

APPENDIX B
FINAL MARKET STUDY

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The Economics of Land Use



Public Review Draft Report

Fort Ord Base Reuse Plan Reassessment—Market and Economic Analysis

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Fort Ord Reuse Authority

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1. INTRODUCTION AND EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS), as part of the Base Reuse Plan (BRP) reassessment team, was retained by the Fort Ord Reuse Authority (FORA) to conduct a market and economic analysis of the Fort Ord BRP as part of the ongoing BRP Review and Reassessment Process. The Fort Ord BRP was adopted after the closure of the Fort Ord Military Base in 1994, and establishes the proposed reuse program, identifying the general location, amount, character and scale of new and replacement land uses, with a primary focus on replacing economic activity lost by the base closure. **Map 1** identifies the general land use concept for reuse of the former base.

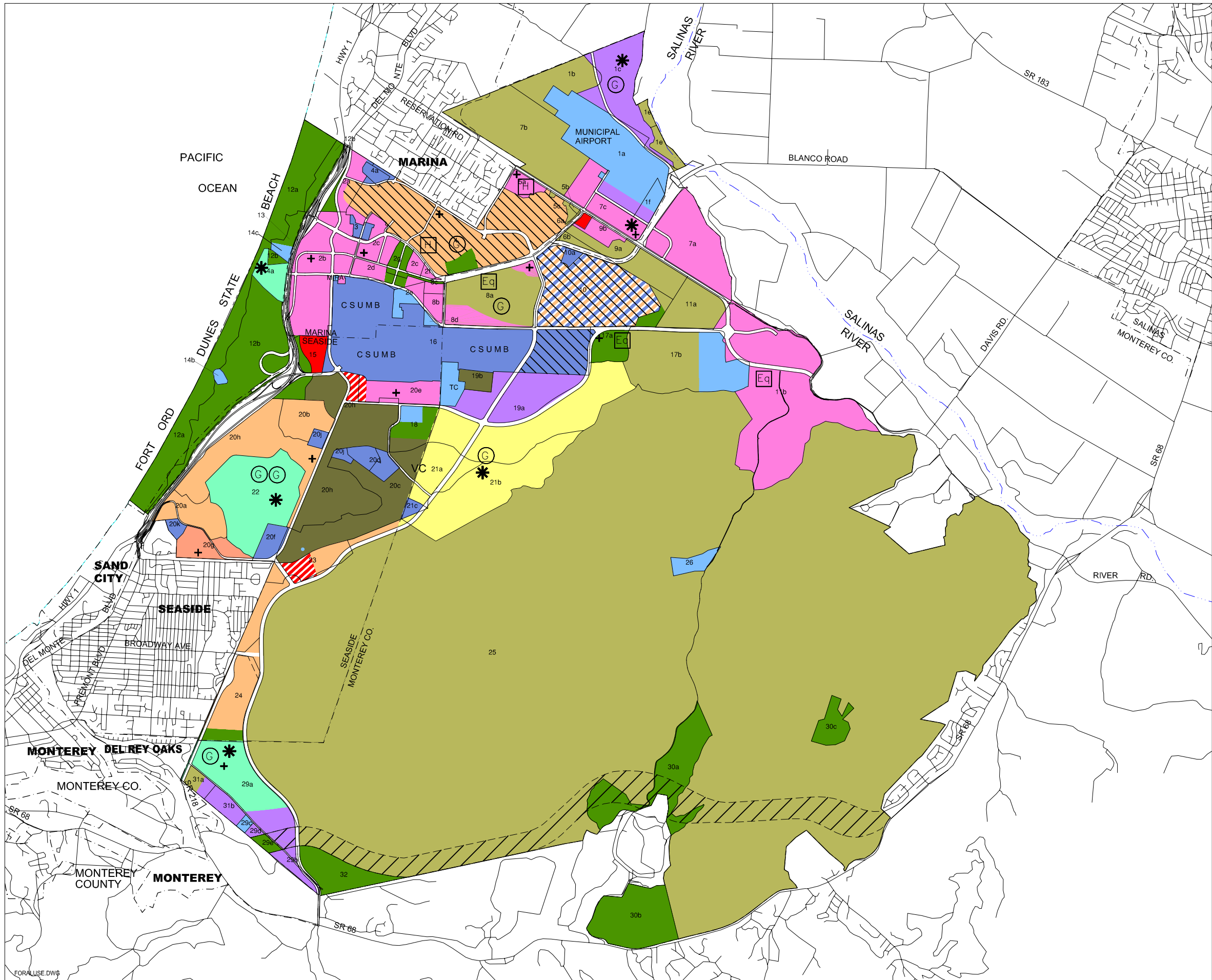
This economic analysis of the Fort Ord BRP Review and Reassessment recognizes the complex inter-relationships surrounding the development and maintenance of Fort Ord. Not only must the type, amount, and mix of development be validated and adjusted as needed, but the ability to sustain effective base reuse oversight, meet habitat management obligations, provide affordable housing, and to build and maintain regional infrastructure is critical to sustaining positive momentum in the reuse of Fort Ord, the quality of open space and sensitive habitat, the continued remediation and monitoring of unexploded ordnance (UXO) areas, and the growth and diversity of the Monterey regional economy, for which Fort Ord is an important engine.

To that end, this analysis assesses key issues related to Fort Ord's redevelopment over the next decades, with a primary focus on economic trends that are reshaping future land use demand. A baseline estimate of demand for new commercial and residential real estate products is provided, with a high level comparison to projected Fort Ord supply.

This report identifies broad trends and factors influencing the type and mix of residential and commercial uses offered across Fort Ord. While an evaluation of detailed prospects for individual projects is beyond the scope of this basewide reassessment, it is intended that findings will help inform discussions of policy, as potential modifications to the BRP and implementation practices are considered. It should be noted that this study is not intended to offer an evaluation regarding the development potential or market viability of any individual entitled, proposed or potential Fort Ord project. To the extent that market constraints are identified herein, the reader should not conclude that a well-conceived project correctly positioned within the marketplace could not succeed on its own merits.

Market Study Overview

Since the advent of the BRP in 1997, FORA applied the BRP as an underlying statutory blueprint for the development of Fort Ord's remediation, infrastructure development, and habitat management. As jurisdictions and their developers conceive of projects, FORA's responsibility is to ensure these projects are consistent with the intent of the BRP, to coordinate extension of necessary regional and local capital improvements related to planned projects, and to ensure that the clean-up and preservation of development and conservation lands is coordinated efficiently with emerging projects.



FORT ORD REUSE PLAN

Fort Ord Reuse Authority (FORA)

Land Planning	EDAW, Inc.
Market Analysis	EMC Planning Group, Inc.
Transportation Engineering	Sedway Kotin Mouchly Group
Civil Engineering	JHK and Associates
Fiscal Analysis	Reimer Associates
Habitat Planning	Angus McDonald Associates
Public Communications	Zander Associates
Community Development	The Ingram Group
	Resource Corps International

- LEGEND:**
- SFD Low Density Residential
 - SFD Medium Density Residential
 - MFD High Density Residential
 - Residential Infill Opportunities
 - Hwy 68 Bypass ROW; Development with Restrictions
 - Planned Development Mixed Use District
 - Business Park/Light Industrial Office/R & D
 - + Convenience Retail
 - Neighborhood Retail
 - Regional Retail
 - Visitor Serving
 - G Golf Course Opportunity Site
 - * Hotel Opportunity Site
 - Eq Equestrian Center Opportunity Site
 - Open Space/Recreation
 - Habitat Management
 - School/University
 - University Medium Density Residential
 - H Alternative High School Sites
 - Public Facility/Institutional
 - Military Enclave
 - VC Veterans Cemetary

**Map 1
Land Use Concept
Ultimate Development**

		<p><small>SOURCE: Jones & Stokes, 1995 Reimer Associates, (Re-Projected), 1995 Monterey County, 1995 EDAW, Inc., 1996</small></p>	<p>FIGURE: 3.3-1</p>
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To maintain the focus on regional economic recovery, education, and environmental sustainability, it is necessary to ensure that over the long term, BRP provides the framework for a balanced mix of employment-generating, service-providing, and residential land uses. In addition to residential development supporting an expanding labor force, a successful BRP will facilitate export-oriented industry activity, provide capacity for institutional expansion (CSUMB, UCSC and other research/education institutions), and provide opportunities for servicing those employees and residents. A key ingredient in sustaining economic development while preserving environmental quality is strengthening the connections between the resident labor force and emerging employment opportunities (including service workers). If major infrastructure investments can be leveraged to facilitate projects meeting emerging consumer preferences and produce a balanced mix of land uses at buildout, progress can be made in ensuring the long-term preservation of Fort Ord's natural environment while reducing the perceived risk confronting developers of beneficial projects.

To accomplish this outcome, uses contained in the former Fort Ord must relate to one another and be mutually reinforcing. Emphasis must be placed on the end state result of BRP patterns; that is, how do uses relate to one another at the buildout of the plan? Economic cycles and other external factors will continually interfere with the pace and pattern of development, which may contribute to an interim emphasis on residential development, leading the way for longer-term realization of office and research and development (R&D) uses.

Through these cyclical fluctuations, it is critical that long term economic prospects are monitored to conform to end-state objectives for cohesive, balanced growth and development responding to and reflecting the policy goals set forth for the BRP. While making efforts to jump-start near-term residential and retail projects, local jurisdictions also must be incented to focus on export-oriented industry¹ development comporting with the education and environmental sustainability goals on which base reuse is founded. These "basic employment" sectors are important to provide a broadened foundation for diversification and long-term economic stability.

