

bae urban economics

Demographic, Economic and Real Estate Market Existing Conditions Analysis

Transit Corridors Plan for Santa Cruz County

August 24, 2012

bae urban economics

San Francisco

1285 66th Street
Emeryville, CA 94608
510.547.9380

Sacramento

803 2nd St. Suite A
Davis, CA 95616
530.750.2195

Los Angeles

5405 Wilshire Blvd., Suite 291
Los Angeles, CA 90036
213.471.2666

www.bae1.com

Washington DC

1436 U St. NW, Suite 403
Washington, DC 20009
202.588.8945

New York City

121 West 27th St., Suite 705
New York, NY 10001
212.683.4486

TABLE OF CONTENTS

INTRODUCTION.....	1
DEFINITION OF ANALYSIS AREA	1
DEMOGRAPHIC CHARACTERISTICS	3
Methodology.....	3
Population and Household Trends.....	3
Household Composition	5
Age Distribution.....	5
Educational Attainment	6
Ethnicity	7
Language	8
Household Income Distribution.....	8
Household Tenure.....	9
Summary of Demographic Characteristics.....	9
HOUSING PROFILE	11
Housing Type	11
Housing Units	12
Occupancy Status	13
Summary of Housing Characteristics	14
Economic Trends.....	15
Resident Employment and Unemployment.....	15
Commute Patterns.....	18
Jobs-Housing Match.....	21
Industry Trends	21
Analysis AreaEmployment	23
Strategic Economic Clusters	26
Summary of Economic Trends	28
REAL ESTATE MARKET TRENDS.....	29
Regional For-Sale Market Trends.....	29
Analysis AreaFor-Sale Residential Market Trends	30
Multifamily Rental Residential Market Trends.....	31
Housing Affordability.....	34

Office Market Trends	37
Analysis AreaOffice Market Comparables	39
Medical Office Market Trends	42
Industrial Market Trends	44
Analysis AreaIndustrial Market Comparables	46
Lodging Market Trends.....	48
Retail Market Trends	50
Planned and Proposed Developments	63
Real Estate Market Summary	65
POTENTIAL MARKET SUPPORT FOR NEW DEVELOPMENT.....	67
Population, Household, and Employment Projections	67
Housing Demand in Analysis Area	69
Office and Industrial Space Demand in Analysis Area	70
Retail Demand in Analysis Area	73
Support for Additional Lodging Uses in Analysis Area	75
Appendix A: Population and Household Data.....	77
Appendix B: Housing Supply Data.....	85
Appendix C: Commute Data	87
Appendix D: Real estate market data.....	90
Appendix F: Projections and Land Use Demand Estimate Methodology.....	93

INTRODUCTION

The Transit Corridors Plan for Santa Cruz County (the “Plan”) is a planning effort that aims to integrate land use and transportation policies and promote a more sustainable pattern of development in the urban areas of unincorporated Santa Cruz County. The Plan will set the stage for area residents to enjoy expanded transportation and housing choices while also protecting environmental resources, promoting economic growth, and increasing civic amenities.

As part of the comprehensive existing conditions analysis currently being conducted for the Plan, this report provides an analysis of demographic, economic and market trends and evaluates the potential demand for new development in the Plan Area. Following this introduction, the report provides a detailed assessment of the local economy and its primary industries. It also presents market data for various real estate sectors, and evaluates the potential demand for new residential, office, retail, and lodging uses in the Plan Area.

DEFINITION OF ANALYSIS AREA

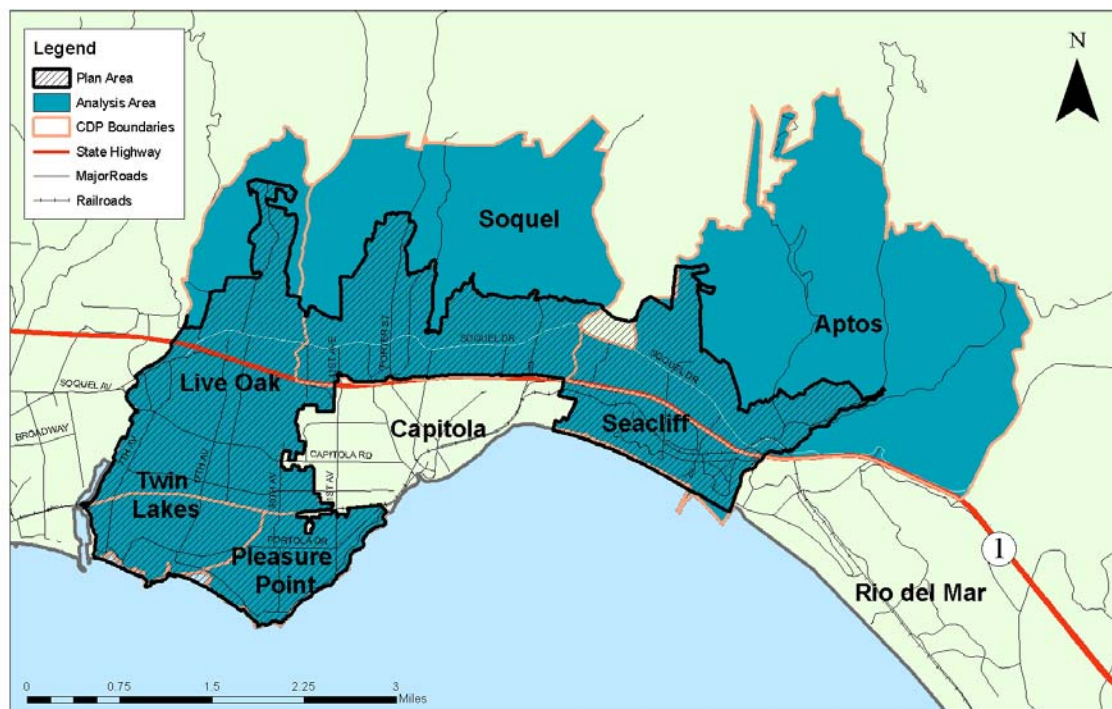
The primary geographic area used for this report consists of six census-designated places (CDPs) within unincorporated Santa Cruz County, including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes. This Demographic and Economic Analysis Area (“Analysis Area”) extends approximately 6.5 miles along Soquel Drive from the boundary of the City of Santa Cruz through Aptos, and covers areas both north and south of Highway 1. The City of Capitola is excluded from the Analysis Area because it is not part of unincorporated Santa Cruz County (see Figure 1 below).

This report utilizes data from these six census-designated places as defined in the 2010 census to represent demographic, employment, and housing conditions in the Plan Area as a whole.¹ As displayed in Figure 1, the Analysis Area is slightly larger than the formal Plan Area which excludes areas further north of Soquel Drive in Live Oak, Soquel, and Aptos where there are limited residents and jobs. For the purposes of this demographic, economic and real estate analysis, the six CDPs provide a reasonable approximation for the Plan Area.

There are two distinct geographies within the Plan Area: Soquel Drive between Live Oak and Aptos, and the neighborhoods south of Highway 1 to the coast. Soquel Drive is a thoroughfare north of Highway 1 that links major institutions, office nodes, retail destinations, and residential neighborhoods. The western portion is anchored by Dominican Hospital and related medical uses. Office and retail nodes support major intersections around 41st Avenue and Porter Street. Moving east past Cabrillo College, Soquel Drive transitions to more local-serving retail. Interspersed along are residential neighborhoods, and arterials that provide access to the coastal areas. The areas south of Highway 1 wrapping around Capitola are mostly residential with some local and tourism-oriented retail, and including Twin Lakes, Pleasure Point, and Seacliff.

¹ Between the 2000 and 2010 census, there were changes in the CDP geographies. The 2000 Aptos CDP was split into two CDPs in 2010, Aptos and Seacliff. The 2010 CDP Pleasure Point was known as Opal Cliffs in 2000. Finally, the boundaries of the Soquel CDP expanded between 2000 and 2010. This analysis uses 2010 CDP census geographies to analyze demographic, employment, and housing conditions.

Figure 1: Demographic Analysis Area



DEMOGRAPHIC CHARACTERISTICS

The following section provides an overview of the Demographic Analysis Area's population and household characteristics and trends between 2000 and 2012, with data also provided for Santa Cruz County and California to provide context for local conditions.

Methodology

Data for this analysis are drawn from Nielsen (a private data vendor), the US Census, and the 2006-2010 American Community Survey (ACS). While Nielsen and the US Census publish data for a specific point in time, the American Community Survey estimates demographic conditions for small geographies based on statistical sampling conducted continuously between 2006 and 2010². Although ACS data do not represent conditions at a specific point in time, as in the previous decennial censuses, they are updated on an annual basis and offer a valuable means to compare characteristics across geographies and within the Analysis Area. Additional data for each Plan area community are provided in Appendices A and B of this report.

Population and Household Trends

Until approximately 1960, the population of Santa Cruz County as a whole grew relatively slowly in line with limited housing and commercial development. This changed dramatically in the 30-year period from 1960 to 1990 when the county's population grew more than 172% from 84,000 in 1960 to nearly 230,000 in 1990. This growth occurred in various parts of the County, including in all of the six communities making up the Analysis Area (more detailed data on historic development trends are provided below in the Analysis Area housing profile).

Today, the Analysis Area's population of 46,654 represents approximately 35 percent of the population of unincorporated Santa Cruz County. Between 2000 and 2012, the Areas' overall population fell by 0.6 percent, although the population loss was not evenly spread across census designated places. Among the CDPs, population increased in Live Oak, Soquel, Seacliff, and Aptos, while Pleasure Point and Twin Lakes experienced population declines. According to Nielsen, projecting forward to 2017, population is expected to decrease in the Analysis Area and remain flat in Santa Cruz County.

The population decline in the past 12 years is consistent with the relatively measured growth observed in Santa Cruz County as a whole where population increased by only three percent between 2000 and 2012. By contrast, California's population grew by 11 percent during the same period.

² This data source replaces the information obtained in previous decennial Censuses from the "long form" questionnaire. For more on the ACS, see www.census.gov/acs/www/about_the_survey/american_community_survey/

Table 1: Population, 2000-2017

Area	2000	2012	Percent Change 2000-2012	2017	Percent Change 2012-2017
Analysis Area (a)					
Total Population	46,925	46,654	-0.6%	46,560	-0.2%
in Households	45,982	45,948	-0.1%	45,872	-0.2%
in Group Quarters	943	706	-25.1%	688	-2.5%
Santa Cruz County					
Total Population	255,602	262,804	2.8%	264,279	0.6%
in Households	246,574	251,668	2.1%	252,680	0.4%
in Group Quarters	9,028	11,136	23.3%	11,599	4.2%
State of California					
Total Population	33,871,648	37,718,293	11.4%	39,018,295	3.4%
in Households	33,051,894	36,897,242	11.6%	38,194,022	3.5%
in Group Quarters	819,754	821,051	0.2%	824,273	0.4%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

While population in the Plan Area fell overall, the number of households actually increased slightly from 18,958 to 19,168. This is due primarily to the fact that household sizes are shrinking in the Plan Area as more people have chosen to live in one- or two-person households. Looking comparatively at other jurisdictions, household sizes in the Plan Area tend to be relatively small, with an average household size of 2.40, compared to a larger 2.66 persons per household in Santa Cruz County.

Table 2: Households, 2000-2017

Area	2000	2012	Percent Change 2000-2012	2017	Percent Change 2012-2017
Analysis Area (a)					
Number of Households	18,958	19,168	1.1%	19,185	0.1%
Average Household Size	2.43	2.40	-1.2%	2.39	-0.3%
Santa Cruz County					
Number of Households	91,139	94,551	3.7%	95,075	0.6%
Average Household Size	2.71	2.66	-1.8%	2.66	0.0%
State of California					
Number of Households	11,502,870	12,732,704	10.7%	13,174,831	3.5%
Average Household Size	2.87	2.90	1.0%	2.90	0.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

Household Composition

In keeping with smaller household sizes, the Analysis Area also had a lower concentration of family households (e.g., two or more related individuals) making up 57 percent of all households, compared to Santa Cruz County (61 percent) and California (69 percent). Households with children under 18 were also less prevalent, particularly in the Analysis Area. Twenty-eight percent of households in the Analysis Area and 31 percent in Santa Cruz County had children under 18, compared to 38 percent in California.

Table 3: Household Composition, 2010

Household Type (a)	Analysis Area (b)	Santa Cruz County	State of California
Non-Family			
Single Person	30.2%	26.4%	23.3%
2+ Persons	12.6%	12.4%	8.0%
Non-Family Households	42.9%	38.8%	31.3%
Family			
Married Couple	41.1%	45.9%	49.4%
Other Family	16.0%	15.3%	19.3%
Family Households	57.1%	61.2%	68.7%
Households with Children Under 18	27.8%	31.0%	37.5%
Average Household Size	2.40	2.66	2.90

Notes:

(a) A family is a group of two people or more related by birth, marriage, or adoption and residing together.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: US Census, 2010; BAE, 2012.

Age Distribution

Age distribution estimates provided by Nielsen for 2012 indicate that residents in the Analysis Area tend to be older than residents of the comparison geographies. The median age in the Analysis Area is estimated at 40.8, compared to 36.7 in Santa Cruz County, and 34.8 in California. Between 2000 and 2012, the median age increased by the widest margin in the Analysis Area, by 3.3 years. In comparison, the median age increased by only 1.7 years in the County and 1.5 years in California.

The population age 55 and older is growing faster in the Analysis Area and Santa Cruz County than in California. In 2012, 28 percent of the population in the Analysis Area was at least 55 years old, compared to 20 percent in 2000. The County saw a similar increase, from 18 percent to 24 percent between 2000 and 2012. In contrast, California saw a modest shift in this demographic, from 18% to 21% in this period. More notably in the Analysis Area, the only age groups that saw a proportionate increase in population were age cohorts over the age of 55, and between the ages of 18 and 24. This increase in the 18 to 24 age group may be related to the Analysis Area's proximity to Cabrillo College and the UC Santa Cruz campuses.

The Analysis Area's rising median age (40.8) corresponds to a parallel decline in the working age population between the ages of 25 and 54. In 2000, 49 percent of the Analysis Area's population

was in this age group. By 2012, the proportion had fallen to 40 percent. This is particularly striking because this represents an absolute decline in this key working age population. The total population between the ages of 25 and 54 dropped from 23,120 in 2000 to 18,858 in 2012. Santa Cruz County saw a similar demographic decline, from 47 percent to 38 percent between 2000 and 2012. In contrast, in California, population in this age group fell by only two percent in the same period.

Table 4: Age Distribution, 2000-2012

Age Cohort	Analysis Area (a)		Santa Cruz County		State of CA	
	2000	2012	2000	2012	2000	2012
Under 18	21.5%	20.5%	23.8%	22.5%	27.3%	25.7%
18-24	9.2%	11.4%	11.9%	15.2%	9.9%	10.0%
25-34	14.9%	10.1%	14.4%	10.1%	15.4%	14.5%
35-44	17.5%	13.8%	16.5%	12.8%	16.2%	14.1%
45-54	16.9%	16.5%	15.9%	15.0%	12.8%	14.1%
55-64	8.0%	14.8%	7.6%	13.2%	7.7%	10.4%
65-84	9.8%	10.3%	8.5%	9.2%	9.4%	9.6%
85 or older	2.2%	2.7%	1.5%	1.9%	1.3%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age	37.5	40.8	35.0	36.7	33.3	34.8

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

Educational Attainment

The adult population in the Analysis Area has a higher level of educational attainment than residents of the county and state. As shown in table 5 below, 47 percent of adults over age 25 in the Analysis Area held a four year degree or higher, compared to 45 percent in Santa Cruz County, and 38 percent in California. In addition, only 10 percent of the population in the Analysis Area had not completed high school, which is approximately half of the proportion in California, where 20 percent of the population fell in this category. Within the Analysis Area, Aptos and Pleasure Point had the highest overall levels of educational attainment and Live Oak the lowest.

Table 5: Educational Attainment for Population 25+ Year of Age

Educational Attainment (a)	Analysis Area (b)	Santa Cruz County	State of California
Less than 9th Grade	5.7%	9.7%	10.4%
9th to 12th Grade, No Diploma	4.9%	6.2%	8.9%
High School Graduate (incl. Equivalency)	17.8%	16.8%	21.5%
Some College, No Degree	25.0%	22.0%	21.5%
Associate Degree	9.7%	8.0%	7.7%
Bachelor's Degree	23.2%	23.3%	19.2%
Graduate/Professional Degree	13.6%	13.9%	10.8%
Total	100.0%	100.0%	100.0%
Population 25+ with College Degree	46.6%	45.3%	37.7%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: ACS, 2006-2010; BAE, 2012.

The Area's proximity to two major public higher education institutions, the University of California, Santa Cruz (UCSC), and Cabrillo College, attracts student residents. . As of fall 2011, 17,454 students were enrolled at UCSC and 14,842 at Cabrillo College.³ Within the Area, approximately 4,403 residents, or 9.8 percent of the Analysis Area population, attended an undergraduate or graduate program. This is slightly lower than the average in Santa Cruz County of 12.7 percent of the resident population. Of the CDPs, Twin Lakes and Seacliff maintained the highest proportions attending an institution of higher learning. Twenty-one percent of residents in Twin Lakes, and ten percent of residents in Seacliff were enrolled in undergraduate or graduate programs

Ethnicity

The Analysis Area overall is somewhat less ethnically diverse than the county and much less ethnically diverse than the state. This does vary significantly across the Plan area communities with Live Oak and Twin Lakes both having relatively large Hispanic populations. Moreover, the number of Hispanics as a percentage of the Plan area population has been growing relatively rapidly from 15.7% in 2000 to 21.5% in 2012.

Table 6: Population by Ethnicity, 2000-2012

Ethnicity	Analysis Area (a)			Santa Cruz County		
	2000	2012	% Change	2000	2012	% Change
	%	%	2000-2012	%	%	2000-2012
Non-Hispanic	84.3%	78.5%	-6.8%	73.2%	67.1%	-8.4%
White	76.4%	70.0%	-8.4%	65.5%	58.6%	-10.5%
Black/African American	1.0%	1.0%	4.1%	0.8%	0.9%	4.6%
American Indian/Alaskan Native	0.5%	0.4%	-25.3%	0.5%	0.4%	-22.5%
Asian	2.9%	3.7%	26.2%	3.3%	4.2%	26.4%
Native Hawaiian/Pacific Islander	0.1%	0.1%	7.7%	0.1%	0.1%	-9.9%
Some Other Race	0.3%	0.2%	-36.6%	0.3%	0.2%	-35.6%
2+ Races	2.9%	3.1%	4.9%	2.6%	2.7%	3.3%
Hispanic	15.7%	21.5%	36.5%	26.8%	32.9%	22.9%
Total	100.0%	100.0%		100.0%	100.0%	

Ethnicity	State of California		
	2000	2012	% Change
	%	%	2000-2012
Non-Hispanic	67.6%	61.5%	-9.1%
White	46.7%	39.0%	-16.4%
Black/African American	6.4%	5.7%	-11.4%
American Indian/Alaskan Native	0.5%	0.4%	-20.7%
Asian	10.8%	13.2%	22.3%
Native Hawaiian/Pacific Islander	0.3%	0.4%	14.9%
Some Other Race	0.2%	0.2%	10.0%
2+ Races	2.7%	2.6%	-2.9%
Hispanic	32.4%	38.5%	18.9%
Total	100.0%	100.0%	

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Nielsen; BAE, 2012.

³ Sources: University of California, Santa Cruz; Cabrillo College, 2012.

Language

According to the US Census and recent estimates from Nielsen, the first language of most Analysis Area residents is English (82.3%), followed by Spanish (14.7%). Other languages are not significantly represented in the Analysis Area or in Santa Cruz County overall in comparison to the state. In particular, only 1.5 percent of Analysis Area residents reported speaking an Asian language at home compared to 9.1 percent in California.

As displayed in greater detail in Appendix Table A-7, there the largest concentrations of Spanish-speaking households are found in the Live Oak (21.9%) and Twin Lakes (21.6%) communities while over 90 percent of residents in Aptos reported English as being the first language spoken at home.

Table 7: Language Spoken at Home, 2000-2012

Language	Analysis Area (a)		Santa Cruz County		State of CA	
	2000	2012	2000	2012	2000	2012
English Only	82.3%	80.8%	72.2%	71.9%	60.5%	57.1%
Spanish or Spanish Creole	13.0%	14.7%	22.2%	23.0%	25.8%	28.5%
Indo-European	3.1%	2.8%	3.3%	2.8%	4.3%	4.4%
Asian and Pacific Islander	1.3%	1.5%	2.0%	2.0%	8.6%	9.1%
Other Languages	0.3%	0.2%	0.3%	0.2%	0.8%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Nielsen; BAE, 2012.

Household Income Distribution

Households in the Analysis Area tend to have lower annual incomes compared to households in Santa Cruz County. ACS data show that the median household income in the Analysis Area was \$60,562 annually, lower than the median household income in Santa Cruz County of \$65,253, and comparable to the median income in California of \$60,883. This lower median is related in part to a smaller proportion of households in the Analysis Area compared to the county earning incomes over \$100,000. Interestingly, among the CDPs in the Analysis Area, there is significant variation in median incomes. Aptos had the highest annual median income, of approximately \$83,000, while Twin Lakes had the lowest median income of \$49,000.

Table 8: Household Income, 2010

Income Category (a)	Analysis Area (b)	Santa Cruz County	State of California
Less than \$15,000	9.9%	10.5%	10.4%
\$15,000-\$24,999	8.8%	8.7%	9.5%
\$25,000-\$34,999	9.1%	8.3%	9.1%
\$35,000-\$49,999	12.5%	11.6%	12.7%
\$50,000-\$74,999	18.4%	16.8%	17.6%
\$75,000-\$99,999	13.2%	13.4%	12.8%
\$100,000-\$149,999	15.6%	16.0%	15.0%
\$150,000-\$199,999	6.4%	7.0%	6.4%
\$200,000 or more	6.1%	7.8%	6.5%
Total	100.0%	100.0%	100.0%
Median HH Income (c)	\$60,562	\$65,253	\$60,883
<i>Per Capital Income</i>	<i>\$35,010</i>	<i>\$32,862</i>	<i>\$29,188</i>

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) All incomes adjusted to 2010 dollars.

Sources: ACS, 2006-2010; BAE, 2012.

Household Tenure

Owner households exceed renter households in both the Analysis Area and county. In 2010, 58 percent of households in the Analysis Area and county were owners, which was slightly higher than the state (56 percent). Among the CDPs, Aptos and Soquel had the highest proportion of owner households, each above 70 percent. Live Oak was the only CDP in which renter households (63 percent) were more prevalent than owner households (37 percent).

Table 9: Household Tenure, 2010

	Analysis Area (a)		Santa Cruz County		State of California	
	Number	%	Number	%	Number	%
Owners	11,270	58.4%	54,229	57.5%	7,035,371	55.9%
Renters	8,041	41.6%	40,126	42.5%	5,542,127	44.1%
Total HHs	19,311	100.0%	94,355	100.0%	12,577,498	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: U.S. Census, 2010; BAE, 2012.

Summary of Demographic Characteristics

- Population in the Analysis Area declined slightly from 2000 to 2012.
- Average household sizes are smaller in Analysis Area than in the county and state and are projected to decrease further in the future. There are fewer family households in the Plan area compared to the rest of the county and the state.

- Residents in the Analysis Area are, on average, older than residents in the rest of the county and the state. Based on current trends, the percentage of seniors in the Plan area will increase in the future.
- Plan area residents have relatively high levels of educational attainment with significant variation between communities. Aptos and Pleasure Point have the highest percentage of residents 25+ with a college degree and Live Oak and Twin Lake have the lowest percentage.
- Median household income in the Plan area is lower than in the county overall. There is significant variation in household income among communities in the Plan area, with Aptos having the highest income and Twin Lakes the lowest.
- Housing tenure (owners or renters) varies considerably among communities in the Analysis area. The majority of households in Aptos and Soquel are owners, while the majority of Live Oak households are renters.
- The Analysis Area overall is somewhat less ethnically diverse than the county and much less ethnically diverse than the state. This does vary significantly across the Plan area communities with Live Oak and Twin Lakes both having relatively large Hispanic populations. Moreover, the number of Hispanics as a percentage of the Plan area population has been growing relatively rapidly from 15.7% in 2000 to 21.5% in 2012.
- The most common language spoken at home in the Plan area is English (80%) followed by Spanish (14.7%). Both Live Oak and Twin Lakes have large communities of Spanish speakers.

HOUSING PROFILE

This chapter profiles the existing housing stock, occupancy status, and historic development trends in the Analysis Area, compared to the county and state.

Housing Type

According to the 2010 American Community Survey, approximately 20 percent of the county's residential building supply, or 20,610 residential structures, are located in the Analysis Area. As of 2012, single-family homes comprise two-thirds of the Analysis Area's housing stock, while multifamily buildings and mobile homes accounted for 21 and 13 percent of the residential supply, respectively.

Table 10: Housing Units by Type of Structure

Type of Residence (a)	Analysis Area (b)	Santa Cruz County	State of California
Single Family Detached	53.7%	63.0%	58.1%
Single Family Attached	12.3%	9.0%	7.1%
Multifamily 2-4 Units	10.7%	9.2%	8.2%
Multifamily 5-9 Units	3.8%	4.0%	6.1%
Multifamily 10-49 Units	4.0%	5.4%	10.2%
Multifamily 50+	2.3%	2.9%	6.2%
Mobile Home (c)	13.2%	6.6%	4.1%
Total	100.0%	100.0%	100.0%
Multifamily Housing Units	20.8%	21.4%	30.7%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Includes both standard mobile homes and boats, RVs, vans, and other vehicles that serve as a primary residence.

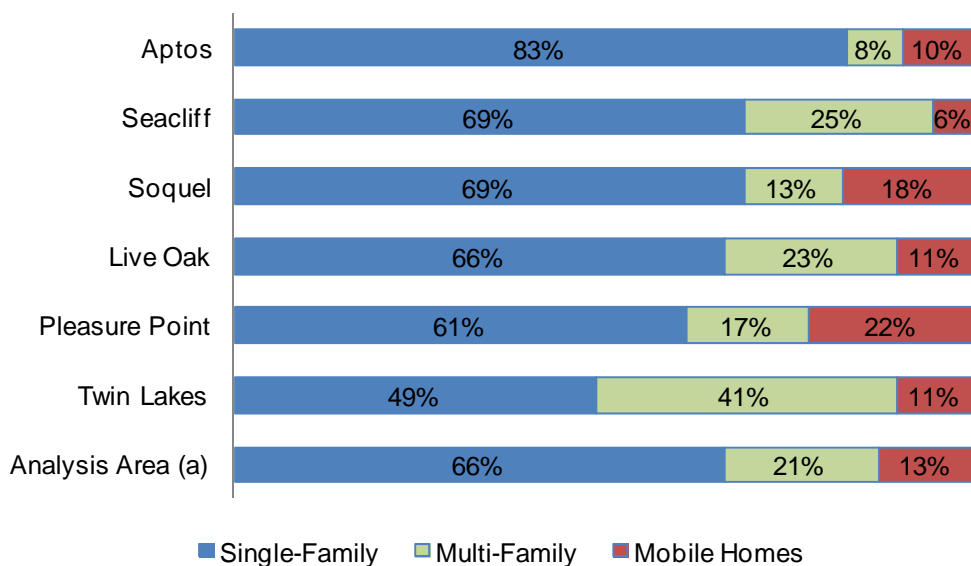
Sources: ACS, 2006-2010; BAE, 2012.

Single-family homes were most common, and there was considerable variation in non-single family housing types among the CDPs. At least two-thirds of the housing stock in Aptos, Soquel, Seacliff, and Live Oak were single-family homes. Aptos had the highest proportion of single family homes, at 83 percent, while Twin Lakes had the lowest, 49 percent.

The balance of the housing stock was divided between mobile homes and multifamily buildings, as each CDP maintained a unique mix of these types. Surprisingly, the share of mobile homes in the Analysis Area (13 percent) was considerably higher than the share in the County (7 percent) and State (4 percent). In fact, mobile homes accounted for a high percentage of residential structures in Pleasure Point (22 percent) and Soquel (18 percent). Even Aptos, the CDP with the highest ratio of single-family homes, had a large share of mobile homes (10%).

Multi-family buildings composed a smaller fraction of all residences in the Analysis Area and County compared to the State. Only 21 percent of residential buildings in the Analysis Area and County were multi-family buildings, which was lower than the proportion in the State (31 percent). The majority of multi-family buildings were concentrated in Live Oak and Twin Lakes, which accounted for one-third and one-quarter of the Analysis Area's 4,300 multi-family residential buildings, respectively.

Figure 2: Housing Units by Type of Structure by CDP



Note:

(a) The Analysis Area is defined by the six CDPs in unincorporated Santa Cruz County, which include Aptos, Seacliff, Soquel, Live Oak, Pleasure Point, and Twin Lakes.

Sources: ACS 2006-2010; BAE, 2012

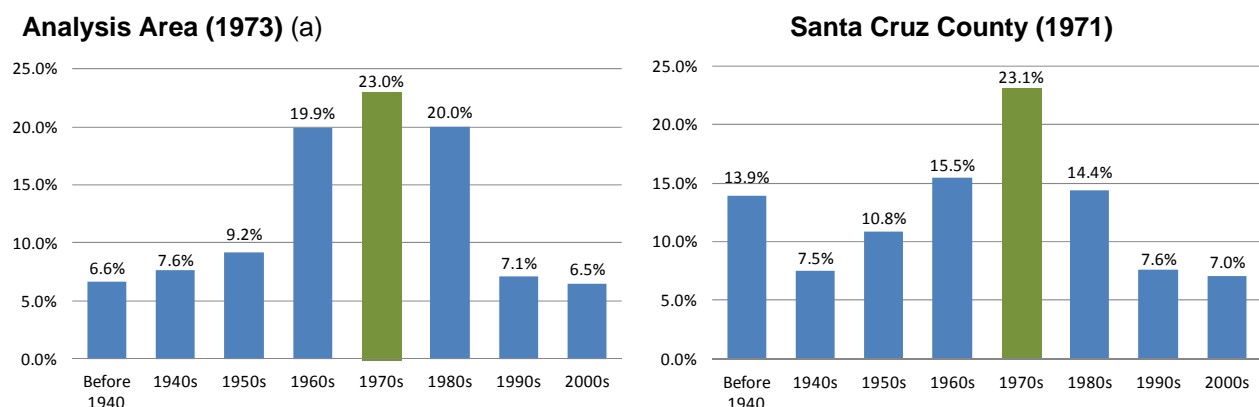
Housing Units

Between 2000 and 2010, there was a slower rate of development in the Analysis Area compared to the county and state. The Analysis Area increased the number of housing units by approximately 447, a two percent gain from 2000 levels. A majority (72 percent) of those units were constructed in Live Oak. In contrast, Santa Cruz County expanded its housing stock by 5,600 units, or six percent from 2000 levels. Both the Analysis Area and the county were slow growth areas compared to the State, which increased its housing stock by 12 percent in the same period.

