



ECONOMIC TRENDS AND OPPORTUNITIES

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- Overview of the Clean Tech Sector**



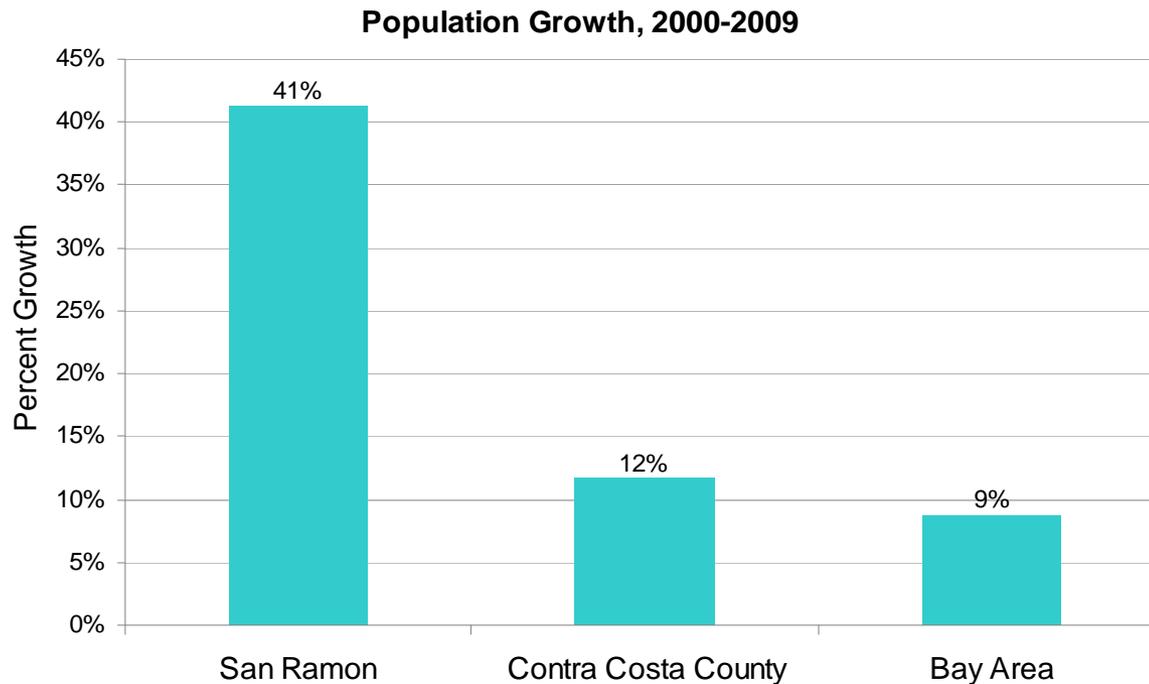


POPULATION AND EMPLOYMENT TRENDS

Demographic Trends

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- **San Ramon had 63,200 residents in 2009**
- **Strong population growth between 2000-2009**



- **Strong growth projected to continue through 2030**
 - ▣ San Ramon: +34%, County: +17%, Bay Area: +19%

Demographic Trends

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□ **San Ramon has**

- ▣ A large share of family households
- ▣ Higher household incomes than the County or Bay Area
- ▣ Higher homeownership rate than the County or Bay Area

	San Ramon	Contra Costa Co	Bay Area
Household Type, 2009			
Family	71%	70%	65%
Non-Family	29%	30%	35%
Homeownership Rate, 2009	71%	70%	58%
Median HH Income, 2009	\$117,212	\$78,815	\$76,862

San Ramon Employment Trends

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- San Ramon contained approximately 33,700 jobs in 2008**
 - ▣ 8% increase since 2003

- Information sector plays major role in local economy**
 - ▣ 6,200 jobs (18% of total)
 - ▣ Slight decline since 2003 (-2.5%)

- Professional, Scientific, and Tech Services also vital**
 - ▣ 3,500 jobs (10% of total)
 - ▣ 7% growth since 2003

- Manufacturing third largest sector**
 - ▣ 10% of total



San Ramon Employment Trends

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Other sectors experiencing strong growth, adding 600+ jobs between 2003 and 2005

- ▣ Accommodation and Food Service (2,500 jobs, 8% of total)
- ▣ Health Care and Social Assistance (2,900 jobs, 9% of total)

Finance and Insurance has largest losses

- ▣ 2,100 jobs in 2008 (6% of total)
- ▣ 900 jobs lost since 2003 (30% decline)

Moderate job growth projected in San Ramon through 2030

- ▣ San Ramon: 25% increase to 49,600 jobs
- ▣ Tri-Valley: +39%
- ▣ County: +37%
- ▣ Bay Area: +36%

Regional Employment Trends

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East Bay continues to struggle with unemployment during current recession*

- ▣ East Bay unemployment rate, May 2010: 11.0%
- ▣ California: 11.9%
- ▣ Nation: 9.3%

Bay Area business leaders express confidence about economic improvement

- ▣ In June 2010 survey of 500 CEOs, 58% think conditions are better than 6 months ago; 63% expect improvement over next 6 months

Job market shows some signs of improvement

- ▣ Total unduplicated online job ads in the five-county San Francisco-Oakland area increased by 40 percent this May compared to last May
- ▣ Number of *new* online job ads in May rose by 38 percent compared to last year (includes all ads not in previous reference period)