It is also important that future development maximize use of existing infrastructure investments while ensuring that critically important regional improvements are constructed as needed to facilitate access and circulation. Infrastructure improvements must also contribute to fulfilling objectives ensuring that all jurisdictions share in economic recovery opportunities.

Within this context, this market and economic analysis seeks to evaluate the prospects for job and population growth on Fort Ord and specifically evaluates the following topics:

1. Current market conditions and expectations.
2. Ability for the BRP's mix of residential and commercial uses to respond to expected economic conditions.

¹ Also referenced as a base industry, an export-oriented industry produces goods and services for consumption outside the local region, indicating a local functional specialization or competitive advantage in producing the desired goods and services. Export oriented businesses are desirable because they provide an employment base that does not exclusively rely on local consumption patterns.

3. Chief constraints to the realization of the BRP.
4. Expected timeframe for buildout of the BRP.
5. Policy options that should be considered in calibrating the BRP to emerging trends and future conditions.

Organization of Report

Following this opening chapter, **Chapter 2** provides an overview of the BRP, documenting accomplishments and progress toward initial growth targets. **Chapter 3** provides an overview of economic and demographic factors influencing Fort Ord development, documents regional growth expectations,² and estimates the total population and employment growth that could be captured by Fort Ord. **Chapter 4** provides an evaluation of residential and commercial real estate market conditions and is followed by a detailed examination of land supply/demand and potential capture of net demand by Fort Ord in **Chapter 5**.

Executive Summary

This section offers an overall synthesis of this report, developing conclusions based on the data presented in the forthcoming chapters.

Overall Conclusions

1. **The BRP should be considered as a long-term plan** expected to move forward in fits and starts. Temporary imbalances between residential and commercial development are natural and can be acceptable, providing there is a logical basis for realization of a balanced land use outcome at buildout. Buildout of the currently projected pipeline supply is anticipated to occur over the next 40 years.
2. **Population and job projections imply more than 20 years for Fort Ord's remaining buildout.** AMBAG projects 4,800 housing units and 12,400 jobs for the Monterey Peninsula's cities over the 20-year 2015-2035 period. Remaining (unbuilt) growth on Fort Ord is more than 6,400 units and roughly 14,400 jobs (based on the BRP's 18,000 job goal). Remaining development capacity anticipated in the BRP exceeds projections for the Peninsula for the next 2 decades, even if Fort Ord achieves 100-percent capture of Peninsula-based demand.

² This report relies on the "Monterey Bay Area 2008 Regional Forecast" published by AMBAG for population and employment projections, as it is the most recent published projection and aligns with other regional planning efforts. AMBAG is currently developing revised demographic forecasts that are anticipated to vary from the current data. Preliminary data published for the 3 county area suggest that the forthcoming population and employment data will project slower growth between 2010 and 2035 than currently projected. Data disaggregated to the local level is not available, however, and therefore could not be incorporated into this report. It is important to note that that EPS's analysis is focused on the growth in total population and employment between 2015 and 2035. While actual baseline and buildout numbers may vary, it is expected that the magnitude of variance in the absolute growth numbers could be less significant.

**Table 1-1
Comparison of Fort Ord Projected Supply and Estimated 20-Year Demand**

Item	Projected Fort Ord Supply [1]	Estimated 20 Year Demand	20 Year Surplus/ (Shortfall) [4]
Residential Units [2]	6,400	3,600	2,800
Commercial Building Square Feet	5,800,000	2,700,000	3,100,000
Jobs [3]	14,400	9,400	5,000

[1] Based on FORA development projections through 2022. See Table 2-7.

[2] Reflects total projected new and replacement units shown in Table 2-7 less 492 CSUMB units. Of these units, roughly 4,000 new units and 500 replacement units are entitled.

[3] Projected supply reflects BRP goal of 18,000 jobs less current 3,600 jobs present on Fort Ord.

[4] Surplus reflects development expected to occur beyond the 20 year timeframe of the analysis. Entitled units cannot be withdrawn or canceled without permission of those who hold the entitlement and the governing land use authority.

Economic and Demographic Findings

3. **The County and its cities are increasingly bifurcated** socio-economically, with a growing divide between the fast growing Salinas Valley and a Peninsula subregion that is losing population.
4. **The Peninsula area of Monterey County is losing middle income households**, with high earners in key age brackets leaving the region for other opportunities.
5. **The region’s research strength has not translated to job creation and commercial real estate demand.** The Monterey Bay region harbors tremendous potential among its educational and research institutions, as well as a highly technical and talented pool of labor. However, these conditions have not led to substantial job development.

Residential and Commercial Real Estate Market

6. **The level of perceived legal risk associated with development on Fort Ord affects investment activity.** It is very important for developers and investors to “secure” acceptable growth targets addressing key environmental and public access concerns, to minimize risk to the extent possible. In the presence of ongoing threats of litigation, targeted return rates must be adjusted upward. This adjustment makes achievement of feasibility very difficult for projects providing needed jobs and housing.
7. **Fort Ord has a lack of integrated, mixed use development concepts relating to emerging consumer preferences.** As a national emerging trend, residential preferences are incurring a shift toward more efficient units and dynamic, multi-use locations, emphasizing orientation, appropriate size, and synergy with other uses and transit. While the BRP programs, policies and land use designations promote mixed use concepts, and

developers are responding to these trends in certain cases (e.g., the approved and partially built “Dunes at Monterey Bay” project in Marina), more emphasis should be placed on meeting these consumer preferences if and when opportunity presents itself.

8. **Job growth is paramount in the Peninsula’s residential recovery.** In California and throughout the U.S. economy, residential development is recovering in areas of strong local job growth. The South Bay Area is a prime example of this dynamic.
9. **Residential markets have shifted, reflecting lower price points to match consumer ability to pay,** based on modest local salaries and limited equity. On Fort Ord, pricing of new residential units is expected to be 25 to 35 percent less than initially proposed price points, though fundamental product types do not appear to have substantially changed.
10. **Home prices are still too high for younger and less educated consumers,** indicating a potential need to reconfigure residential product types. If current patterns persist, more than 60 percent of future Peninsula area households will have incomes less than \$75,000 annually, corresponding to price points under \$325,000. Current products proposed and approved on Fort Ord consist of a high proportion of detached, single-family lots, and may be skewed to the upper end of the income spectrum. A larger proportion of attached product may be needed to address price-sensitive market segments while still achieving acceptable development profits.
11. **Declining home prices undercut economic feasibility.** As homes prices are reduced in accordance with the economic “reset”, FORA CFD Special Taxes and jurisdictional impact fees are becoming a larger percentage of overall development cost burden. This is an issue in particular for attached product with lower unit values, and could preclude creation of senior and affordable housing prototypes.
12. **Near-term residential demand is highly sensitive to price points and their linkage to local occupational wages;** evidence for “pent-up demand” is strong at lower price points, however, local housing demand is “elastic” (i.e., highly sensitive) with regard to increased prices, increasing pressure on housing developers as profit margins are squeezed. It is therefore critical to ensure that the infrastructure cost burden, driven by FORA’s Capital Improvement Program is as efficient as possible by serving the most units of development for the least cost. In this regard, goals of the development and environmental communities are aligned, in that targeted and strategic infrastructure investments could result in lower costs to the development community while minimizing environmental disturbance and promoting best practices in terms of environmentally sustainable development.
13. **Short-term demand for residential stems from a variety of sources and changing conditions.** In the absence of substantial near-term expansion of the job base, residential demand will emanate from growth in tourism and other sectors, improving access to South Bay job centers through potential Highway 156 improvements, improving accessibility between Santa Cruz County and Monterey County as a result of Highway 1 capacity improvements, and move-up demand from Seaside, Marina, and other local communities. All of these factors suggest an approach of initially building the local labor force as a means to attracting major employers.

14. **Office/R&D development is likely to be led by build-to-suit projects among owner-operators, followed by the potential emergence of multi-tenant speculative development** in the next 5 years. Low vacancy rates and continued lease rate growth on the Peninsula appear to be supportive of new development activity, providing that a supportive environment for job growth is established.
15. **Retail growth and development will directly respond to the pace of new residential development**, as the market is presently close to equilibrium. Opportunities to provide additional regional attractions will be facilitated by the recent National Monument designation on portions of Fort Ord and continued growth in tourism in general.
16. **Tourism expenditures are expected to continue to demonstrate considerable strength** and potentially show improvement. This will enable development of well-conceived hospitality concepts if risk levels are tolerable.