The median year built for all residential buildings in the Analysis Area was 1973, which is comparable to both the County (1971) and the State (1973). Although the median years of housing built in the Analysis Area and County were similar, housing in the Analysis Area was mostly built between the 1960s and 1980s, while Santa Cruz County experienced an earlier housing boom. 63 percent of the Analysis Area's housing stock was constructed between the 1960s and 1980s, while only 53 percent of the County's housing units were constructed in this period.

Housing production has been slow in the last two decades in both the Analysis Area and county. Fourteen percent of the Analysis Area's and 15 percent of the county's housing stock was built between 1990 and 2009. The reduction in housing production in the last two decades coincides with the growth management strategies implemented in the late 1970s and 1980s that limited growth and preserved agricultural and natural resources.⁴

Figure 3: Housing Units by Decade Built (Median Year Built)



Note:

(a) The Analysis Area is defined by six CDPs in unincorporated Santa Cruz County, which include Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: ACS 2006-2010; BAE, 2012.

Occupancy Status

The Analysis Area's housing occupancy rate (91 percent) mirrors that of the County (90 percent) and State (92 percent). Between 2000 and 2010, all geographies experienced a decline in occupancy rates, owing partly to the housing crisis and recession that swept the US in the late decade.

The CDPs adjacent to the coast, Twin Lakes, Pleasure Point, and Seacliff, have a higher vacancy rate due to a larger supply of vacant homes for seasonal, recreational, or occasional use. In 2010, 16 percent of housing units in Seacliff, 14 percent in Twin Lakes, and nine percent of housing units in Pleasure Point were vacant for seasonal use. Beachfront areas had a higher proportion of second or vacation homes compared to other CDPs in the Analysis Area. In fact, only about 2 percent of housing vacancy in Aptos, Live Oak, and Soquel was attributable to seasonal use. These CDPs also exhibited lower overall vacancy rates, between four to six percent, which suggests Aptos, Live Oak, and Soquel maintained more year-round residents compared to Twin Lakes, Pleasure Point, and Seacliff.

⁴ Santa Cruz County General Plan, Chapter 1, 1994

Table 11: Housing Units and Occupancy Status, 2000-2010

Occupancy Status	Analysis Area (a)			
	2000		2010	
	#	%	#	%
Occupied Housing Units	19,411	93.1%	19,311	90.7%
Vacant Housing Units	1,441	6.9%	1,988	9.3%
For Rent	189	0.9%	223	1.0%
For Sale Only	89	0.4%	227	1.1%
Rented or Sold, Not Occupied	101	0.5%	83	0.4%
For Seasonal, Recreational, or Occasional Use	947	4.5%	1,161	5.5%
For Migratory Workers	1	0.0%	0	0.0%
Other	114	0.5%	294	1.4%
Total Housing Units	20,852	100.0%	21,299	100.0%

Occupancy Status	Santa Cruz County				State of California			
	2000		2010		2000		2010	
	#	%	#	%	#	%	#	%
Occupied Housing Units	91,139	92.2%	94,355	90.3%	11,502,870	94.2%	12,577,498	91.9%
Vacant Housing Units	7,734	7.8%	10,121	9.7%	711,679	5.8%	1,102,583	8.1%
For Rent	934	0.9%	1,446	1.4%	190,321	1.6%	374,610	2.7%
For Sale Only	424	0.4%	864	0.8%	92,197	0.8%	154,775	1.1%
Rented or Sold, Not Occupied	474	0.5%	429	0.4%	50,846	0.4%	54,635	0.4%
For Seasonal, Recreational, Occasional Use	5,051	5.1%	5,609	5.4%	236,857	1.9%	302,815	2.2%
For Migrant Workers	24	0.0%	100	0.1%	2,205	0.0%	2,100	0.0%
Other	827	0.8%	1,673	1.6%	139,253	1.1%	213,648	1.6%
Total Housing Units	98,873	100.0%	104,476	100.0%	12,214,549	100.0%	13,680,081	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County, including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: US Census, 2000; US Census, 2010; BAE, 2012.

Summary of Housing Characteristics

- The Analysis Area had approximately 20,610 single-family homes, condominiums, townhomes, apartment buildings, and other residential structures (including mobile homes) as of 2010.
- The average age for all residential buildings in the Analysis Area is 1973 with over 64 percent of all residential development occurring in the Analysis Area in the 1960s through 1980s.
- Since the 1980s, new residential development throughout the Plan area has been slow. Between 2000 and 2012, the Analysis Area added approximately 450 new units of all types, representing just over two percent of the total housing stock in the six communities forming the Plan Area.
- Compared to the county and the state, the Analysis Area has a relatively small percentage of single-family homes and a much larger percentage of attached homes (townhomes) and small apartment buildings. Live Oak, Pleasure Point and Twin Lakes in particular have a large stock of attached and multifamily structures, while the rest of the plan area communities have larger percentages of single-family detached homes.

ECONOMIC TRENDS

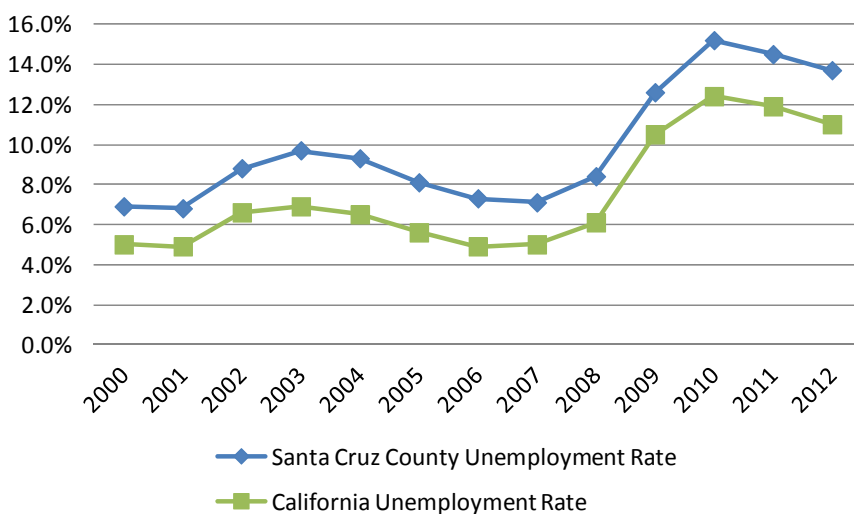
The nationwide recession that began in late 2007 has been felt heavily in Santa Cruz County and continues to have a lingering impact across the County. While economic indicators have begun to point to recovery in some sectors, overall job growth has remained slow. This section presents data and analysis on the Analysis Area's economy with a focus on employment patterns, industry mix and jobs/housing balance.

Data for the county and state are drawn from the California Employment Development Department (EDD). BAE also reviewed 2005-2010 county economic cluster analysis prepared by Applied Development Economics (ADE) as part of the Santa Cruz County Comprehensive Economic Development Strategy (CEDS). Also, figures from the 2006-2010 American Community Survey were used to analyze industry employment within the Analysis Area because EDD does not publish industry data for geographies smaller than the county. Although the ACS figures do not match EDD data precisely, the information provides a useful estimate of employment in the Analysis Area. Additional information on employment concentrations in the Analysis Area was drawn from the US Census OnTheMap service which derives data from unemployment insurance wage records reported by employers under the unemployment insurance system.

Resident Employment and Unemployment

The Santa Cruz County unemployment rate was consistently two to three percent higher than the unemployment rate in California between 2000 and 2012. This persistent difference may be due to Santa Cruz County's larger agricultural base, which tends to experience higher seasonal rates of unemployment. As of March 2012, the county's unemployment rate was 2.2 percent higher than the state's, which is similar to the pattern observed in the last decade.

Figure 4: Unemployment Rate Not Seasonally Adjusted, March 2000-March 2012



Sources: CA EDD; BAE, 2012.

The Analysis Area has a lower unemployment rate than the County and the State. Among the CDPs, Aptos had the lowest unemployment rate, of 5.3 percent. Higher unemployment rates between 11 and 12 percent were observed in Live Oak, Twin Lakes, and Soquel.

Table 12: Labor Force & Unemployment, March 2012 (a)

Geography	Number of Workers		Unemployment Rate (a)
	Employed	In Labor Force	
Analysis Area (b)	23,800	26,400	9.8%
Santa Cruz County	131,100	151,900	13.7%
California	16,379,200	18,500,700	11.5%

Notes:

(a) Data are not seasonally adjusted.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: CA EDD; BAE, 2012.

Resident Employment by Occupation and Industry

A high proportion of residents in the Analysis Area have occupations in management, healthcare, and service compared to the county and state. Table 13 below profiles residents' occupations, and provides insight into local employment patterns. These occupations tend to earn above-average wages, and may reflect the Analysis Area's high educational attainment.

Table 13: Occupation of Employed Civilian Population 16+

Occupation	Analysis Area (a)		Santa Cruz County		State of California	
	Number	Percent	Number	Percent	Number	Percent
Management, business, and finance	3,894	16.9%	19,597	15.5%	2,489,987	15.0%
Computer, engineering and science	1,614	7.0%	9,287	7.3%	997,226	6.0%
Education, law, art, and media	2,944	12.8%	16,789	13.3%	1,800,287	10.8%
Healthcare	2,004	8.7%	8,418	6.7%	1,041,757	6.3%
Service (b)	3,757	16.3%	19,580	15.5%	2,590,172	15.6%
Sales and office	5,027	21.9%	26,636	21.1%	4,221,411	25.4%
Natural resources, construction, and maintenance	2,107	9.2%	16,058	12.7%	1,651,688	9.9%
Production, transportation, and material moving	1,648	7.2%	10,015	7.9%	1,839,938	11.1%
Total	22,995	100%	126,380	100.0%	16,632,466	100.0%

Notes:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(b) Service occupations include protective services, food services, and personal care services.

Sources: ACS, 2006-2010; BAE, 2012.

Residents employment by industry in the Analysis Area is similar to Santa Cruz County overall. Residents were employed most frequently in the education, health, and social science sector (24 percent of employed residents); the same was true for Santa Cruz County residents, where 23 percent worked in those industries. Another 36 percent of residents in the Analysis Area were employed in professional and scientific, arts and entertainment, and retail trade. Analysis Area residents were slightly more likely to work in these sectors than residents in Santa Cruz County, where 31 percent of county residents worked in these sectors. Analysis Area residents also had

lower rates of participation in agriculture, and to a lesser extent in manufacturing and public administration, compared to residents in the county.

Table 14: Industry of Employed Civilian Population 16+

Industry	Analysis Area (a)		Santa Cruz County		State of California	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	203	0.9%	7,234	5.7%	356,312	2.1%
Construction	1,837	8.0%	9,858	7.8%	1,157,120	7.0%
Manufacturing	1,882	8.2%	11,642	9.2%	1,721,087	10.3%
Wholesale Trade	826	3.6%	3,981	3.2%	569,555	3.4%
Retail trade	2,716	11.8%	13,021	10.3%	1,833,165	11.0%
Transportation and Warehousing, and Utilities	589	2.6%	3,239	2.6%	782,174	4.7%
Information	492	2.1%	2,890	2.3%	499,869	3.0%
Finance, Insurance, Real Estate & Rental/Leasing	1,137	4.9%	6,079	4.8%	1,166,047	7.0%
Professional, Scientific, Management, & Admin	2,780	12.1%	14,890	11.8%	2,031,092	12.2%
Educational, Health and Social Services	5,433	23.6%	29,469	23.3%	3,341,712	20.1%
Arts, Entertainment, Recreation, Accommod & Food Svcs	2,749	12.0%	12,208	9.7%	1,535,354	9.2%
Other Services (except public administration)	1,586	6.9%	7,196	5.7%	869,433	5.2%
Public Administration	765	3.3%	4,673	3.7%	769,546	4.6%
Total (b)	22,995	100.0%	126,380	100.0%	16,632,466	100.0%
Percent Employed Residents (of Total Residents)	51.1%		49.2%		45.4%	

Notes:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(b) Service occupations include protective services, food services, and personal care services.

Sources: ACS, 2006-2010; BAE, 2012.

Commute Patterns

Most working residents who live in the Analysis Area work in Santa Cruz County. Eighty percent of the Analysis Area's working residents worked in the county. Countywide, 77 percent of Santa Cruz County's working residents lived and worked in the county.

Table 15: Commute Flows for Working Residents

Working Residents of Analysis Area (a)			Working Residents of Santa Cruz County		
Place of Work	Number	% Total	Place of Work	Number	% Total
In Santa Cruz County	17,939	80.2%	In Santa Cruz County	93,245	76.6%
All Other Locations	4,431	19.8%	All Other Locations	28,461	23.4%
Total	22,370	100.0%	Total	121,706	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Workers include members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed.

Sources: 2006-2010 American Community Survey; BAE, 2012.

Less than one-third of Analysis Area residents work in the Analysis Area, based on data from 2000, which is still the most recent available at this subcounty level.⁵ In 2000, 31 percent of Analysis Area residents worked within the area, with 47 percent working elsewhere in the County, 15 percent working in Santa Clara County, and the remainder working elsewhere. Fifteen percent of all County residents worked in the Analysis Area, with 60 percent working elsewhere in the County, 17 percent commuting to Santa Clara County and the remainder working elsewhere. Despite being the nearest County to the south, commute flows into Monterey County from the Analysis Area and Santa Cruz County overall are limited, reflecting the more limited employment base in Monterey County.

These data indicate that over half of those working in the Analysis Area are commuting in, and over two-thirds of Analysis Area residents commute out for work. This suggests that while people who reside in the Analysis Area may overwhelmingly work in the county, there are heavy inter-county commute flows, along with the significant commute flows into Santa Clara County.

⁵ While somewhat dated, the limited growth in the County and the similarity to employment counts and commute patterns from the more recent data indicates that Analysis Area residents are probably still in this same general pattern for commuting.

Table 16: 2000 Commute Patterns of Working Residents

Place of Work	Place of Residence (a)			
	Analysis Area (b)		Santa Cruz County	
	Number	Percent	Number	Percent
Santa Cruz County	20,885	77.6%	91,230	74.6%
<i>in Analysis Area</i>	8,227	30.6%	18,046	14.8%
<i>Elsewhere in County</i>	12,658	47.0%	73,184	59.9%
Santa Clara County	4,006	14.9%	20,426	16.7%
Monterey County	832	3.1%	4,879	4.0%
San Mateo County	344	1.3%	1,876	1.5%
Alameda County	342	1.3%	1,357	1.1%
Other SF Bay Area	214	0.8%	1,209	1.0%
Other California	166	0.6%	806	0.7%
Out of State	132	0.5%	480	0.4%
Total Resident Workers	26,921	100.0%	122,263	100.0%

Notes:

(a) Resident workers includes all person 16 or older who live in the area, who may be working in the area or elsewhere. This is not the same as the count of persons working in the area.

(b) Due to data constraints, the Analysis Area as defined here with block groups is slightly larger than the Analysis Area as defined by CDPs. The block groups covered generally match the 2010 CDPs as defined for the Analysis Area.

Sources: Census Transportation Planning Package, 2000; BAE 2012.

As shown below in Figure 5, the Analysis Area benefits from proximity to a number of major employment nodes in the county. Excluding the population of residents that worked from home, workers who lived in the Analysis Area and worked in the county only spent 16.6 minutes, on average, commuting to work. In contrast, workers who lived and worked in the county spent 18.9 minutes commuting to work. The combination of a high proportion of residents who work in the county and adjacency to multiple employment nodes reduces commute travel times for Analysis Area residents.

Analysis Area residents who work in the county also have shorter commutes than Analysis Area residents working outside the county. Excluding the population of residents who worked from home, workers commuting from the Analysis Area to other counties spent an average 48.6 minutes commuting to work. In contrast, workers from the Analysis Area who worked in Santa Cruz County spent an average of 16.6 minutes commuting to work. This difference in commute times between those who work in and outside of the county is also evident among other Santa Cruz County residents. These longer commute times place an extra burden on those who work outside the county, like residents traveling to Silicon Valley for work.

Table 17: Commute Time

Travel Time (a)	Analysis Area (b)		Santa Cruz County		State of CA	
	Workers	Percent	Workers	Percent	Workers	Percent
Less than 15 minutes	6,210	27.8%	34,301	28.2%	3,896,339	23.9%
15 to 29 minutes	7,838	35.0%	37,989	31.2%	5,542,404	34.1%
30 minutes to 44 minutes	3,065	13.7%	20,714	17.0%	3,266,282	20.1%
45 minutes to 59 minutes	1,568	7.0%	10,788	8.9%	1,219,928	7.5%
60 minutes to 89 minutes	1,519	6.8%	7,774	6.4%	1,068,206	6.6%
90 minutes or more	432	1.9%	2,492	2.0%	472,927	2.9%
<i>Worked at Home</i>	1,738	7.8%	7,648	6.3%	805,819	5.0%
Total (c)	22,370	100.0%	121,706	100.0%	16,271,905	100.0%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Workers include members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed. Varies slightly from total employed residents presented in other tables due to different population universes.

Sources: ACS, 2006-2010; BAE, 2012.

Analysis Area residents were also more likely to drive to work than residents in the county or state. 75 percent of Analysis Area residents drove to work, while 71 percent of county residents and 73 percent of California residents preferred this mode. As a corollary, Analysis Area residents also had a lower propensity to take transit to work (nine percent) compared to county residents (11 percent) and state residents (10 percent).

A higher proportion of Analysis Area residents worked at home (eight percent) compared to residents in the county (six percent) and the state (five percent). In Aptos, for example, 15 percent of working residents worked from home (15 percent), and nine percent of working residents in Pleasure Point and Twin Lakes, which are close to the ocean, also worked from home.

Table 18: Means of Transportation to Work, Workers Age 16+

Means of Transportation (a)	Analysis Area (b)	Santa Cruz County	State of California
Drove Alone (incl. Motorcycle)	75.0%	71.1%	73.0%
Carpooled	8.2%	11.4%	11.9%
Bus or Trolley Bus	2.8%	3.0%	3.8%
Other Public Transportation	0.0%	0.1%	1.3%
Bicycle	2.6%	2.9%	0.9%
Walked	2.7%	4.1%	2.8%
Other Means	0.9%	1.2%	1.3%
Worked at Home	7.8%	6.3%	5.0%
Total	100.0%	100.0%	100.0%
Workers Who Traveled to Work on Public Transportation or Non-Motorized Transportation (c)	9.0%	11.3%	10.2%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Excludes those who drove alone, carpooled, or worked at home.

Sources: ACS, 2006-2010; BAE, 2012.

Jobs-Housing Match

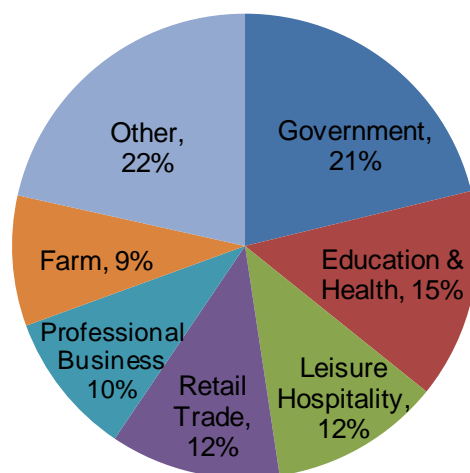
Based on the data presented above, there are more workers living in the Analysis Area than jobs in the Analysis Area. The most recent ACS estimates (2006-2010) show 22,370 working residents compared to 17,218 jobs. The County is also unbalanced, with 121,706 working residents but only 109,927 persons working in the County. As indicated by the commute data, the majority of out-commuters are working in Santa Clara County. This disparity between the number of resident workers and the number of jobs suggests a mismatch between housing and jobs in the Analysis Area but may also indicate that some workers in Silicon Valley prefer to live in Santa Cruz County, perhaps for the community characters, housing choices, or other lifestyle amenities.

Industry Trends – Santa Cruz County and California

The government sector is by far the largest industry sector in Santa Cruz County, accounting for one out every five jobs. Local government jobs composed 60 percent of all government employment, and the remaining were State jobs. There were very few federal government jobs in Santa Cruz County. The next biggest industries are educational and health services (15 percent of jobs in the county), leisure and hospitality, and retail trade, each of which comprised 12 percent of total countywide employment. In California, government is also the largest employer throughout the State (17 percent of all jobs), followed by professional and business services (15 percent), educational and health services (13 percent), and retail trade (11 percent).

Compared to the California economy overall, the County's industry mix is substantially less diverse and, thus, less resilient to sectoral declines affecting specific industries or industry groups. At the same time, the education and health care industry sectors have provided some stability to the local economy even as many private industry sectors have been experiencing relatively stagnant growth.

Figure 5: Santa Cruz County Employment by Industry, 2011



Sources: EDD, 2011; BAE, 2012.

According to the State Employment Development Department (EDD), Santa Cruz County experienced job losses in virtually every sector between 2000 and 2011. The information and manufacturing industries were particularly hard hit, with reductions of 65 percent and 45 percent, respectively, from 2000 levels. Employment declines in these industries accounted for a net loss of 3,400 jobs between 2000 and 2011. It is important to note that the manufacturing sector includes most computer hardware and software design, as well as related high-tech and bio-tech jobs. Retail employment fell by 2,600 jobs, which amounted to a 19 percent drop from 2000 levels. California saw similar losses. Employment in state manufacturing and information fell by 33 percent and 25 percent from 2000 levels. Retail jobs in California declined at a slower rate compared to Santa Cruz County. Between 2000 and 2011, retail jobs fell by two percent in the state, compared to 19 percent in Santa Cruz County.

Education and health services, transportation and warehousing, farming, and government all experienced an increase in net jobs between 2000 and 2011. Education and health posted the biggest employment gains, 3,400 net jobs, as this sector increased employment by over 30 percent between 2000 and 2011. Government, farming, transportation, and warehousing combined to add another 1,600 county jobs. The expansion of education and health industries in the county was consistent with the changes in California. The state saw a 30 percent increase in employment in this sector between 2000 and 2011.

Table 19: Annual Average Employment by Industry, 2000-2011 (a)

SANTA CRUZ COUNTY					
Industry	2000		2011		% Change
	Number	% Total	Number	% Total	
Farm	8,300	7.9%	8,700	9.0%	4.8%
Natural Resources, Mining and Construction	4,500	4.3%	2,800	2.9%	-37.8%
Manufacturing	9,300	8.8%	5,100	5.3%	-45.2%
Wholesale Trade	3,600	3.4%	3,500	3.6%	-2.8%
Retail Trade	14,000	13.3%	11,400	11.9%	-18.6%
Transportation, Warehousing & Utilities	1,400	1.3%	1,700	1.8%	21.4%
Information	2,600	2.5%	900	0.9%	-65.4%
Financial Activities	4,100	3.9%	3,100	3.2%	-24.4%
Professional & Business Services	11,700	11.1%	9,600	10.0%	-17.9%
Educational & Health Services	10,600	10.0%	14,000	14.6%	32.1%
Leisure & Hospitality	11,500	10.9%	11,400	11.9%	-0.9%
Other Services	4,400	4.2%	3,600	3.7%	-18.2%
Government	19,500	18.5%	20,400	21.2%	4.6%
Total (a)	105,500	100.0%	96,200	100.0%	-8.8%

STATE OF CALIFORNIA					
Industry	2000		2011		% Change
	Number	% Total	Number	% Total	
Farm	408,500	2.7%	385,300	2.7%	-5.7%
Mining and Logging	26,400	0.2%	28,500	0.2%	8.0%
Construction	733,400	4.9%	553,700	3.8%	-24.5%
Manufacturing	1,852,700	12.4%	1,245,800	8.6%	-32.8%
Wholesale Trade	646,200	4.3%	659,000	4.6%	2.0%
Retail Trade	1,563,400	10.5%	1,532,000	10.6%	-2.0%
Transportation, Warehousing & Utilities	518,300	3.5%	471,900	3.3%	-9.0%
Information	576,700	3.9%	432,400	3.0%	-25.0%
Financial Activities	800,800	5.4%	761,500	5.3%	-4.9%
Professional & Business Services	2,222,600	14.9%	2,126,300	14.7%	-4.3%
Educational & Health Services	1,407,100	9.4%	1,833,600	12.7%	30.3%
Leisure & Hospitality	1,335,600	9.0%	1,530,300	10.6%	14.6%
Other Services	487,700	3.3%	486,900	3.4%	-0.2%
Government	2,318,100	15.6%	2,398,700	16.6%	3.5%
Total (a)	14,897,500	100.0%	14,445,900	100.0%	-3.0%

Note:

(a) Totals may not sum from parts due to independent rounding.

Universe consists of all wage and salary employment by place of work. Does not include self-employed persons not on payroll. Industry classification is not self reported by individual workers. Counts may vary from other tables due to these and other factors.

Sources: CA EDD, Current Employment Statistics Program (March 2010 Benchmark); BAE, 2012.

Analysis Area Employment

The Analysis Area's current economic base is heavily concentrated in health care and education with smaller concentrations of professional/business service jobs and retail jobs. Manufacturing (five percent) and leisure and hospitality (eight percent) comprise a lower proportion of all jobs in the Analysis Area compared to the county. The Analysis Area's share of agriculture is very small, unlike

the County, which has a large presence in this sector. The largest employers in the Analysis Area include Dominican Hospital, Cabrillo College, Home Depot and Safeway.

Table 20: Industry Employment by Place of Work

Industry	Analysis Area (a)		Santa Cruz County		State of California	
	Number	% Total	Number	% Total	Number	% Total
Agriculture, forestry, fishing & hunting, and mining	65	0.4%	7,160	6.5%	339,857	2.1%
Construction	1,511	8.8%	8,221	7.5%	1,121,486	6.9%
Manufacturing	839	4.9%	9,375	8.5%	1,681,672	10.3%
Wholesale Trade	552	3.2%	3,345	3.0%	556,242	3.4%
Retail Trade	1,705	9.9%	12,640	11.5%	1,785,134	11.0%
Transportation, Warehousing & Utilities	666	3.9%	2,707	2.5%	754,062	4.6%
Information	286	1.7%	2,033	1.8%	486,396	3.0%
Financial Activities	1,029	6.0%	5,336	4.9%	1,135,814	7.0%
Professional & Business Services	2,075	12.1%	12,123	11.0%	1,982,763	12.2%
Educational & Health Services	5,283	30.7%	25,036	22.8%	3,198,203	19.7%
Leisure & Hospitality	1,286	7.5%	11,414	10.4%	1,490,363	9.2%
Other Services	1,647	9.6%	6,622	6.0%	847,443	5.2%
Public administration	220	1.3%	3,833	3.5%	751,278	4.6%
Armed forces	54	0.3%	82	0.1%	141,624	0.9%
Total (a)	17,218	100.0%	109,927	100.0%	16,272,337	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

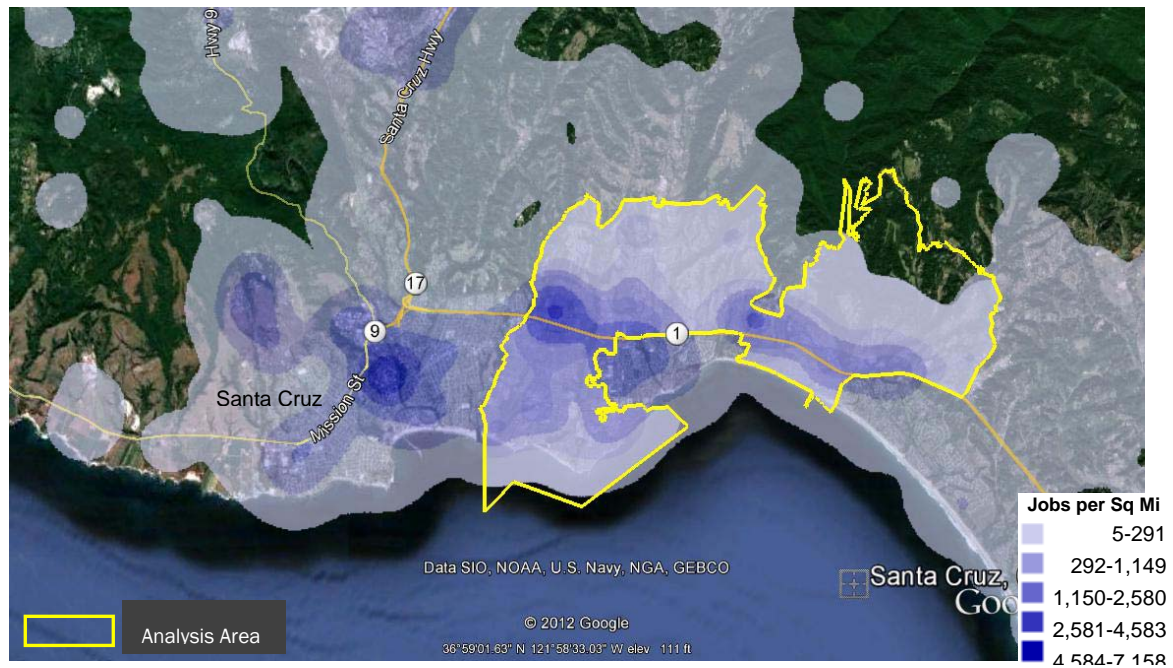
Universe consists of members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed, by place of work. Total count includes all workers including self employed, and may vary from other sources of employment by industry data, such as EDD. Note also that in this table, not all government workers are included in public administration (e.g. school employees). Industry classification is self-reported by survey respondents.

Sources: ACS, 2006-2010; BAE, 2012.

Figure 6 below depicts employment concentrations in and around the Analysis Area using 2010 data from OnTheMap. Employment clusters are located in downtown Santa Cruz, at the University of California Santa Cruz, and in Capitola. Within the Analysis Area, jobs are clustered around Dominican Hospital, Cabrillo College, and along Soquel Drive between 41st Avenue and Porter Street. Additional employment is found stretched out along Soquel Drive into Aptos, and dispersed in Pleasure Point, and Twin Lakes.