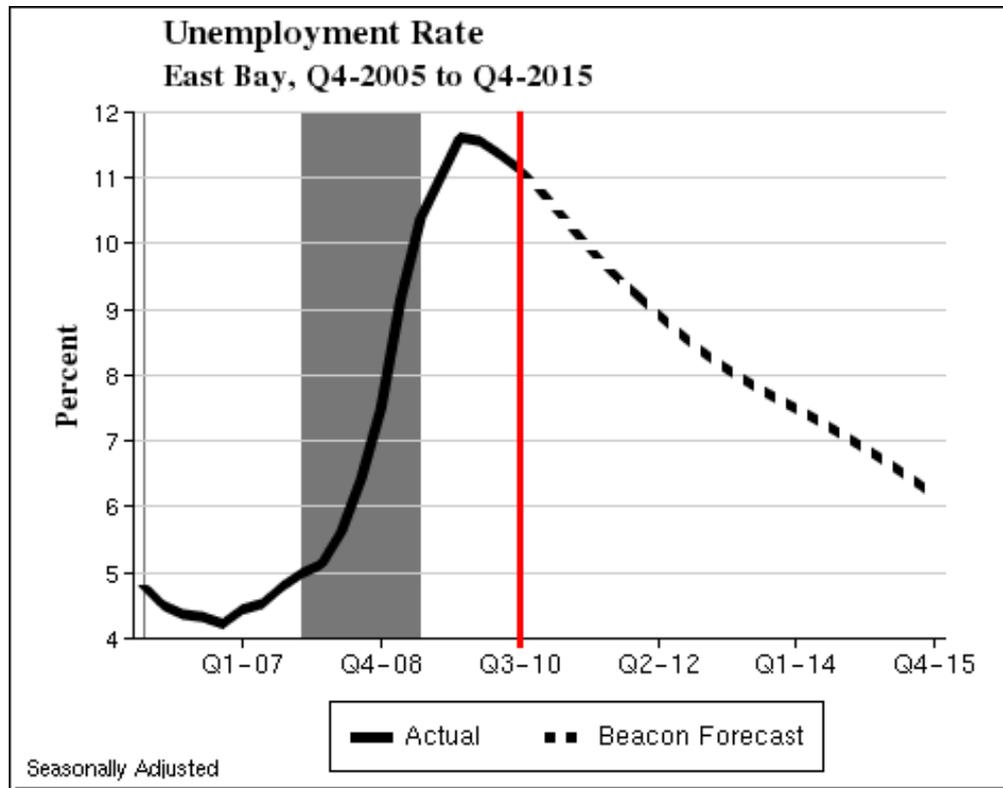
*East Bay = Alameda and Contra Costa Counties

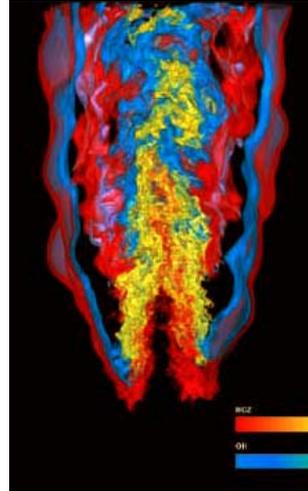
Source: CA Employment Development Department, 2010; Bay Area Council, 2010; The Conference Board, 2010.

Regional Employment Trends

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- **Nonetheless, recovery is expected to be a gradual process**
 - ▣ East Bay unemployment forecasted to remain above 10% through Q2 2011*
 - ▣ East Bay unemployment not expected to fall below 8% until 2013*





EDUCATIONAL, WORKFORCE, & BUSINESS DEVELOPMENT RESOURCES

Innovation Engines

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□ **i-GATE: Innovation for Green Advanced Transportation Excellence**

- Application for iHUB designation submitted by City of Livermore and Sandia Labs, in partnership with LLNL, local jurisdictions, educational institutions, venture capital, industry representatives, research institutions, and economic development organizations
- Approved by State in February 2010 as 1 of 6 iHUBS in California
- Creates a network of resources to promote entrepreneurship and economic development around clean transportation and energy technologies
- iHUB designation will assist in applying for State and federal economic development funds, marketing, business attraction, venture capital investment
- Action Plan currently being prepared for State review

□ **Livermore Valley Open Campus**

- 110-acre facility being planned
- Aims to promote collaboration between private sector, academia, and National Labs
- Anchored by Sandia Hub for Innovation in the Transportation and Energy Community (HITEC) and LLNL International Center for High Energy Density Science

Innovation Engines

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□ Innovation Tri-Valley

- Partnership between public sector, business, and education
- Aim to attract businesses to the region, create an “eco-system” of innovation in the Tri-Valley, and generate/attract public funding for economic development
- Steering committee includes:
 - Sybase
 - Adept
 - Sandia National Laboratories
 - The Hertz Foundation
 - Chevron
 - Livermore Chamber of Commerce
 - Las Positas College
 - Lawrence Livermore National Laboratory
 - Wente Vineyards



Innovation Engines

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East Bay Economic Development Alliance

- Provide an array of resources to assist the East bay business community
- Promote the East Bay as a locale for businesses
- Represent local business interests in local and regional policy matters



Tri-Valley Business Council

- Similar role as EDAB, with a more specific focus on the Tri-Valley
- Established the Tri-Valley Innovation Network, which links entrepreneurs, advisors, funders, and National Laboratories with goal of virtual incubator for the Tri-Valley



East Bay Innovation Group (eBig)

- Membership-based forum providing lectures, workshops, speakers, training sessions, networking events and other topical activities around technology sector

Workforce Development

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Diablo Valley College

- Workforce development initiatives around 25 educational programs covering a broad range of industries and fields
- In process of developing programs for the energy and health sectors

Contra Costa and Alameda County Workforce Investment Boards (WIBs)

- Business-led public bodies, appointed by county Board of Supervisors, responsible for coordinating workforce development policy and programs in the county

CA State Employment Training Panel (ETP)

- Provides financial assistance to California businesses to support customized worker training
- In December, ETP awarded over \$6 million in training funds to private firms
- East Bay received four of the seventeen grants for a total of \$1.6 million
- Recipients included Amyris Biotechnologies (Emeryville), Bayer Healthcare (Berkeley, Richmond), Solyndra (Fremont), and Kaiser Foundation Hospitals

Small Business Development Resources

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- San Ramon Chamber of Commerce**
- Contra Costa Council Business Portal**
 - ▣ Online business directory
- Contra Costa County Business Portal**
 - ▣ Online resource for small business owners and entrepreneurs
- SCORE- East Bay Chapter**
 - ▣ Free and low-cost individual advice for entrepreneurs
- Contra Costa Small Business Development Center**
 - ▣ Free business management consulting, training and information services
- East Bay Small Business Development Center**
 - ▣ Experts offer classes, consulting services and business planning resources
- Contra Costa County Library**
 - ▣ Small business assistance resources