Fort Ord Prospects and Opportunities

17. **Achieving a long-term jobs-housing balance on Fort Ord will depend on a concerted economic development effort to grow basic “export” industries** and tie-together the R&D needs of agriculture, tourism, and education and to develop institutional/private sector research consortia. Over time, an expanding local labor force complemented by continued growth in opportunity between institutional entities, skilled sole proprietors located in Monterey County based on quality-of-life preferences, and corporate interest in the area and its labor force should combine to realize the job forecasts and scenarios discussed in this report (see **Chapter 4**). However, strong leadership will be required from one or more multi-jurisdictional entities motivated to further the economic balance and sustainability of the region.
18. **The National Monument offers an opportunity to distinguish Fort Ord**, providing a compelling additional regional destination and supporting base recovery by providing additional amenity value for well-conceived growth and development. Tourism remains a strong sector for the regional economy showing annualized spending growth exceeding 3 percent per annum. The National Monument designation’s effect, if accompanied by a compelling and thoughtful implementation strategy fully activating the base and providing access to a wide cross section of the public, can help extend tourism and related spending to the communities encompassed by Fort Ord. It is important to note, however, that the while the leisure and hospitality industry is a critical element of the regional economy, it offers jobs that are often low paying. As its growth will not solve issues of economic and social bifurcation, expansion of this industry is one element of potential economic growth that must be augmented through development of other sectors.
19. **The ability to realize strong growth heavily depends on the perception of the base as a coherent, well-planned area with a dynamic future.** More attention should be given to the “entry experience” prevalent from all areas of the base. Screening and signage should be used strategically to shape visitor impressions. Design guidelines should reinforce the unique topography and vegetation present on the base. Fort Ord calls for a recommitment to operations, marketing, and branding to bring additional coherence and

recognition of future potential. Removal of derelict Army buildings needs to be prioritized to provide a better vision of future economic opportunity.

20. **Past investments in roadways should be fully used.** The facilities developed on Fort Ord have created substantial development capacity that should be efficiently and fully used. Second Avenue (within the Cities of Seaside and Marina) is an example of a facility that provides capacity for local development, driving ongoing progress by the Dunes at Monterey Bay project and CSUMB.

Discussion: BRP Implementation and Response to an Evolving Market

The BRP itself is characterized by two very important aspects: (1) it emphasizes the opportunity for jurisdictions affected by closure of the base to participate in the region's recovery, and (2) it emphasizes the ultimate form and function of reuse at the buildout condition. Much of the public's criticism regarding reuse and recovery progress to date relates to the interim status of the BRP's implementation. The interim completion status is obvious to even the casual observer on Fort Ord, where the landscape encompasses a chaotic array of partially completed housing and commercial projects, vast tracts of concrete and abandoned structures, and a partially built street system.

Based on identified economic trends, this economic analysis suggests policy options that may be available to improve the implementation of the BRP. These options are driven by a current, realistic assessment of economic conditions affecting the realization of stated growth targets, as well as the objectives stated in the 1997 BRP related to economic recovery, reflecting a commitment to education and environmental protection.

Overall, the BRP functions well in geographically distributing areas of commercial and residential development among multiple jurisdictions to promote economic recovery and replacement. However, improvements could be instituted in the implementation, execution, and oversight of the BRP among involved public and private-sector entities. Three entities are primarily involved in the growth and development of the former Fort Ord Army Base:

1. **FORA.** FORA is tasked with ensuring that the local jurisdiction's land use plans are consistent with the BRP. It is responsible for collecting fees and constructing infrastructure improvements and meet regional (e.g., TAMC) requirements and ensuring habitat conservation obligations shared throughout the Base are met. It also splits available land sale revenues and net incremental property tax revenue to effectuate the removal of buildings ahead of planned development, and ensures that the ongoing basewide tasks including clean-up of munitions and other contaminants are completed and synchronized with projects and related infrastructure improvements.
2. **Local Jurisdictions.** The Cities of Marina, Seaside, Monterey, and Del Rey Oaks, as well as the County of Monterey, have primary land use authority and are chiefly responsible for land use decisions and development approvals. CSUMB, the University of California, and the US Army also control significant areas of the former base, and are not beholden to local jurisdiction entitlement processes. In a more direct capacity than FORA, these entities are responsible for the mix and form of development that occurs, provided that FORA subsequently makes findings of consistency with the BRP. Jurisdictions are confronted by the loss of redevelopment tools that, pending future State Department of Finance decisions, may

not be available to provide gap funding to projects. A range of other emerging tools may mitigate the impact of losing redevelopment powers and tax increment financing.³

- 3. Development Community.** The development community is continuously reevaluating and redesigning products to respond to a changing consumer demand profile. The issues confronting local developers include a lack of identified demand in the face of continued high development costs. In some cases, such as the cost of labor, there is relatively little that can be done; in other cases, policy options are available to encourage certain types of development (e.g., careful monitoring and adjustment of FORA and jurisdictional impact fees).

Uncertain Residential Development Prospects

The resource-constrained BRP currently caps development at 6,160 new dwelling units, 1,813 rehabilitated and replacement units, and 18,342 jobs (the approximate equivalent of 3.6 million square feet of commercial and industrial development). To date, 5,000 housing units have been approved, roughly 500 lots completed, and fewer than 400 built. The development community has been working concertedly to reduce development fees as it has scrambled to reduce pricing in the aftermath of a major economic recession starting in 2009. Nevertheless, the market outlook for these residential units remains uncertain, with developers presently planning to release small groups of units within the next 2 years to test the market's depth and breadth.

Housing development in California, at the outset of the recessionary recovery, has been very localized and concentrated in areas with healthy and expanding job bases offering livable wages that support housing purchases. The recent era of rapid and effortless home equity growth, a major determinant of demand for move-up housing, has come to a close. On the positive side, the Monterey region remains an attractive region able to support a growing retirement sector, and housing demand at lower to moderate price points appears to be strengthening. The local housing needs of the region's service workers are expected to remain acute.

Realization of near-term housing demand at compelling price points can also leverage the area's regional proximity to the South Bay, strengthening the linkage between the two regions. An oft-observed pattern, exemplified by the "Tri-Valley" region northeast of Silicon Valley (which includes San Ramon, Dublin, Pleasanton, and Livermore), features rings of concentric growth, with labor force expansion attracting corporate interests seeking expansion or relocation options near a desired labor force. A similar dynamic could potentially be reinforced by the familiarity of major decision-makers with the Peninsula region, some of whom enjoy second homes in the area. Yet, job results predicated on this dynamic have been limited thus far in the Monterey Bay region.

³ Under the now dissolved redevelopment agency powers, tax increment financing allowed local redevelopment agencies to retain growth in property tax revenues generated within a redevelopment area to finance redevelopment activities.

Rather than relying on commuting, long-term economic recovery and achievement of BRP buildout relies on the region's ability to reinvigorate "basic"⁴ economic growth on the Peninsula and Fort Ord to expand and diversify the range of economic activities.

Slow and Deliberate Job Growth

About 3,600 of the 18,000 jobs targeted by the Base Ruse Plan have been realized. Job growth to date can be characterized by an eclectic variety of education, other public sector, resource-extraction, and health sector jobs, accompanying a continuing substantial military presence.

The rate and near-term composition of Fort Ord's near- and medium-term development is inextricably linked to prospects of Monterey County as a whole. Highly anticipated jobs stemming from information technology, marine and agricultural R&D, and other skill-based export industries have been very slow in arriving.

High expectations for job growth are nothing new to the Monterey Bay region. The area's relative proximity to South Bay employment centers, local quality of life factors, and institutional capabilities are compelling. In the region, Fort Ord provides the best prospects for accommodating projected growth with its water allocation and a coordinated multijurisdictional planning process.

A multi-pronged approach is necessary to achieve job growth that will stabilize the region's economy and offer more diversity, opening access to disadvantaged and underserved populations that have suffered since base closure and during the recent recession. As discussed in the prior section, this approach potentially involves supporting labor force growth through some initial acceptance of a "jobs follow housing" model. This approach relates to the fact that the middle class, which has been declining in the region, needs to be bolstered to arrive at a fully functioning economy that will attract larger employers. However, rather than simply wait for an employer response to a larger and more diverse local labor force, efforts must also be made to institute a coordinated economic development strategy, to substantially reduce development risk, and to ensure that a variety of development opportunities are in place, corresponding to diverse consumer preferences.

Constraints to "Beneficial" Development

The Monterey Bay Region is known to be selective when it comes to growth and development. In a region of natural beauty and environmental sensitivity, it is appropriate that development be held to the highest standards regarding site selection, design, consumption of water resources, minimization of traffic impacts (vehicle miles traveled or "VMT"), and other criteria.

At the same time, it is important to recognize that areas that are stable and balanced economically are more likely to value the preservation and expansion of natural resources. High quality and permanently protected open space is a major amenity value to private and public development, and fosters healthy lifestyle opportunities for the region's residents.

⁴ The phrase "basic employment" refers to sectors that sell goods and services to other regions (export industries). These industries are capable of expanding local wealth and bolstering demand for local support industries (e.g., retail and hospitality).

Disadvantaged populations that were most acutely impacted by the base closure, ensuing recessions, and changing structure of the economy may prioritize open space and natural resource preservation to a greater extent if additional economic opportunity to participate equitably in the recovery is available. Opportunities to retain middle-income, younger- to middle-aged earners are enhanced by a greater spectrum of job, residential, cultural, and recreational opportunities. Seniors and younger households, sensitive to price points, need access to housing closer to Peninsula jobs in the area to foster a more stable community.