The employment dot density map shows that Dominican Hospital, located by the Analysis Area's western boundary, supports a strong cluster of jobs, both north and south of Highway 1. East of Dominican Hospital is another job center, although the dot density map suggests these are smaller businesses. Employment becomes sparser moving east along Soquel Drive, until Cabrillo College, another major employer. Sesnon House, home to the Cabrillo College Culinary Arts and Hospitality Management Program, is also listed by EDD as a major employer in the county.

Figure 6: Industry by Place of Work, 2010⁶



Sources: OnTheMap Application and LEHD Origin-Destination Employment Statistics; 2010; BAE, 2012.

Strategic Economic Clusters

The Santa Cruz County Workforce Investment Board (WIB) has identified five major economic sectors that contribute significantly to the regional economy. These sectors are not defined by the traditional categories described above but rather as economic “clusters” that connect businesses across industry sectors in terms of workforce needs, intermediate suppliers, and overall economic infrastructure. As identified by the WIB and in previous analyses dating back to 1999, the major economic clusters in Santa Cruz County are technology, tourism, lifestyle enterprises, agriculture, and environmental technology.⁷ Of these five major clusters, technology, tourism and lifestyle enterprise have some potential for future growth in the Analysis Area based on current employment concentrations and long-term growth trends.

Although employment fell in many clusters, by 2010, the combined number of jobs in the four sectors excluding environmental technology had returned to 100 percent of 2005 pre-recession levels.⁸ However, not all sectors recovered equally. In 2010, jobs in the technology industry had returned to only 68 percent of 2005 employment levels, and employment in the lifestyle cluster was only slightly higher in 2010 than in 2005. While the lifestyle industry gained few jobs between 2005 and 2010, and job losses in the technology and tourism sectors were offset by gains in agriculture.

Technology Cluster

Although total jobs in the technology cluster declined by 34 percent, this sector saw a significant shift in jobs away from tech manufacturing and wholesale, and job growth in R&D and technical consulting. Between 2005 and 2009, computer manufacturing and wholesale employment fell by 33 percent. At the same time, the number of R&D and technical consulting jobs almost doubled, from 550 to 1,000 jobs. This trend suggests there may be an emerging shift in the industry away from traditional manufacturing toward knowledge and service-based sectors in the tech industry.

The technology cluster is a growing industry in Silicon Valley, which is located just over the Santa Cruz Mountains, and Santa Cruz County may have an opportunity to capture a portion of this growth. According to the 2012 Silicon Valley Index, employment in Silicon Valley expanded by 3.8 percent between December 2000 and 2011 in all major sectors except for manufacturing. Based on 2011 venture capital investments, industries that are expected to grow include biotechnology, industrial energy, and medical devices and equipment. Given Santa Cruz’s proximity to Silicon Valley, there may be an opportunity to capture a share of this emerging growth and boost employment in the technology sector, which is the smallest of the four clusters by total jobs.

Tourism

Santa Cruz County’s leisure and hospitality market accounts for 12 percent of all employment in the county, and is the third biggest industry in Santa Cruz County, after government, and education and health, based on EDD data. According to the 2010 Santa Cruz County Visitor Profile, Santa Cruz attracts a majority of its visitors from Northern California. 76% of Santa Cruz County visitors were

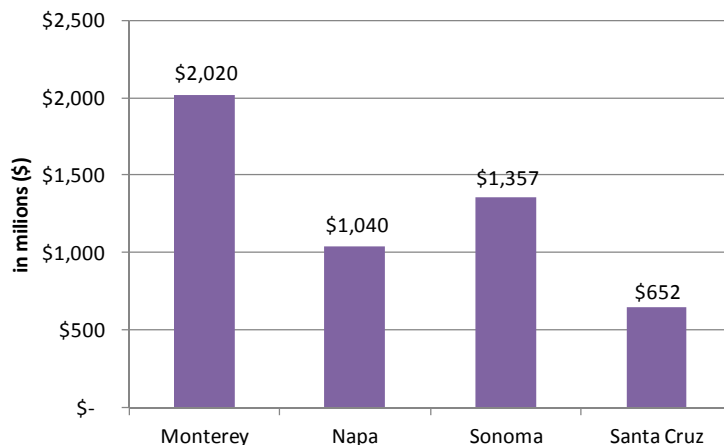
⁷ Applied Development Economics, Workforce and Economic Development Panel at June WIB Board Meeting, June 2011

⁸The Environmental Technology sector was added in 2010, so 2007 data was not available for this sector.

from California, and of that, almost 90 percent were from Northern California.⁹ According to a 2010 intercept survey completed by Lauren Schlau Consulting, Santa Cruz's coastal location was a major draw, as 84 percent of visitors cited that vacation and leisure was the main purpose for their visit. This suggests that Santa Cruz's tourism economy is closely tied to the economic performance in the greater Bay Area market.

Unfortunately, travel spending in Santa Cruz County is lower compared to other competitive tourist markets in northern California. According to the 2012 California Travel Impacts by County report, in 2010, total travel spending amounted to \$602 million in Santa Cruz County, which was lower than travel spending in Napa (\$1 billion), Sonoma (\$1.3 billion), and Monterey (\$2 billion) counties. Although comparable data is not available for other counties, lower spending in Santa Cruz County may be attributable to a high proportion of daytime visitors (63 percent) compared to overnight visitors (37 percent), who tend to spend more on trips. The Santa Cruz County Visitor Profile also indicates that overnight visitors in Santa Cruz County only stayed an average of 3.3 nights, while visitors averaged 10.4 nights in other areas, according to the study. These shorter average stays may also be influenced by a lack of trip diversity: In the intercept survey, 84 percent of visitors cited vacation and leisure as the primary purpose of their trip, and only two percent said their trip was business-related.

Figure 7: Travel Spending by County, 2011



Sources: California Travel Impacts by County, 2012; BAE, 2012.

Lifestyle Cluster

The lifestyle cluster is comprised of industries that support local commercial crafts, natural lifestyle, and the production of recreational products. Natural lifestyle employment, which consists of food and health retail, has maintained its employment base in spite of the recession. In 2010, the number of lifestyle jobs was 95 percent of 2007 level jobs. In contrast, the commercial crafts and recreation products sectors have experienced job declines. Between 2007 and 2010, employment in commercial crafts declined by 20 percent, and recreational production fell by 37 percent.

⁹ Lauren Schlau, *Santa Cruz County Visitor Profile*, March 10, 2010, accessed May 2012 from http://www.santacruzca.org/documents/publications/research/SCC_Visitor_Profile_Presentation_2010.pdf

Summary of Economic Trends

- The Analysis Area overall has a lower unemployment rate than the County or State. This varies significantly across the Analysis Area communities in direct correlation to levels of educational attainment: the unemployment rate in Aptos is, for example, 5.3 percent compared to 11 percent in Live Oak and Twin Lakes.
- The Analysis Area has a significant imbalance of jobs and housing with far more employed residents than available jobs.
- Most Analysis Area residents commute by car out of the Analysis Area to their place of work and over 75 percent commute by private vehicle. Nine percent of Analysis Area residents commute to work by public transportation, although this varies somewhat across the Analysis Area communities.
- The most important industry sectors in the Plan area are Health Care, Education, Professional Service, and Retail Trade. A large proportion of the County's health care jobs are found in the Analysis Area in the major economic node surrounding Dominican Hospital. The proportion of health care and education jobs held by local residents has been increasing over time as other industry sectors have contracted during the recent economic downturn.
- As an integral part of the overall Santa Cruz County economy, opportunities exist in the Analysis Area for increasing employment in certain dynamic economic clusters including technology, tourism, and lifestyle-oriented businesses.

REAL ESTATE MARKET TRENDS

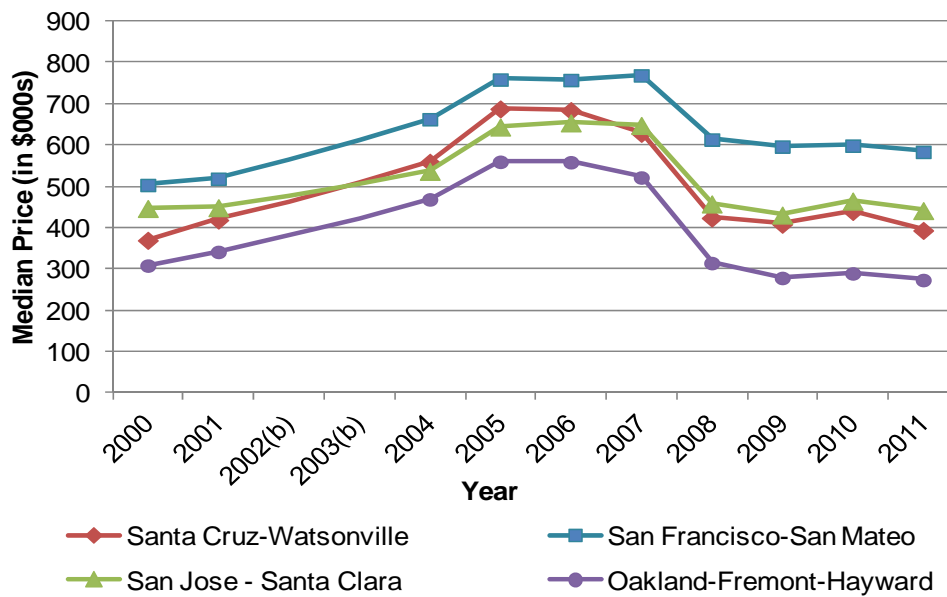
This section begins with an overview of market trends across major land use types in the Analysis Area, including: for-sale and rental housing, office, retail, industrial, and lodging facilities. Conditions in the Analysis Area are compared to trends in the County, based on data provided by brokerage firms, private data vendors, and public sources. Current leasing conditions in the residential, office, industrial, lodging, and retail markets are discussed to determine what forms of future development may be supportable by market rents.

This section also documents planned and proposed developments within the Analysis Area, and considers the competitive supply of new commercial and residential space that is likely to come online in order to determine the net supportable demand for new development in the Analysis Area.

Regional For-Sale Market Trends

The median sale price for housing in Santa Cruz County followed a similar trajectory to median home prices in other parts of Northern California. Figure 8 traces the change in the median sale price for single family houses and condominiums in Santa Cruz County compared to the three Bay Area markets using third quarter data from 2000 to 2011. In all geographies, the housing market saw a rapid ascent in the median sale price between 2000 and 2004. By 2005, at the height of Santa Cruz County's housing market, the median sale price (\$689,000) reflected an 85 percent increase over the 2000 median sale price level. After 2007, the housing market plummeted, and has remained flat in recent years. In Santa Cruz County, the 2011 median sale price (\$395,000) was slightly higher than the 2000 median sale price (\$371,000).

Figure 8: Median Housing Price, Q3 2000- Q3 2011 (a)



Notes:

(a) This data set includes both single family and condominium sales. The National Association of Home Builders (NAHB) did not publish data on median prices for Q3 2002 and 2003.

Sources: NAHB, Housing Opportunity Index, 1999-2010; BAE, 2012.

The Santa Cruz-Watsonville housing market trended closely with the San Jose-Santa Clara market, not surprisingly since these areas are geographically proximate. In general, the 2011 median sale price in the Santa Cruz-Watsonville market was somewhat lower than the median price in the San Jose-Santa Clara market, although the Santa Cruz market briefly eclipsed the San Jose market between 2004 and 2006. Comparing the change between 2000 and 2011, the median sale price declined in the San Jose-Santa Clara area by one percent, while the median sale price in the Santa Cruz-Watsonville market proved more resilient, and was higher by six percent.

The next section provides a more detailed analysis of single family homes and condominium sales in the Analysis Area between October 2011 and March 2012.

Analysis Area For-Sale Residential Market Trends

The median sales price for a single family residence in the Analysis Area was higher than the overall median price in the Santa Cruz-Watsonville region. Based on data provided by Dataquick, a private vendor, the median sale price for a single-family residence in the Analysis Area was \$500,000. 45 percent of sales were priced between \$400,000 and \$600,000. Half of all homes sold were three-bedroom units. A small fraction (six percent) of homes sold for over \$1.0 million.

Table 21: Median Housing Price, October 2011-March 2012 (a)

Table 1-1: Median Housing Price, October 2014 - March 2012 (q)						
Sale Price Range	Number of Units Sold				Total	% Total
	1 BRs	2 BRs	3 BRs	4+ BRs		
Single-Family Residences						
Less than \$300,000	6	9	6	2	23	7.5%
\$300,000-\$399,999	3	19	26	1	49	16.1%
\$400,000-\$499,999	5	31	33	7	76	24.9%
\$500,000-\$599,999	1	13	38	10	62	20.3%
\$600,000-\$699,999	0	11	20	7	38	12.5%
\$700,000-\$799,999	0	2	13	6	21	6.9%
\$800,000-\$899,999	0	2	5	7	14	4.6%
\$900,000-\$999,999	0	1	2	1	4	1.3%
\$1,000,000 or more	<u>0</u>	<u>2</u>	<u>11</u>	<u>5</u>	<u>18</u>	<u>5.9%</u>
Total	15	90	154	46	305	100.0%
% Total	4.9%	29.5%	50.5%	15.1%	100.0%	
Median Sale Price	\$350,000	\$445,000	\$517,500	\$660,750	\$500,000	
Average Sale Price	\$338,126	\$482,066	\$597,948	\$691,708	\$563,480	
Average Size (sf)	711	1,204	1,745	2,230	1,628	
Average Price/sf	\$476	\$400	\$343	\$310	\$346	
Condominiums						
Less than \$200,000	3	3	0	0	6	6.8%
\$200,000-\$299,999	3	26	6	0	35	39.8%
\$300,000-\$399,999	0	14	11	0	25	28.4%
\$400,000 or more	<u>0</u>	<u>5</u>	<u>16</u>	<u>1</u>	<u>22</u>	<u>25.0%</u>
Total	6	48	33	1	88	100.0%
% Total	6.8%	54.5%	37.5%	1.1%	100.0%	
Median Sale Price	\$191,000	\$278,250	\$399,000	\$1,159,500	\$308,750	
Average Sale Price	\$208,250	\$303,575	\$431,899	\$1,159,500	\$354,924	
Average Size (sf)	748	1,163	1,520	2,378	1,279	
Average Price/sf	\$279	\$261	\$284	\$488	\$277	

(a) Consists of all full and verified sales of single-family residences and condominiums in the 95003, 95062, 95065, and 95073 ZIP codes between 10/1/2011 and 3/31/2012.

Sources: DataQuick; BAE, 2012.

Among condominiums, the median sale price was lower than for single family homes, at \$308,750. 40 percent of all sales fell between \$200,000 and \$300,000, and the majority of condos sold (55 percent) were two-bedroom units. In general, the average price per square foot for a condominium (\$277/sf) was much lower than the average price for a single-family home (\$346/sf).

Multifamily Rental Residential Market Trends

Data provided by RealFacts indicates that between 2004 and 2011, rents increased every year in the Analysis Area, even during the recession. Between 2004 and 2007, rents rose on average by 1.7 percent per year. Rents continued to climb, but at a slower rate of 0.9 percent per year, even after the recession began in late 2007. In the first quarter of 2012, a one-bedroom apartment averaged \$1,255 per month, while the average rent for a three-bedroom apartment was over \$2,000.

Table 22: Rental Housing Market Overview, Analysis Area, First Quarter 2012 (a)

Current Market Overview (1Q 2012) (a)

Unit Type	Number of Units	Avg. Size (sf)	Avg. Rent	Avg. Rent/sf
Studio	22	550	\$975	\$1.77
1BR/1BA	162	633	\$1,255	\$1.98
2BR/1BA	75	866	\$1,483	\$1.71
2BR/1.5BA	12	900	\$1,750	\$1.94
2BR TH	12	923	\$1,750	\$1.90
3BR/2BA	16	955	\$2,020	\$2.12
Total	299	725	\$1,372	\$1.89

Average Rent History

Unit Type	2004	2007	Avg. Annual % Change 2004-2007	2011	Avg. Annual % Change 2007-2011
Studio	\$877	\$918	1.5%	\$946	0.8%
1BR/1BA	\$1,062	\$1,143	2.5%	\$1,217	1.6%
2BR/1BA	\$1,317	\$1,400	2.1%	\$1,470	1.2%
2BR TH	\$1,700	\$1,637	-1.3%	\$1,733	1.4%
3BR/2BA	\$1,741	\$1,877	2.5%	\$2,020	1.9%
Total	\$1,231	\$1,295	1.7%	\$1,343	0.9%

Average Occupancy and Vacancy Rates

Year	Avg. Occupancy	Avg. Vacancy
2004	97.1%	2.9%
2005	90.0%	10.0%
2006	96.2%	3.8%
2007	94.3%	5.7%
2008	95.6%	4.4%
2009	99.0%	1.0%
2010	97.5%	2.5%
2011	98.0%	2.0%

Note:

(a) Data captures rental complexes with over 50 units in zip codes 95010 and 95062.






Sources: RealFacts; BAE, 2012.

Occupancy rates in the Analysis Area are also very high, and there is little vacancy on the market. As of the first quarter in 2012, the vacancy rate in the Analysis Area was two percent, which is consistent with historically low figures. Since 2007, vacancy rates have been falling, as demand for rental apartments have increased. Vacancy rates reached a low of one percent in 2009.

A vacancy rate of five percent is generally regarded as a normal market rate. Lower vacancy rates suggest higher demand for units and upward pressures on rents. Vacancy rates in the Analysis Area have remained below five percent every year since 2006. The Analysis Area's low vacancy rates, coupled with rising rents over time, suggest that the market for rental housing is tight, and there is

more demand than is currently met by the existing supply. Table 23 below profiles current rents in apartment buildings in the Analysis Area, and newly constructed rentals in Santa Cruz City.

Table 23: Multifamily Housing Rentals in the Analysis Area and County, May 2012

Name/Address	Unit Type	Num.	Vacant	Size (sf)	Rent		\$/sf		Parking	Tenant-Paid Utilities	Amenities				
Stories/Year Built					Low	High	Low	High							
Multifamily Rental in Analysis Area (a)															
Breakwater Apartments 1630 Merrill Street 2 stories, built 1970 	1BR/1BA	32	0	624	N/A	\$1,375	N/A	\$2.20	Surface parking 1 space/unit	Tenant pays all utilities: water, gas electric, trash, cable.	Remodeled 2008 Fitness center, on-site laundry, heated pool				
	2BR/1BA	40	0	860	N/A	\$1,645	N/A	\$1.91							
	2BR/1.5BA	12	0	923	N/A	\$1,750	N/A	\$1.90							
	3BR/2BA	16	0	955	N/A	\$2,020	N/A	\$2.12							
	Total/Avg.	100	0	807	N/A	\$2,020	N/A	\$2.20							
Occupancy rate		98%		No concessions											
Shearwater 2355 Portola 2 stories, built 1971 	Studio	2	0	490	\$1,025	\$1,050	\$2.09	\$2.14	Covered parking Surface parking 1 space/unit Included.	Tenant pays all utilities: water, gas electric, trash, cable.	Pool 2 laundry facilities ocean views In house waitlist for current resident upgrades 15 people currently on list				
	1BR/1BA	50	0	625	\$1,125	\$1,175	\$1.80	\$1.88							
	2BR/1BA	18	0	872	\$1,350	\$1,575	\$1.55	\$1.81							
	Total/Avg.	70	0	685	\$1,025	\$1,575	\$1.55	\$2.14							
	Occupancy rate		100%		No concessions										
Multifamily Rental Housing Built In Santa Cruz County Between 2000-2010 (b)															
1010 Pacific 1010 Pacific Avenue 6 stories, built 2004 	Studio	2	0	385	\$1,499	\$1,470	\$3.89	\$3.82	Underground parking 1 space/unit Included	Tenant pays all utilities: water, gas electric, trash, cable.	Landscaped courtyard, fitness center, easy access to downtown, 20% affordability set-aside 23-1BR units rent for \$896				
	1BR/1BA	42	3	625	\$1,540	\$2,270	\$2.46	\$3.63							
	2BR/2BA	67	0	911	\$2,230	\$2,980	\$2.45	\$3.27							
	3BR/2BA	2	0	1,150	\$3,100	\$3,100	\$2.70	\$2.70							
	Total/Avg.	113	3	800	\$1,499	\$3,100	\$2.45	\$3.82							
Occupancy rate		95%		\$100 off asking rent per month											
Chestnut St Apts 143 Chestnut Street 3 stories, built 2007 	1BR/1BA	33	0	650	\$1,574	\$1,650	\$2.42	\$2.54	Surface parking 1 space/unit Included. 2BR TH have 2 spaces.	Tenant pays all utilities: water, gas electric, trash, cable.	Laundry on-site, BBQ/picnic area, horseshoe pits, adjacent to retail				
	2BR/1BA	10	0	900	\$2,034	\$2,150	\$2.26	\$2.39							
	2BR/1.5BA TH	15	0	1040	\$2,189	\$2,250	\$2.10	\$2.16							
	2BR/2BA	2	0	950	\$2,050	\$2,200	\$2.16	\$2.32							
	2BR/2.5BA TH	36	0	1090	\$2,249	\$2,300	\$2.06	\$2.11							
	Total/Avg.	96	0	908	\$1,574	\$2,300	\$2.06	\$2.54							
Occupancy rate		98%		No concessions											
Pacific Shores 1240 Shaffer Road 3 stories, built 2004 	1BR/1BA	26	0	804	\$1,650	\$1,875	\$2.05	\$2.33	Surface parking 1 space/unit Included.	Tenant pays all utilities: water, gas electric, trash, cable.	Recreation center and club room, business center, fitness center, resort pool, spa, and sun terrace, ocean views 20% affordability set-aside				
	2BR/2BA	180	0	1026	\$2,089	\$2,400	\$2.04	\$2.34							
	Total/Avg.	206	0	997	\$1,650	\$2,400	\$2.04	\$2.34							
	Occupancy rate		100%		No concessions										
South Pacific 401 Pacific Avenue 3 stories, built 2003	Studios	71	5	300	\$750	\$925	\$2.50	\$3.08	Covered parking 0.5 space/unit Included.	Tenant pays electricity	Exercise room, patio for bbq, elevator, proximity to downtown and beach				
	Total/Avg.	71	5	300	\$750	\$925	\$2.50	\$3.08							
	Occupancy rate		99%		None										

Note:

(a) The Analysis Area consists of six CDPs in unincorporated Santa Cruz County, including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(b) The properties listed above are all within Santa Cruz City, and are not located in the Analysis Area.

Source: BAE, interviews with property managers and leasing agents, May 2012.

The multi-family rental properties profiled in the Analysis Area reveal that a majority of the units are one- and two-bedrooms. A 2-bedroom apartment at Breakwater leases for \$1,645, which is affordable to a family of three earning 103 percent of area median income.¹⁰ The occupancy rates in both buildings are very high, 98% at Breakwater, and 100% at Shearwater. Both apartment buildings were built around 1970. The rents at these properties are lower than comparable rents in newly constructed developments. Rents, on average, range from a low of \$1.55 per square foot, to a

¹⁰ Assumes 30 percent of income is spent on rent and utilities. The 2012 area median income in Santa Cruz County for a family of four is \$87,000.

high of \$2.20 per square foot. In comparison, rents in new rental buildings built between 2000 and 2010 ranged from a low of \$2.04 to a high of \$3.82 per square foot.

New multi-family apartments built between 2000 and 2010 were concentrated in downtown Santa Cruz, and command higher rents than apartments in the Analysis Area. Table 23 profiles four new properties built in downtown Santa Cruz. These projects are amenity-rich, with fitness centers, landscaped courtyards, and are accessible to downtown. The average cost of a two-bedroom apartment ranges from \$2,050 to \$2,980.

Interviews with property managers suggest that the renter population in the new apartment buildings is fairly mixed. One manager estimated 40 percent of the residents are retired seniors, 35 percent are students, and the remaining 25 percent are working professionals. Another property manager estimated that 70 percent of the resident population is students, while the remaining 30 percent are a mix of families, retired seniors, and single professionals. This anecdotal evidence suggests a strong demand for rental housing from multiple demographic groups.

In addition, 20 percent of the units at 1010 Pacific and Pacific Shores are affordable apartments, and the starting rent for a 1-bedroom at 1010 Pacific is \$896. Similar to the apartments in the Analysis Area, vacancy rates among the new properties profiled are very low, less than five percent, which indicate a strong apartment rental market.

Housing Affordability

Housing affordability is a function of household incomes and the cost of housing. According to federal standards, housing is considered affordable when households pay 30 percent or less of their gross income for housing costs. When housing costs exceed 30 percent of gross income, the household is considered cost burdened.

At the most basic level, the relative affordability of the rental housing stock can be measured by comparing household incomes to prevailing rental rates and for-sale prices in market-rate properties. According to recently published income limits from the State of California Department of Housing and Community Development, the median income for a family of four in Santa Cruz County is \$87,000 as of 2012.

Housing affordability can be measured by analyzing what incomes households generally have to earn in order to afford an average housing unit. As presented below in Table 24, most four-person households earning less than 80 percent of the County area median income (AMI) would find it difficult to afford an average three-bedroom rental in Santa Cruz County. In terms of the for-sale market, most four-person households earning less than 120 percent of the County AMI would find it difficult to afford an average three-bedroom single family home in the county, based on data from Q1 2012. Notwithstanding variations in relative affordability across household sizes and unit types, most households earning less than 80% and 120% of AMI would need to spend substantially more than 30% of gross income in order to afford to rent or purchase a home in Santa Cruz County.

Table 24: Housing Affordability in Santa Cruz County, Q1 2012

Income Level	Income	Maximum Monthly Rental (a)	Maximum For Sale Price (b)
Extremely Low (0-30% of median)	\$28,750	\$719	\$136,712
Very Low (31-50% of median)	\$47,900	\$1,198	\$227,774
Lower Income (51-80% of median)	\$76,650	\$1,916	\$364,486
Median Income	\$87,000	\$2,175	\$413,702
Moderate Income (120% of median)	\$104,400	\$2,610	\$496,443
Average Monthly Rental, 3-BDRM apartment (c)		\$2,020	
Average Sale Price, 3-BDRM house (d)			\$517,500

Notes:

(a) Maximum rent affordable to a household with four persons assuming no more than 30% of income is spent on housing.

(b) Maximum home price assuming a household of four spending no more than 30% of total income on housing costs.

Assumptions used to calculate affordable sales price:

Term of mortgage (years)	30	
Percent of sale price as down payment	20%	
Annual interest rate (fixed)	3.95%	Freddie Mac historical monthly Primary Mortgage Market Survey data tables. As of March 2012.
Initial property tax (annual)	1.11%	Santa Cruz County Treasurer-Tax Collector
Annual homeowner's insurance rate (% of sale price)	0.64%	CA Dept of Insurance, based on average of all quotes
PITI = Principal, Interest, Taxes, and Insurance		
Percent of household income available for PITI	30%	

Highlighted housing costs are considered unaffordable based on prevailing market conditions in Santa Cruz County as of Q1 2012.

(c) Based on Q1 2012 data for rental complexes with over 50 units in zip codes 95010 and 95062, provided by RealFacts.

(d) Median sales price is calculated based on all full and verified sales of single-family residences in the 95003, 95062, 95065, and 95073 ZIP codes between 10/1/2011 and 3/31/2012.

Sources: U.S. Dept. of Housing and Urban Development, 2012; DataQuick, 2012; RealFacts, 2012; Freddie Mac, 2012; Santa Cruz County Treasurer-Tax Collector, 2012; CA Dept. of Insurance, 2012; BAE, 2012.

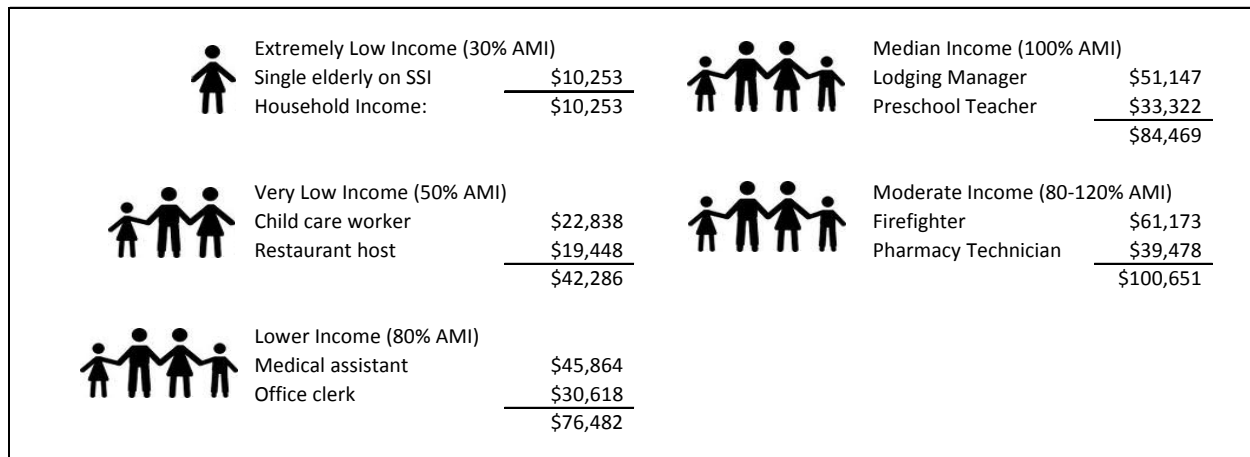
In fact, the Santa Cruz-Watsonville metropolitan statistical area (MSA) ranks third in the country as an MSA with one of the biggest gaps between the average wage needed to afford a two-bedroom FMR and the estimated hourly wage among renters, based on data from the Bureau of Labor Statistics and the National Low Income Housing Coalition (NLIHC). The hourly wage needed to afford a two-bedroom FMR is \$28.92, and the estimated hourly wage among renters in the MSA is \$12.31.

Data from the National Association of Home Builders (NAHB) also confirms that for-sale housing is out of reach. The Housing Opportunity Index (HOI) measures the share of homes sold in a MSA that is affordable to a family earning the local median income, based on mortgage underwriting standards. Of the 226 MSAs tracked by NAHB, the Santa Cruz-Watsonville MSA ranks 220 in terms of affordability of for-sale housing to households earning the local median income. In fact, among metropolitan areas with less than 500,000 residents, the Santa-Cruz Watsonville MSA is the second least affordable metro areas in the nation.¹¹

¹¹ Ocean City, NJ is the least affordable metro area in the United States. Source: National Low Income Housing Coalition, *Metropolitan Areas with Biggest Gap Between Housing Wage* and Renters' Wage*, March 16, 2012, Retrieved from <http://nlihc.org/oor/2012>.