San Ramon Educational Resources

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- Diablo Valley College**
 - ▣ General education classes for pre-transfer college students

- St. Mary's College**
 - ▣ Executive MBA Program

- University of San Francisco**
 - ▣ Undergraduate degrees and Teaching Credentials

- UC Davis**
 - ▣ Executive MBA Program

- Sacramento State University**
 - ▣ Executive MBA Program

- Corporate partnerships**
 - ▣ e.g., Chevron contributions to Cal High





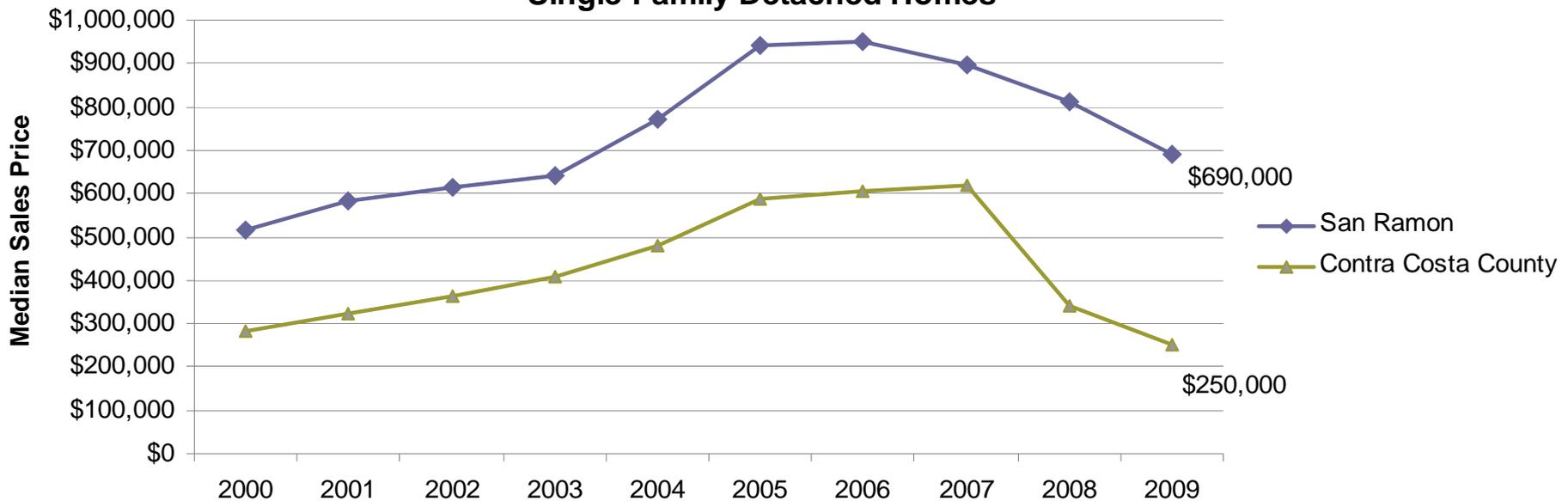
REAL ESTATE MARKET OVERVIEW



Housing Market

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Median Sales Price, Single-Family Detached Homes



San Ramon median sales price for single-family homes over twice County median

Less dramatic price declines compared to County, 2006-2009

San Ramon: -27%

County: -59%

Housing Market

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San Ramon Median Sales Price

\$690,000

Contra Costa County Income Limits, 4-person HHs

<u>Income Category</u>	<u>HH Income</u>	<u>Max. Affordable Sales Price</u>
Low (80% AMI)	\$66,250	\$276,200
Median (100% AMI)	\$89,300	\$372,300
Moderate (120% AMI)	\$107,150	\$446,800

City of San Ramon Median Income

<u>Income Category</u>	<u>HH Income</u>	<u>Max. Affordable Sales Price</u>
Median	\$117,200	\$488,700

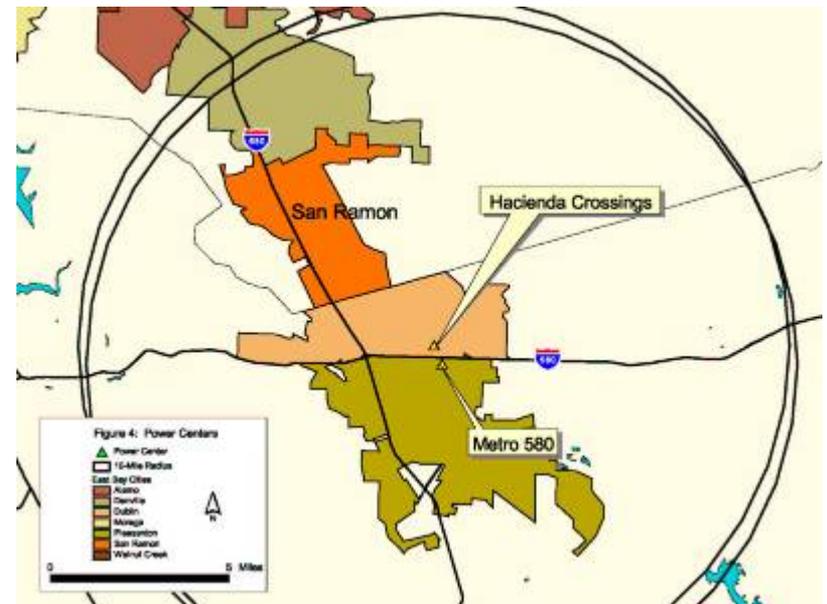
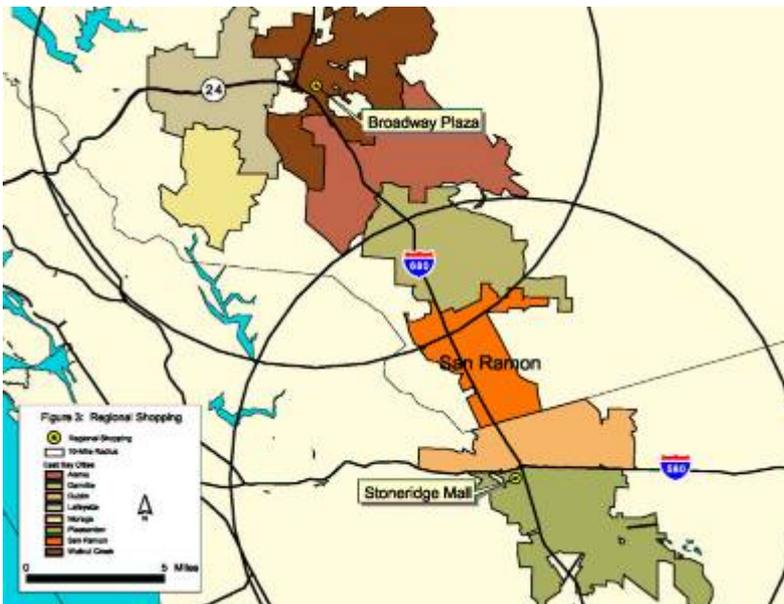
□ **Median sales price is well above affordable sales price for many households**