It should be recognized that several major constraints to development and sources of risk affect all projects on the former Fort Ord:

- **Charged political climate.** There is substantial concern regarding legal actions, the length of time necessary to garner entitlements, and the ability to achieve buy-in among diverse constituents.
- **Structure of FORA Board.** Concern has been expressed that the size of the Board and the process by which decisions are made should be examined to ensure that the needs of jurisdictions with land holdings on Fort Ord are met.
- **Potential Loss of Property Tax Revenue.** Property Tax Revenue (formerly tax increment) has been an invaluable funding resource on the base and has been implicitly assumed to be a major component in providing gap financing for high value projects, affordable housing, and a source of funding for ongoing FORA operations. Some possibility exists that FORA's share of tax increment remains intact, based on the fact that the State legislation creating FORA and its funding sources may supersede State law abolishing redevelopment.
- **Potential for Low Land Sale Revenue to FORA.** Land sale revenues are the chief source of funding for building removal. At the same time that this report indicates that clearance of blighted structures is a major priority for improving market perceptions, a very real possibility exists that lower price points for residential product in particular, without corresponding reductions to development costs, will reduce land values. The potential loss of increases in property tax revenue discussed above may also affect net land sale revenue as critical gap financing may not be available to render projects feasible.
- **Uncertainty regarding future of basewide operations and management (FORA extension).** Real estate investors seek to reduce risk by minimizing uncertainty. In many cases, the presence of substantial cost burdens is acceptable if the return on investment is acceptable. In the case of Fort Ord, the presence of FORA provides stability and certainty, in that basewide programs have regional governance such as Building Removal, Habitat Management, Transportation and Transit, Water Augmentation, etc. The potential future need for developers to rely on each individual land-use jurisdiction to coordinate cross-cutting issues in the absence of a Local Reuse Authority (LRA) such as FORA constitutes a substantial development risk. Rather, it may be to the area's benefit to expand the range of FORA's cross-cutting oversight to include additional marketing, branding, and economic development—areas that are not presently being covered sufficiently by either the private or public sectors.

Policy Priorities: Overcoming Constraints to Balanced Growth

FORA and its jurisdictions should coordinate planning and economic development to ensure that future development opportunities are calibrated as follows:

- **A diversified range of opportunities is necessary to “land” job growth.** Specialized technology enterprises aligned with institutional initiatives are the most likely candidates for UC MBEST project. However, it will be critical to ensure that additional office/R&D job growth is facilitated by conventional, flat-topography fee-simple development opportunities, including areas near Highway 1 and more urbanized development patterns.
- **Emphasis should be placed on creating opportunities to attract the “creative classes.”** Major job centers have seen substantial technology growth in areas that are walkable to restaurants, incorporate civic and cultural features, and provide the density required to foster transit services. This “downtown” or “village center” environment is a critical feature of the BRP that should be reinforced and strengthened over time if possible. The CSUMB area would appear to be a prime option in this regard, building on the emerging synergy between the evolving Dunes at Monterey Bay project and the nascent CSUMB campus. To the extent possible and if validated through further study, development capacity could be created using density bonuses which also potentially align with community and environmental benefits.
- **Income disparities (the disappearance of the middle class) must be addressed through a major effort to attract jobs and economic development to provide regional balance.** Fort Ord is positioned to be the “engine” for regaining this lost balance. In this regard, it will be necessary to accept some level of residential growth ahead of commercial development to build a labor force that will set in motion recognition of opportunity among South Bay and other employers looking at potential expansions.
- **More emphasis should be placed on multi-cultural and under-served populations’ inclusion.** Efforts to link the environmental justice community to entities such as the California Endowment (currently active in Salinas) can potentially improve surrounding conditions in Seaside and Marina, for example, though emphasis on creating healthy and resilient communities by encouraging improved walkability, diversity of food choices, and transit-related and mixed use development. Specific populations, including veterans, Native Americans, African American, Hispanic, and others should play a role in celebrating the diversity of Fort Ord’s legacy and recovery. Additional collaborations with CSUMB and other entities would appear to be worth exploring in this regard.

Options for Policy Response

The most relevant and available policy options pertain to the implementation of the BRP; in some cases, modifications to the BRP itself may also be considered.

1. **Prioritize economic development to balance near-term growth and investment,** providing support to the local housing market while further developing the region’s strengths. This is by far the most critical next step to the implementation of the BRP, and breaks down into several important subfindings:

- **Consider alternative locations to capture a wider swath of high tech and R&D growth and development.** The UC MBEST project remains a valid and important component of the BRP, but too much reliance has been placed on this project as a location for the region's future technology-driven development. Developers and firms not interested in ground leasing or not permitted by use restrictions simply need an easily developed location benefiting from substantial traffic capacity and proximity to other major investments. Moreover, the "creative class" often favors dynamic, mixed use locations, which may lead to further consideration of other areas of the base. Additional sites, located on flat topography and open to a diverse range of commercial development opportunities are needed to realize targeted employment growth.

Potential areas of focus may involve the further development of the health care sector (e.g., leveraging Peninsula Wellness Center, VA clinic in Marina, and kinesiology and nursing programs at CSUMB), software development, agricultural technology development, and marine and environmental related research.

Existing capacity on General Jim Moore Boulevard should be studied as potential mixed use R&D districts targeted toward the creative class, interested in proximity to retail, restaurants, CSUMB, and access to Highway 1.

- **Maximize the potential impact of the Fort Ord National Monument Designation.** To be successful, the backlands of Fort Ord need to be attractive, safe, and accessible to a broad spectrum of visitors. Paths need to be improved to accommodate bicycle, pedestrian, and equestrian uses without conflict, and visitor amenities should be constructed according to a full master plan for the Monument, which will be prepared by Federal agencies as time and resources permit. Linkages to key projects and other regional attractions will be an important element of future planning efforts.
 - **Facilitate industry/academic consortia and other collaborations,** with immediate emphasis on attracting local public and private investment, and ensuring a place to land in the local real estate market (e.g., shovel ready sites) as discussed above. Identifying regional leadership and clarity of mission are essential near-term priorities in this regard.
2. **Engage in comprehensive marketing and branding effort.** Whether led by the public or private sector, the appearance and perception of the base needs to be improved to support development and leverage the National Monument designation on portions of the former base.
 3. **Improve interim transportation patterns and way-finding.** Despite public concern regarding a potential future east-west roadway connection (Eastside Parkway), regional traffic analyses conducted by TAMC articulate the established need for multiple Salinas Valley—Monterey Peninsula connection options to mitigate traffic impacts and provide adequate roadway capacity between these two interdependent subareas in the region and to reduce traffic moving through the central CSUMB campus. Nevertheless, the placement and timing of this and other major improvements should continue to be studied to ensure compatibility with future opportunities brought about by the National Monument designation and the overall vision for base reuse.

4. **Where applicable, prioritize use of existing infrastructure investments.** Much discussion in regional forums has centered on the full development and reuse of core areas near the Highway 1 corridor and CSUMB. Indeed, General Jim Moore Boulevard provides substantial capacity for future development and offers intriguing possibilities for future development patterns. An evaluation of intensified mixed use development in this area should be conducted.
5. **Where applicable, expand incentives for “beneficial” projects.** Although there is little latitude remaining to shape the type and placement of residential development on Fort Ord, future development can be incited through an expanded “toolkit” of financial options. For example, density bonuses could be offered for projects displaying societal- and resource-related benefits, i.e. projects that demonstrate best environmental and engineering practices that reduce VMT and other deleterious impacts on the natural environment.
6. **Ensure that FORA or a similar organization is positioned to coordinate cross-cutting planning and development issues.** The complexity of overlapping planning and development issues on Fort Ord requires a centralized, dedicated regional planning entity to minimize confusion and inefficiency. The prospective “sunset” of FORA, pending legislative efforts to extend the life of the organization, would shift the Fort Ord jurisdictions into a traditional LAFCO-led process where annexations involve requiring property tax sharing to fund common requirements, such as the Habitat Conservation Plan and other cross-cutting CEQA requirements.

Rather, FORA's (or successor organization's) role and responsibilities should be expanded to facilitate implementation of BRP and countywide economic development objectives. Several economic studies have cited the need for more inter-jurisdiction collaboration and a cohesive strategy for countywide economic development. Most of the development that occurs in the Peninsula area will be on former Fort Ord lands. An expanded coordination role for FORA or its successor would be based on the following considerations:

- a. FORA has a track record of working cooperatively with the local jurisdictions and has the ability to tie various economic and environmental objectives together. Ensuring that the emerging health care, education, research and development and other emerging industry sectors continue to develop and thrive, will require a concerted effort to align local officials. Significant and careful attention to land use adjacencies is required to avoid conflicts and maximize complementary, synergistic uses.
- b. Earlier engagement in local land use decision making and more intensive scrutiny at the consistency determination stage may be necessary to ensure adherence to the BRP vision.
- c. An expanded role in overseeing marketing and branding of the former Fort Ord, made particularly important by the recent National Monument designation, is needed.
- d. Incentives for beneficial development through FORA fee adjustments, deferrals, subsidies, and other means (e.g., targeted infrastructure investments) should be further considered in CIP reviews.

- 7. To the degree possible given market and economic conditions, near term redevelopment efforts should be focused on paved and built areas to remove visual blight and improve the ability of the former Fort Ord to attract new employment generating uses.** Focusing near-term redevelopment efforts on blighted (paved) areas will create a more attractive urban form with the potential to catalyze future growth opportunities.

Related to this concept, reliance on land sales to fund building removal should be reexamined. In the near term, residual land values are expected to be low to nonexistent, limiting the funds that may be available from this source. The availability of property tax funding remains unresolved, which further limits the ability to incent development. FORA should examine other means by which building removal can take place. An increased pace of building removal will not only assuage visual blight issues, but will improve safety and make the area more attractive to investors.