Figure 9 profiles different households by income levels, and provides tangible examples of working families in Santa Cruz County. Based on occupational wages earned by employees working within the County, this profile demonstrates that what are often considered middle-class households are often priced out of the rental and for-sale housing market in Santa Cruz County.

Figure 9: Profile of Household Types by Income Level, Santa Cruz County, Q1 2012 (a)



Note:

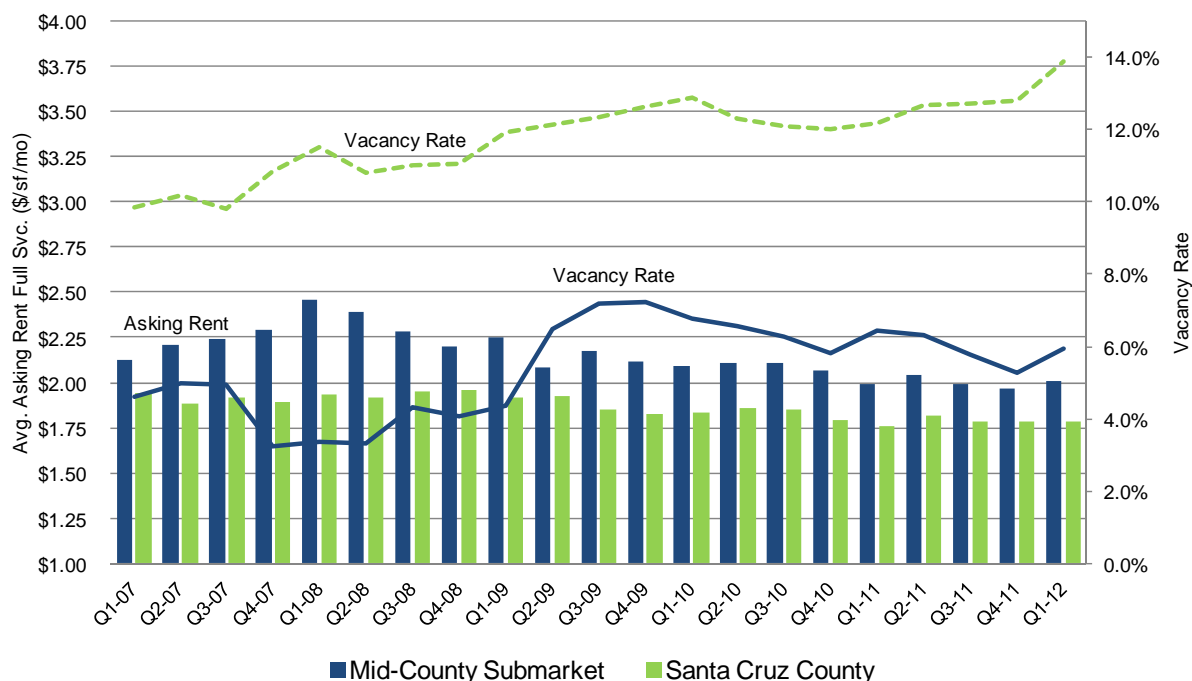
(a) Occupational wages based on CA EDD data for Santa Cruz County for Q1 2012.

Sources: U.S. Department of Housing and Urban Development, 2012; CA EDD, 2012; BAE, 2012.

Office Market Trends

According to data provided by Cassidy Turley Commercial Real Estate Services, the Mid-County office market, which includes Aptos, Live Oak, Soquel, and Capitola, features about 1.2 million square feet of office space, which represents 16 percent of total inventory in Santa Cruz County. Of the four office submarkets in the county, Mid-County is the smallest by inventory, but has the highest average asking rents and low vacancy rates. Figure 10 below compares quarterly average asking rents and vacancy rates in the Mid-County submarket to Santa Cruz County between 2007 and 2012.

Figure 10: Office Market Trends, Mid-County and Santa Cruz County, Q1 2007- Q1 2012



Sources: Cassidy Turley Commercial Real Estate Services; BAE, 2012.

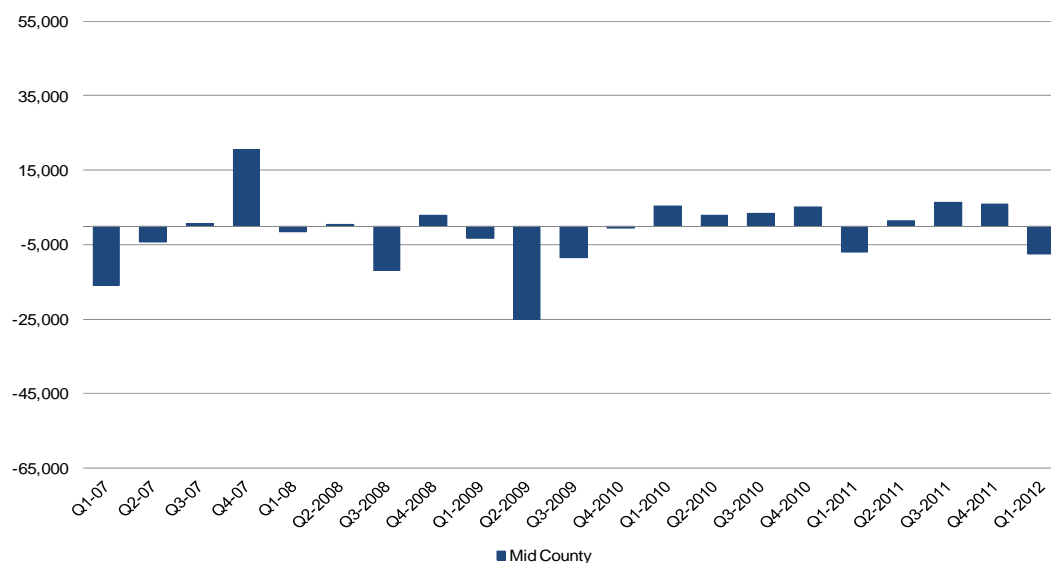
In the first quarter of 2012, the average asking rent in the Mid-County submarket was \$2.01 per square foot, higher than the county's average asking rent of \$1.78. Mid-County's 5.9 percent office vacancy rate was also lower than the county vacancy rate (14 percent) and has remained below ten percent since 2003¹². In fact, comparing performance across the four submarkets, which include Santa Cruz City, Mid-County, Watsonville, and Scotts Valley, the Mid-County office market commands the highest average asking rent (\$2.01) and has the second lowest vacancy rate after Watsonville.

The Mid-County office submarket has begun to show some positive signs of leasing activity. Figure 11 below illustrates the quarterly net absorption for office space in Mid-County. Absorption refers to how much square feet of office is being leased, or absorbed, in a market. Between 2007 and 2009, which corresponds to the economic downturn, approximately 31,000 net square feet of office space was vacated in Mid-County. However, starting from Q1 2010, there were positive signs of recovery. Mid-County experienced net positive absorption in the office submarket in every quarter from Q1

¹² Cassidy Turley Commercial Real Estate Services, Office Market Snapshot, Santa Cruz County, First Quarter 2012

2010 until Q1 2012, except for two quarters. While the pace of activity remains slow, the quarterly data shows heightened leasing activity in the Mid-County market beginning in 2010.

Figure 11: Quarterly Net Absorption for Office, Mid-County Submarket, Q1 2007- Q1 2012



Sources: Cassidy Turley Commercial Real Estate Services; BAE, 2012.

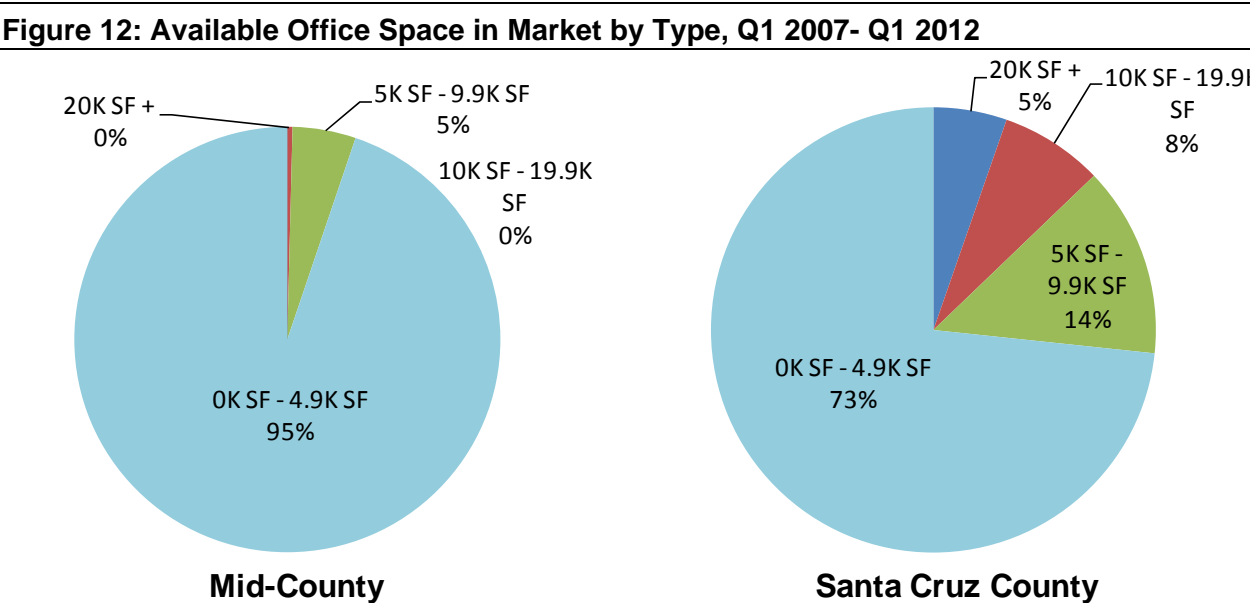
Since 2007, almost all of the vacant office space available in Mid-County between 2007 and 2012 has been small scale office space. Cassidy Turley tracks the types of office space vacated in the market by size (e.g. less than 5,000 sf, greater than 20,000 sf, etc.). Although this is not representative of the entire office stock, it provides a proxy for the types of office space available. In Mid-County, 95 percent of the spaces that were vacated between 2007 and 2012 were less than 5,000 sf, and the remaining 5 percent were less than 10,000 square feet. While a significant proportion of the office space that came on the market in Santa Cruz County was also less than 5,000 square feet (73 percent), there was more variety in office types available, which suggests that there is less diversity in the Mid-County office submarket compared to Santa Cruz County.

The smaller office footprints found in the Analysis Area mirror the types of firms located in the Analysis Area, which are mostly small businesses. According to a 2006 Santa Cruz County Business Retention Expansion Survey, of the firms surveyed in unincorporated Santa Cruz County, 85.2 percent had fewer than 20 employees. Only 4.9 percent of all firms surveyed had greater than 100 employees.

No new office space has been constructed in the Mid-County submarket since 2007. However, additional office space was added to the county-wide market (225,000 square feet), mostly in Watsonville and Santa Cruz City.

Rents in the Mid-County office market have remained strong in spite of the recession, and the market is showing positive signs of slow recovery. Market indicators also suggest potential for more

inventory. The current vacancy rate is low (5.9 percent), and the average asking rent of \$2.01 is the highest of all submarkets in the county. Net absorption figures from the last eleven quarters show positive recovery signs, and unemployment in the Analysis Area (9.8 percent) is lower than Santa Cruz County (13.7 percent). Given the homogeneity of the existing office supply, building new office space can diversify the existing inventory and potentially relieve future pressure on office rents in the area, especially if office space becomes scarce as employment improves.



Sources: Cassidy Turley Commercial Real Estate Services; BAE, 2012.






Analysis Area Office Market Comparables

To supplement the office market analysis, comparables research was completed to review office space currently leasing in the Analysis Area. The purpose of this analysis was to understand the type of office product available in the Analysis Area, and to assess whether there were any variations in asking rents across different geographies and office types (i.e. office versus medical office).

Brokers representing Analysis Area office properties leasing during April 2012 were surveyed, and asked about current asking rents, lease terms, and other property details. Table 25 below represents a sample of currently leasing office properties directly on or close to Soquel Drive, and Table 26 shows a sample of office properties leasing in other parts of the Analysis Area. A separate table was prepared for medical office space (Table 27). Although these properties only represent a sample of the total market, they offer profiles of the types of office space available in the Analysis Area.

The comparable research reveals that office properties along Soquel Drive feature higher asking rents than office properties elsewhere in the Analysis Area. The asking rent ranged from \$1.00 to \$2.76 per square foot, and the average asking price was \$2.02 per square foot. The size of office spaces were fairly small, ranging from 163 to 3,800 square feet, and averaged 1,300 square feet. These small office footprints were consistent with the data on the Mid-County submarket.





Table 25: Currently Leasing Office Properties around Soquel Drive, April 2012

Name/Address Stories/Year Built	Total Size (gsf) Space for Lease Vacancy Rate	Asking Rent (\$/sf) Addt'l Charges (\$/sf) Free Rent	Lease Type	Parking	Details
In Analysis Area, Around Soquel Drive					
5161 Soquel Drive Santa Cruz, CA 95060 2 story/1998 	7,600 sf Space 1: 3,800 sf	\$1.75/sf/mo NNN: \$0.20/sf/mo	NNN	Shared on-site parking, 30 spaces	1 space available. Second floor office TI allowance \$3-4/sf
3601 Caldwell Drive Soquel, CA 95073 2 story/1989 	7,775 sf Space A2: 2,234 sf	\$1/sf/mo NNN: \$0.45/sf/mo	NNN	Shared on-site parking	1 space available. Second floor corner office with four private offices, one large executive suite, and private restrooms. No elevator. TI allowance negotiable.
4630 Soquel Drive Soquel, CA 95073 2 story/1934 	6,000 sf Space 5: 309 sf Space 6: 163 sf	\$1.94/sf/mo \$2.76/sf/mo	Modified gross Modified gross	None	2 spaces available. Both units are ground floor, professional office suites. Tenant pays for utilities and janitorial services.
2901 Park Avenue Soquel, CA 95073 2 story/1987 	13,056 sf Space B1: 1,632 sf Space B6: 315 sf Space B8: 183 sf Space B12: 285 sf Space C2: 730 sf	\$2.00/sf/mo \$2.18/sf/mo \$2.19/sf/mo \$2.11/sf/mo \$1.89/sf/mo NNN: \$0.50/sf	NNN Full service Full service Full service Modified gross	On-site parking available	5 spaces for lease. Individual office spaces, suites with shared reception & restrooms. Recently remodeled. On modified gross lease, tenant pays PG&E.
2407 Porter Street Soquel, CA 95073 2 story/1982 	5,926 SF Space 12: 1,928 sf Space 15: 1,856 sf Space 16: 2,142 sf	\$2.13/sf/mo \$2.16/sf/mo \$2.16/sf/mo	Modified gross Modified gross NNN	On-site parking available	3 spaces for lease TI allowance negotiable.

Source: BAE, 2012

In comparison, office properties leasing elsewhere in the Analysis Area had lower asking rents than office properties along Soquel Drive. Asking rents ranged from \$1.38 to \$1.68, and the average asking price was \$1.28 per square foot, or \$0.74 lower than the median price along Soquel Drive. Office spaces were slightly larger than those on Soquel Drive, ranging from 575 to 3,400 square feet. The average size was 1,450 square feet.

Table 26: Currently Leasing Office Properties Elsewhere in Analysis Area, April 2012

Name/Address Stories/Year Built	Total Size (gsf) Space for Lease Vacancy Rate	Asking Rent (\$/sf) Addtl Charges (\$/sf) Free Rent	Lease Type	Parking	Details
Elsewhere in Analysis Area					
1836 17th Avenue Santa Cruz, CA 95062 1 story/1956 	2,000 sf Space 1: 575 sf	\$1.38/sf/mo	Modified gross Tenant pays utilities	2 spaces	1 space available. One large open room TI allowance negotiable.
1280 17th Avenue Santa Cruz, CA 95062 2 story/1991 	8,500 sf Suite 101: 1,116 sf Suite 102: 1,316 sf	\$1.20/sf/mo \$1.20/sf/mo NNN: \$0.48/sf/mo	NNN	7 spaces	5 privates, reception 3 private offices, reception, conference, and break room TI allowance negotiable.
335 Spreckles Drive Aptos, CA 95003 3 storv/1984 	7,800 sf Suite A: 830 sf Suite B: 1,035 sf Suite E&F: 1,890 sf Suite H: 1,450 sf	\$1.20/sf/mo \$1.20/sf/mo \$1.20/sf/mo \$1.20/sf/mo	NNN NNN NNN NNN	5 spaces for every 1,000 sf	4 suites available. Each suite has its own private entrance. Two exterior ADA-compliant restrooms are located on each floor. Suites A and B can be combined.
5300 Soquel Avenue Live Oak, CA 95062 2 story/2002 	32,444 sf Suite 103: 3,436 sf	\$1.65/sf/mo	Modified gross	On-site parking available	1 space available.



Source: BAE, 2012.

Medical Office Market Trends

The comparable research reveals that medical office properties command higher asking rents than other office space. Medical office is a unique subset of office space because it requires more extensive tenant improvements to accommodate medical equipment and other needs.

The asking rent for medical office space leasing in the Analysis Area ranged from \$1.20 to \$2.79 per square foot. The median asking price was \$2.03 per square foot. Like office space in this market, medical offices spaces were fairly small, ranging from 475 to 2,075 square feet, and averaged 1,440 square feet. According to brokers, these offices were good for single practitioners or a small group of physicians. One broker also commented that the rents were fairly high in this market, and that more affordable spaces could be found elsewhere in the county, including Watsonville.

Table 27: Currently Leasing Medial Office Properties, April 2012

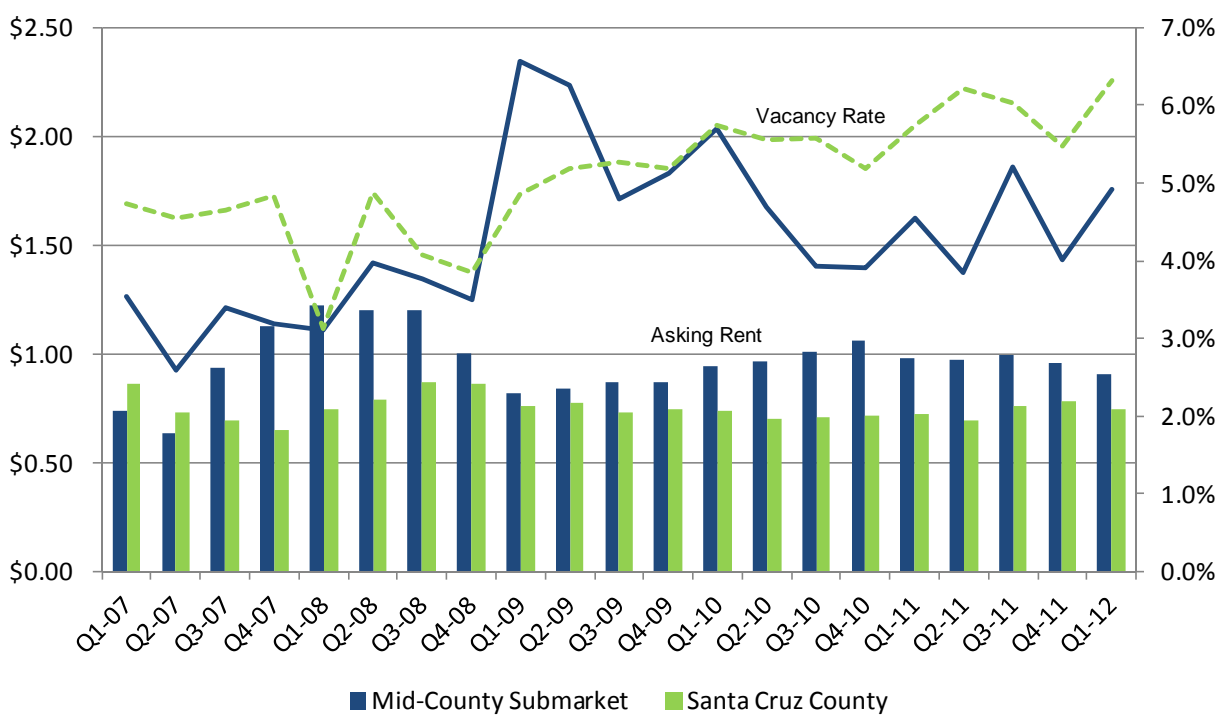
Name/Address Stories/Year Built	Total Size (gsf) Space for Lease Vacancy Rate	Asking Rent (\$/sf) Add'l Charges (\$/sf) Free Rent	Tenant Improvement Allowance	Lease Type	Parking	Details
In Analysis Area, Around Soquel Drive						
1685A Commercial Way Santa Cruz, CA 95065 1 story/1993 	6,000 sf Space 1: 1,850 sf	\$1.75/sf/mo NNN expense: \$0.45/sf/mo Up to 3 months free rent, with a 3-year lease	Up to \$10/sf, with long- term lease	NNN	10 spaces	1 space available. Across from Dominican Hospital 7 exam rooms, 2 private offices, conference, and reception area.
3315 Mission Drive Santa Cruz, CA 95065 1 story/1986 	2,964 sf Suite B: 1,318 sf	\$2.79/sf/mo NNN: \$0.54/sf/mo	Negotiable	NNN	On-site parking available	1 space available. Adjacent to Dominican Hospital. 4-5 exam rooms
3319B Mission Drive Santa Cruz, CA 95065 1 story/1980 	3,000 sf Suite: 475 sf	\$2.05/sf/mo NNN: \$0.54/sf/mo	Negotiable	NNN	On-site parking available 20 spaces	1 space available. Adjacent to Dominican Hospital. 2 exam rooms, reception area with window, ADA bathroom, wheelchair ramp, patio. Suite has its own entrance.
3321 Mission Drive Santa Cruz, CA 95065 1 story/1980 	3,000 sf Suite: 1,044 sf	\$2.45/sf/mo NNN: \$0.54/sf/mo	Negotiable	NNN	On-site parking available 20 spaces	1 space available. Adjacent to Dominican Hospital. Equipped for dental office with 3 treatment rooms, reception and lobby, dark room, sterilization area, admin office, and breakroom
4765 Soquel Drive Soquel, CA 95073 1 story/1941 	4,000 sf Space 1: 1,875 sf	\$2.00/sf/mo Concessions available, depending on lease terms	TI allowance available, depending on lease terms	Modified gross, tenant pays utilities	Shared parking lot	1 space available. 6 exam rooms with large reception and lobby.
8053 Valencia Street Aptos, CA 95003 1 story/1964 	3,000 sf First Floor: 2,075 sf	\$1.20/sf/mo		NNN		First floor for lease. 10 private rooms, private offices, two restrooms, reception area, on-site parking lot.

Source: BAE, 2012.

Industrial Market Trends

The Santa Cruz County industrial market combines industrial, warehousing, and R&D spaces. According to data provided by Cassidy Turley Commercial Real Estate Services, the Mid-County office market contains 1.4 million square feet of industrial space, which accounts for 13 percent of total inventory in Santa Cruz County. Of the four industrial submarkets, Mid-County is the second smallest by inventory, but has the highest average asking rents and low vacancy rates. Figure 13 below compares quarterly average asking rents and vacancy rates in the Mid-County submarket to Santa Cruz County between 2007 and 2012.

Figure 13: Industrial Market Trends, Mid-County and Santa Cruz County, Q1 2007- Q1 2012



Sources: Cassidy Turley Commercial Real Estate Services; BAE, 2012.

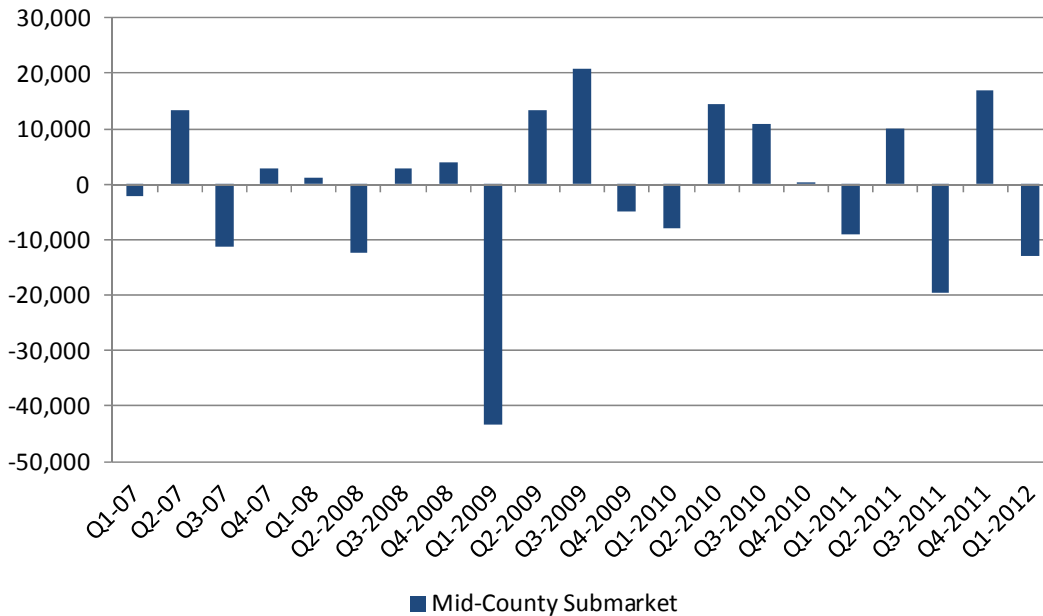
In the first quarter of 2012, the average asking rent in the Mid-County industrial submarket was \$0.91 per square foot, higher than the county's average asking rent of \$0.75 per square foot. Interestingly, both markets have slightly lower asking rents than R&D space in Silicon Valley, which according to Cassidy Turley, features higher average asking rents of \$1.18 per square foot.

Mid-County's 4.9 percent vacancy rate was slightly lower than the county vacancy rate (6.3 percent). In fact, comparing performance across the four submarkets, which include Santa Cruz City, Mid-County, Watsonville, and Scotts Valley, the Mid-County industrial submarket commands the highest average asking rent and has the second lowest vacancy rate after Watsonville (4.6 percent).

Leasing activity in the Mid-County industrial submarket has fluctuated considerably in the last few quarters, and there is no consistent pattern of recovery. Figure 14 below illustrates the quarterly net absorption for industrial space in the Mid-County submarket. Between 2007 and 2009, which

corresponds to the economic downturn, approximately 101,000 net square feet of industrial space was vacated in Mid-County. Although there was positive absorption between Q2 2009 and Q3 2010, the Mid-County industrial market has not yet stabilized.

Figure 14: Quarterly Net Absorption for Industrial Space, Mid-County Submarket, Q1 2007- Q1 2012



Sources: Cassidy Turley Commercial Real Estate Services; BAE, 2012.

The inventory of available industrial space in the market between 2007 and 2012 is composed of smaller industrial properties between 10,000 and 25,000 square feet. No properties greater than 25,000 square feet have been available in the Mid-County area since 2007. These larger industrial spaces have been available in Santa Cruz City.

Comparing the key lease transactions in the first quarter of 2012, the types of spaces that were leased in Santa Cruz County were significantly smaller than those in Silicon Valley. There were two key transactions in the Santa Cruz industrial market in Q1 2012, which included a 2,750 square foot expansion and a new 21,500 square foot lease. In comparison, the key R&D lease transactions in Silicon Valley averaged 121,000 square feet, and the key manufacturing transactions averaged 80,000 square feet. Although these lease transactions do not represent the total inventory of space available in the market or the total transactions that occurred in these markets, the data demonstrate that the existing inventory in the Mid-County market is very different in scale and type compared to product demanded in Silicon Valley.

Table 28: Key Lease Transactions, Santa Cruz County and Silicon Valley, Q1 2012

Property	SF	Tenant	Transaction Type	Submarket
Santa Cruz County Industrial				
2260 Delaware Avenue	21,591	Santa Cruz Derby Girls	New Lease	Santa Cruz City
3949 Research Park Court	2,747	Pacific Plastics & Engineering	Expansion	Mid-County
Silicon Valley R&D				
445-455 N. Mary Avenue	215,824	Synopsys, Inc.	Renewal	Sunnyvale
3400 Hillview Avenue	207,857	Barnes & Nobles, Inc.	Expansion/Relocation	Palo Alto
400, 430, 460 N. McCarthy Blvd.	162,934	JDS Uniphase	Expansion/Renewal	Milpitas
3061 Zanker Road	116,000	Advantest (Verigy)	Relocation	North San Jose
10100 N. Tantau Avenue	100,491	Apple Inc.	Expansion	Cupertino
350 W. Java Avenue	95,826	Ruckus Wireless	Expansion/Relocation	Sunnyvale
3833 N. First Street	80,908	SVTC Technologies	Renewal	North San Jose
2800 Junction Avenue	79,143	FusionIQ	Expansion/Relocation	North San Jose
1873 Barber Lane	79,085	Creation Technologies	Expansion	Milpitas
904 Caribbean Drive	76,000	Cepheid	Renewal	Sunnyvale
Silicon Valley Manufacturing				
Pacific Research Center	219,255	Thearnos	Expansion	Newark
Cherry Business Park	107,119	Specialized Packaging Solutions	Renewal/Expansion	Newark
2011 Senter Road	107,116	Legacy Transportation Services	Expansion	South San Jose
1101 Cadillac Court	70,042	Riverview Systems Group	Relocation	Milpitas
2302 Trade Zone	64,800	SMTC	Renewal	North San Jose
Peery Park	34,040	ACTA Health Products	Renewal	Sunnyvale
1600 Memorex Drive	22,800	BT INS	Renewal	Santa Clara
1819 Junction Avenue	20,020	Ryan Herco Products Corp	Renewal	North San Jose

Sources: Cassidy Turley; BAE, 2012.




Analysis Area Industrial Market Comparables

To supplement the office market analysis, comparables research was completed to review industrial space currently leasing in the Analysis Area. The purpose of this analysis was to understand the type of product available in the Analysis Area.

Brokers representing Analysis Area industrial properties leasing during April 2012 were surveyed, and asked about current asking rents, lease terms, and other property details. Table 29 below represents a sample of currently leasing industrial properties. This comparable research is meant to provide profiles of the types of office space available in the Analysis Area.

The comparable research reveals that there is a cluster of industrial properties along Research Park Court, between Soquel Drive and Highway 1. Rents were consistent with the average rents in Mid-County, approximately \$1.20 with triple net leases. The industrial spaces along this corridor were built in the late 1980s. Although the buildings were greater than 20,000 square feet, they were frequently partitioned into spaces that were fairly small, ranging from 2,000 to 5,300 square feet.