- Based on State-defined income limits and conventional financing terms
- Assumes 30% of gross income spent on principal, interest, taxes, insurance

Retail Market

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- **Approximately 1.3 million sf of retail space in San Ramon**
- **City well served by neighborhood retail**
- **City also lies within trade areas of regional centers**
 - ▣ Regional centers: Broadway Plaza, Stoneridge Mall
 - ▣ Power centers: Hacienda Crossings, Metro 580



Retail Market

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- **San Ramon shows solid lease rates**
 - ▣ Mid-Year 2009: 7.6%
 - ▣ Mid-Year 2010: 7.1%
 - ▣ Average asking rate, in-line stores (NNN): \$3.00/sf

- **South Contra Costa County* shows declining vacancies**
 - ▣ Mid-Year 2009: 6.3%
 - ▣ Mid-Year 2010: 5.6%
 - ▣ Average asking rate, in-line stores (NNN): \$3.04/sf

- **Eastern Alameda County** has even greater vacancy rates**
 - ▣ Mid-Year 2009: 12.1%
 - ▣ Mid-Year 2010: 11.4%
 - ▣ Average asking rate, in-line stores (NNN): \$2.04/sf

Retail Market

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- **Local brokers report that San Ramon still commands strong lease rates**
 - \$3+ / sq. ft. NNN in most centers
 - Shops at Bishop Ranch has rates as high as \$4/sq. ft. NNN

- **Brokers state that despite higher vacancies than in the past, San Ramon remains a strong retail market**
 - Particular interest from small restaurants
 - Market generally comparable to Danville and Pleasanton, stronger than Dublin



Retail Market

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Summary of 2009 Retail Demand Analysis

- San Ramon and its Trade Area can support a significant amount of retail space over the next 10 to 15 years**
 - San Ramon has significant leakage in comparison goods categories
 - Up to 1.0 million sq. ft. from local demand, plus 1.2 million sq. ft. from Trade Area demand
 - Particular demand in General Merchandise, Apparel, Household and Home Furnishings, and Eating and Dining categories

- However, a major amount of competitive retail exists and is planned for the area**

- Given this competition, San Ramon must take a strategic approach to developing new Trade Area-serving retail**

Retail Market

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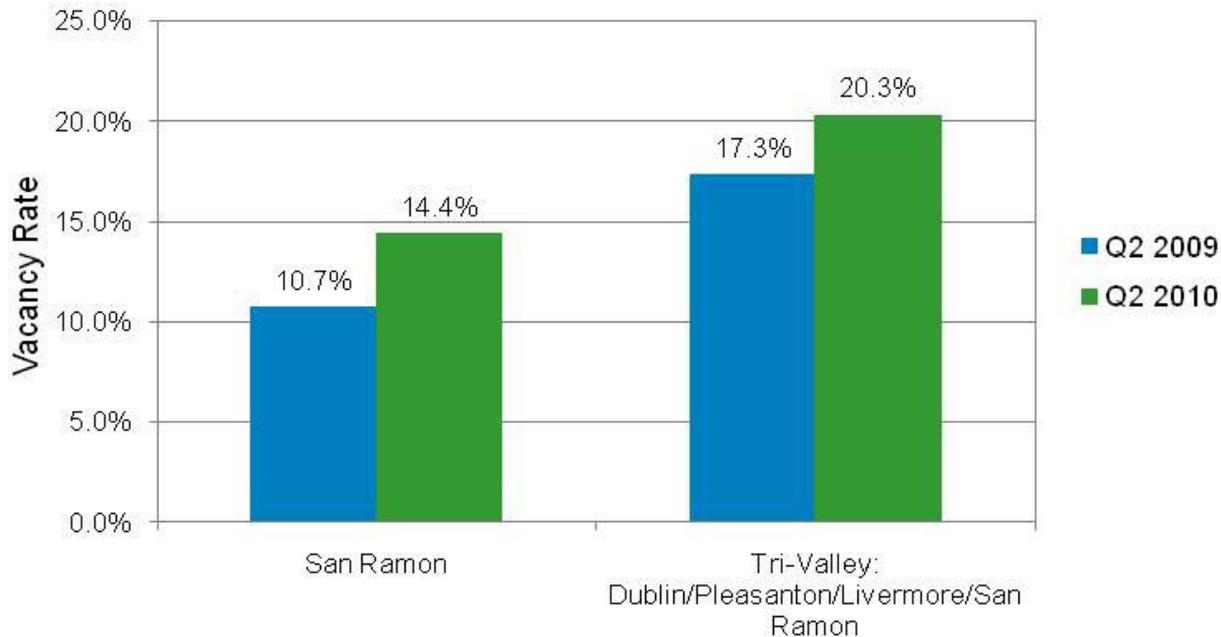