- 8. A renewed focus on new funding sources open to FORA, jurisdictions, and developers is needed to overcome the potential loss of tax increment.** Current prospects include the potential for Infrastructure Financing Districts (IFDs) to be used more effectively (see SB 214, AB 485, and AB 910), by amending voter approval requirements, extending the maximum term of bonds issued, expanding facility eligibility, and the inclusion of several other provisions. In addition, new legislation proposed by Senator Pro tem Steinberg (SB 1156) would offer redevelopment-like powers to jurisdictions and military base reuse communities reinforcing the priorities of SB 375, including mixed use, transit-oriented projects that are increasingly attractive to younger and older consumers and discussed further as an area to emphasize on Fort Ord. Finally, FORA has been pursuing vital base reuse legislation to ensure that LRA's, if not their member jurisdictions, have access to tax increment financing throughout the State.
- 9. Slower growth on Fort Ord may require adjustments to the Capital Improvement Program (CIP) and the Habitat Conservation Plan (HCP).** Presently, these documents assume a more rapid rate of development absorption on Fort Ord than the findings of this market analysis suggest. Pending further review and discussion of growth dynamics, potential adjustments may include delaying certain capital expenditures until required by new development. However, it should be noted that off-site (regional) demands also affect the timing of capital improvements, and HCP funding ramps up as development occurs (i.e., mitigation is not required until the impact takes place). It is anticipated that this topic will be explored in more detail once any planning implications of the BRP reassessment are more fully understood.

2. OVERVIEW OF BRP

Upon the closure of the Fort Ord Military Base in 1994, the State of California Legislature established the FORA, tasked with planning, overseeing, financing, and implementing a reuse program for the 28,000 acre installation.

The former Fort Ord is bounded by the City of Marina on the north; unincorporated county land on the east; Del Rey Oaks, Monterey, and unincorporated land on the south; and Sand City, Seaside, and Monterey Bay on the west.

In 1997, FORA adopted the Fort Ord BRP, which established the proposed reuse program, identifying the general location, amount, character, and scale of new and replacement land uses.

At the height of Fort Ord military activity, the base supported approximately 14,500 military jobs, 3,800 civilian jobs, and a total population of approximately 31,270 residents. The Cities of Marina and Seaside, with their close economic linkages to the former Fort Ord, were particularly deleteriously impacted by the base closure and associated decline in economic activity.

The primary focus of the BRP was thus to establish a balanced reuse program to revitalize the local economy by ensuring employment and educational opportunities coupled with environmental protection initiatives. As such, the BRP's global goal guiding all planning and land use decisions is the focus on the following key areas:

1. Economic recovery/reuse.
2. Educational focus.
3. Environmental protection.

The resulting reuse plan envisioned a mixed use urban village style development, focusing on job creation from education-related, light industrial, and office sources. Educational institutions including the California State University Monterey Bay (CSUMB), University of California Monterey Bay Education, Science, and Technology Center (UC MBEST), and the Monterey Peninsula College were envisioned to play a key role, catalyzing and complementing other economic development initiatives and creating a unique identity for the new community.

Table 2-1 outlines the ultimate basewide reuse plan capacity.

Ultimate development plans for the former Fort Ord were constrained by the availability of water resources, and were therefore limited by the existing Army water allocations of 6,600 acre feet per year. Under these water restrictions, the total development capacity was reduced to the amounts shown in **Table 2-2**. The BRP anticipates construction of 6,160 new dwelling units, 1,813 replacement units (including 522 never-vacated units), and 3.6 million square feet of business park, light industrial, office, research and development (R&D) and commercial development that was anticipated to support a total of roughly 18,000 jobs. These allocations are based on then-current water conservation technology and may not reflect the capacity of development given more advanced technologies and statutory reductions in water consumption that have since been implemented.

Table 2-1
Fort Ord Base Reuse Plan Reassessment
Summary Land Use Capacity: Ultimate Basewide Development Capacity

Land Use	Acres	Percent of Total Area	Dwelling Units/ Rooms	Sq. Ft. (000's)
Habitat Management	17,179	61.6%	-	-
Parks and Open Space	2,014	7.2%	40	-
Residential	2,042	7.3%	12,449	-
Business Park/Light Industrial/Office/R&D	909	3.3%	-	7,636
UCMBEST Center [1]	437	1.6%	-	4,400
CSUMB (25,000 FTE) [2] [3]	1,292	4.6%	8,193	n/a
Public Facilities (including military)	1,072	3.8%	-	[4]
POM Annex [5]	782	2.8%	1,590	n/a
Visitor Serving [6]	808	2.9%	1,750	[7]
Retail	183	0.7%	-	1,968
Areawide ROWs	1,161	4.2%	-	-
Total [8]	27,879	100.0%	24,022	14,004

"base_dev"

Source: Ford Ord Base Reuse Plan, Monterey Bay Education, Science, and Technology Center Master Plan, December 1996, ROMA Design Group and EPS.

[1] Does not include parcels 8b and 8c.

[2] FTE: Full-Time Equivalent student enrollment.

[3] Assessment generated on employees and students, not square footage.

[4] Assessment generated on basis of facilities, not square footage.

[5] Existing retail assessed on basis of existing employees.

[6] Accommodates one new 18-hole golf course and the redevelopment of one 18-hole golf course to industrial use.

[7] Assessment generated on basis of rooms, not square footage.

[8] Includes 22,232 units and 1,790 rooms.

Table 2-2
Fort Ord Base Reuse Plan Reassessment
Summary Land Use Capacity: Basewide Development Under Current Water Allocation [1]

Land Use	Acres	Percent of Total Area	Dwelling Units/ Rooms	Sq. Ft. (000's)
Habitat Management	17,179	68.4%	-	-
Parks and Open Space	2,014	8.0%	40	-
Residential [2]	1,308	5.2%	7,973	-
Business Park/Light Industrial/Office/R&D	273	1.1%	-	2,291
UCMBEST Center [3]	131	0.5%	-	1,320
CSUMB (12,500 FTE) [4] [5]	646	2.6%	1,253	n/a
Public Facilities (including military)	1,061	4.2%	-	[6]
POM Annex [7]	782	3.1%	1,590	n/a
Visitor Serving [8]	452	1.8%	980	[9]
Retail	110	0.4%	-	1,181
Areawide ROWs	1,161	4.6%	-	-
Total Developed Area [10]	25,117	100.0%	11,836	4,792
<i>Plus Additional Undeveloped Area</i>	<i>2,762</i>			
Total	27,879			

"base_dev_water"

Source: Ford Ord Base Reuse Plan, Monterey Bay Education, Science, and Technology Center Master Plan, December 1996, ROMA Design Group and EPS.

[1] Based on 6,600 AFY of Potable Water. Estimated land use capacity based on limits defined in the Development and Resource Management Plan. Commercial square footage and visitor serving units estimated by applying the water constrained buildout percentages to the maximum development capacities for each land use.

[2] Includes 6,160 new units and 1,813 replacement units.

[3] Does not include parcels 8b and 8c.

[4] FTE: Full-Time Equivalent student enrollment.

[5] Assessment generated on employees and students, not square footage.

[6] Assessment generated on basis of facilities, not square footage.

[7] Existing retail assessed on basis of existing employees.

[8] Accommodates one new 18-hole golf course and the redevelopment of one 18-hole golf course to industrial use.

[9] Assessment generated on basis of rooms, not square footage.

[10] Includes 10,816 units and 1,020 rooms.

A major tenet of the BRP is that the replacement uses identified in the plan distribute economic recovery opportunities between the primarily affected local jurisdictions while ensuring a balanced and cohesive pattern of reuse. The BRP land use element sets forth the policy structure for land uses at the former Fort Ord, founded on the following basic concepts for creating a cohesive community:

1. Identifiable centers to add focus to the larger area.
2. Diversity and choice to enhance opportunity and interaction.
3. Alternative transportation that stresses access versus speed and encourages a pedestrian friendly environment.
4. Housing diversity in type, density, and location.
5. Natural and preserved areas that link sectors together.

These general concepts were intended to integrate the former Fort Ord into the local economy, maintain a housing/retail/jobs balance, and to maximize the use of existing infrastructure and infill opportunities. The BRP anticipates new and replacement uses with the Cities of Seaside, Marina, Del Rey Oaks, a small segment of Monterey, and unincorporated areas of Monterey County.

Jobs-Housing Ratio

The 1997 BRP emphasizes efforts to create a jobs/housing balance ensuring that employment opportunities are compatible with skill levels and incomes of nearby residents and reducing travel demands on the transportation network. **Table 2-3** outlines the jobs-housing ratio based on current Fort Ord development as well as at buildout under current water restrictions. Note that the housing and employment figures below are based on the development capacity estimated as part of the 1997 BRP, and may not represent attainable levels of commercial and residential development.

The BRP calls for a disproportionately higher number of jobs than households, suggesting that Fort Ord will become a net importer of jobs, attracting workers from outside the Fort Ord (and possibly the County) boundaries. It is important to note that it would be most appropriate to evaluate the jobs housing ratio using a slightly larger geography (e.g., the Monterey Peninsula or County), as this evaluation would best characterize the impact of commute patterns on the overall transportation network. However, in an ideally balanced economy, 1 job would be provided per 1 employed resident, which results in a jobs-to-housing ratio closer to 1.5 jobs per housing unit.⁵ While “numerical equality” does not necessarily imply a true balance between employment opportunities and the technical skill set of the workforce, such a ratio implies a certain level of economic equilibrium.

⁵ Weitz, Jerry, “Jobs-Housing Balance,” American Planning Association, Planning Advisory Service Report Number 516, November 2003.