Table 29: Currently Leasing Industrial Properties, April 2012

Name/Address Stories/Year Built	Industrial Sub-type	Total Size (gsf) Space for Lease Vacancy Rate	Asking Rent (\$/sf) Add'l Charges (\$/sf) Free Rent	Lease Type	Parking	Details
In Analysis Area						
Soquel Business Center 3949 Research Park Drive Soquel, CA 95073 1 story/1988 	Warehouse Distribution	23,402 sf Space 130: 5,277 sf Space 170: 3,817 sf	\$1.20/sf/mo \$1.20/sf/mo NNN: \$0.29/sf/mo	NNN	Ample parking	2 spaces available. Glass fronts and rear roll-up doors available. TI allowance available, depending on lease terms.
Soquel Business Center 2880 Research Park Drive Soquel, CA 95073 1 story/1988 	Warehouse Distribution	23,400 sf Suite 110: 2,112 sf	\$1.20/sf/mo 6 months 1/2 off rent with 2 yr lease NNN: \$0.29/sf/mo	NNN	Ample parking	1 space available. Light industrial space, 4 private offices with glass windows. TI allowance available, depending on lease terms.
1334 Brommer Street Santa Cruz, CA 95062 1 story/1982 	R&D	20,330 SF Space B5: 3,000 sf	\$1.27/sf/mo	Modified gross. Tenant pays PG&E	Shared parking lot	1 space available. Front office with rear warehouse and rollup doors; 14' high ceilings. TI allowance available, depending on lease terms.

Source: BAE, 2012.

Industrial Space and Technology Uses

In general, the type of space currently provided in the Analysis Area is not comparable to the types of space typically demanded by information technology, biotechnology or other typical high technology uses. The floor plates and building configurations of existing industrial properties are not compatible with the needs of high technology industries, and few sites are available in the Analysis of sufficient size to accommodate employment intensive uses. Moreover, many industrial uses in Silicon Valley and other high technology areas seek to locate in areas where they are able to benefit from shared access to infrastructure, civic amenities and a common workforce with appropriate training and skills.

In the short-term, the Analysis Area is unlikely to be able to compete with Silicon Valley as a location for employment-intensive industrial and R&D uses. However, as will be explored further below, over the long-run changes in industry practices and constantly evolving industry needs may lead to demand for new types of hybrid office, industrial and PDR space which could be needed by news business start-ups and entrepreneurs attracted to Santa Cruz County based on quality of life factors and environmental amenities.

Lodging Market Trends

Unincorporated Santa Cruz County accounts for approximately one-third of all lodging units in the county. According to the 2010 Tourism Marketing Plan prepared for the Santa Cruz County Conference and Visitors Council (SCC CVC), unincorporated Santa Cruz County, which includes the Analysis Area, is the second largest lodging submarket and includes approximately 34 percent of the county's total lodging inventory. Of these, 52 percent of the lodging units were hotels or motels, 46 percent were vacation rentals, and two percent were bed and breakfast establishments.

Smith Travel Research (STR) only tracks two lodging facilities in the Analysis Area. Chaminade, a resort, has 156 rooms, while the Best Western Seacliff Inn features 149 rooms. Additional vacation rentals are located by the coast, which are not tracked by STR. Unfortunately, within the Analysis Area, there are too few tracked hotels for STR to provide data, but analysis is provided for the overall Santa Cruz County lodging market.

Regional hotel performance is showing signs of recovery, after declines in the years following the recession. Occupancy rates among lodging facilities in the county declined from a high in 2007 of 61.5 percent to a low of 50.8 percent in 2009.¹³ Occupancy began to recover in 2010, and again in 2011, as occupancy rates in Santa Cruz City reached 57.3 percent in the first eleven months of 2011, a 10.7 percent increase from 2010 levels.¹⁴ Anecdotal evidence suggests that these higher occupancy levels have been driven, in part, by stronger economic recovery in the greater Bay Area.

The Santa Cruz County lodging market is subject to seasonal variations, with higher visitation in the summer compared to the winter. Data from the Santa Cruz County Conference and Visitors Council show that lodging occupancy rates peak in June, July, and August, drop in September and October, and reduce significantly in December and January. The SCC CVC recently initiated a marketing plan aimed to boost occupancy levels in off-peak months.

Santa Cruz County visitors primarily travel to Santa Cruz for vacation and leisure. An Inquirer and Conversion Survey conducted by Campbell Rinker in 2010 profiles Santa Cruz County visitors and their trips. The primary reason for travel was vacation and leisure. Only seven percent of survey respondents cited business or conferences as their primary reason for travel to Santa Cruz County. Visitors stayed an average of three nights in Santa Cruz County, and another three nights in places outside the county, which suggests that visitors chain their visits to Santa Cruz with other destinations. Among visitors who combined their trips with other destinations, a majority (51 percent) also visited Monterey; San Francisco was also a popular destination. Data also revealed that overnight visitors spent significantly more, \$523 a day per group, compared to day-trip visitors, \$200 a day per group.

¹³ Strategic Marketing Group, *Tourism Marketing Plan*, prepared for the Santa Cruz County Conference & Visitors Council, 2010

¹⁴ Jondi Gumz, "Santa Cruz Hotels Saw Occupancy Rebound in 2011", *Santa Cruz Sentinel*, January 16, 2012; Accessed May 2012: http://www.santacruzsentinel.com/rss/ci_19755263

According to the survey, visitors rated lodging options and lodging values among the features with which they were least satisfied. Although visitors rated the Santa Cruz area a 4.3 out of 5.0 in terms of overall satisfaction as a travel destination, lodging options received a 3.9, and lodging value received 3.7 out of 5.0. The study revealed that hotel customers felt that value and pricing were the most important aspect of lodging, and improving the availability of lodging options and value were important for the overall tourism market.

Retail Market Trends

This section examines retail sales conditions in Santa Cruz County and the Analysis Area. Within the constraints of the available data, retail sales in the Analysis Area and its component CDPs, the other incorporated cities of the County, and the County overall are assessed, with statewide figures presented for comparison purposes.

First, figures for total retail sales for the Analysis Area and other geographies are provided. Next, total per capita retail sales for the subcounty areas are compared to the County overall, and both the County and its subareas are compared to statewide figures. Per capita sales are useful in assessing whether an area has relatively weak or strong retail sales. Low per capita sales for an area relative to a larger benchmark geography (e.g., California) are a strong indicator that residents of that area are shopping elsewhere, and high per capita sales are an indicator that residents of other areas are coming to an area to shop.

These overall per capita figures for each area are then broken down by major retail store category. This allows a more fine-grained comparison of areas; for instance, an area might have low per capita sales in apparel, indicating residents are shopping elsewhere, and high per capita sales in building materials, indicating shoppers are coming into the area from elsewhere to shop at stores such as home improvement centers and hardware stores. This analysis can provide insight into potential store types that might be lacking in an area, representing potential for additional retail development.

Wrapping up the overview of retail sales, three other retail sales generators relevant to the Analysis Area are discussed: tourists, students, and workers employed in the area.

The primary source of sales information used for retail analysis in California is the taxable retail sales data published by the State Board of Equalization (SBOE). SBOE publishes *Taxable Sales in California*, a quarterly and annual publication that reports taxable sales by major store categories by city and county. This source offers the best baseline data for jurisdictions for which it is available. At the time of this analysis, the most recent published data are from 2010. It is extremely important to note that SBOE-reported sales are taxable sales only. Most food items for consumption at home, prescriptions, and some other items are not taxable, and their sales are not reported to SBOE. Additionally, labor for services performed by businesses classified as retail (such as automobile dealers) is also not taxable.

Because of the limitations with published SBOE data with respect to availability for unincorporated areas of counties or its subareas such as the Analysis Area, other sources were examined to assess retail sales levels in the Analysis Area. These included special compilations of data provided by the County's sales and use tax consultant, and information from the 2007 Economic Census. Unfortunately, the level of detail available by store type from either of these sources is very limited, and the consultant-provided information was not useful due to the way categories were combined, and the subareas defined in the special reports overlapped with each other and did not cover the entire Analysis Area.

The next section provides a brief description of key retail nodes in the Analysis Area and other nearby areas, particularly for Capitola, which is surrounded by the Analysis Area, and is key to understanding the retail market in the area. The analysis of the Analysis Area is done separately for each of the CDPs. This allows for an assessment of gaps in the retail mix in each of the areas that might be filled by new retail; that analysis, however, takes into account the retail in surrounding areas (such as the other parts of the Analysis Area, Santa Cruz city, and Capitola) that would constrain the potential for additional retail in the Analysis Area.

Based on the analysis of existing retail conditions, this overview ends with an assessment of the potential for additional retail development in the Analysis Area.

Retail Sales Overview

The following section discusses the dollar amounts of retail sales for the Analysis Area, the County and for Santa Cruz city, Capitola, and Watsonville, the three cities where data by major store category is available from SBOE (for Scotts Valley, the only other incorporated place in the County, only total taxable retail sales data are published). The Analysis Area discussion is based on 2007 Economic Census data and follows the SBOE-based discussion for the incorporated cities and the County overall. For comparative purposes, data are also presented for California.

Per SBOE's system based on NAICS categories, the estimated retail sales are grouped into ten categories:

- Motor vehicle and parts dealers
- Home furnishings and appliance stores; this includes furniture stores, and stores selling appliances, computers, and other consumer electronics
- Building materials, and garden equipment and supplies; this includes stores such as Home Depot, hardware stores, and nurseries
- Food and beverage stores; this includes supermarkets, convenience stores, specialty food stores such as bakeries, and wine shops and liquor stores
- Gasoline stations
- Clothing and clothing accessories stores; this includes apparel, shoes, and jewelry stores
- General merchandise stores; this includes traditional department stores such as Macy's, discount stores such as Walmart and Target, and warehouse club stores such as Costco
- Food services and drinking places, including restaurants of all types, drinking establishments, and catering services
- Other retailers, including stores not categorized as above, e.g., pharmacies, sporting goods, music, book, and office supply stores, and non-store retailers

SBOE puts sales and use taxes generated by other non-retail uses, such as manufacturers, wholesalers who also sell some retail, hotel food and beverage service, and service businesses such as beauty salons in an “Other Outlets” category. These categories of uses are not analyzed here.

Overall Retail Sales

As shown in Table 30, taxable retail sales for California overall totaled slightly less than \$327 billion in 2010. This represented a modest increase from the 2009 sales of \$311 billion, indicating that the consumer spending was up from the worst levels of the Great Recession. County trends mirrored those statewide, with 2010 taxable retail sales of approximately \$2.08 billion, an increase of 6.3 percent over 2009 levels of \$1.96 billion. The incorporated cities in the County all showed increases in sales between 2009 and 2010. For the total unincorporated portion of the County, taxable retail sales totaled slightly under \$600 million in 2010; interestingly, the increase in sales between 2009 and 2010 was 9.3 percent, greater than any of the incorporated portions of the County.

Slightly less than three-fourths of all taxable retail sales in Santa Cruz County occur in the four incorporated cities, with Santa Cruz city accounting for nearly one-third of the County’s taxable retail sales. Watsonville generates approximately 19 percent of county taxable retail sales, Capitola 16 percent, and Scotts Valley six percent. The unincorporated County has 29 percent of the total County sales.

Table 30: Total Taxable Retail Sales, 2009-2010

	Taxable Retail Sales (in \$000s) (a)		Percent Change 09-10	2010 as % of County
	2009	2010		
City of Santa Cruz	\$589,761	\$625,413	6.0%	30.1%
Capitola	\$322,595	\$333,922	3.5%	16.1%
Watsonville	\$381,538	\$401,411	5.2%	19.3%
Scotts Valley	\$117,995	\$123,048	4.3%	5.9%
Total, Incorporated County	\$1,411,890	\$1,483,794	5.1%	71.4%
 Total, Unincorporated County	 \$544,865	 \$595,442	 9.3%	 28.6%
 Santa Cruz County	 \$1,956,754	 \$2,079,236	 6.3%	
California	\$311,214,606	\$326,777,717	5.0%	

(a) Includes only sales on which there is sales tax paid. This excludes most food items for consumption at home, prescription drugs, services, and some other items.

Sources: State Board of Equalization (SBOE); BAE, 2012.

Unfortunately, SBOE does not publish data for just the Analysis Area or the individual unincorporated communities constituting the Analysis Area. The most recent data available for these areas are from the 2007 Economic Census. The Economic Census provides estimates of total retail sales excluding food services in 2007 for the communities of the Analysis Area, and separately provides data for the food services sector. It is important to note that these data are for total retail sales, rather than

taxable retail sales, and thus are not directly comparable with the SBOE data. While these data do not reflect the subsequent economic downturn, they provide the best way to assess the strength of the overall retail sector in the Analysis Area relative to the rest of the County.

Only 11 percent (\$437 million) of the County's \$4.1 million in retail sales in 2007 occurred in the Analysis Area, as shown in Table 31. This is a smaller share than Santa Cruz city, Capitola, or Watsonville. Within the Analysis Area, Live Oak had the highest sales at \$155 million, followed by Soquel at \$131 million and Aptos/Seacliff at \$117 million. Retail sales were very limited in Opal Cliffs/Pleasure Point (\$19 million) and Twin Lakes (\$15 million)

Table 31: Total Retail Sales, 2007 Economic Census

	Retail Sales in \$000 (a)	As % of County
City of Santa Cruz	\$997,981	24.1%
Capitola	\$623,972	15.1%
Watsonville	\$1,604,456	38.8%
Scotts Valley	\$207,182 (b)	5.0%
Total, Incorporated County	\$3,433,591	83.0%
Aptos CDP	\$117,146	2.8%
Live Oak CDP	\$155,114 (b)	3.8%
Opal Cliffs CDP	\$18,679	0.5%
Soquel CDP	\$130,984	3.2%
Twin Lakes CDP	\$14,658 (b)	0.4%
Analysis Area Total	\$436,581 (c)	10.6%
Total, Unincorporated County	\$701,414	17.0%
Santa Cruz County	\$4,135,005	100.0%
California	\$512,673,198	

(a) Unlike previous table, this table includes all retail sales, not just those that are taxable. Notable nontaxable additions include food items, prescriptions, and labor for services (such as auto repair) that occur at retail outlets (such as new car dealers).

(b) Food service sales have been estimated based on per establishment average for Santa Cruz County.

(c) Census Designated Places (CDPs) are as defined using 2000 Census boundaries, which vary somewhat from the 2010 boundaries used elsewhere in the analysis. Aptos CDP from 2000 was split into Aptos and Seacliff in 2010, but the overall boundaries do not vary in any significant way. Opal Cliffs was renamed as Pleasure Point in 2010. Soquel CDP was enlarged considerably in 2010, but these are areas to the north that are largely lacking in retail/commercial uses.

Sources: U.S. Census Bureau, 2007 Census of Retail Trade; BAE, 2012.

Per Capita Retail Sales

Per capita retail sales provide a basic measure of the relative retail strength of an area; high per capita sales relative to a larger area, such as the state, are a strong indicator that the area has strong retail sales. Overall, Santa Cruz County appears to be underperforming the state, with 2010 per capita taxable sales of \$7,924 compared to \$8,772 statewide (see Table 32). This lower level of

sales may be due to differences in resident spending patterns related to income levels or other factors, or may indicate that Santa Cruz County residents are making some of their retail purchases outside the County. As indicated by the demographic analysis previously, the County has higher household and per capita income levels than statewide; the lower sales thus cannot be accounted for by lower incomes.

Within the County, however, the incorporated areas tend to have higher per capita retail sales. Overall, the four incorporated places show per capita sales of \$11,186. Watsonville sales levels are below statewide and countywide levels; Santa Cruz city and Scotts Valley show per capita sales levels slightly above statewide levels, but Capitola shows extremely high per capita sales levels of \$33,668. The cities overall are higher for per capita sales than the County due to the concentration of retail in the incorporated places in the County. Watsonville may be lower due its different demographic profile, with lower income levels than the rest of the County, and Capitola's numbers indicate the importance of Capitola Mall as a regional attractor of shoppers from throughout the County. Furthermore, Capitola is surrounded by the unincorporated Analysis Area with its more limited shopping opportunities, and thus functions as the retail center for Capitola itself as well as the populated ring of surrounding unincorporated communities with a larger population base than Capitola itself.

Table 32: Per Capita Taxable Retail Sales Comparison, 2010

	Per Capita Taxable Retail Sales (a)
City of Santa Cruz	\$10,433
Capitola	\$33,668
Watsonville	\$7,840
Scotts Valley	\$10,626
Total Incorporated County	\$11,186
 Santa Cruz County	 \$7,924
California	\$8,772

(a) Includes only sales on which there is sales tax paid. This excludes most food items for consumption at home, prescription drugs, services, and some other items. Per capita sales calculated based on sales divided by population. Population per Census 2010.

Sources: 2010 U.S. Census; State Board of Equalization (SBOE); BAE, 2012.

As noted previously, taxable sales data from 2010 were not available for the communities of the Analysis Area, but the 2007 Economic Census provides data on overall retail sales which can be used to show the relative strength of retail sales in those communities. As shown in Table 33, the County shows per capita total retail sales in 2007 of \$16,118, slightly higher than California at

\$14,085.¹⁵ The Analysis Area had 2007 per capita retail sales of only \$9,287, well below all the cities in the County and the County overall.

Within the Analysis Area, there is wide variation between the communities, with Soquel, Aptos/Seacliff, and Live Oak having per capita sales levels of \$9,000 or more, and Live Oak and Opal Cliffs/Pleasure Point well below this level.

Table 33: Per Capita Taxable Retail Sales Comparison, 2007

	Per Capita Retail Sales (a)
City of Santa Cruz	\$17,355
Capitola	\$64,096
Watsonville	\$31,974
Scotts Valley	\$18,241
Incorporated County	\$26,663
Aptos CDP	\$12,423
Live Oak CDP	\$9,094
Opal Cliffs CDP	\$3,140
Soquel CDP	\$13,583
Twin Lakes CDP	\$2,972
Analysis Area	\$9,287 (b)
Unincorporated County	\$5,490
Santa Cruz County	\$16,118
California	\$14,085

(a) This table includes all retail sales, not just those that are taxable. 2007 population for incorporated places, county, and state from CA State Dept. of Finance. Study area population derived by applying annual growth rate from 2000-2010.

(b) Census Designated Places (CDPs) are as defined using 2000 Census boundaries, which vary somewhat from the 2010 boundaries used elsewhere in the analysis. Aptos CDP from 2000 was split into Aptos and Seacliff in 2010, but the overall boundaries do not vary in any significant way. Opal Cliffs was renamed as Pleasure Point in 2010. Soquel CDP was enlarged considerably in 2010, but these are areas to the north that are largely lacking in retail/commercial uses.

Sources: U.S. Census Bureau, State Dept. of Finance; 2007 Census of Retail Trade; BAE, 2012.

The lower levels of per capita sales in the Analysis Area indicate that even taking into account potential income and spending pattern differences, it is likely that residents of the Analysis Area are doing much of their shopping elsewhere, particularly in Capitola. Combined, Capitola and the Analysis Area had 2007 per capita retail sales of \$18,690, higher than but close to the overall County average. This is an indicator that Capitola acts as a regional draw from the surrounding communities, and that to a large degree Capitola and the Analysis Area function as a single retail

¹⁵ These numbers should not be compared directly with the per capita taxable sales figures, due to the inclusion of nontaxable sales and possible differences in the classification of individual business establishments, and the decline in sales due to the economic downturn between 2007 and today.

trade area. That per capita sales are higher than the County overall is due in large part to the presence of the County's only region-serving mall in Capitola (along with surrounding retail), attracting shoppers from other areas of the County beyond the Analysis Area. This also means that while the Analysis Area may appear to be under-retailed, the overall trade area may not be, limiting the potential for additional large-scale retail development.

Retail Sales by Major Store Category

Table 34 below presents the most current information available on per taxable retail sales by major store type in Santa Cruz County. Data are only available for three of the four incorporated places in the County, and not for the Analysis Area. However, a comparison of per capita sales of the various cities with the County and State may indicate ways in which the surrounding cities have "gaps" in their retail mix that might provide opportunities for additional development in the Analysis Area.

Capitola has extremely high per capita sales in every major retail store category, once again indicating that it acts as a shopping attractor, pulling shoppers out of the Analysis Area and other parts of the County.

Considering areas other than Capitola, for the motor vehicles sector, Santa Cruz city and County have per capita sales below the statewide levels; the lower overall County levels may indicate that shoppers are venturing elsewhere where additional comparison shopping is an option (e.g., to the cluster of dealers on Stevens Creek in San Jose) for this major consumer item.

Similarly, Santa Cruz city and County are below statewide per capita sales levels for the home furnishings/appliance store category, another indicator that shoppers are going outside the county for purchases of high-cost items.

The County shows strong building materials sales relative to California overall; one possible explanation for this is a greater tendency to purchase major appliances at home improvement centers such as Home Depot, especially if appliance-only stores are lacking in the County.

Per capita food and beverage store sales are nearly 75 percent above statewide levels in Santa Cruz city, and are also relatively high for the County, even though food store items are convenience goods that are purchased close to home; this may reflect some difference in consumer preferences in the County such as the purchase of higher-cost organic and natural food items, but is also likely due to purchases by tourists and visitors to the County. The very high sales levels in Santa Cruz city also indicate that the City is acting as a retail attractor, capturing sales from residents from elsewhere in the County, especially those living nearby.

While Santa Cruz city shows high apparel-related per capita sales, countywide levels are below the state's; county residents may be going into Santa Clara County to destinations such as Stevens Creek Plaza or Santana Row for apparel goods also.

Santa Cruz city has relatively high per capita general merchandise store sales, due largely to the presence of the only Costco in the County. The County overall, however, has per capita sales below statewide levels. This may be due in part to shoppers going to higher-end department stores such as Nordstrom in Santa Clara County and elsewhere in the Bay Area. Additionally, much of the county is lacking in discount general merchandise stores such as Target and Walmart, with the only such stores being in Watsonville; the impending opening of Target in Capitola Mall may serve to capture some resident expenditures that are currently occurring outside the County, in addition to reinforcing Capitola's function as a regional retail destination.¹⁶

For the food services sector, which includes restaurants, bars, and catering services, Santa Cruz city has per capita sales nearly 75 per cent above statewide levels, even as the County overall is slightly below statewide levels. Santa Cruz city and Capitola appear to dominate county sales in this category.

Finally, for the catch-all other retail category, which includes drug stores, sporting goods, book stores, office supply stores, and specialty retail not otherwise covered in the previously discussed categories, Santa Cruz city has sales about 50 percent above statewide levels. Countywide levels are slightly above California overall.

In summary, in comparison to the state, the County shows lower per capita taxable sales for many "comparison goods" store categories. The types of goods sold in these outlets are typically not everyday purchases, in other words, for items that are only purchased occasionally, County residents sometimes find the broader selection available in the San Francisco Bay Area and beyond worth the infrequent trips outside the County to make such purchases.

For the two cities adjacent to the Analysis Area, Capitola shows extremely high sales across all categories, with per capita sales levels at 200 percent or more of countywide and statewide levels in every major retail store category. Santa Cruz city provides a more mixed picture, but has high per capita sales relative to the county and state for food and beverage stores, general merchandise stores, food services/restaurants, and the other retail group, and is above the county only for motor vehicles, and apparel. It appears that Santa Cruz city generally is a retail attractor within the County, especially for businesses providing convenience items and everyday purchases.

Unfortunately, due to disclosure and confidentiality issues, the 2007 Economic Census does not provide sufficient detail by retail subsector to adequately assess sales for the Analysis Area.

¹⁶ Prior to obtaining the Capitola Mall site, Target had proposed building in Scotts Valley to access the Santa Cruz area market. This proposal has been withdrawn.

Table 34: Taxable Retail Sales by Major Retail Category, 2010

	City of Santa Cruz		Capitola		Watsonville	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
Total Taxable Retail Sales (in \$000s) (a)	\$625,413		\$333,922		\$401,411	
Taxable Sales per Capita in \$						
Motor Vehicle and Parts Dealers	\$969	9.3%	\$4,945	14.7%	\$1,314	16.8%
Home Furnishings and Appliance Stores	\$333	3.2%	\$1,694	5.0%	\$178	2.3%
Bldg. Matrl. and Garden Equip. & Supplies	\$639	6.1%	\$2,269 (b)	6.7%	\$997	12.7%
Food and Beverage Stores	\$1,051	10.1%	\$3,155	9.4%	\$707	9.0%
Gasoline Stations	\$930	8.9%	\$2,516	7.5%	\$1,214	15.5%
Clothing & Clothing Accessories Stores	\$706	6.8%	\$4,901	14.6%	\$346	4.4%
General Merchandise Stores	\$1,835 (c)	17.6%	\$5,252	15.6%	\$1,176	15.0%
Food Services and Drinking Places	\$2,401	23.0%	\$4,776	14.2%	\$1,138	14.5%
Other Retail Group	\$1,568	15.0%	\$4,161	12.4%	\$770	9.8%
Retail Stores Total	\$10,433	100.0%	\$33,668	100.0%	\$7,840	100.0%
Population (d)	59,946		9,918		51,199	

	Santa Cruz County		California	
	Sales	% of Total	Sales	% of Total
Total Taxable Retail Sales (in \$000s) (a)	\$2,079,236		\$326,777,717	
Taxable Sales per Capita in \$				
Motor Vehicle and Parts Dealers	\$828	10.4%	\$1,271	14.5%
Home Furnishings and Appliance Stores	\$403	5.1%	\$604	6.9%
Bldg. Matrl. and Garden Equip. & Supplies	\$929	11.7%	\$664	7.6%
Food and Beverage Stores	\$820	10.3%	\$612	7.0%
Gasoline Stations	\$1,079	13.6%	\$1,214	13.8%
Clothing & Clothing Accessories Stores	\$508	6.4%	\$732	8.3%
General Merchandise Stores	\$897	11.3%	\$1,243	14.2%
Food Services and Drinking Places	\$1,286	16.2%	\$1,377	15.7%
Other Retail Group	\$1,175	14.8%	\$1,055	12.0%
Retail Stores Total	\$7,924	100.0%	\$8,772	100.0%
Population (d)	262,382		37,253,956	

(a) Includes only sales on which there is sales tax paid. This excludes most food items for consumption at home, prescription drugs, services, and some other items.

(b) Sales for the building materials group in Capitola have been estimated based on available data from 2007, with an assumption of declining sales since then due to the recession. Data point was not available from SBOE.

(c) Sales for general merchandise stores in Santa Cruz City have been estimated based on factoring out other cities from County, and a review of available data from 2008. In 2008, the general merchandise stores category in the city was still disclosed, but included drug stores. 2008 figures have been adjusted to take this into account.

(d) Per capita sales calculated based on sales divided by population. Population per Census 2010.

Sources: 2010 U.S. Census; State Board of Equalization; BAE, 2012.

Tourism-Related Retail Sales

Santa Cruz County is a visitor destination, with beach-related tourism being the key factor. The visitors include those staying overnight at hotels, campgrounds, and private and vacation homes, as well as day visitors (for instance, to the Boardwalk). According to *California Travel Impacts by County, 1992-2010*,¹⁷ 11.4 percent of taxable sales receipts in Santa Cruz County in 2010 were visitor-generated, compared to only 8.7 percent statewide. The largest retail-related component of this is estimated to be for food and beverage services, at \$173.9 million, with food stores accounting for another \$29.9 million, and \$114.7 million at other retail outlets. Comparison with published

¹⁷ Prepared by Dean Runyan Associates, Inc. for the California Travel & Tourism Commission, April 2010

taxable sales data would indicate that for the food services sector, tourism accounts for around half of all sales.¹⁸ The proportions are smaller for the other retail sectors.

In large part, the primary tourist destinations are outside the Analysis Area; only Twin Lakes, Pleasure Point, and Seacliff are situated on the water, and much of the retail (restaurants and sporting goods shops) appears oriented toward visitors. However, most of the Analysis Area's retail is in the Soquel and Highway 1 corridors. As a result, the Analysis Area may see a relatively smaller share of visitor expenditures than Capitola or Santa Cruz.

Other Sources of Retail Demand in the Analysis Area

There are two other noteworthy sources of potential retail demand in the Analysis Area: persons working in the Analysis area, and students at Cabrillo College. The two populations spend some of their retail dollars closer to work or school, in large part for meal purchases during the work day.¹⁹ Based on ACS data, there are approximately 17,000 persons working in the Analysis Area. However, this is less than the number of employed residents, indicating a net outflow of workers and workday-related consumer expenditures. However, stores and restaurants close to major employment centers in the Analysis Area would capture sales from these employment centers. The Analysis Area has a relatively high concentration of workers in the educational and health services sectors (31 percent as compared to only 23 percent countywide), due to the presence of the hospital and surrounding medical uses along with the community college.

Cabrillo College has an enrollment of approximately 15,000 students; most of these students come from within Santa Cruz County, and three-quarters are part-time.²⁰ Approximately 2,500 attend classes in Watsonville rather than the main campus in Aptos. Slightly less than one-third of the student body resides in the Zip Codes that contain the Analysis Area,²¹ indicating that a sizable number are in-commuting to school. These students may provide some untapped potential for retail sales, but student populations tend to be young with low personal incomes and limited spending power. Furthermore, the college provides on-campus dining services and a bookstore, limiting the need for students to journey off-campus to eat or buy basic student supplies.

Existing Retail in the Analysis Area

This section describes the major retail nodes and centers in the Analysis Area, and briefly considers key competitive nodes in the region but outside the Analysis Area. This discussion has been organized by the six CDPs (Census Designated Places), working from the west to the east.

¹⁸ Since per capita food service expenditures are less in the County than statewide, where tourism is not as important a component of sales, on the face of it, this estimate seems somewhat high, but even at only half this proportion, visitor expenditures would make up a significant proportion of restaurant sales.

¹⁹ It is important to note that expenditures by workers close to the place of work are considerably lower than overall per capita expenditures.

²⁰ Cabrillo College 2011 Factbook, <http://pro.cabrillo.edu/pro/factbook/index.html>

²¹ These Zip Codes also include substantial portions of Santa Cruz city and other areas outside the Analysis Area.

Live Oak

Retail in the Live Oak area is concentrated mostly along Soquel Avenue, Soquel Drive, and Commercial Way. The largest single store is the Toys “R” Us on Commercial Way, along with the adjacent Marshall’s store which opened in 2010 in a space previously occupied by Circuit City. This center has no other stores. The other large retail business in the area is Big Creek Lumber, which sells building materials (largely wood products).

