasing, business representatives, industry representatives, property/association managers. Findings were also informed by review of existing relevant market and economic reports.