**Table 2-3
Fort Ord Jobs-Housing Ratio: Current and Buildout**

Item	Current	Buildout
Total Jobs	3,600	18,032
New and Replacement Housing Units [1]	1,058	7,451
New Households [2]	1,005	7,078
Jobs per Household	3.58	2.55

Source: FORA, EMC, and EPS.

[1] See Table 2-5. Excludes 522 replacement units that were never vacated to limit the analysis to new households only.

[2] Assumes 5 percent frictional vacancy.

Current Status of Fort Ord Reuse: Response to Structural Economic Challenges

The Monterey Bay Region is struggling in both its cyclical and structural recovery efforts. From a cyclical perspective, the region has struggled to match the success of its Bay Area neighbors to rebound from the recent recession, with anemic job growth and housing starts, indicating the presence of structural imbalances in its local economy. Fort Ord presents the region's best opportunity to correct these structural imbalances. Like many tourist economies, such as Lake Tahoe, once-substantial middle class populations have largely dissipated, leaving a bifurcated resident population comprised of wealthy retirees and business owners on one hand, and relatively poor service workers on the other, many of whom commute from long distances, contributing to Highway 68 congestion from Salinas to the Monterey Peninsula.

The Peninsula is increasingly experiencing a "brain drain" phenomenon where lack of economic activity and high housing prices preclude post-college settlement in the area. This is largely a result of extraordinary price appreciation as prospective second home owners and other speculators have bid up housing values beyond levels supportable by local jobs. While "legacy" households in the middle incomes remain, perpetuated by the existence of Proposition 13, the turnover of these homes further results in the loss of the middle class in the region's more stable districts (e.g., Monterey, Pacific Grove).

FORA staff report that, as of 2008 reuse, efforts resulted in more than 3,600 new jobs in new and reused office, industrial, retail, institutional and educational facilities.⁶ This job count is very close to the civilian job count in place at the time of base closure. On the job front, the challenge is to replace the economic activity represented by the loss of uniformed military personnel.

⁶ Job-generation estimates to be updated as part of the reassessment process.

The above-referenced challenge has been questioned by numerous stakeholders, many of whom reject the notion that it is necessary or desired to replace this lost economic activity in the region. However, it should be noted that while the federal jobs were largely relocated to other bases and not “lost” in a macroeconomic sense, the individual cities located on the perimeter of Fort Ord have struggled socio-economically since the closure, and replacing this lost vitality is an important objective in providing economic opportunity to disenfranchised populations.

At this time, 1,580 residential units have been absorbed on Fort Ord, of which 1,199 are replacement (newly refurbished but previously existing) units largely comprised of subsidized affordable housing. The remaining 394 primarily reflect the Seaside Highlands project adjacent to the recently upgraded Black Horse and Bayonet Golf Club (see **Tables 2-4** and **2-5**). An additional 4,549 units have been entitled, awaiting construction once market conditions and overall project economics improve as a result of continued analysis regarding FORA Community Facility District Special Taxes⁷ and jurisdictional impact fees. However, despite prospects for slightly reduced fee levels in the future, developers report there is great uncertainty regarding the demand for these units at prices that justify construction, despite solid prospects for general housing recovery. The region’s anemic local job creation over the past decade outside of tourism-related sectors contributes heavily to this uncertainty.

Table 2-6 provides information regarding jobs presently on Fort Ord. According to the most current estimates available, approximately 3,600 permanent (i.e., non-construction) jobs are located at the former Fort Ord. Major employment categories include 1,325 federal jobs associated with the continued Army and Department of Defense presence on the former base, roughly 800 jobs at CSUMB, 750 jobs at the Dunes at Monterey Bay, and 238 jobs at UCMBEST. The majority of new jobs are located around the Highway 1/Imjin interchange and consist of retail, health care, educational (public), and other office-oriented occupations.

Education Institutions

Fort Ord redevelopment and job replacement was planned to be structured around development of major education and research clusters fully integrated into the local economy. Attempts to develop this cluster have been mixed thus far.

CSUMB

Generally viewed as the most successful civilian development at Fort Ord, CSUMB has 5,300 students currently enrolled, offering 23 undergraduate and 8 graduate degree programs, with plans to expand to accommodate 10,000 students. Campus development has resulted in the renovation of 66 former Fort Ord buildings and nearly 1 million square feet of built space. One of the County’s top employers, CSUMB adds approximately 900 jobs to the County economy. Constraints on future growth of CSUMB include offsite traffic mitigation requirements that require legislative approval for funding and limited water allocations. The current absence of key amenities on the perimeter of campus (e.g., restaurants and retail shops) results in poor connections to the surrounding community, detracting from the college campus lifestyle.

⁷ These CFD Special Taxes are levied on a one-time basis when building permits for vertical development are pulled from member jurisdictions, and are commonly referred to as the “FORA Fee.”

**Table 2-4
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Existing FORA Development**

Land Use Type	Residential			Nonresidential					
	Single Family	Multi-Family	Subtotal Units	Retail	Office	Industrial	Institutional	Hotel	
	----- Units -----			----- Building Square Feet -----					Rooms
Marina									
Imjin Office Park					37,000				
The Dunes on Monterey Bay				368,000	40,000				
Airport Economic Development Area						250,000			
Preston Park		352	352						
Abrams B		192	192						
MOCO Housing Authority		56	56						
Shelter Outreach Plus		53	53						
Veterans Transition Center	13		13						
Interim Inc		77	77						
Monterey Peninsula College Education Center									
Monterey (City)									
Industrial -- City Corp. Yard						12,300			
Monterey County (Unincorporated)									
East Garrison	0		0						
Seaside									
Chartwell School					20,000				
Monterey College of Law					13,100				
Seaside Highlands	380		380						
Seaside Resort Residential	1		1						
Sunbay (former Thorson Park)		297	297						
Brostrom		225	225						
UC/CSUMB									
UC Central North & West Campuses						38,000			
CSUMB East Campus		1,253	1,253						
CSUMB Main Campus		1,832	1,832				954,757		
Other									
Army Existing Housing		1,590	1,590						
TOTAL	394	5,927	6,231	368,000	110,100	300,300	954,757	0	

"exist"

Source: FORA, EMC Planning Group, CSUMB University Factbook, Chartwell School, and EPS.

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Table 2-5
 Fort Ord Base Reuse Plan Reassessment
 Fort Ord Reuse Plan Reassessment Housing Unit Status

Project	New Units			Existing / Replacement			Total		
	Built	Entitled	Total	Built	Entitled	Total	Built	Entitled	Total
Units Included in FORA Cap [1]									
Marina									
Preston Park (rental units)	-	-	-	352	-	352	352	-	352
Abrams B	-	-	-	192	-	192	192	-	192
MC Housing Authority	-	-	-	56	-	56	56	-	56
Shelter Outreach Plus	-	-	-	53	-	53	53	-	53
Veteran Transition Center	-	-	-	13	-	13	13	-	13
Interim Inc.	-	-	-	11	-	11	11	-	11
Marina Heights	-	1,050	1,050	-	-	-	-	1,050	1,050
The Dunes on Monterey Bay	-	1,237	1,237	-	-	-	-	1,237	1,237
Cypress Knolls	-	200	200	-	512	512	-	712	712
Rock Rose Garden	-	10	10	-	11	11	-	21	21
Subtotal Marina	0	2,508	2,508	677	512	1,189	677	3,020	3,697
Seaside									
Sunbay	-	-	-	297	-	297	297	-	297
Brostrom Mobile Homes	-	-	-	225	-	225	225	-	225
Seaside Highlands	380	-	380	-	-	-	380	-	380
Seaside Resort	1	124	125	-	-	-	1	124	125
Subtotal Seaside	381	124	505	522	0	522	903	124	1,027
Monterey County									
East Garrison 1	0	1,405	1,405	-	-	-	0	1,405	1,405
Subtotal Monterey County	0	1,405	1,405	0	0	0	0	1,405	1,405
Subtotal Built and Entitled Units Included in FORA Cap	381	4,037	4,418	1,199	512	1,711	1,580	4,549	6,129
<i>Total Units Remaining Under Cap</i>			<i>1,742</i>				<i>102</i>	<i>1,844</i>	
Total Units Under FORA Cap			6,160				1,813	7,973	
Units Not Included in FORA Cap									
POM Annex (Army Existing Housing)	-	-	-	1,590	-	-	1,590	-	0
CSUMB East Campus (Faculty Housing)	-	-	-	1,253	-	-	1,253	-	0
CSUMB Main Campus [2]	-	-	-	1,832	-	-	1,832	-	0
Total Units Not Included in FORA Cap	0	0	0	4,675	0	0	4,675	0	0

"units"

Source: FORA and EMC.

[1] Water allocations limit the amount of residential development.
 [2] The unit amount for the CSUMB Main Campus refers to the amount of beds in the dorms.