- San Ramon's retail nodes can complement one another, with the majority serving local residents and employees, and a select few serving the Tri-Valley region
- Interviews with retailers suggest San Ramon has capacity to attract unique regional retailers that avoid direct competition with other Tri-Valley centers

Office Market

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Office Vacancy in San Ramon and Tri-Valley



- **San Ramon has 12 million square feet of office space**
 - ▣ Includes approx. 9 million sq. ft. of Class A space
 - ▣ Largest share of total Tri-Valley office space (44%)
- **Tri-Valley as a whole had higher vacancies than 2009, but has stabilized at 20%**



Office Market

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□ **San Ramon has higher rents than rest of Tri-Valley (Q2 2010)**

- San Ramon - \$1.92/ sq. ft. (full-service)
- Tri-Valley Average - \$1.81/ sq. ft. (full-service)

□ **Notable San Ramon Lease Transactions in 2009:**

- Bank of the West: 240K sq. ft.
- Robert Half International: 234K sq. ft.
- Paychex North America: 33K sq. ft.
- Liberty Mutual Holding Co: 28k sq. ft.





Office Market

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□ Bishop Ranch reports:

- Relatively stable occupancy rates over the last decade
- Competition is from other cities on the I-680 and I-580 corridors
- However, as an advantage, San Ramon has a more skilled workforce than eastern Alameda and northern Contra Costa counties
- Bishop Ranch has smaller and more numerous tenants than in previous years
 - In 2000: ~270 firms. In 2010: ~500 firms
 - ~1/4 of firms are “jumbo” tenants
 - ~1/4 are mid-sized firms with about 20k sq. ft.
 - ~1/2 are small firms with up to 5k sq. ft.
- In response, Bishop Ranch plays a more active property management role , creates more networking opportunities for tenants, and offers smaller, more flexible work spaces
- Firms are increasingly front-office locations, with growth in technology and software industries, including medical technology



Local Planning Initiatives

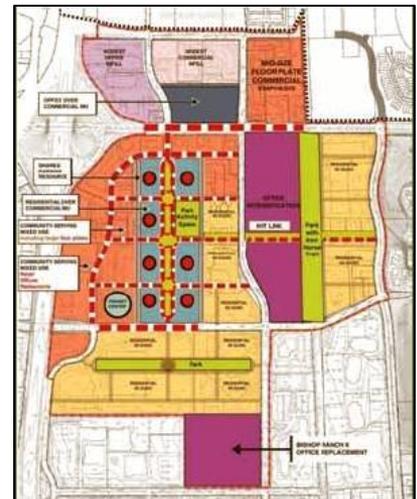
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- **General Plan 2030**
 - ▣ In final stages, with Final EIR certified by Council
 - ▣ Includes new Air Quality and Greenhouse Gas Element

- **North Camino Ramon Specific Plan**
 - ▣ Expected completion Spring 2011
 - ▣ Focus on region-serving retail with complementary residential and commercial uses

- **City Center**
 - ▣ Fully entitled, but delayed by economic recession
 - ▣ Infrastructure improvements on Bollinger Canyon Rd underway

- **Northwest Specific Plan**
 - ▣ 786 of 830 units approved by City
 - ▣ Developer still seeking CA Resources Agency permits



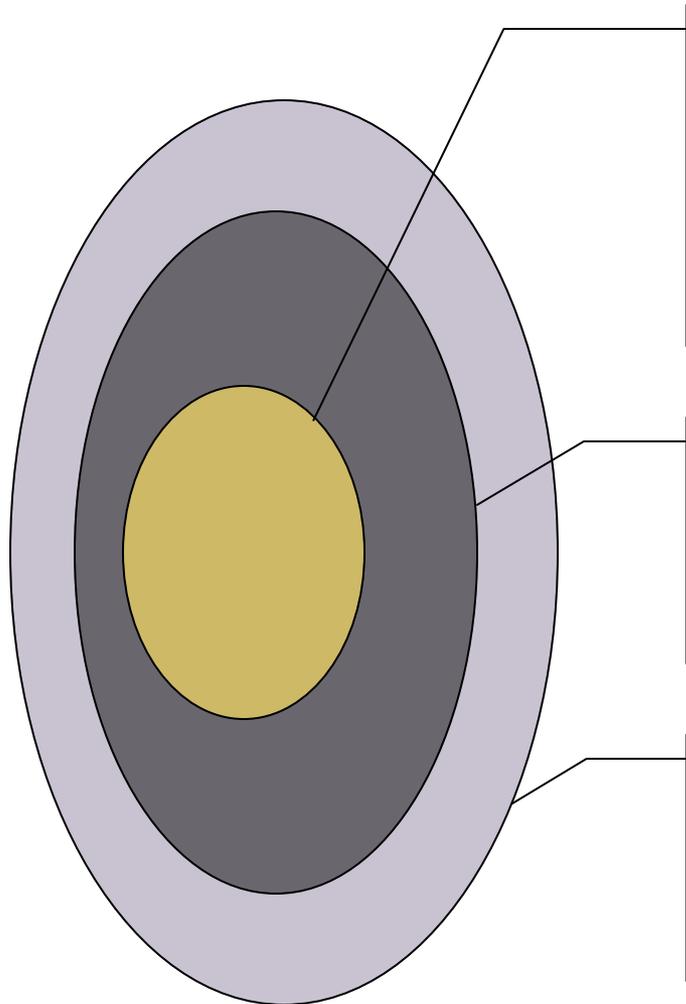


CLEAN TECHNOLOGY & THE GREEN ECONOMY



Overview of the Green Economy

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Core Green Economy: Firms that provide services and goods that do the following as a central part of their business: (1) Provide alternatives to carbon based energy, (2) Conserve the use of energy and all natural resources, (3) Reduce pollution (including greenhouse gasses) and repurpose waste. Also referred to as “clean tech” firms.