The Live Oak area is lacking in basic local-serving stores such as supermarkets and pharmacies. The one supermarket in the area is the Live Oak Supermarket, a smaller Latino-oriented store at 17th Avenue and Capitola Road. Supermarkets including Safeway, Trader Joe’s, Whole Foods, Save Mart, and others can be found nearby in Santa Cruz city, Capitola, and Soquel.

One retail attractor in the area is the Santa Cruz Flea Market at the drive-in site, operated by Goodwill Industries. The flea market is open on Friday, Saturdays, and Sundays.

Twin Lakes

As indicated by the Economic Census data above, retail development is extremely limited in this smaller area. East Cliff Village is the lone shopping center in the area, anchored by a Dollar Tree. This center appears dated, with several vacancies. A portion of the parking lot has been barricaded off, and another area has been converted to a nursery space. There is very limited additional retail in Twin Lakes, largely on East Cliff Drive and 17th Avenue. The closest supermarket is the Live Oak Supermarket; beyond that, the most accessible stores would be those in Capitola.

Pleasure Point/Opal Cliffs

This area also has limited retail offerings. There is a retail cluster focused at 41st Avenue and Portola Drive, consisting a mix of small retailers extending up 41st toward Capitola, with a concentration of restaurants and apparel/sporting goods stores. However, there are no full-service supermarkets or pharmacies; the closest such stores are nearby in Capitola.

Soquel

Soquel has the largest shopping center in the Analysis Area, on 41st between Soquel Drive and Highway 1. This center is anchored by Home Depot, Best Buy, and Safeway, and includes a number of other retailers, restaurants, and service businesses on pads scattered in front of the major anchor stores. The other major retail node in the area is Soquel Village, radiating out from the intersection of Soquel Drive and Porter Street. This is an older district consisting of small independent specialty retail and restaurants. The Safeway is the only supermarket in the area, and also provides pharmacy services. Supermarkets and the wide range of other retail in Capitola are easily accessible from Soquel. There is other retail scattered along the length of Soquel Drive, including the small AJ’s Market and Natural Foods approximately one-half mile west of Cabrillo College.

Aptos

The largest retail concentration in Aptos is centered at the intersection of Soquel Drive and State Park Drive. The Rancho del Mar center located on this corner is anchored by a Safeway and a Rite

Aid, and has a range of other community-serving retail including a hardware store and a small movie theater complex. Recently, Safeway, which owns the center, proposed a major renovation, including a relocation/expansion of the Safeway. The proposal currently calls for expanding the entire center from 129,000 to 154,000 square feet. There are other retail shops nearby, including the Aptos Center with Aptos Natural Foods.

Similar to Soquel, Aptos also has an older village center with additional retail and businesses. This older node includes several historic structures. According to the 2010 Aptos Village Plan, in 2008 there were a total of 113,500 square feet of non-residential space in Aptos Village, with approximately 25,000 square feet of retail space and 23,000 square feet of dining/hospitality space. This space is in a mix of smaller centers and free-standing retail, mostly along Soquel Drive. A mixed-use development including 75,000 square feet of retail space is pending approval for Aptos Village.

Because of Aptos's location as the easternmost portion of the Analysis Area, the Safeway and other stores in Aptos also draw shoppers from beyond the Analysis Area to the south and east, from the communities of Rio del Mar, Aptos Hills-Larkin Valley, and Corralitos, where there is extremely limited retail development.

Seacliff

Seacliff's retail sales were included with Aptos in the 2007 Economic Census in the discussion above, but retail in the area is extremely limited in this largely residential area. The retail is concentrated around the intersection of State Park Drive and Center Avenue, and consists of small local businesses with a tourist orientation, dominated by restaurants.

Nearby Retail Concentrations

Santa Cruz City. Santa Cruz city has a broad range of retail across most types of stores, with a number of stores along Soquel Avenue within two miles of the Analysis Area. These include three supermarkets (Safeway, Whole Foods, Shopper's Corner, and Staff of Life), two chain pharmacies, and Santa Cruz Ace Hardware. Costco, Gateway Plaza, and Downtown Santa Cruz also offer region-serving and specialty retail to attract shoppers from the Analysis Area.

Capitola. Capitola offers a broad range of region- and local-serving retail, and acts as a significant retail attractor for Analysis Area residents; for much of the Analysis Area, Capitola provides the closest retail centers offering either convenience or comparison goods shopping. Major retailers are concentrated in and around the Mall, which is anchored by Macy's, Sears, and Kohl's, with Target opening later this year. The Target will fill a major void in the area's retail mix, as the only discount department store in the County outside of Watsonville.

Separate from the retail concentrated around the Mall is Capitola Village, an older shopping district adjacent to the beach of small independent stores and restaurants with a strong orientation toward

tourists. Also found in Capitola is the Nob Hill Foods shopping center, which is easily accessed from much of Soquel.

East of Analysis Area. The Deer Park Shopping Center in Rio del Mar also serves Aptos (in fact having an Aptos address). This center is anchored by the independent supermarket Deluxe Foods and a CVS, and includes a number of other smaller local-serving businesses.

Beyond Rio del Mar, the next substantial retail concentrations are found in Watsonville, which has a broad range of regional and local-serving retail.

Planned and Proposed Developments

A survey of planned and proposed development in the Analysis Area reveals some new projects in the pipeline, although as a percentage of the total inventory, planned developments represent only a small fraction of the pent-up demand in the market. Based on the findings from the market study, which indicate a tight housing market and potential for additional commercial space, the proposed projects represent only a small fraction of the supportable demand in the Analysis Area. Interviews with developers suggest that the primary constraints on development are the availability of vacant land and local concerns about future growth. This chapter presents planned and proposed developments for new residential, office, and retail in the Analysis Area.

At the time of research for this report (Spring 2012), 274 dwelling units were planned throughout the Analysis Area. Of these prospective units, 71 units were townhomes, 63 units were part of a mixed-use development, and 140 units were affordable apartments. This pipeline represents a 0.8 percent increase in the Analysis Area's total housing stock. The completion of the affordable housing developments may take longer than previously expected, with the loss of redevelopment funding in California. At this point, no single-family developments or product types similar to the new apartments in Santa Cruz City have been planned in the Analysis Area.

Table 35: Planned and Proposed Residential Development, May 2012

Project (a) Location Developer	Site Size (acres)	Size	Est. Timing	Comments
Under Construction				
Corte Cabrillo Phase One		28 residential units		Townhouses
Soquel Drive near Cabrillo College				7 units under construction, 21 units in next phase
Canterbury Affordable Homes		19 residential units		Townhouses
Approved (Construction Not Yet Commenced)				
Cabrillo Commons		43 residential units		Townhouses
Soquel Drive and Atherton Loop				Improvements on Soquel Drive have been completed.
Aptos Blue Affordable Housing		40 residential units		Affordable apartments
7839 Soquel Drive				
Mid-Pen Housing Corporation				
Pending Approval				
Aptos Village		63 residential units		Part of a mixed-used commercial and residential development in the core area of Aptos Village
Downtown Aptos Village				
Erlach Housing Site	60	residential units		Affordable apartments
Cunnison Lane, 650' north of Soquel Drive				
Mid-Pen Housing Corporation				
St. Stephens Church Affordable Senior Housing	40	residential units		Senior affordable apartments
Capitola Road Extension and 7th Avenue				
Summary				
Max. Planned and Proposed Single-Family (units)	0			
Max. Planned and Proposed Multifamily (units)	274			
Max. Planned and Proposed Other (units)	0			
Total Planned New Residential units	274			

Note:

(a) This list of planned and proposed developments represent multi-family residential projects. Single-family unit developments and accessory dwelling units may supplement this supply.

Sources: County of Santa Cruz, BAE, 2012.

The pipeline also featured two new office developments in the Analysis Area. The addition of 45,000 square feet represents a 3.7 percent increase in the Mid-County office inventory. Both proposed

projects are located around Soquel Drive, close to existing office clusters, which will add to the density of office space in those areas. These developments will introduce new office inventory to Mid-County, which has not seen an increase in new inventory in recent years. However, the expected timeframe for when these projects will come on the market is uncertain due to ongoing economic concerns, which has put at least one project, the 30,000 square foot development, on hold.

Table 36: Planned and Proposed Office Development, May 2012

Project Location	Site Size (acres)	Size	Est. Timing	Comments
Under Construction				
Approved (Construction Not Yet Commenced)				
Antolini Between 7th Avenue and Soquel Drive		30,000 SF office		Application approved.
Norm Bei Property Soquel Drive and 41st Avenue		15,000 SF office		Application approved.
Pending Approval				
Summary				
Max Net New Office (sf)		45,000 SF		

Sources: County of Santa Cruz, BAE, 2012.

A new 75,000 square foot retail development has been proposed at Aptos Village as part of a mixed-use commercial and residential development in the core of Aptos Village. This development is located in the heart of the old Aptos downtown area, which features a historic hotel, and will include 63 residential units in apartments and townhomes. There has also been some speculation that the Safeway in the Rancho Del Mark Shopping Center in Aptos will pursue improvements, which will be a renovation of an existing commercial center. No additional retail development in the Analysis Area has been proposed outside of the Aptos CDP.

Table 37: Planned and Proposed Retail Development, May 2012

Project Developer	Site Size (acres)	Size	Est. Timing	Comments
Under Construction				
Approved (Construction Not Yet Commenced)				
Pending Approval				
Aptos Village Downtown Aptos Village		75,000 SF retail		Part of a mixed-used commercial and residential development in the core area of Aptos Village
Summary				
Planned Net New Retail (sf)		75,000 SF		

Sources: County of Santa Cruz, BAE, 2012.

No major hotel or lodging developments are currently planned in the Analysis Area.

Overall, while there are some projects currently in the pipeline, the projected pace of development is limited in the Analysis Area. Planning for new development slowed precipitously at the onset of the recession, and this is currently reflected in the few projects that are under construction. This is especially true in the office and industrial markets, which has experienced negative net absorption since the recession began in late 2007. The lodging market experienced a similar trend, as occupancy rates declined during the recession. Developers were reluctant to expand these product types given economic conditions and tight credit markets.

Although the lack of projects in the pipeline may be attributable to lingering economic uncertainty, some sectors, like the rental apartment market, which continued to remain strong throughout the recession, are not expected to see significant increases in new development in the near future. Although market indicators suggest a strong demand among multiple demographic groups for new rental apartments, only 274 new dwelling units are planned in the Analysis Area, and of these, it is uncertain whether all of the affordable units will be constructed, since the future of affordable housing funding remains uncertain.

Similarly, in the office market, the proposed developments may not match the new types of spaces demanded in growth sectors. For example, in the medical office sector, which supports the second highest number of jobs in the county, there are no plans to build additional medical office space, even though there are high rents and low vacancy rates among medical office buildings around Dominican Hospital. In addition, there may be challenges in attracting Silicon Valley firms to the Analysis Area if appropriate industrial or R&D office space is not available in the local market.

Interviews with developers suggest that lack of development for product types that are in may be due to a general lack of available vacant land, and local concerns about future growth.

Real Estate Market Summary

- The median sales price for a single family residence in the Analysis Area is higher than the overall median price in the Santa Cruz-Watsonville region, although this varies across the Analysis Area communities. The market for single-family detached homes is particularly strong.
- Rental housing rates are rising across the Analysis Area as vacancy rates are reaching historic lows. There is demand for all types of rental housing, including family housing, student housing and housing for seniors.
- Santa Cruz County is considered one of the least affordable small housing markets in the United States based on the relationship between household income and housing costs.
- The office and industrial market in the Analysis Area, though small, is relatively healthy compared to other areas of the County based on prevailing lease and occupancy rates. Demand for small and highly divisible office and flex space is particularly strong in the Analysis Area.

- Although medical office uses currently comprise a significant percentage of the local office market, the long-term trends in this market segment are uncertain based on the evolving needs of the health care industry and a focus on smaller and more specialized increments of medical office, laboratory and out-patient surgery space
- As with the lodging market generally in Santa Cruz County, the existing inventory of hotels in the Analysis Area does not perform as well as could be expected based on the high level of visitation to the County, and particularly to the Coastal area. Recent surveys indicate consumer preferences for new and higher-amenity lodging and resort options in the Analysis Area.
- The Analysis Area is part of a broader retail trade area that is already well served by most existing retail nodes.

POTENTIAL MARKET SUPPORT FOR NEW DEVELOPMENT

Population, Household, and Employment Projections

The starting point for the long-term population, household, and employment projections for the Analysis Area is the population projects by county recently released by the California State Department of Finance (DOF).²² These projections, while interim, take into account Census 2010 data, unlike the most recent projections from AMBAG completed prior to the Census, which overestimated the 2010 population, and as a result, also probably overstate long-term regional growth in population, households, and employment.²³ Unfortunately, the interim projections from DOF only provide estimates of population, but not households, employment, or other characteristics, and are only available at the countywide level. To work around this limitation, BAE has generated projections of households and employment at the county level. BAE has projected three growth scenarios: a low, middle, and high scenario. These are shown in Table 38. Details on the methodology for this estimate can be found in Appendix F. In light of the inherent limitations in this somewhat arbitrary methodology, the numbers here should be considered as subject to a considerable margin of potential error.

Low Projection

For this estimate, the rate of population growth for the Analysis Area from 2000 through 2010 is assumed to apply through 2035, leading to an extremely low growth rate. The ratio of households to population, and jobs to population, is assumed to remain constant, leading to very little job growth, on the presumption that local job growth would be driven only by increases in demand from local residents. This estimate is in line with recent historic trends, with the Analysis Area accounting for a decreasing share of the overall County population over time. There would be almost no growth in the Analysis Area under this scenario, similar to trends from 2000 through 2010. Population growth would only be 670 persons, or only about 27 persons annually. The number of households would only increase by 279, or 11 households per year. Similarly, job growth, tied to population growth in this scenario, would be less than 300 jobs, or about 11 jobs per year.

Middle Projection

Here it is assumed that the proportion of the County's population, households, and employment found in the Analysis Area in 2010 will remain constant through 2035. In this scenario, population, household, and employment growth in Santa Cruz County and the Analysis Area would be extremely slow over the next 25 years, albeit not as slow as in the low estimate. Between 2010 and 2035, the County population is projected to grow by only 16,579 persons, only approximately 660 persons annually. Assuming the Analysis Area maintains a similar proportion of county population over the period, the Analysis Area will only grow by 3,000 persons, or 120 per annum. Assuming a similar rate of household growth, the County will gain only 5,945 households between 2010 and

²² State of California, Department of Finance, *Interim Population Projections for California and Its Counties 2010-2050*, Sacramento, California, May 2012.

²³ AMBAG is currently in the process of updating their projections, but these numbers were not prepared in time to be incorporated into the analysis here.

2035, and the Analysis Area will only gain 1,189 households, or approximately 48 households per year.

Employment growth in the County over the 25-year period to 2035 would be extremely limited in this scenario, with growth estimated at only 6,635 jobs; for the Analysis Area, growth is projected as only 1,000 jobs, or 40 jobs per year. It should be noted that the projections methodology assumes a constant ratio of jobs to population; to the extent that the County can create additional employment opportunities such that out-commuting to the San Francisco Bay Area can be lessened, actually employment growth could be greater than estimated here and under the other scenarios.

High Projection

For the high estimate, BAE has assumed a modest increase in the Analysis Area share of County population over time, increasing from just below 18 percent in 2010 to 18.75 percent in 2035. This might occur with the addition of improved transit access and an increased emphasis on denser infill development could lead to a higher capture of population and household growth. Given the relatively slow growth of the County overall, a higher rate than this would appear overly aggressive, since at a higher rate, the Analysis Area grows faster than the County overall between 2030 and 2035.²⁴ This scenario would lead to a population increase of 5,260 persons in the Analysis Area. As with the low estimate, the ratio of households to population and jobs to population is assumed to remain constant. The number of Analysis Area households would grow by 2,149, or 86 households per year. The number of Analysis Area jobs would increase by approximately 1,800, or about 75 jobs annually.

²⁴ However, if the overall population of the County increased more rapidly than DOF estimates, this would not be the case.

Table 38: Projected Population, Housing Units, and Employment Growth, 2010-2035**Low Projection**

Population	2010	2015	2020	2025	2030	2035	% Change 2010-2035
Analysis Area	47,190	47,320	47,460	47,590	47,720	47,860	1.4%
Santa Cruz County	263,132	266,526	270,776	274,864	278,008	279,711	6.3%
Households							
Analysis Area	19,311	19,360	19,420	19,470	19,530	19,590	1.4%
Santa Cruz County	94,355	95,570	97,100	98,560	99,690	100,300	6.3%
Employment							
Analysis Area	16,042	16,130	16,180	16,230	16,270	16,320	1.7%
Santa Cruz County	105,900	107,270	108,980	110,620	111,890	112,570	6.3%

Middle Projection

Population	2010	2015	2020	2025	2030	2035	% Change 2010-2035
Analysis Area	47,190	47,800	48,560	49,290	49,850	50,160	6.3%
Santa Cruz County	263,132	266,526	270,776	274,864	278,008	279,711	6.3%
Households							
Analysis Area	19,311	19,560	19,870	20,170	20,400	20,530	6.3%
Santa Cruz County	94,355	95,570	97,100	98,560	99,690	100,300	6.3%
Employment							
Analysis Area	16,042	16,250	16,510	16,760	16,950	17,050	6.3%
Santa Cruz County	105,900	107,270	108,980	110,620	111,890	112,570	6.3%

High Projection

Population	2010	2015	2020	2025	2030	2035	% Change 2010-2035
Analysis Area	47,190	47,800	48,740	50,160	51,430	52,450	11.1%
Santa Cruz County	263,132	266,526	270,776	274,864	278,008	279,711	6.3%
Households							
Analysis Area	19,311	19,560	19,950	20,530	21,050	21,460	11.1%
Santa Cruz County	94,355	95,600	97,100	98,600	99,700	100,300	6.3%
Employment							
Analysis Area	16,042	16,300	16,620	17,100	17,530	17,880	11.5%
Santa Cruz County	105,900	107,300	109,000	110,600	111,900	112,600	6.3%

Source: BAE, based on 2010 U.S. Census, 2010 American Community Survey, and CA State Department of Finance, *Interim Population Projections for California and Its Counties 2010-2050*, Sacramento, California, May 2012.

Housing Demand in Analysis Area

The household growth estimates above provide the basis for estimating a range of demand for additional housing in the Analysis Area. Based on the estimates derived through this methodology, the Analysis Area is estimated to have the potential for an additional 290 to 2,260 housing units between 2010 and 2035.

Based on 20 dwelling units per acre, it would take 14.5 and 113.0 acres to accommodate this household growth. By increasing density, less land would be required; at 60 units per acre, only 4.8 to 37.7 acres of land would be required. The middle or high estimates would represent the equivalent of one 50- to 90-unit housing project built in the Analysis Area per year.

Table 39: Residential Demand, 2010-2035

	<u>Low</u>	<u>Middle</u>	<u>High</u>
Additional Households in Analysis Area (a)	280	1,220	2,150
New Housing Units, 2010-2035 (b)	290	1,280	2,260
Acreage Demand			
<u>DU per acre</u>			
20	14.5	64.0	113.0
35	8.3	36.6	64.6
60	4.8	21.3	37.7

Notes:

(a) New households based on previous table. Rounded to nearest 10.

(b) Adds in a 5% vacancy factor. Rounded to nearest 10.

Source: BAE, 2012.

Recommended Residential Product Types

- Small lot single family homes (including neo-traditional and new urbanist product types) and townhomes targeted to young families and empty nesters
- Alternative ownership models such as co-housing and cooperatives
- Affordable rental housing targeted to seniors (62+)
- Assisted living and continuum of care housing types for seniors 75+ in need of supportive services and looking to age in place
- Accessory Dwelling Units (ADUs) for students and seniors
- Medium density (20 du/acre plus) rental housing along high capacity transit corridors targeted to student households and young (25-34) single adults

Office and Industrial Space Demand in Analysis Area

Table 40 presents preliminary demand estimates for office and production, distribution, and repair (PDR) uses for the Analysis Areas from 2010 to 2035. As with the residential demand estimate, this demand estimate is built off of the three scenarios for overall employment projections discussed

above First, the overall employment is allocated by industry, based on current patterns. Then, an occupation by employment matrix was used to generate space demand by land use type, on the assumption that certain occupations are more likely to occupy certain types of space (e.g., clerical workers would occupy office space). Details regarding this estimate can be found in Appendix F.

In total, estimated new employment growth in the Analysis Area would generate demand for between 22,500 and 147,500 square feet of office space, and between 18,700 and 120,700 square feet of PDR space. Note that these estimates are driven in part by countywide population growth and the current jobs-housing balance, which is based on a substantial outflow of commuters to Silicon Valley and beyond. In the long-term, factors such as rising transportation costs, increased telecommuting, or policies encouraging employers to move to Santa Cruz County might lead to a better balance between jobs and employed residents and employment increases in the Analysis Area beyond what is estimated here.

Table 40: Estimate of New Office and PDR Space Demand in Analysis Area 2010-2035**Low Projections**

	New Jobs 2010- 2035 (b)	Jobs by Place of Work (a)			
		Office		PDR	
		%	Number	%	Number
Agriculture, forestry, fishing and hunting, and mining	0	20%	0	0.1%	0
Construction	20	15%	3	5%	1
Manufacturing	10	30%	3	60%	6
Wholesale trade	10	65%	7	15%	2
Retail trade	30	10%	3	5%	2
Transportation and warehousing, and utilities	20	25%	5	23%	5
Information	0	90%	0	5%	0
Finance and insurance, and real estate and rental and leasing	20	67%	13	0%	0
Professional, scientific, & mngmnt, & adm & waste mngmnt services	30	72%	22	4%	1
Educational services, and health care and social assistance	90	31%	28	0%	0
Arts, entertainment, & recreation, & accommodation & food services	30	2%	1	0%	0
Other services (except public administration)	20	25%	5	25%	5
Public administration	0	20%	0	0%	0
Total New Jobs, 2010-2035	280		90		22
Sq. Ft. per Employee (c)			250		850
Projected Demand			22,500		18,700

Middle Projection

	New Jobs 2010- 2035 (b)	Jobs by Place of Work (a)			
		Office		PDR	
		%	Number	%	Number
Agriculture, forestry, fishing and hunting, and mining	10	20%	2	0.1%	0
Construction	80	15%	12	5%	4
Manufacturing	50	30%	15	60%	30
Wholesale trade	30	65%	20	15%	5
Retail trade	110	10%	11	5%	6
Transportation and warehousing, and utilities	60	25%	15	23%	14
Information	10	90%	9	5%	1
Finance and insurance, and real estate and rental and leasing	60	67%	40	0%	0
Professional, scientific, & mngmnt, & adm & waste mngmnt services	110	72%	79	4%	5
Educational services, and health care and social assistance	320	31%	98	0%	0
Arts, entertainment, & recreation, & accommodation & food services	90	2%	2	0%	0
Other services (except public administration)	70	25%	18	25%	18
Public administration	10	20%	2	0%	0
Total New Jobs, 2010-2035	1,010		323		83
Sq. Ft. per Employee (c)			250		850
Projected Demand			80,750		70,550

High Projection

	New Jobs 2010- 2035 (b)	Jobs by Place of Work (a)			
		Office		PDR	
		%	Number	%	Number
Agriculture, forestry, fishing and hunting, and mining	10	20%	2	0.1%	0
Construction	140	15%	21	5%	7
Manufacturing	80	30%	24	60%	48
Wholesale trade	50	65%	33	15%	8
Retail trade	200	10%	20	5%	10
Transportation and warehousing, and utilities	100	25%	25	23%	23
Information	30	90%	27	5%	2
Finance and insurance, and real estate and rental and leasing	100	67%	67	0%	0
Professional, scientific, & mngmnt, & adm & waste mngmnt services	210	72%	151	4%	9
Educational services, and health care and social assistance	580	31%	178	0%	0
Arts, entertainment, & recreation, & accommodation & food services	170	2%	3	0%	0
Other services (except public administration)	140	25%	35	25%	35
Public administration	20	20%	4	0%	0
Total New Jobs, 2010-2035	1,830		590		142
Sq. Ft. per Employee (c)			250		850
Projected Demand			147,500		120,700

Notes:

(a) The percent of jobs by place of work is estimated by BAE based on distribution by place of work data by NAICS category from the National Employment Matrix of occupations by industry from the U.S. Bureau of Labor Statistics (BLS). Within each sector, the percentage of jobs in office, retail, and PDR locations do not total 100% because some jobs are in other locations. These jobs at other locations include retail stores, government-owned buildings, schools, non-place-based workers, hotels, hospitals, and home-based workers. Number of workers as calculated is rounded to nearest whole number.

(b) New jobs based on BAE estimates as shown in Appendix F.

(c) Sq. Ft. per employee based in part on industry standards as well as on a Southern California Association of Governments (SCAG) Employment Density Study.

Recommended Office and PDR Product Types

- Highly flexible and easily divisible office and flex buildings targeted to the expansion needs of businesses and entrepreneurs in the innovation economy
- Small to medium-sized medical office buildings and in-patient clinics to replace existing medical office space which may soon become technologically and functionally obsolete
- Co-working facilities (5,000 to 15,000 square feet) located in stand-alone or mixed-use configurations and geared to young entrepreneurs and start-up companies

Retail Demand in Analysis Area

The following section is based on the analysis of retail conditions above, rather than on projected employment growth. Because of the retail conditions in the area, which are closely enmeshed with the regional retail conditions and particularly because Capitola (and to a lesser degree Santa Cruz city) and the Analysis Area cannot really be considered as distinct retail markets, this discussion does not provide an quantitative estimate of retail demand, but focuses instead on qualitative factors that could lead to new retail development or redevelopment of existing retail nodes in the Analysis Area.

Santa Cruz County provides a broad array of retail offerings to meet the needs of local residents and visitors. However, per capita sales overall and in some retail store categories are below statewide levels; these categories tend to be for outlets selling “comparison” goods, such as cars, furniture, and apparel that are not bought on a regular daily or weekly basis. This indicates that the larger range of retail offerings over the hill in Santa Clara County and the San Francisco Bay Area are attracting Santa Cruz shoppers. The larger population base located there provides the critical mass necessary to support certain types of retail, especially higher-end stores such as the department and apparel stores at Valley Fair Mall and Stanford Mall, clusters of automotive dealers providing brands and opportunities for comparison shopping not available in Santa Cruz County, and high-end “lifestyle retail” such as Santana Row. While there may be some potential for capturing within Santa Cruz County some of the retail outflows to these destinations, the smaller population base and limited growth within the County make unlikely the development of substantial quantities of additional higher-end retail. Another type of retail that has historically been lacking outside Watsonville is discount general merchandise stores such as Walmart and Target. However, the impending opening of Target in Capitola Mall will largely fill this gap.

The Analysis Area itself has low per capita retail sales overall, which might make it appear to be underserved by retail, but functionally the Analysis Area is part of a larger retail trade area, even for local-serving stores such as supermarkets. The area wraps around Capitola, which clearly acts as a



regional node attracting shoppers from the Analysis Area to a broad array of retail ranging from grocery stores to mall department stores. Santa Cruz city also offers a wide range of shopping opportunities in close proximity to Analysis Area residents.

Currently, the Analysis Area has two region-serving shopping centers: the Toys “R” Us/Marshall’s center on Commercial Way, and the Home Depot/Best Buy/Safeway center on 41st between Highway 1 and Soquel Drive. These centers fill market niches, providing chain retail stores (e.g., home improvement center, electronics/appliance store, toy store) not found elsewhere in this part of the County. These two centers also demonstrate that given sites of sufficient size, visibility, and access, the Analysis Area can attract region-serving retail stores. For example, the Marshall’s re-tenanting of the closed Circuit City in relatively short order demonstrates demand for larger retail spaces when they become available. While a variety of national retailers might consider Santa Cruz County, one example of an expanding retailer that might be a good fit with the outdoor recreational focus of the area would be REI or Sports Authority. REI has a number of stores in the San Francisco region and throughout California, and has been expanding, with recent store openings in Dublin and Santa Barbara. There may also be other apparel retailers such as Marshall’s that are not already represented in Santa Cruz County.

Nevertheless, further opportunities for additional regional retail development are constrained, given the limited growth projected for the area in the foreseeable future and the few gaps remaining in the area’s retail mix. As new retail moves in, older retailer in functionally obsolete and deteriorated centers might close, creating opportunities for rehabilitation or redevelopment in other uses and at more transit-friendly densities. Because the County’s primary tourism destinations are elsewhere, visitor-serving retail is unlikely to be a significant factor driving additional retail development in the area.

For more local-serving retail and services, the Analysis Area may have some potential for additional development, in order to provide residents with more localized access. In particular, Twin Lakes and Live Oak south of Highway 1 have few nearby places for residents to buy everyday items, and the existing retail is often found in aging structures and centers. However, the potential for development in this part of the Analysis Area is limited due to the lack of regional access, so any new retail would have to be supported largely by the local population (and any visitors to the area). Potential retailers would include a supermarket; because of the strong competition from stores outside this subarea, this store could be a smaller more convenience-oriented store such as Fresh & Easy Neighborhood Market, an expanding chain of supermarkets typically around 15,000 square feet in size; a similar but related concept would be a Smart & Final store. Such a store might also be a viable option in other portions of the Analysis Area. Other candidates for



local serving retail might include drug stores or other health and beauty supply stores, and ancillary smaller shops and service businesses such as cell phone stores, hair salons, small neighborhood restaurants (e.g., Subway or independent restaurants), dry cleaners, opticians, small clothing or clothing accessory stores, medical/dental/veterinary offices, health & fitness centers, flower shops, and banks.

Throughout the Analysis Area, the best opportunities for new retail might be through redevelopment or replacement of aging or functionally obsolete existing properties, including both retail and other land uses. The recent proposal by Safeway to redevelop the Rancho del Mar demonstrates that retailers do have an interest in this kind of development in the Analysis Area, although the ultimate reconfiguration of that center will depend in large part on how community concerns are addressed. Any redevelopment, replacement, or new development also presents an opportunity to encourage mixed-use and denser development to promote the use of transit and create more pedestrian-friendly environments in the Analysis Area.

Recommended Retail Product Types

- Small increments of neighborhood serving retail uses to serve new households in the Analysis Area
- Specialty retailers serving a regional or sub-regional market and geared particularly to the outdoors and environmental recreation market (e.g., REI, Any Mountain, etc.)