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**Table 2-6
Fort Ord Base Reuse Plan Reassessment
Fort Ord Reuse Plan Reassessment Employment Status [1]**

Item	Number of Jobs
Office	
Builders Exchange of the Central Coast	4
Bureau of Land Management	17
Contractors Development Center	28
Goodwill Industries (Shoreline)	5
Homeless Coalition	2
LFR Levine Fricke/Weston Solutions	15
Marina Community Partners	3
North Tree Fire	4
Schaff & Wheeler	5
UCMBEST	238
Veterans Transition Center	9
Subtotal Office	330
Industrial	
Don Chapin Batch Plant	6
Las Animas Concrete, LLC	13
Marina Municipal Airport	138
Subtotal Industrial	157
Retail	
Marina Dunes Shopping Center	750
Ord Market	7
Seaside Golf Course	98
Subtotal Retail	855
Institutional	
CSUMB [2]	795
Chartwell School	38
Golden Gate University	5
Monterey College of Law	13
Monterey Institute of Research and Astronomy	4
Monterey Peninsula College	27
Subtotal Institutional	882

**Table 2-6
Fort Ord Base Reuse Plan Reassessment
Fort Ord Reuse Plan Reassessment Employment Status [1]**

Item	Number of Jobs
Government	
Local Government	
Marina Coast Water District	35
Children's Services	6
Fort Ord Reuse Authority (FORA)	14
Monterey County CID Building	31
Subtotal Local Government	86
Federal Government	
Defense Language Institute Staff	167
Defense Manpower Data Center	958
Veterans Administration Clinic	200
Subtotal Federal Government	1,325
Total Government	1,411
Residential	
Alliance Residential Company	31
East Garrison Partners, LLC	50
Housing Authority	4
Interim Inc.	24
Seaside Resort Development, LLC	20
Shelter Outreach Plus	35
Subtotal Residential	164
Total	3,799

"emps"

Source: FORA and EMC.

[1] Employment data current as of August 2008, except as noted. Employment data is to be updated as part of the Base Reuse Plan Reassessment process.

[2] Employment data from the CSUMB Factbook for Academic Year 2011-2012. Includes full and part time employees.

UC MBEST

The University of California was transferred 1,089 acres of land that is both in and outside of Fort Ord Reuse Plan for the development of the University of California Monterey Bay Education, Science, and Technology Center (UC MBEST). A large proportion of this land has been set aside as a natural reserve, with approximately 437 acres of land initially planned for public- and private-sector development of educational and research-oriented facilities and supporting uses, which could accommodate up to 4.4 million square feet of building space.⁸ This commercial development was anticipated to be a cornerstone of Fort Ord job replacement and countywide economic development initiatives.

Despite significant infrastructure investments essentially providing “shovel ready” development sites, market demand for UCMBEST uses has thus far failed to meet expectations. Two attempts to engage a master developer have been unsuccessful, and the UC reduced the footprint of proposed development in response. Major constraints include strict use restrictions limiting UC MBEST uses to education and research related institutions, a complex entitlement process, and the absence of a major institutional research presence at the site. Furthermore, the ground lease transactional structure limits the pool of interested users. The delay in UC MBEST’s ability to attract new research and development users has constrained development of the professional and scientific sectors that were expected to be the foundation of new Fort Ord employment.

National Monument Designation

In April 2012, President Obama declared 14,000 acres of Fort Ord land a national monument under the 1906 Antiquities Act. This designation has the potential to establish Fort Ord as a tourist and recreational destination, building on the unique and storied military heritage of Fort Ord as well as the scenic vistas and outdoor recreational amenities. The national monument designation celebrates the history and heritage associated with the former Fort Ord. If well managed, implemented, and marketed, the Fort Ord National Monument could enhance the attractiveness of the Monterey Peninsula as a travel and tourism destination.

Future Fort Ord Development Projects

Table 2-7 outlines the remaining development projected to occur on Fort Ord based on development projections compiled by FORA with input from local jurisdictions. Subject to adequate availability of water and other public infrastructure, a total of 6,883 new and replacement single and multifamily units are planned, as well as nearly 6.0 million square feet of retail, office, and industrial development in the Cities of Marina, Seaside, Del Rey Oaks, Monterey, and unincorporated Monterey County.

Near term development opportunities include the next phases of the Dunes at Monterey Bay project, which will include a variety of restaurants, retail shops, and entertainment uses (including a movie theater) in the City of Marina. Other major residential projects have been entitled in the City of Marina and unincorporated Monterey County, including the Marina Heights

⁸ <http://www.ucmbest.org/Development/MasterPlan/MasterSummary.htm>

**Table 2-7
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
FORA Future Development Projections**

Land Use Type	Use	Status	Residential			Nonresidential			
			Single Family	Multi-Family	Total	Retail	Office	Industrial	Hotel
			----- Units -----			----- Building Square Feet -----			Rooms
Del Rey Oaks									
Del Rey Oaks Office	Office	Proposed	-	-	-	-	200,000	-	-
Del Rey Oaks Retail	Retail	Proposed	-	-	-	20,000	-	-	-
Del Rey Oaks Hotel	Hotel	Proposed	-	-	-	-	-	-	454
Del Rey Oaks Timeshare	Hotel	Proposed	-	-	-	-	-	-	96
Golf Villas	Single Family Res.	Proposed	50	-	50	-	-	-	-
Patio Homes	Single Family Res.	Proposed	36	-	36	-	-	-	-
Condos/Workforce	Multi-Family Res.	Proposed	-	514	514	-	-	-	-
Townhomes/Senior Casitas	Multi-Family Res.	Proposed	-	91	91	-	-	-	-
Marina									
Imjin Office Park	Office		-	-	-	-	9,000	-	-
The Dunes on Monterey Bay									
Single Family Residential	Single Family Res.	Approved	618	-	618	-	-	-	-
Multi-Family Residential	Multi-Family Res.	Approved	-	619	619	-	-	-	-
Office	Office	Approved	-	-	-	-	150,000	-	-
Retail	Retail	Approved	-	-	-	200,000	-	-	-
Limited Service Hotel	Hotel	Approved	-	-	-	-	-	-	100
Full Service Hotel	Hotel	Approved	-	-	-	-	-	-	400
Industrial	Industrial	Approved	-	-	-	-	-	280,000	-
Cypress Knolls									
Residential [1]	Units	Approved	499	213	712	-	-	-	-
Community Center	Office	Approved	-	-	-	-	16,000	-	-
Support Services	Industrial	Approved	-	-	-	-	-	6,000	-
Community Center	Retail	Approved	-	-	-	30,000	-	-	-
Marina Heights									
Single Family Residential	Single Family Res.	Approved	760	-	760	-	-	-	-
Multi-Family Residential	Multi-Family Res.	Approved	-	290	290	-	-	-	-
Interim - Lexington Court	Multi-Family Res.	Approved	-	21	-	-	-	-	-
CSUMB North Campus Housing [1]	Multi-Family Res.		-	492	492	-	-	-	-

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**Table 2-7
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
FORA Future Development Projections**

Land Use Type	Use	Status	Residential			Nonresidential				
			Single Family	Multi-Family	Total	Retail	Office	Industrial	Hotel	
			----- Units -----			----- Building Square Feet -----				
<u>Marina Cont.</u>										
TAMC TOD (office/public facilities)	Office		-	-	-	-	40,000	-	-	-
TAMC TOD	Industrial		-	-	-	-	-	35,000	-	-
TAMC TOD	Retail		-	-	-	75,000	-	-	-	-
TAMC TOD	Multi-Family Res.		-	200	200	-	-	-	-	-
Airport Economic Development Area	Industrial		-	-	-	-	-	236,430	-	-
<u>Monterey (City)</u>										
Industrial -- City Corp. Yard	Industrial		-	-	-	-	-	250,000	-	-
Industrial -- Public/Private	Industrial		-	-	-	-	-	868,512	-	-
<u>Monterey County (Unincorporated)</u>										
Horse Park										
Horse Park	Office	Proposed	-	-	-	-	50,000	-	-	-
Horse Park	Industrial	Proposed	-	-	-	-	-	135,000	-	-
Horse Park	Retail	Proposed	-	-	-	420,000	-	-	-	-
Horse Park (Parker Flat) Hotel	Hotel	Proposed	-	-	-	-	-	-	-	200
Intergarrison Rd Office Park	Office		-	-	-	-	635,800	-	-	-
East Garrison										
East Garrison I Office Development	Office	Approved	-	-	-	-	35,000	-	-	-
East Garrison I Retail	Retail	Approved	-	-	-	40,000	-	-	-	-
East Garrison Residential	Residential		1,470		1,470					
<u>Seaside</u>										
Horse Park										
Horse Park Residential	Residential	Proposed	390		390					
Main Gate Conference	Office	Proposed	-	-	-	-	27,000	-	-	-
Monterey Peninsula Trade & Conf Cntr	Office		-	-	-	-	250,000	-	-	-
Seaside Corp Yard Shop	Industrial		-	-	-	-	-	25,320	-	-
Main Gate Spa	Retail	Proposed	-	-	-	24,000	-	-	-	-
Main Gate Large Format Retail	Retail	Proposed	-	-	-	87,500	-	-	-	-
Main Gate In-Line Shops	Retail	Proposed	-	-	-	291,000	-	-	-	-
Main Gate Department Store Anchor	Retail	Proposed	-	-	-	120,000	-	-	-	-

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**Table 2-7
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
FORA Future Development Projections**