Examples: Solar power firm, recycled paper manufacturer, energy audit companies

Businesses Built On Sustainability Principles: Firms that consider sustainability throughout their products’ lifecycle processes.

Example: Organic food manufacturers (e.g., Clif Bar)

Businesses Conserving Resources: Businesses that are reexamining their processes to find ways of conserving resources to reduce costs or respond to regulatory changes.

Example: Traditional auto manufacturers

Core Green Economy

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15 Segments of the Core Green Economy

- Energy Generation**
- Energy Efficiency**
- Transportation**
- Energy Storage**
- Air and Environment**
- Recycling and Waste**
- Water and Wastewater**
- Agriculture**
- Research and Advocacy**
- Business Services**
- Finance and Investment**
- Advanced Materials**
- Green Building**
- Manufacturing and Industrial**
- Energy Infrastructure**

Green Economy in California

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Green Economy Trends in California

	Green Firms			All Firms		
	1990	2008	% Change	1990	2008	% Change
Establishments	5,861	12,253	109%	1,178,090	2,380,875	102%
Jobs	122,994	163,616	33%	14,560,383	18,023,171	24%
Avg. Establishment Size	21.0	13.4	-36%	12.4	7.6	-39%
Total Sales (billions \$)	11.9	21.4	80%	1,403.2	2,061.3	47%
Sales per Worker (\$)	97,104	130,534	34%	96,373	114,370	19%

The green economy is growing more rapidly than the economy as a whole

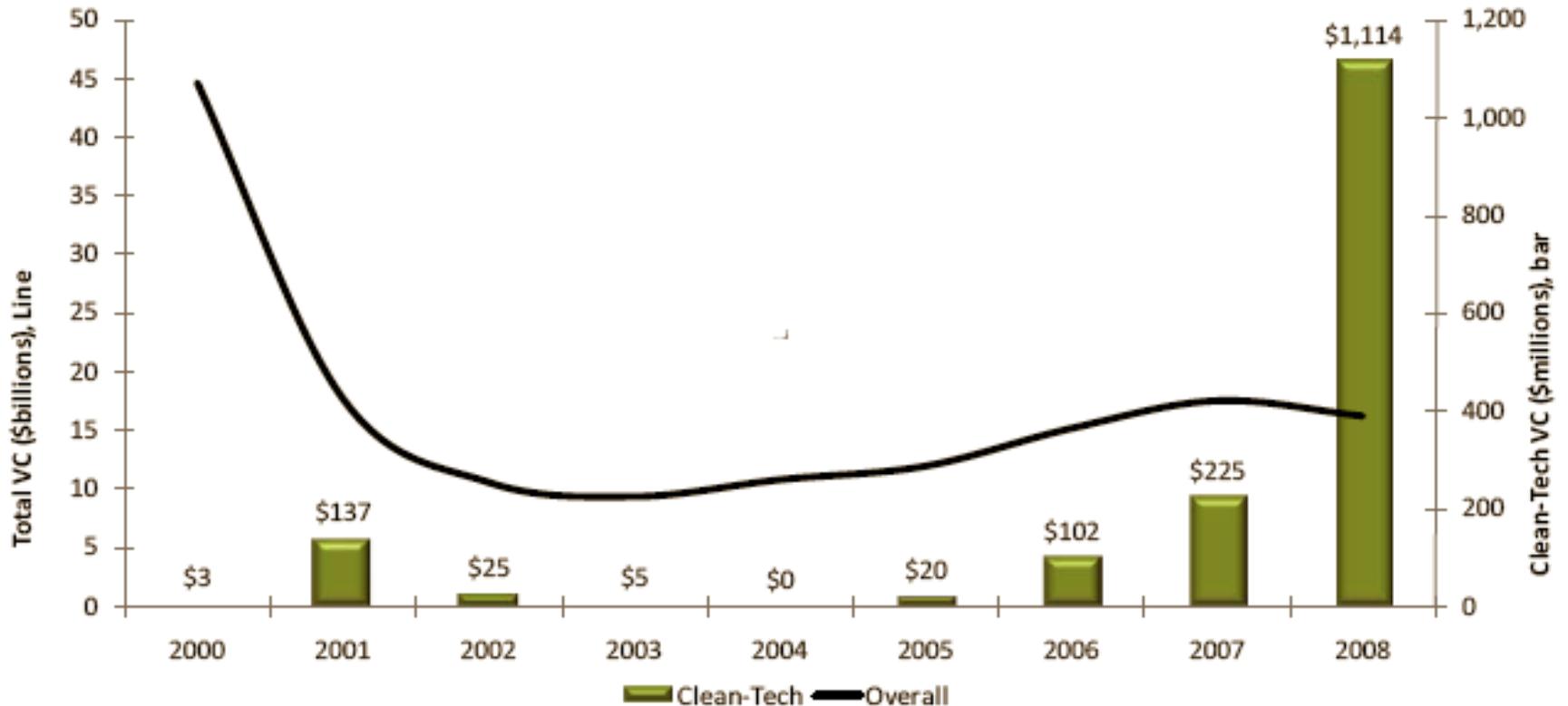
- More growth in establishments, jobs, sales
- As shown in the following slides, the industry is receiving more venture capital investment and has more “gazelles” than the economy as a whole*

*Gazelle = firms with sales in top 20% for 3-year period, compared to other firms in sector
 Source: Innovating the Green Economy in CA Regions, Center for Community Innovation, UC Berkeley, 2010.