Support for Additional Lodging Uses in Analysis Area

This Study does not specifically include a detailed quantified demand estimate for lodging uses in the Analysis Area, but market research suggests that the current supply of lodging uses in the Analysis Area does not currently meet the needs of visitors to the County in terms of the quality and types of hotels and resort options currently offered. Specifically, there appears to be a gap in the local marketplace for specialized lodging and spa options catering to visitors drawn to Santa Cruz for its environmental amenities and lifestyle. Lodging product types that would be supported in the Analysis Area include:

- Specialized boutique hotels offering a higher level of service and amenities than currently found in the Santa Cruz marketplace
- Comprehensive hotel resorts including restaurants and spas targeted to environmental and sports recreational tourism

APPENDIX A: POPULATION AND HOUSEHOLD DATA

Appendix Table A-1: Population Trends, 2000-2017

Area	2000	2012	Percent Change 2000-2012	2017	Percent Change 2012-2017
Aptos					
Total	6,087	6,117	0.5%	6,092	-0.4%
in Households	5,998	6,033	0.6%	6,010	-0.4%
in Group Quarters	89	84	-5.6%	82	-2.4%
Live Oak					
Total	16,825	17,430	3.6%	17,681	1.4%
in Households	16,231	16,988	4.7%	17,251	1.5%
in Group Quarters	594	442	-25.6%	430	-2.7%
Pleasure Point (b)					
Total	6,195	5,734	-7.4%	5,520	-3.7%
in Households	6,113	5,718	-6.5%	5,505	-3.7%
in Group Quarters	82	16	-80.5%	15	-6.3%
Seacliff					
Total	3,210	3,285	2.3%	3,336	1.6%
in Households	3,210	3,285	2.3%	3,336	1.6%
in Group Quarters	0	0	N/A	0	N/A
Soquel					
Total	9,641	9,762	1.3%	9,875	1.2%
in Households	9,588	9,720	1.4%	9,833	1.2%
in Group Quarters	53	42	-20.8%	42	0.0%
Twin Lakes					
Total	4,967	4,326	-12.9%	4,056	-6.2%
in Households	4,842	4,204	-13.2%	3,937	-6.4%
in Group Quarters	125	122	-2.4%	119	-2.5%
Analysis Area (a)					
Total Population	46,925	46,654	-0.6%	46,560	-0.2%
in Households	45,982	45,948	-0.1%	45,872	-0.2%
in Group Quarters	943	706	-25.1%	688	-2.5%
Santa Cruz County					
Total Population	255,602	262,804	2.8%	264,279	0.6%
in Households	246,574	251,668	2.1%	252,680	0.4%
in Group Quarters	9,028	11,136	23.3%	11,599	4.2%
State of California					
Total Population	33,871,648	37,718,293	11.4%	39,018,295	3.4%
in Households	33,051,894	36,897,242	11.6%	38,194,022	3.5%
in Group Quarters	819,754	821,051	0.2%	824,273	0.4%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

Appendix Table A-2: Household Trends, 2000-2017

Area	2000	2012	Percent Change 2000-2012	2017	Percent Change 2012-2017
Aptos					
Number of Households	2,428	2,473	1.9%	2,465	-0.3%
Average Household Size	2.47	2.44	-1.2%	2.44	0.0%
Live Oak					
Number of Households	6,278	6,582	4.8%	6,713	2.0%
Average Household Size	2.59	2.58	-0.4%	2.57	-0.4%
Opal Cliffs/Pleasure Point					
Number of Households	2,731	2,621	-4.0%	2,517	-4.0%
Average Household Size	2.24	2.18	-2.7%	2.19	0.5%
Seacliff					
Number of Households	1,549	1,554	0.3%	1,595	2.6%
Average Household Size	2.07	2.11	1.9%	2.09	-0.9%
Soquel					
Number of Households	3,819	3,990	4.5%	4,066	1.9%
Average Household Size	2.51	2.44	-2.8%	2.42	-0.8%
Twin Lakes					
Number of Households	2,153	1,948	-9.5%	1,829	-6.1%
Average Household Size	2.25	2.16	-4.0%	2.15	-0.5%
Analysis Area (a)					
Number of Households	18,958	19,168	1.1%	19,185	0.1%
Average Household Size	2.43	2.40	-1.2%	2.39	-0.3%
Santa Cruz County					
Number of Households	91,139	94,551	3.7%	95,075	0.6%
Average Household Size	2.71	2.66	-1.8%	2.66	0.0%
State of California					
Number of Households	11,502,870	12,732,704	10.7%	13,174,831	3.5%
Average Household Size	2.87	2.90	1.0%	2.90	0.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

Appendix Table A-3: Household Composition, 2010

Household Type (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Non-Family									
Single Person	23.3%	28.2%	34.5%	32.8%	28.8%	36.6%	30.2%	26.4%	23.3%
2+ Persons	8.0%	11.9%	15.5%	14.4%	9.8%	18.3%	12.6%	12.4%	8.0%
Non-Family Households	31.3%	40.1%	50.0%	47.2%	38.7%	54.9%	42.9%	38.8%	31.3%
Family									
Married Couple	49.4%	41.4%	35.6%	35.9%	44.9%	30.1%	41.1%	45.9%	49.4%
Other Family	19.3%	18.5%	14.4%	16.9%	16.4%	15.0%	16.0%	15.3%	19.3%
Family Households	68.7%	59.9%	50.0%	52.8%	61.3%	45.1%	57.1%	61.2%	68.7%
Households with Children Under 18	26.9%	32.3%	23.6%	23.0%	29.6%	20.8%	27.8%	31.0%	37.5%
Average Household Size	2.41	2.59	2.20	2.13	2.45	2.15	2.40	2.66	2.90

Notes:

(a) A family is a group of two people or more related by birth, marriage, or adoption and residing together.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: US Census, 2010; BAE, 2012.

Appendix Table A-4: Educational Attainment, Population Age 25+

Educational Attainment (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Less than 9th Grade	3.0%	9.5%	6.4%	3.6%	2.7%	3.6%	5.7%	9.7%	10.4%
9th to 12th Grade, No Diploma	2.5%	8.2%	4.1%	2.8%	3.0%	3.3%	4.9%	6.2%	8.9%
High School Graduate (incl. Equivalency)	13.2%	19.1%	15.4%	13.4%	21.1%	19.0%	17.8%	16.8%	21.5%
Some College, No Degree	27.5%	21.4%	20.3%	34.9%	25.7%	30.3%	25.0%	22.0%	21.5%
Associate Degree	11.6%	9.7%	10.6%	5.1%	9.9%	8.9%	9.7%	8.0%	7.7%
Bachelor's Degree	24.7%	20.7%	28.4%	25.3%	23.4%	22.2%	23.2%	23.3%	19.2%
Graduate/Professional Degree	17.4%	11.4%	14.7%	15.0%	14.1%	12.6%	13.6%	13.9%	10.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Population 25+ with College Degree	53.7%	41.8%	53.7%	45.4%	47.4%	43.7%	46.6%	45.3%	37.7%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table A-5: Age Distribution, 2000-2012

Age Cohort	Aptos		Live Oak		Pleasure Point		Seacliff		Soquel		Twin Lakes	
	2000	2012	2000	2012	2000	2012	2000	2012	2000	2012	2000	2012
Under 18	21.0%	18.4%	23.5%	22.5%	18.4%	19.1%	16.8%	18.3%	23.9%	20.1%	17.3%	19.5%
18-24	6.0%	10.9%	9.7%	12.0%	9.8%	9.5%	7.6%	8.1%	7.4%	12.7%	15.5%	12.0%
25-34	10.3%	8.6%	14.9%	10.2%	18.6%	9.9%	17.1%	8.0%	11.6%	9.7%	21.1%	14.4%
35-44	17.2%	10.1%	17.8%	14.2%	18.1%	17.6%	18.9%	16.3%	17.9%	11.1%	14.5%	16.7%
45-54	19.4%	18.2%	15.5%	15.0%	17.8%	18.3%	18.9%	19.7%	19.1%	18.0%	11.7%	12.3%
55-64	10.6%	16.7%	7.2%	14.0%	7.2%	14.8%	9.7%	16.5%	8.8%	15.9%	6.0%	11.3%
65-84	13.5%	13.9%	8.6%	9.2%	7.9%	9.1%	9.9%	11.0%	9.9%	10.6%	11.2%	9.7%
85 or older	2.0%	3.3%	2.8%	2.9%	2.2%	1.8%	1.1%	2.0%	1.4%	2.0%	2.8%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age	42.4	46.1	36.1	38.7	36.8	41.5	39.5	44.5	38.9	41.8	33.2	37.5

Age Cohort	Analysis Area (a)		Santa Cruz County		State of CA	
	2000	2012	2000	2012	2000	2012
Under 18	21.5%	20.5%	23.8%	22.5%	27.3%	25.7%
18-24	9.2%	11.4%	11.9%	15.2%	9.9%	10.0%
25-34	14.9%	10.1%	14.4%	10.1%	15.4%	14.5%
35-44	17.5%	13.8%	16.5%	12.8%	16.2%	14.1%
45-54	16.9%	16.5%	15.9%	15.0%	12.8%	14.1%
55-64	8.0%	14.8%	7.6%	13.2%	7.7%	10.4%
65-84	9.8%	10.3%	8.5%	9.2%	9.4%	9.6%
85 or older	2.2%	2.7%	1.5%	1.9%	1.3%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age	37.5	40.8	35.0	36.7	33.3	34.8

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Census, 2000; Nielsen, 2012; BAE, 2012.

Appendix Table A-6: Ethnicity, 2000-2012

Ethnicity	Aptos			Twin Lakes		
	2000 % of Total	2012 % of Total	% Change 2000-2012	2000 % of Total	2012 % of Total	% Change 2000-2012
Non-Hispanic	93.0%	89.6%	-3.7%	77.5%	77.4%	-0.1%
White	86.7%	80.7%	-6.9%	70.4%	69.3%	-1.4%
Black/African American	0.5%	0.9%	63.0%	0.8%	1.2%	44.7%
American Indian/Alaskan Native	0.4%	0.3%	-26.4%	0.4%	0.7%	80.4%
Asian	2.5%	4.2%	66.8%	2.3%	2.5%	7.1%
Native Hawaiian/Pacific Islander	0.1%	0.1%	49.4%	0.1%	0.1%	0.8%
Some Other Race	0.3%	0.2%	-41.4%	0.4%	0.2%	-34.1%
2+ Races	2.5%	3.2%	25.9%	3.0%	3.2%	5.6%
Hispanic	7.0%	10.4%	50.0%	22.5%	22.6%	0.5%
Total	100.0%	100.0%		100.0%	100.0%	

Ethnicity	Live Oak			Analysis Area (a)		
	2000 % of Total	2012 % of Total	% Change 2000-2012	2000 % of Total	2012 % of Total	% Change 2000-2012
Non-Hispanic	78.0%	71.1%	-8.9%	84.3%	78.5%	-6.8%
White	69.0%	61.7%	-10.5%	76.4%	70.0%	-8.4%
Black/African American	1.2%	1.2%	-4.4%	1.0%	1.0%	4.1%
American Indian/Alaskan Native	0.7%	0.4%	-44.4%	0.5%	0.4%	-25.3%
Asian	3.7%	4.5%	23.9%	2.9%	3.7%	26.2%
Native Hawaiian/Pacific Islander	0.1%	0.2%	98.4%	0.1%	0.1%	7.7%
Some Other Race	0.3%	0.2%	-43.1%	0.3%	0.2%	-36.6%
2+ Races	3.0%	2.8%	-6.6%	2.9%	3.1%	4.9%
Hispanic	22.0%	28.9%	31.6%	15.7%	21.5%	36.5%
Total	100.0%	100.0%		100.0%	100.0%	

Ethnicity	Pleasure Point			Santa Cruz County		
	2000 % of Total	2012 % of Total	% Change 2000-2012	2000 % of Total	2012 % of Total	% Change 2000-2012
Non-Hispanic	87.5%	79.5%	-9.2%	73.2%	67.1%	-8.4%
White	80.2%	73.0%	-9.0%	65.5%	58.6%	-10.5%
Black/African American	0.9%	0.8%	-15.1%	0.8%	0.9%	4.6%
American Indian/Alaskan Native	0.6%	0.5%	-26.0%	0.5%	0.4%	-22.5%
Asian	2.1%	2.4%	11.3%	3.3%	4.2%	26.4%
Native Hawaiian/Pacific Islander	0.1%	0.1%	-49.4%	0.1%	0.1%	-9.9%
Some Other Race	0.4%	0.3%	-24.1%	0.3%	0.2%	-35.6%
2+ Races	3.1%	2.5%	-20.3%	2.6%	2.7%	3.3%
Hispanic	12.5%	20.5%	64.2%	26.8%	32.9%	22.9%
Total	100.0%	100.0%		100.0%	100.0%	

Ethnicity	Seacliff			State of California		
	2000 % of Total	2012 % of Total	% Change 2000-2012	2000 % of Total	2012 % of Total	% Change 2000-2012
Non-Hispanic	92.7%	83.9%	-9.4%	67.6%	61.5%	-9.1%
White	86.7%	76.1%	-12.2%	46.7%	39.0%	-16.4%
Black/African American	0.6%	0.8%	35.7%	6.4%	5.7%	-11.4%
American Indian/Alaskan Native	0.7%	0.7%	2.2%	0.5%	0.4%	-20.7%
Asian	1.8%	2.9%	62.9%	10.8%	13.2%	22.3%
Native Hawaiian/Pacific Islander	0.1%	0.0%	-100.0%	0.3%	0.4%	14.9%
Some Other Race	0.2%	0.1%	-21.8%	0.2%	0.2%	10.0%
2+ Races	2.7%	3.3%	22.4%	2.7%	2.6%	-2.9%
Hispanic	7.3%	16.1%	120.1%	32.4%	38.5%	18.9%
Total	100.0%	100.0%		100.0%	100.0%	

Ethnicity	Soquel					
	2000 % of Total	2012 % of Total	% Change 2000-2012			
Non-Hispanic	88.3%	82.8%	-6.2%			
White	80.4%	74.3%	-7.5%			
Black/African American	1.0%	0.8%	-13.8%			
American Indian/Alaskan Native	0.4%	0.2%	-41.6%			
Asian	3.2%	3.5%	9.5%			
Native Hawaiian/Pacific Islander	0.2%	0.1%	-38.6%			
Some Other Race	0.4%	0.3%	-33.8%			
2+ Races	2.8%	3.5%	25.6%			
Hispanic	11.7%	17.2%	46.9%			
Total	100.0%	100.0%				

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Nielsen; BAE, 2012.

Appendix Table A-7: Language Spoken at Home, 2000-2012

Language	Aptos		Live Oak		Pleasure Point		Seacliff		Soquel	
	2000	2012	2000	2012	2000	2012	2000	2012	2000	2012
English Only	90.7%	85.3%	75.2%	73.1%	87.4%	87.4%	92.3%	89.6%	84.7%	87.3%
Spanish or Spanish Creole	5.0%	8.3%	19.2%	21.9%	9.8%	9.8%	5.2%	7.3%	9.8%	7.9%
Indo-European	2.4%	4.3%	3.4%	2.8%	2.2%	2.0%	1.9%	1.2%	3.4%	3.4%
Asian and Pacific Islander	1.1%	1.5%	1.9%	1.9%	0.6%	0.8%	0.6%	1.9%	1.6%	1.1%
Other Languages	0.7%	0.7%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.5%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Language	Twin Lakes		Analysis Area (a)		Santa Cruz County		State of CA			
	2000	2012	2000	2012	2000	2012	2000	2012		
English Only	77.7%	75.3%	82.3%	80.8%	72.2%	71.9%	60.5%	57.1%		
Spanish or Spanish Creole	17.6%	21.6%	13.0%	14.7%	22.2%	23.0%	25.8%	28.5%		
Indo-European	3.8%	1.3%	3.1%	2.8%	3.3%	2.8%	4.3%	4.4%		
Asian and Pacific Islander	0.4%	1.8%	1.3%	1.5%	2.0%	2.0%	8.6%	9.1%		
Other Languages	0.5%	0.0%	0.3%	0.2%	0.3%	0.2%	0.8%	0.9%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: Nielsen; BAE, 2012.

Appendix Table A-8: Household Income

Income Category (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Less than \$15,000	8.0%	10.8%	11.2%	9.8%	7.5%	12.0%	9.9%	10.5%	10.4%
\$15,000-\$24,999	5.1%	8.3%	7.4%	13.7%	8.1%	14.5%	8.8%	8.7%	9.5%
\$25,000-\$34,999	7.6%	10.5%	6.8%	8.7%	11.0%	6.7%	9.1%	8.3%	9.1%
\$35,000-\$49,999	6.1%	13.3%	14.2%	10.7%	11.7%	18.9%	12.5%	11.6%	12.7%
\$50,000-\$74,999	17.1%	23.8%	15.2%	15.4%	15.9%	15.3%	18.4%	16.8%	17.6%
\$75,000-\$99,999	14.6%	11.0%	16.1%	16.6%	11.5%	15.0%	13.2%	13.4%	12.8%
\$100,000-\$149,999	20.2%	13.2%	15.7%	16.2%	19.3%	10.2%	15.6%	16.0%	15.0%
\$150,000-\$199,999	12.7%	5.1%	5.2%	3.3%	7.7%	3.3%	6.4%	7.0%	6.4%
\$200,000 or more	8.6%	4.1%	8.3%	5.5%	7.4%	4.2%	6.1%	7.8%	6.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median HH Income (c)	\$82,907	\$57,209	\$61,922	\$61,136	\$67,925	\$48,693	\$60,562	\$65,253	\$60,883
<i>Per Capita Income</i>	<i>\$43,793</i>	<i>\$27,675</i>	<i>\$39,994</i>	<i>\$34,803</i>	<i>\$40,689</i>	<i>\$32,661</i>	<i>\$35,010</i>	<i>\$32,862</i>	<i>\$29,188</i>

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) All incomes adjusted to 2010 dollars.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table A-9: Household Tenure, 2010

	Aptos		Live Oak		Pleasure Point		Seacliff		Soquel		Twin Lakes	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Owners	1,926	75.6%	3,601	55.9%	1,377	52.0%	796	51.8%	2,750	70.3%	820	36.9%
Renters	623	24.4%	2,840	44.1%	1,273	48.0%	740	48.2%	1,162	29.7%	1,403	63.1%
Total HHs	2,549	100.0%	6,441	100.0%	2,650	100.0%	1,536	100.0%	3,912	100.0%	2,223	100.0%

	Analysis Area (a)		Santa Cruz County		State of California	
	Number	%	Number	%	Number	%
Owners	11,270	58.4%	54,229	57.5%	7,035,371	55.9%
Renters	8,041	41.6%	40,126	42.5%	5,542,127	44.1%
Total HHs	19,311	100.0%	94,355	100.0%	12,577,498	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: U.S. Census, 2010; BAE, 2012.

Appendix Table A-10: Employment, March 2012

Geography	Number of Workers		Unemployment Rate (a)
	Employed	In Labor Force	
Aptos/Seacliff	5,400	5,700	5.3%
Live Oak	8,600	9,700	11.3%
Pleasure Point	3,800	4,200	9.5%
Soquel	2,900	3,300	12.1%
Twin Lakes	3,100	3,500	11.4%
Analysis Area (b)	23,800	26,400	9.8%
Santa Cruz County	131,100	151,900	13.7%
California	16,379,200	18,500,700	11.5%

Notes:

(a) Data are not seasonally adjusted.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: CA EDD; BAE, 2012.

APPENDIX B: HOUSING SUPPLY DATA

Appendix Table B-1: Housing Units by Type of Structure

Type of Residence (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Single Family Detached	72.3%	49.3%	48.2%	59.2%	58.5%	40.6%	53.7%	63.0%	58.1%
Single Family Attached	10.2%	16.8%	12.8%	9.7%	10.1%	8.1%	12.3%	9.0%	7.1%
Multifamily 2-4 Units	5.0%	9.6%	13.1%	18.8%	7.8%	15.1%	10.7%	9.2%	8.2%
Multifamily 5-9 Units	0.6%	3.7%	2.3%	3.7%	3.7%	8.9%	3.8%	4.0%	6.1%
Multifamily 10-49 Units	2.0%	5.4%	1.2%	2.7%	1.8%	9.7%	4.0%	5.4%	10.2%
Multifamily 50+	0.0%	4.5%	0.0%	0.0%	0.0%	6.9%	2.3%	2.9%	6.2%
Mobile Home (c)	9.8%	10.7%	22.4%	5.9%	18.0%	10.7%	13.2%	6.6%	4.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Multifamily Housing Units	7.6%	23.2%	16.6%	25.2%	13.4%	40.6%	20.8%	21.4%	30.7%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Includes both standard mobile homes and boats, RVs, vans, and other vehicles that serve as a primary residence.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table B-2: Housing Units by Year Built

Year Built (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
1939 or earlier	1.7%	7.4%	5.7%	9.5%	5.1%	11.1%	6.6%	13.9%	9.7%
1940 to 1949	5.1%	6.9%	19.5%	6.2%	4.8%	4.4%	7.6%	7.5%	6.7%
1950 to 1959	6.8%	8.9%	14.1%	15.7%	4.2%	10.0%	9.2%	10.8%	14.2%
1960 to 1969	22.2%	21.9%	18.6%	23.9%	14.7%	19.3%	19.9%	15.5%	14.0%
1970 to 1979	31.8%	20.2%	15.5%	22.0%	25.7%	25.0%	23.0%	23.1%	18.6%
1980 to 1989	19.5%	20.1%	10.2%	16.9%	28.4%	21.1%	20.0%	14.4%	15.6%
1990 to 1999	6.9%	9.7%	4.7%	2.1%	7.7%	6.3%	7.1%	7.6%	10.6%
2000 or later	<u>5.9%</u>	<u>5.0%</u>	<u>11.7%</u>	<u>3.7%</u>	<u>9.4%</u>	<u>2.8%</u>	<u>6.5%</u>	<u>7.0%</u>	<u>10.5%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Year Built	1974	1972	1966	1968	1978	1972	1973	1971	1973

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006 to 2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table B-3: Housing Units and Occupancy Status, 2000-2010

Occupancy Status	Aptos/Seacliff				Live Oak			
	2000		2010		2000		2010	
	#	%	#	%	#	%	#	%
Occupied Housing Units	4,055	90.4%	4,085	88.2%	6,216	97.0%	6,441	95.8%
Vacant Housing Units	431	9.6%	549	11.8%	189	3.0%	285	4.2%
For Rent	41	0.9%	24	0.5%	39	0.6%	55	0.8%
For Sale Only	23	0.5%	43	0.9%	15	0.2%	68	1.0%
Rented or Sold, Not Occupied	24	0.5%	20	0.4%	27	0.4%	28	0.4%
For Seasonal, Recreational, or Occasional Use	327	7.3%	373	8.0%	70	1.1%	63	0.9%
For Migrant Workers	1	0.0%	0	0.0%	0	0.0%	0	0.0%
Other	15	0.3%	89	1.9%	38	0.6%	71	1.1%
Total Housing Units	4,486	100.0%	4,634	100.0%	6,405	100.0%	6,726	100.0%
				3%				5%
Occupancy Status	Pleasure Point				Soquel			
	2000		2010		2000		2010	
	#	%	#	%	#	%	#	%
Occupied Housing Units	2,843	89.7%	2,650	85.7%	3,888	96.1%	3,912	95.3%
Vacant Housing Units	326	10.3%	441	14.3%	159	3.9%	195	4.7%
For Rent	45	1.4%	58	1.9%	36	0.9%	29	0.7%
For Sale Only	26	0.8%	46	1.5%	19	0.5%	40	1.0%
Rented or Sold, Not Occupied	17	0.5%	7	0.2%	22	0.5%	14	0.3%
For Seasonal, Recreational, or Occasional Use	219	6.9%	276	8.9%	54	1.3%	67	1.6%
For Migratory Workers	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other	19	0.6%	54	1.7%	28	0.7%	45	1.1%
Total Housing Units	3,169	100.0%	3,091	100.0%	4,047	100.0%	4,107	100.0%
				-2.5%				1.5%
Occupancy Status	Analysis Area (a)				Santa Cruz County			
	2000		2010		2000		2010	
	#	%	#	%	#	%	#	%
Occupied Housing Units	19,411	93.1%	19,311	90.7%	91,139	92.2%	94,355	90.3%
Vacant Housing Units	1,441	6.9%	1,988	9.3%	7,734	7.8%	10,121	9.7%
For Rent	189	0.9%	223	1.0%	934	0.9%	1,446	1.4%
For Sale Only	89	0.4%	227	1.1%	424	0.4%	864	0.8%
Rented or Sold, Not Occupied	101	0.5%	83	0.4%	474	0.5%	429	0.4%
For Seasonal, Recreational, or Occasional Use	947	4.5%	1,161	5.5%	5,051	5.1%	5,609	5.4%
For Migratory Workers	1	0.0%	0	0.0%	24	0.0%	100	0.1%
Other	114	0.5%	294	1.4%	827	0.8%	1,673	1.6%
Total Housing Units	20,852	100.0%	21,299	100.0%	98,873	100.0%	104,476	100.0%
Occupancy Status	Twin Lakes				State of California			
	2000		2010		2000		2010	
	#	%	#	%	#	%	#	%
Occupied Housing Units	2,409	87.8%	2,223	81.1%	11,502,870	94.2%	12,577,498	91.9%
Vacant Housing Units	336	12.2%	518	18.9%	711,679	5.8%	1,102,583	8.1%
For Rent	28	1.0%	57	2.1%	190,321	1.6%	374,610	2.7%
For Sale Only	6	0.2%	30	1.1%	92,197	0.8%	154,775	1.1%
Rented or Sold, Not Occupied	11	0.4%	14	0.5%	50,846	0.4%	54,635	0.4%
For Seasonal, Recreational, or Occasional Use	277	10.1%	382	13.9%	236,857	1.9%	302,815	2.2%
For Migratory Workers	0	0.0%	0	0.0%	2,205	0.0%	2,100	0.0%
Other	14	0.5%	35	1.3%	139,253	1.1%	213,648	1.6%
Total Housing Units	2,745	100.0%	2,741	100.0%	12,214,549	100.0%	13,680,081	100.0%

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County, including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Sources: US Census, 2000; US Census, 2010; BAE, 2012.

APPENDIX C: COMMUTE DATA

Appendix Table C-1: Commute Flows

Residents of Aptos - Place of Work			Residents of Live Oak - Place of Work			Residents of Pleasure Point - Place of Work		
Place of Work	Number	% Total	Place of Work	Number	% Total	Place of Work	Number	% Total
In Santa Cruz County	2,652	80.3%	In Santa Cruz County	6,579	84.2%	In Santa Cruz County	2,124	76.4%
All Other Locations	651	19.7%	All Other Locations	1,237	15.8%	All Other Locations	655	23.6%
Total	3,303	100.0%	Total	7,816	100.0%	Total	2,779	100.0%
Residents of Seacliff - Place of Work			Residents of Soquel - Place of Work			Residents of Twin Lakes - Place of Work		
Place of Work	Number	% Total	Place of Work	Number	% Total	Place of Work	Number	% Total
In Santa Cruz County	1,051	70.7%	In Santa Cruz County	3,589	79.6%	In Santa Cruz County	1,944	78.5%
All Other Locations	435	29.3%	All Other Locations	920	20.4%	All Other Locations	533	21.5%
Total	1,486	100.0%	Total	4,509	100.0%	Total	2,477	100.0%
Working Residents of Analysis Area (a)			Working Residents of Santa Cruz County					
Place of Work	Number	% Total	Place of Work	Number	% Total			
In Santa Cruz County	17,939	80.2%	In Santa Cruz County	93,245	76.6%			
All Other Locations	4,431	19.8%	All Other Locations	28,461	23.4%			
Total	22,370	100.0%	Total	121,706	100.0%			

Note:

(a) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

Workers include members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed.

Sources: 2006-2010 American Community Survey; BAE, 2012.

Appendix Table C-2: Means of Transportation to Work, Workers Age 16+

Means of Transportation (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Drove Alone (incl. Motorcycle)	76.8%	71.8%	73.8%	83.6%	80.5%	69.4%	75.0%	71.1%	73.0%
Carpooled	3.3%	10.0%	7.9%	8.8%	6.0%	12.9%	8.2%	11.4%	11.9%
Bus or Trolley Bus	0.3%	4.6%	4.7%	0.7%	2.2%	0.7%	2.8%	3.0%	3.8%
Other Public Transportation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.3%
Bicycle	3.1%	2.6%	2.6%	0.4%	2.2%	4.1%	2.6%	2.9%	0.9%
Walked	0.6%	4.5%	1.5%	1.6%	2.2%	2.7%	2.7%	4.1%	2.8%
Other Means	0.7%	0.5%	0.4%	0.0%	2.0%	1.7%	0.9%	1.2%	1.3%
Worked at Home	15.1%	6.1%	9.1%	4.9%	5.1%	8.6%	7.8%	6.3%	5.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Workers Who Traveled to Work on Public Transportation or Non-Motorized Transportation (c)	4.8%	12.2%	9.2%	2.7%	8.4%	9.2%	9.0%	11.3%	10.2%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Excludes those who drove alone, carpooled, or worked at home.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table C-3: Average Commute Time, Workers Age 16+

Average Commute Time (a)	Aptos	Live Oak	Pleasure Point	Seacliff	Soquel	Twin Lakes	Analysis Area (b)	Santa Cruz County	State of California
Worked in county of residence (c)	18.4	18.9	N/A	19.7	N/A	16.4	16.6	18.9	23.1
Worked outside of county of residence	48.2	54.4	N/A	43.0	N/A	39.9	48.6	46.2	44.5

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) This represents average commute times for workers 16 years and over who did not work from home, and varies slightly from total employed residents presented in other tables due to different population universes. This calculation excludes workers in Pleasure Point and Soquel, because ACS data was not available for these census designated places.

Sources: ACS, 2006-2010; BAE, 2012.