Green Economy in California

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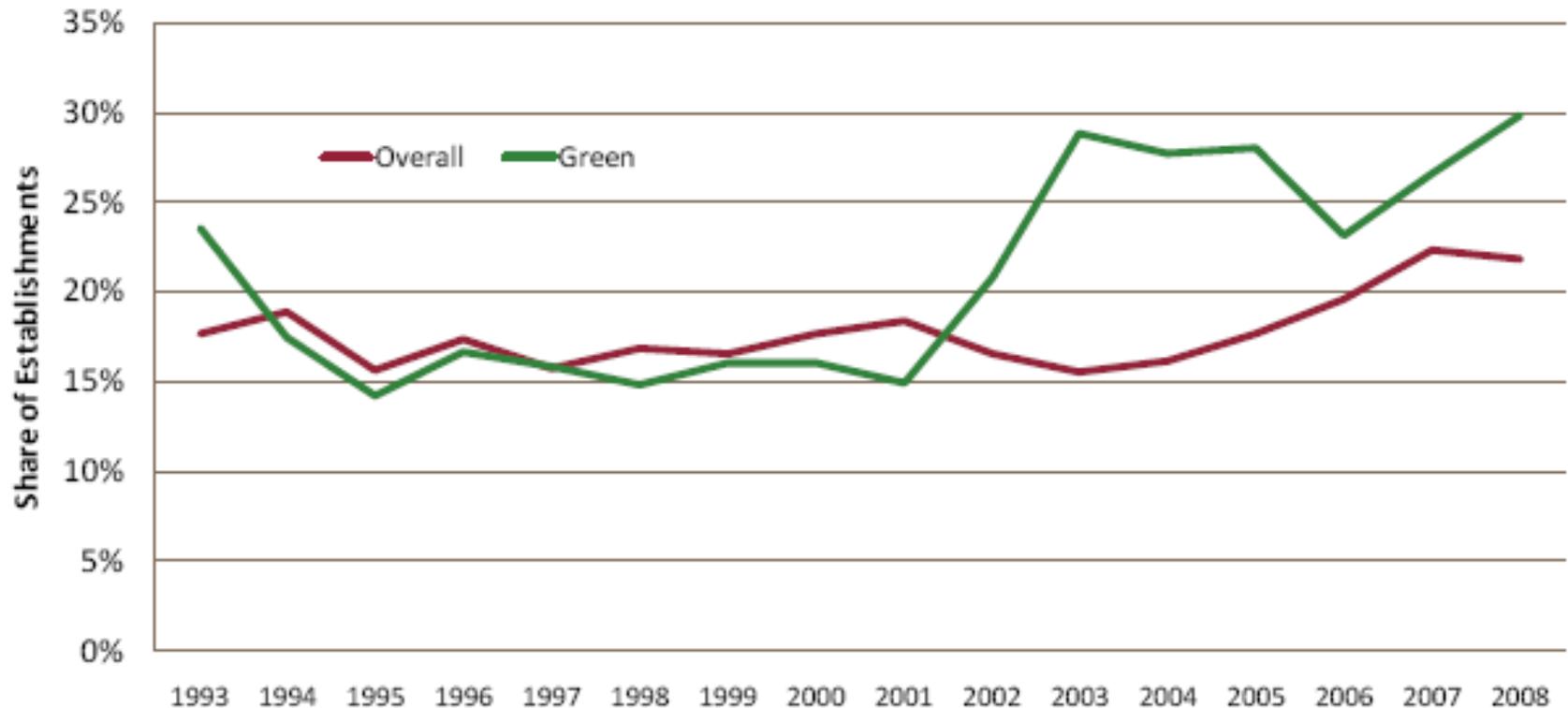
Venture Capital Investments in Clean Tech and Overall, CA, 2000-2008



Green Economy in California

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Gazelles as Share of all Establishments, CA, 1993-2008





East Bay Green Economy Jobs

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- **East Bay houses 1,100 clean tech companies, employing 30,900 people***
 - 2nd most firms and 2nd largest employment base, compared to San Diego, Silicon Valley, Los Angeles, Inland Empire, Upper San Joaquin Valley

- **East Bay ranked #3 in clean tech innovation in the State, after Los Angeles and Silicon Valley**
 - Innovation measured by patents, VC investments, small business tech grants, startups, and “gazelle” companies (i.e., rapidly growing firms)
 - East Bay has:
 - 20% of State’s clean tech patents, compared to 8% across all other sectors
 - 16% of clean tech VC funding, compared to 10% overall
 - 8% of green startups, compared to 7% overall
 - 11% of green gazelles, compared to 7% overall

* East Bay defined as Alameda and Contra Costa Counties



East Bay Green Economy Jobs

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	Green Employment								Green Establishments								
	1990		2000		2008		Region	State	1990		2000		2008		Avg. Est. Size, 2008	Region AAGR 90-08	State R 90-08
	LQ	LQ	LQ	LQ	LQ	LQ	AAGR 90-08	AAGR 90-08	LQ	LQ	LQ	LQ	LQ	LQ			
Energy Research and Services	12,437	12.1	13,810	10.1	15,377	10.6	1.3%	1.7%	46	1.4	70	1.3	87	1.2	176.7	3.8%	4.7%
Environmental Services	1,476	1.2	2,933	1.4	3,412	1.3	5.1%	3.9%	182	1.1	413	1.1	473	1.1	7.2	5.8%	5.9%
Green Building	1,009	1.6	1,220	1.9	3,674	3.7	7.9%	2.3%	73	0.9	55	0.8	89	0.9	41.3	1.2%	1.4%
Green Manufacturing	783	0.6	828	0.5	647	0.5	-1.1%	0.0%	40	0.6	50	0.7	59	0.7	11.0	2.3%	2.0%
Green Transportation	3,033	1.5	6,034	2.2	3,666	1.5	1.1%	0.8%	57	1.0	84	0.9	111	0.8	33.0	4.0%	5.8%
Recycling / Remediation	4,574	2.5	4,963	2.0	4,100	1.8	-0.6%	1.1%	181	1.0	233	0.9	283	1.0	14.5	2.7%	3.3%
Total Green	23,312		29,788		30,876		1.7%	1.6%	579		905		1,102		28.0	3.9%	4.2%

- East Bay heavily focused on Energy Research and Services, due to presence of national labs, as shown by location quotient (LQ) calculation
- Strong employment growth in Environmental Services and Green Building, compared to State as a whole



Venture Capital Trends

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- **Clean tech represents a major component of VC investment**
 - \$2.6 billion invested in US clean tech firms in 2009
 - \$1.2 billion in SF Bay Area

- **Venture capital investment down from peak in 2008**
 - 50% decline in dollars, 16% decline in deals

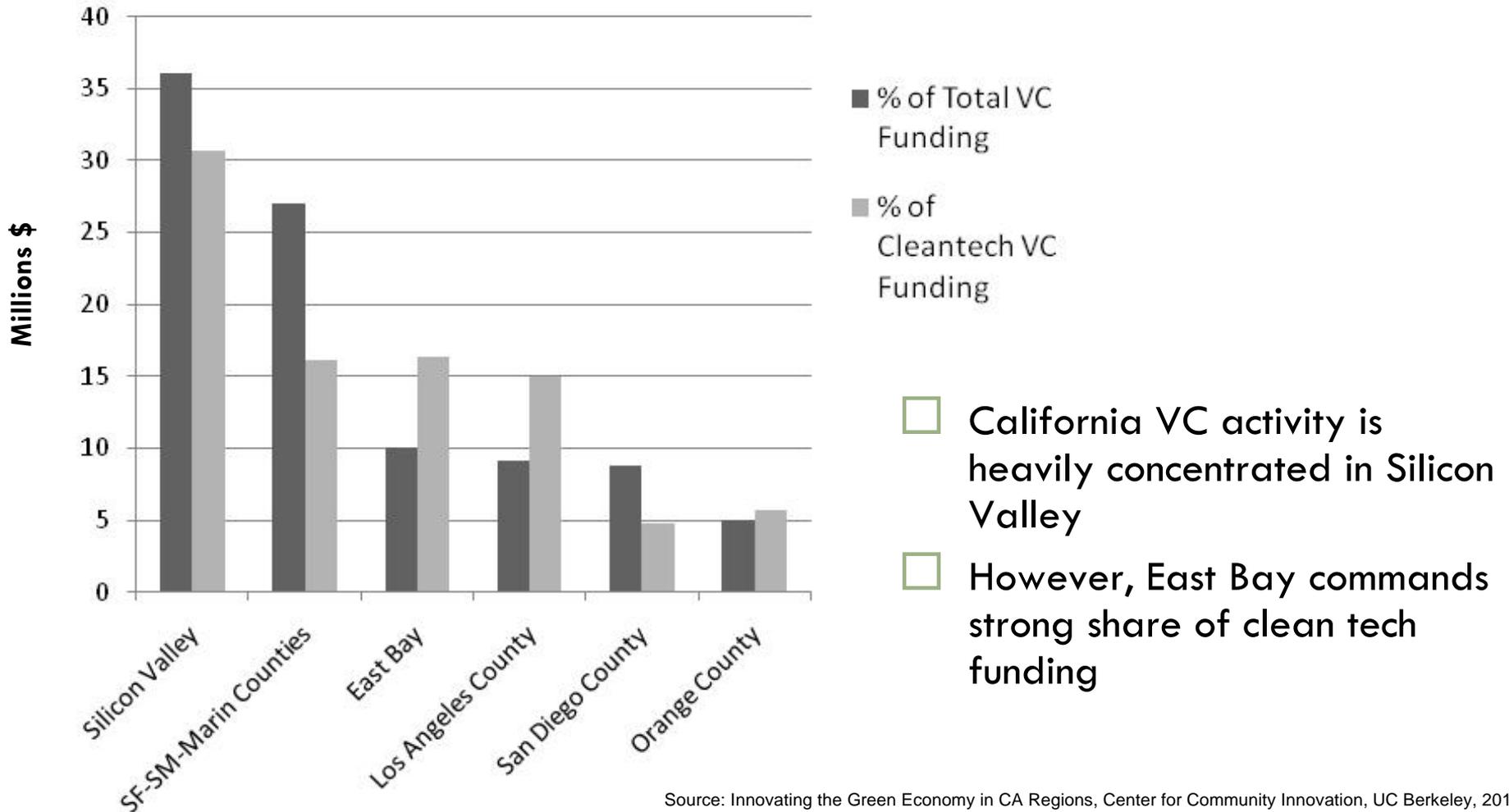
- **Solar, transportation, and energy efficiency sectors received greatest investment in N. America**
 - Energy efficiency - \$593.3 million (e.g., Silver Springs Networks in Redwood City)
 - Energy generation - \$654.6 million (e.g., Nordic Windpower Holdings in Berkeley)
 - Transportation - \$362.7 million (e.g., Tesla in San Carlos)



Venture Capital Trends

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Distribution of Venture Capital Investments, CA Regions, 2000-2008



Clean Tech Location Preferences

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- Firms tend to cluster near:**
 - ▣ Venture capital
 - ▣ Research universities for access to labor and technology
 - ▣ Other firms in sector

- Clean tech start-ups across all subsectors generally lean to single-story flex buildings**
 - ▣ Interested in existing infrastructure (typically mechanical and electrical systems) that can be leveraged and reused in R&D and fabrication processes
 - ▣ Properties also typically have lower rent

- Less availability of flex space in San Ramon, compared to inner East Bay and Silicon Valley**

- San Ramon's Class A space appeals to more mature firms for HQ and front office functions**

Clean Tech Location Preferences

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Example of mature firm with multiple space needs: Solyndra (Fremont)

- Thin film photovoltaics for commercial rooftops
- Office headquarters lease in Fremont
- Temporary demonstration factory – 120,000 sf in Milpitas
- Oct. 2009 – Leased 506,500 sf former HP building in Page Industrial Park
 - 12 yr, \$45 M lease
 - 1,000 permanent jobs
 - \$535 M loan guarantee from DOE, + \$198 M in venture capital
 - Approximately \$0.60/psf per month rent



Clean tech sector growth in San Ramon has potential but will be gradual

- Capitalize on strong clean tech sector in East Bay
- i-GATE and Innovation Tri-Valley will facilitate growth in energy subsector
- DVC efforts to expand energy field workforce also promotes growth