Appendix Table C-4: Commute Time

Travel Time (a)	Aptos		Live Oak		Pleasure Point		Seacliff		Soquel		Twin Lakes	
	Workers	Percent	Workers	Percent	Workers	Percent	Workers	Percent	Workers	Percent	Workers	Percent
Less than 15 minutes	677	20.5%	2,404	30.8%	666	24.0%	425	39.8%	1,334	59.1%	704	37.7%
15 to 29 minutes	1,179	35.7%	2,792	35.7%	878	31.6%	179	16.8%	398	17.6%	226	12.1%
30 minutes to 44 minutes	511	15.5%	958	12.3%	437	15.7%	108	10.1%	71	3.1%	266	14.2%
45 minutes to 59 minutes	232	7.0%	371	4.7%	246	8.9%	238	22.3%	234	10.4%	154	8.2%
60 minutes to 89 minutes	164	5.0%	619	7.9%	218	7.8%	68	6.4%	147	6.5%	247	13.2%
90 minutes or more	41	1.2%	199	2.5%	82	3.0%	16	1.5%	59	2.6%	97	5.2%
<i>Worked at Home</i>	499	15.1%	473	6.1%	252	9.1%	33	3.1%	13	0.6%	173	9.3%
Total (c)	3,303	100.0%	7,816	100.0%	2,779	100.0%	1,067	100.0%	2,256	100.0%	1,867	100.0%

Travel Time (a)	Analysis Area (b)		Santa Cruz County		State of CA	
	Workers	Percent	Workers	Percent	Workers	Percent
Less than 15 minutes	6,210	27.8%	34,301	28.2%	3,896,339	23.9%
15 to 29 minutes	7,838	35.0%	37,989	31.2%	5,542,404	34.1%
30 minutes to 44 minutes	3,065	13.7%	20,714	17.0%	3,266,282	20.1%
45 minutes to 59 minutes	1,568	7.0%	10,788	8.9%	1,219,928	7.5%
60 minutes to 89 minutes	1,519	6.8%	7,774	6.4%	1,068,206	6.6%
90 minutes or more	432	1.9%	2,492	2.0%	472,927	2.9%
<i>Worked at Home</i>	1,738	7.8%	7,648	6.3%	805,819	5.0%
Total (c)	22,370	100.0%	121,706	100.0%	16,271,905	100.0%

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2006-2010.

(b) Defined by six CDPs in unincorporated Santa Cruz County including Aptos, Live Oak, Pleasure Point, Seacliff, Soquel, and Twin Lakes.

(c) Workers include members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed. Varies slightly from total employed residents presented in other tables due to different population universes.

Sources: ACS, 2006-2010; BAE, 2012.

APPENDIX D: REAL ESTATE MARKET DATA

Appendix Table D-1: Mid-County Office Data, 1Q 2012



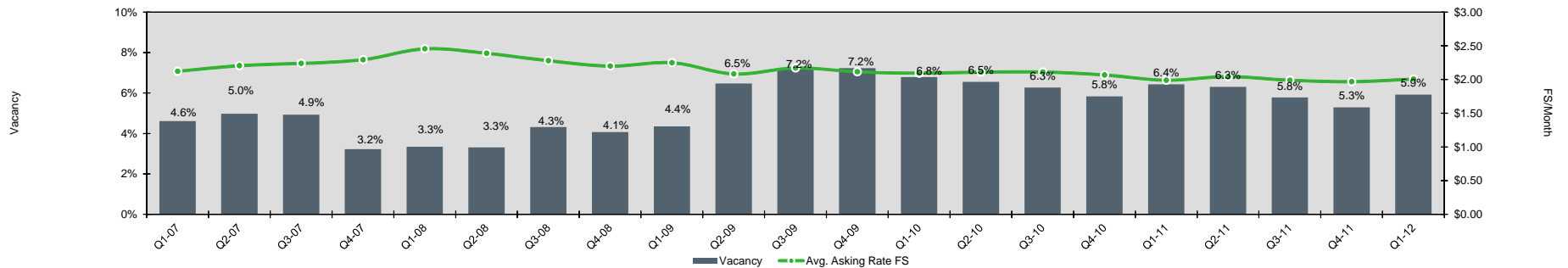
Santa Cruz County
Office Report

Mid County

(Aptos, Capitola, Live Oak, Soquel)

Quarter	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-2009	Q2-2009	Q3-2009	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2011	Q2-2011	Q3-2011	Q4-2011	Q1-2012
Total Building Base:	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157	1,191,157
Direct Availabilities:	42,843	48,866	47,150	31,030	38,582	36,355	40,499	45,490	50,930	76,156	74,973	75,581	69,136	64,811	68,970	65,063	72,150	70,729	65,612	59,771	67,282
Sublease Availabilities:	12,090	10,400	11,580	7,303	1,269	3,019	10,883	3,019	914	914	10,542	10,542	11,722	13,200	5,705	4,424	4,424	4,424	3,244	3,244	3,244
Total Availabilities:	54,933	59,266	58,730	38,333	39,851	39,374	51,382	48,509	51,844	77,070	85,515	86,123	80,858	78,011	74,675	69,487	76,574	75,153	68,856	63,015	70,526
Vacancy:	4.6%	5.0%	4.9%	3.2%	3.3%	3.3%	4.3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Absorption:	10,449	19,955	21,870	41,506	24,861	19,258	11,302	18,236	11,030	5,934	14,621	10,804	26,370	12,684	18,636	39,363	12,355	9,810	17,671	15,110	13,904
Net Absorption:	-15,945	-4,333	536	20,397	-1,518	477	-12,008	2,873	-3,335	-25,226	-8,445	-608	5,265	2,847	3,336	5,188	-7,087	1,421	6,297	5,841	-7,511
Net Absorption (annual)					15,082				-11,993				-29,014				4,284				6,048
Build-To-Suit:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spec Construction:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Construction:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available Listings																					
Market Rent Range (FS):	\$1.05-2.50	\$1.80-3.25	\$1.97-3.25	\$1.95-3.25	\$2.00-3.70	\$1.90-3.70	\$1.45-3.70	\$1.45-3.25	\$1.49-3.25	\$1.55-3.15	\$1.55-3.45	\$1.24-3.45	\$1.24-3.15	\$1.24-3.30	\$1.60-3.30	\$1.60-2.73	\$1.60-2.84	\$1.60-2.73	\$1.25-2.73	\$1.25-2.73	\$1.25-3.48
Avg Asking Rate (FS):	\$2.12	\$2.21	\$2.24	\$2.29	\$2.46	\$2.39	\$2.28	2	2	2	2	2	2	2	2	2	2	2	2	2	2
# of Availabilities by Size:																					
20K SF +	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10K SF - 19.9K SF	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5K SF - 9.9K SF	1	2	2	2	1	1	3	2	2	3	4	3	2	2	1	1	2	2	1	0	0
0K SF - 4.9K SF	25	23	26	19	24	26	27	30	32	45	45	46	46	42	48	43	40	37	34	35	38
Total Availabilities:	27	26	29	21	25	27	30	32	34	48	49	49	48	44	49	44	42	39	35	35	38

Vacancy & Average Asking Rate Trend



Source: Cassidy Turley

Appendix Table D-2: Mid-County Industrial Data, 1Q 2012

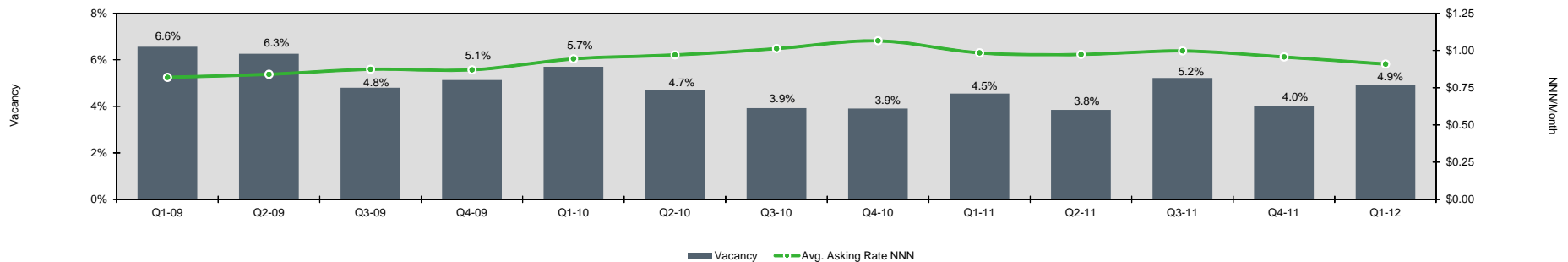


Mid County

(Aptos, Capitola, Live Oak, Soquel)

Quarter	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-2009	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2011	Q2-2011	Q3-2011	Q4-2011	Q1-2012
Total Building Base:	1,413,971	1,413,971	1,413,971	1,413,971	1,413,971	1,413,971	1,413,971	1,413,971	1,413,971	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691	1,423,691
Direct Availabilities:	49,965	36,721	48,039	45,133	43,965	56,272	53,325	49,364	92,701	89,048	68,265	73,065	81,115	66,671	55,839	55,589	64,764	54,775	69,240	57,240	70,041
Sublease Availabilities:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000	0	0
Total Availabilities:	49,965	36,721	48,039	45,133	43,965	56,272	53,325	49,364	92,701	89,048	68,265	73,065	81,115	66,671	55,839	55,589	64,764	54,775	74,240	57,240	70,041
Vacancy:	3.5%	2.6%	3.4%	3.2%	3.1%	4.0%	3.8%	3.5%	6.6%	6.3%	4.8%	5.1%	5.7%	4.7%	3.9%	3.9%	4.5%	3.8%	5.2%	4.0%	4.9%
Gross Absorption:	0	20,504	11,640	16,159	0	10,777	7,080	23,831	10,418	23,031	25,333	15,740	17,153	22,084	18,700	11,480	8,838	12,989	18,092	20,500	10,242
Net Absorption	-2,020	13,244	-11,318	2,906	1,168	-12,307	2,947	3,961	-43,337	13,373	20,783	-4,800	-8,050	14,444	10,832	250	-9,175	9,989	-19,465	17,000	-12,801
Conversion:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build-To-Suit:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spec Construction:	0	0	0	0	0	0	0	0	0	9,720	0	0	0	0	0	0	0	0	0	0	0
Total New Construction:	0	0	0	0	0	0	0	0	0	9,720	0	0	0	0	0	0	0	0	0	0	0
Available Listings																					
Market Rent Range (NNN):	\$0.23-1.20	\$0.23-1.20	\$0.18-1.73	\$0.93-1.73	\$0.90-1.73	\$0.65-1.65	\$0.65-1.65	\$0.65-1.65	\$0.55-1.65	\$0.42-1.25	\$0.42-1.25	\$0.42-1.20	\$0.42-1.49	\$0.42-1.35	\$0.42-1.35	\$0.42-1.35	\$0.42-1.35	\$0.42-1.35	\$0.45-1.45	\$0.45-1.45	\$0.45-1.23
Avg Asking Rate (NNN):	\$0.74	\$0.63	\$0.94	\$1.13	\$1.22	\$1.20	\$1.20	\$1.01	\$0.82	\$0.84	\$0.87	\$0.87	\$0.94	\$0.97	\$1.01	\$1.06	\$0.98	\$0.97	\$1.00	\$0.96	\$0.91
# of Availabilities by Size:																					
100K SF +	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50K SF - 99.9K SF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25K SF - 49.9K SF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10K SF - 24.9K SF	2	1	1	1	1	2	2	2	2	2	2	1	2	2	0	0	0	0	1	0	1
Total Availabilities:	2	1	1	1	1	2	2	2	2	2	2	1	2	2	0	0	0	0	1	0	1

Vacancy & Average Asking Rate Trend



Source: Cassidy Turley

Appendix E: Retail Sales by Category for the Analysis Area, 2007

	Aptos/Seacliff		Live Oak		Pleasure Point		Soquel		Twin Lakes		Santa Cruz County		California	
	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total
Retail Sales (in \$000s)														
Motor vehicle and parts dealers	\$0	0.0%	\$10,111	6.5%	\$425	2.3%	\$1,976	1.5%	na	na	\$1,365,542	33.0%	\$105,835,001	20.6%
Furniture and home furnishings stores	\$7,259	6.2%	\$7,559	4.9%	\$1,214	6.5%	\$8,302	6.3%	na	na	\$75,040	1.8%	\$13,507,101	2.6%
Electronics and appliance stores	\$0	0.0%	na	na	\$0	0.0%	na	na	\$0	0.0%	\$65,373	1.6%	\$15,663,014	3.1%
Bldg. matrl. and garden equip. & supplies	\$4,453	3.8%	\$26,676	17.2%	na	na	\$27,760	21.2%	\$0	0.0%	\$313,007	7.6%	\$32,009,547	6.2%
Food and beverage stores	na	na	\$6,837	4.4%	\$1,435	7.7%	na	na	na	na	\$671,054	16.2%	\$73,637,817	14.4%
Health and personal care stores	na	na	na	na	na	na	na	na	\$0	0.0%	\$244,421	5.9%	\$26,339,576	5.1%
Gasoline stations	na	na	\$30,989	20.0%	\$0	0.0%	\$11,090	8.5%	\$0	0.0%	\$224,532	5.4%	\$40,325,391	7.9%
Clothing and clothing accessories stores	\$6,432	5.5%	na	na	na	na	\$0	0.0%	\$0	0.0%	\$163,941	4.0%	\$30,598,137	6.0%
Sporting goods, hobby, book, & music stores	\$1,339	1.1%	na	na	na	na	na	na	\$0	0.0%	\$84,520	2.0%	\$10,008,020	2.0%
General merchandise stores	na	na	\$0	0.0%	\$0	0.0%	\$0	0.0%	na	na	\$335,904	8.1%	\$61,204,201	11.9%
Miscellaneous store retailers	\$522	0.4%	\$14,456	9.3%	na	na	na	na	na	na	\$108,667	2.6%	\$12,499,123	2.4%
Nonstore retailers	\$1,574	1.3%	\$3,344	2.2%	\$0	0.0%	na	na	\$0	0.0%	\$73,361	1.8%	\$33,405,342	6.5%
Food services and drinking places	\$18,140	15.5%	\$12,369 (a)	8.0%	\$6,202	33.2%	\$17,852	13.6%	\$3,638 (a)	24.8%	\$409,643	9.9%	\$57,640,928	11.2%
Total Retail Sales (in \$000s)	\$117,146	100.0%	\$155,114	100.0%	\$18,679	100.0%	\$130,984	100.0%	\$14,658	100.0%	\$4,135,005	100.0%	\$512,673,198	100.0%

(a) Food service sales have been estimated based on per establishment average for Santa Cruz County.

Sources: U.S. Census Bureau, 2007 Census of Retail Trade; BAE, 2012.

APPENDIX F: PROJECTIONS AND LAND USE DEMAND ESTIMATE METHODOLOGY

As noted in the body of the report above, the starting point for the long-term population, household, and employment projections for the Analysis Area is the population projects by county recently released by the California State Department of Finance (DOF).²⁵ These projections, while interim, take into account Census 2010 data, unlike the most recent projections from AMBAG completed prior to the Census, which overestimated the 2010 population, and as a result, also probably overstate long-term regional growth in population, households, and employment. BAE also obtained Woods & Poole projections for Santa Cruz County, which would have provided a more complete set, but their projections were even more optimistic than AMBAG's, including baseline 2010 numbers for population, households, and employment that were far higher than reported by the decennial Census, ACS, and EDD employment data. As a result, the Woods & Poole estimates were also discarded. The Center for Continuing Study of the California Economy (CCSCE) also does a projections by county series, but their most recent release is from 2008/2009, and thus also did not include recalibration to 2010 Census data and other more current sources. No additional sources were available that provided projections at the sub-county level that would have covered the Analysis Area.

Given that the only data series deemed somewhat reliable is DOF's interim population estimate series for counties, BAE developed three scenarios for future growth.

The low projection scenario assumes that population growth in the Analysis Area will continue at the same rate as between 2000 and 2010. As there was very little growth in the area during that period, the population estimates are very low. The ratio of population to households and jobs was assumed to remain constant over the 2010-2035 period.

The middle projection scenario uses a share-of-county methodology, benchmarked to available 2010 data, to estimate population, household, and employment growth from 2010 through 2035. The underlying assumption is that the Analysis Area will capture a share of growth in population, housing, and employment proportionate to the share in 2010.

For population, the calculation was simple: the percentage of population in 2010 per the decennial Census is assumed to remain constant through 2035. It should be noted that the 2010 data (and other years) as shown represent July 1, the time point used in the DOF projection series. Also, for future years the population, housing, and employment estimates were rounded to the nearest 100.

Household counts were estimated based on the ratio of households to population for the Analysis Area and the County separately, and this ratio was then applied to the population estimate as shown above.

²⁵ State of California, Department of Finance, *Interim Population Projections for California and Its Counties 2010-2050*, Sacramento, California, May 2012.

Estimating future employment involved an initial step not required for population or households, due to the use of ACS source data rather than the decennial Census. While ACS provides an estimate of the number of workers in the County for calendar year 2010, the estimate for the Analysis Area is based on continuous surveying across a five year period from 2006 through 2010. As most sources indicate a decline in employment over that period due to the housing market meltdown and subsequent deep recession, the 2010 employment for the Analysis Area was estimated by proportionally reducing overall employment using the ratio obtained by comparing the 2006-2010 Countywide estimate with the 2010 countywide data. Once this baseline was established, future employment for the county was pegged to the rate of population growth. Analysis Area growth was estimated by assuming the same proportion of County employment throughout the 2010 through 2035 period.

For the high projection, there was assumed to be a very small increase in the proportion of the County population in the Analysis Area. As with the low projection scenario, the ratio of population to households and jobs was assumed to remain constant.

Given the inherent limitations in this somewhat arbitrary methodology, the numbers here should be considered as subject to a considerable margin of potential error. One issue in making projections and allocations of growth in Santa Cruz County is that since growth has been very slow, the estimates for any subarea are very sensitive to differences in the share of County growth assumed; if one chooses too high a capture of the County, and one assumes that past trends in growth continue, it may lead to findings that the growth in the Analysis Area would be greater than overall County growth, which would imply cannibalization of growth from elsewhere in the County. Changes within the county in various factors, including labor force participation rates (perhaps due to an aging population with more retirees), or perhaps land use policy changes or rising transportation costs resulting in more job growth locally (i.e., less outcommuters) could result in a different trajectory for County growth overall or for the share that occurs in the Analysis Area itself.

For the employment estimates, the overall estimate was also broken down by industry, to provide a basis for allocating jobs to land use. The same baseline ACS data was used, with the Analysis Area distribution by industry adjusted from the 2006-2010 period to 2010 based on the proportional changes in the countywide data when comparing the 2006-2010 data to the 2010 data. That adjustment is shown here as Table F-1.

Appendix Table F-1: Estimate of County and Analysis Area Workers by Industry, 2010

	Santa Cruz County			Analysis Area	
	2006- 2010 ACS	2010 ACS	2010 as % of 2006-2010	2006- 2010 ACS	Estimated 2010
Agriculture, forestry, fishing and hunting, and mining	7,160	9,527	133%	65	86
Construction	8,221	6,770	82%	1,511	1,244
Manufacturing	9,375	8,071	86%	839	722
Wholesale trade	3,345	2,809	84%	552	464
Retail trade	12,640	12,699	100%	1,705	1,713
Transportation and warehousing, and utilities	2,707	3,610	133%	666	888
Information	2,033	1,532	75%	286	216
Finance and insurance, and real estate and rental and leasing	5,336	4,548	85%	1,029	877
Professional, scientific, & mngmnt, & adm & waste mngmnt services	12,123	10,643	88%	2,075	1,822
Educational services, and health care and social assistance	25,036	24,082	96%	5,283	5,082
Arts, entertainment, & recreation, & accommodation & food services	11,414	13,263	116%	1,286	1,494
Other services (except public administration)	6,622	4,742	72%	1,647	1,179
Public administration	3,833	3,594	94%	220	206
Armed forces	82	75	91%	54	49
Total	109,927	105,965		17,218	16,042

Notes:

Analysis Area-level data not available from American Community Survey (ACS) for 2010. Estimate has been made by taking county-level 2006-2010 and 2010 data, and using the percentage difference at the county level between those two data sets to adjust the Analysis Area employment to estimated 2010 levels.

Source: BAE 2012, based on U.S. Census American Community Survey Table B08526.

Once the estimated distribution of jobs by industry was established for the Analysis Area for the 2010 baseline year, future employment growth was estimated by applying the same proportions to the overall employment estimates for the future years through 2035, as shown below in Table F-2. This was done for the Analysis Area for all three growth scenarios. Once again, this estimate is somewhat arbitrary in that it does not assume any changes in the structure of the County or Analysis Area economy over the 25 year period. However, the limited growth in those areas makes it less likely that any changes in the job mix will be substantial

Appendix Table F-2a: Projected Employment by Industry, 2010-2035

Low Projection

Analysis Area	2010 (a)	2015	2020	2025	2030	2035	% Change 2010-2035
Agriculture, forestry, fishing and hunting, and mining	90	90	90	90	90	90	0.0%
Construction	1,240	1,250	1,250	1,250	1,260	1,260	1.6%
Manufacturing	720	720	730	730	730	730	1.4%
Wholesale trade	460	460	460	470	470	470	2.2%
Retail trade	1,710	1,720	1,720	1,730	1,730	1,740	1.8%
Transportation and warehousing, and utilities	890	890	900	900	900	910	2.2%
Information	220	220	220	220	220	220	0.0%
Finance and insurance, and real estate and rental and leasing	880	880	890	890	890	900	2.3%
Professional, scientific, & mngmnt, & adm & waste mngmnt services	1,820	1,830	1,840	1,840	1,850	1,850	1.6%
Educational services, and health care and social assistance	5,080	5,110	5,120	5,140	5,150	5,170	1.8%
Arts, entertainment, & recreation, & accommodation & food services	1,490	1,500	1,500	1,510	1,510	1,520	2.0%
Other services (except public administration)	1,180	1,190	1,190	1,190	1,200	1,200	1.7%
Public administration	210	210	210	210	210	210	0.0%
Armed forces	50	50	50	50	50	50	0.0%
Total Workers	16,040	16,130	16,180	16,230	16,270	16,320	1.7%

Middle Projection

Analysis Area	2010 (a)	2015	2020	2025	2030	2035	% Change 2010-2035
Agriculture, forestry, fishing and hunting, and mining	90	90	90	90	100	100	11.1%
Construction	1,240	1,260	1,280	1,300	1,310	1,320	6.5%
Manufacturing	720	730	740	750	760	770	6.9%
Wholesale trade	460	470	470	480	490	490	6.5%
Retail trade	1,710	1,730	1,760	1,790	1,810	1,820	6.4%
Transportation and warehousing, and utilities	890	900	920	930	940	950	6.7%
Information	220	220	230	230	230	230	4.5%
Finance and insurance, and real estate and rental and leasing	880	890	910	920	930	940	6.8%
Professional, scientific, & mngmnt, & adm & waste mngmnt services	1,820	1,840	1,870	1,900	1,920	1,930	6.0%
Educational services, and health care and social assistance	5,080	5,150	5,230	5,310	5,370	5,400	6.3%
Arts, entertainment, & recreation, & accommodation & food services	1,490	1,510	1,530	1,560	1,570	1,580	6.0%
Other services (except public administration)	1,180	1,200	1,210	1,230	1,250	1,250	5.9%
Public administration	210	210	220	220	220	220	4.8%
Armed forces	50	50	50	50	50	50	0.0%
Total Workers	16,040	16,250	16,510	16,760	16,950	17,050	6.3%

High Projection

Analysis Area	2010 (a)	2015	2020	2025	2030	2035	% Change 2010-2035
Agriculture, forestry, fishing and hunting, and mining	90	90	90	100	100	100	11.1%
Construction	1,240	1,260	1,280	1,320	1,360	1,380	11.3%
Manufacturing	720	730	750	770	790	800	11.1%
Wholesale trade	460	470	480	490	500	510	10.9%
Retail trade	1,710	1,740	1,770	1,820	1,870	1,910	11.7%
Transportation and warehousing, and utilities	890	900	920	950	970	990	11.2%
Information	220	220	230	230	240	250	13.6%
Finance and insurance, and real estate and rental and leasing	880	890	910	940	960	980	11.4%
Professional, scientific, & mngmnt, & adm & waste mngmnt services	1,820	1,850	1,890	1,940	1,990	2,030	11.5%
Educational services, and health care and social assistance	5,080	5,160	5,260	5,420	5,550	5,660	11.4%
Arts, entertainment, & recreation, & accommodation & food services	1,490	1,510	1,540	1,590	1,630	1,660	11.4%
Other services (except public administration)	1,180	1,200	1,220	1,260	1,290	1,320	11.9%
Public administration	210	210	220	220	230	230	9.5%
Armed forces	50	50	50	50	50	60	20.0%
Total Workers	16,040	16,300	16,620	17,100	17,530	17,880	11.5%

Notes:

Some totals may not add due to independent rounding. Employment numbers as calculated are then rounded to nearest 10.

(a) From Table F-1.

Sources: BAE, 2012, based on data from the American Community Survey conducted by the U.S. Census Bureau.

Appendix Table F-2b: Projected Employment by Industry, 2010-2035

Santa Cruz County	2010 (a)	2015	2020	2025	2030	2035	% Change 2010-2035
Agriculture, forestry, fishing and hunting, and mining	9,500	9,620	9,780	9,920	10,040	10,100	6.3%
Construction	6,800	6,890	7,000	7,100	7,180	7,230	6.3%
Manufacturing	8,100	8,200	8,340	8,460	8,560	8,610	6.3%
Wholesale trade	2,800	2,840	2,880	2,920	2,960	2,980	6.4%
Retail trade	12,700	12,860	13,070	13,270	13,420	13,500	6.3%
Transportation and warehousing, and utilities	3,600	3,650	3,700	3,760	3,800	3,830	6.4%
Information	1,500	1,520	1,540	1,570	1,580	1,590	6.0%
Finance and insurance, and real estate and rental and leasing	4,500	4,560	4,630	4,700	4,750	4,780	6.2%
Professional, scientific, & mngmnt, & adm & waste mngmnt services	10,600	10,740	10,910	11,070	11,200	11,270	6.3%
Educational services, and health care and social assistance	24,100	24,410	24,800	25,170	25,460	25,620	6.3%
Arts, entertainment, & recreation, & accommodation and food services	13,300	13,470	13,690	13,890	14,050	14,140	6.3%
Other services (except public administration)	4,700	4,760	4,840	4,910	4,970	5,000	6.4%
Public administration	3,600	3,650	3,700	3,760	3,800	3,830	6.4%
Armed forces	100	100	100	100	110	110	10.0%
Total Workers	105,900	107,270	108,980	110,620	111,890	112,570	6.3%

Notes:

Some totals may not add due to independent rounding. Employment numbers as calculated are then rounded to nearest 10.

(a) From Table F-1.

Sources: BAE, 2012, based on data from the American Community Survey conducted by the U.S. Census Bureau.

The estimates for land demand for household growth is based on a fairly obvious link; household growth generates demand for additional residential structures and land to build them on. The estimate assumes relatively dense land use, based on historic trends in the County toward denser development as well as limitations on land availability and a desire to provide a more pedestrian and transit-friendly environment. For each growth scenario, three different estimated densities are used to estimate required acreage: 20, 35, and 60 units per acre.

For commercial land, estimates were provided for office and PDR (production, distribution, and repair) space. The projected jobs by industry were allocated based on the National Employment Matrix from the U.S. Bureau of Labor Statistics, which provides an occupation by industry matrix for the entire country. It is assumed that employment growth within Santa Cruz County would follow these occupation patterns. Then, BAE assigned a proportion of each major industry group's employment to office, PDR, and other land use types based on the occupational mix within each category. For instance, sectors with a high proportion of administrative support and clerical occupations are assumed to generate demand for office space, and production jobs (most prevalent within the manufacturing sector) would generate demand for PDR space. These estimates are shown in Table F-3 below. The other jobs not allocated here include those assigned to retail, hotel, and government land uses, as well as non-location based jobs. Retail is considered separately in the analysis, based on a more qualitative consumer demand-side analysis rather than by looking at future estimated employment. However, if an employment-based estimate were used, based on 500 square feet per employee, there would be demand for approximately 95,000 square feet of retail use.

Appendix F-3: Jobs by Sector by Land Use, Santa Cruz County

<u>NAICS</u>	<u>SECTOR</u>	<u>Workers (a)</u>	<u># of Jobs (b)</u>	<u>% Within Sector</u>	<u>% Office-Based Jobs (c)</u>	<u>% Industrial-Based Jobs (c)</u>	<u>% Retail-Based Jobs (c)</u>
11, 21	Agriculture, forestry, fishing and hunting, and mining						
11	Agriculture, forestry, fishing, and hunting		9,600	99%	20%	0%	0%
21	Mining, quarrying, and oil and gas extraction		109	1%	15%	10%	0%
TOTAL		9,500	9,709	100%	20%	0.1%	0%
23	Construction	6,800	2,936	100%	15%	5%	0%
31-33	Manufacturing	8,100	5,341	100%	30%	60%	0%
42	Wholesale trade	2,800	3,545	100%	65%	15%	0%
44-45	Retail Trade	12,700	11,434	100%	10%	5%	75%
22, 48-49	Transportation and warehousing, and utilities						
22	Utilities		399	15%	25%	10%	0%
48-49	Transportation and warehousing		2,337	85%	25%	25%	0%
TOTAL		3,600	2,736	100%	25%	23%	0%
51	Information	1,500	900	100%	90%	5%	0%
52,53	Finance and insurance, and real estate and rental and leasing						
52	Finance & insurance		1,953	60%	85%	0%	15%
53	Real estate & rental & leasing		1,292	40%	40%	0%	25%
TOTAL		4,500	3,245	100%	67%	0%	19%
54-56	Professional, scientific, & mngmnt, & adm & waste mngmnt services						
54	Professional, scientific, and technical services		3,842	43%	90%	10%	0%
55	Management of companies and enterprises		1,529	17%	100%	0%	0%
56	Administrative, Support, Waste Mgmt, & Remediation Svcs		3,524	40%	40%	0%	0%
TOTAL		10,600	8,895	100%	72%	4%	0%
61-62	Educational services, and health care and social assistance						
61	Educational services		11,688	48%	10%	0%	0%
62	Health care & social assistance		12,485	52%	50%	0%	0%
TOTAL		24,100	24,173	100%	31%	0%	0%
71-72	Arts, entertainment, & recreation, & accommodation & food services						
71	Arts, entertainment, & recreation		1,986	18%	10%	0%	60%
72	Accommodation & foodservices		8,926	82%	0%	0%	80%
TOTAL		13,300	10,912	100%	2%	0%	76%
81	Other services (except public administration)	4,700	4,313	100%	25%	25%	25%
92	Public Administration	3,600	3,161	100%	20%	0%	0%

Notes:

(a) From 2010 American Community Survey.

(b) Employment data by NAICS category reported for Santa Cruz County by California EDD from QCEW, with some adjustments by BAE.

(c) The percent of jobs for each land use by each NAICS category estimated by BAE based on the profile of professions within each sector, and then weighted averages are calculated for when broader sectors were used in the employment projections.

Sources: BAE, 2012, based on the National Employment Matrix, U.S. Bureau of Labor Statistics, California Employment Development Department Quarterly Census of Wages and Employment, and the American Community Survey.