Land Use Type	Use	Status	Residential			Nonresidential				
			Single Family	Multi-Family	Total	Retail	Office	Industrial	Hotel	
			----- Units -----			----- Building Square Feet -----				
Seaside Cont.										
Main Gate Restaurants	Retail	Proposed	-	-	-	61,000	-	-	-	-
Main Gate Hotel Restaurant	Retail	Proposed	-	-	-	8,000	-	-	-	-
Seaside Resort Golf Clubhouse	Retail	Approved	-	-	-	16,300	-	-	-	-
Seaside Golf Course Hotel	Hotel	Approved	-	-	-	-	-	-	-	330
Seaside Golf Course Timeshares	Hotel	Approved	-	-	-	-	-	-	-	170
Main Gate Hotel	Hotel	Proposed	-	-	-	-	-	-	-	250
Seaside Highlands	Residential		0		0					
Seaside Resort Residential	Residential		124		124					
Seaside Affordable Housing Obligation	Residential			72	72					
Workforce Housing (Army to Build)	Residential			140	140					
Market Rate Housing (Army to Build)	Residential			65	65					
Various Other	Residential			222	222					
UC/ Other Jurisdictions										
UC East Campus	Office		-	-	-	-	100,000	-	-	-
UC Central North & West Campuses	Office		-	-	-	-	360,000	-	-	-
UC Central North & West Campuses	Industrial		-	-	-	-	-	180,000	-	-
UC Central North & West Campuses	Retail		-	-	-	112,500	-	-	-	-
UC East Campus	Retail		-	-	-	52,000	-	-	-	-
UC Eight Street	Retail		-	-	-	320,000	-	-	-	-
UC Eight Street	Multi-Family Res.		-	330	330	-	-	-	-	-
UC East Campus	Hotel		-	-	-	-	-	-	-	250
UC Central North & West Campuses	Hotel		-	-	-	-	-	-	-	150
TOTAL REMAINING DEVELOPMENT CAPACITY			3,848	3,035	6,883	1,877,300	1,886,800	2,016,262	2,400	

"future"

Sources: Local jurisdiction, UC planning staff, Ft. Ord Reuse Plan, Annette Yee and Company, MuniFinancial, EMC, and EPS.

[1] Not included under 6,160 unit cap.

and Cypress Knolls residential projects in the City of Marina and the East Garrison Specific Plan in unincorporated Monterey County. In some cases, infrastructure has been extended to these projects, but vertical development has largely stalled because of market conditions. A limited amount of additional office development is also available at the recently completed Imjin Office Park. See **Chapter 5** and **Appendix A** for a more comprehensive discussion of the Fort Ord development pipeline.

The success of future Fort Ord development will be tied to attracting new employment generating uses and developing residential product types physically and economically linked to new employment opportunities. The remainder of this report evaluates the opportunities and limitations on future Fort Ord development through an evaluation of local economic conditions, potential for economic development, and an assessment of the level of population and employment capture that would be required to meet BRP objectives.

3. *MONTEREY COUNTY ECONOMIC AND DEMOGRAPHIC OVERVIEW*⁹

Located on the Central California coastline, Monterey County is located about 90 miles south of San Francisco and about 190 miles north of Los Angeles, and is inclusive of 12 incorporated cities and sixteen unincorporated areas. Because of transportation access constraints, the Monterey County economy is largely economically isolated from neighboring counties and the Bay Area economy. Ongoing and planned improvements to Highways 1 and 101 will improve access between the neighboring Santa Cruz and San Benito County economies; however under current conditions, the County economy primarily depends on the agriculture and tourism industries, and is characterized by two distinct economic regions.

The Monterey Peninsula region, which includes the former Fort Ord, is a slow growing, relatively affluent area marked by high levels of tourism and recreational activities. The inland area of the Salinas Valley and the northern areas of the County are dominated by the agriculture industry, producing more than \$4 billion annually in a variety of crops, but using low-income workers lacking training to cross over into other industries. **Table 3-1** illustrates this economic bifurcation, demonstrating that per capita incomes, educational attainment, and average ages of Salinas Valley residents are significantly lower than that of the Peninsula community. The Monterey County economy as a whole suffers from the absence of a strong middle class providing the foundation for a diversified economy that relies on a strong, technical labor force. This factor creates a “vicious cycle” as employers decline to locate in the region because of the lack of a skilled labor force, while graduates of the County’s many educational institutions leave the area in search of employment opportunities elsewhere.

Of the Peninsula community, the Cities of Marina and Seaside demonstrate the lowest per capita incomes, which is reflective of the impact associated with the closure of Fort Ord. **Table 3-2** offers additional detail regarding the deleterious impact the closure of Fort Ord had on the economies of Marina and Seaside. Both cities saw significant declines in population and school enrollment levels from 1990 to 2000. While civilian employment grew marginally in Marina, Seaside experienced a slight decline in civilian employment over this timeframe. Median incomes, however, rose in both geographies. One possible explanation for this counter-intuitive trend is that the increase in median incomes resulted from of the concentration of job losses in the lower income service sectors, which were hit hardest by the loss of consumer spending upon the closure of Fort Ord.

⁹ Multiple sources were used to obtain economic and demographic characteristics for the Monterey Bay Region. These sources include Association of Monterey Bay Area Governments (AMBAG), including Monterey Bay Area 2008 Regional Forecast, California Department of Finance (DOF) including Table E-4, California Economic Development Department (EDD), including County Profiles, Labor Market Information, 2008-2018 Industry Employment Projections, United States Census (US Census), American Community Housing Survey, and the Federal Housing Finance Agency.

Table 3-1
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Per Capita Income, Educational Attainment and Average Age [1]

Jurisdiction	Average Age	% High School Completion or Higher	Per Capita Income
Peninsula			
Carmel	54.65	97.33%	\$62,753
Del Rey Oaks	43.11	91.43%	\$35,098
Marina	34.49	71.26%	\$21,704
Monterey	39.87	91.43%	\$33,060
Pacific Grove	45.07	92.02%	\$39,150
Sand City	41.69	67.22%	\$16,105
Seaside	32.26	68.78%	\$18,350
Average Peninsula	41.59	82.78%	\$32,317
Salinas Valley			
Gonzales	28.41	47.45%	\$15,294
Greenfield	28.15	31.57%	\$10,054
King City	29.01	40.19%	\$13,375
Salinas	31.08	55.63%	\$17,050
Soledad	28.90	40.51%	\$14,322
Average Salinas Valley	29.11	43.07%	\$14,019

"stats"

Source: Monterey County Comprehensive Economic Development Strategy 2009.

[1] Reports 2008 statistics as documented in the 2009 Monterey County Comprehensive Economic Development Strategy 2009.

**Table 3-2
Fort Ord Base Reuse Plan Reassessment
Changes in Demographics after the Base Closure**

Item	Marina				Seaside			
	1990	1995 [1]	2000	Average Annual % Change	1990	1995 [1]	2000	Average Annual % Change
Population	26,512	17,863	18,521	-3.52%	38,826	29,298	30,290	-2.45%
Employment [2]	9,150	n/a	9,446	0.32%	12,962	n/a	12,822	-0.11%
School Enrollment [3]	4,565	n/a	3,906	-1.55%	6,406	n/a	6,268	-0.22%
Median Household Income	\$29,043	n/a	\$43,000	4.00%	\$28,655	n/a	\$41,393	3.75%

"demo"

Source: 1990 and 2000 US Census Bureau, American Fact Finder, and Californian Department of Finance.

[1] Only population data is available for 1995.

[2] Employed civilian labor force.

[3] Includes persons 3 years and over enrolled in elementary and high school.

Unemployment Statistics

Overall unemployment rates in Monterey County remain quite high—the countywide unemployment rate for 2011 was 12.4 percent, while the statewide unemployment rate was 11.7 percent. As shown in **Figure 3-1**, Monterey County has consistently demonstrated higher unemployment rates than the state as a whole, and recent unemployment rate declines are more pronounced at the statewide level. Seasonal agricultural employment typical of agrarian regions creates significant month-over-month fluctuation in employment rates. The latest data available for 2012, however, suggest some year-over-year improvement, as each month in 2012 demonstrates a 0.8-percent to 1.9-percent decline in the unemployment rate. See **Table 3-3** for detail.

Figure 3-1
Unemployment Rate for State and Monterey County
2000 through 2011

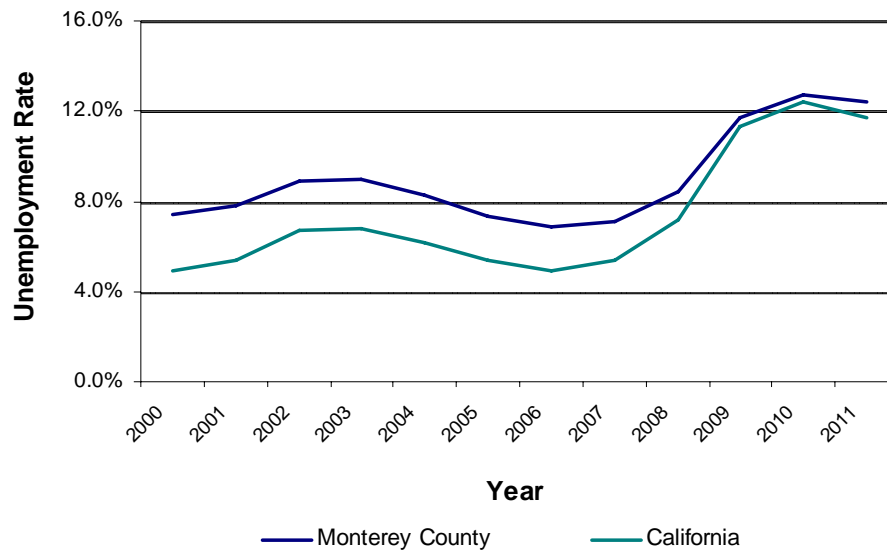


Table 3-3
January–May 2012 Year-Over-Year Unemployment and Labor Force Change

Month	Unemployment Rate			Labor Force		
	2011	2012	Annual Change	2011	2012	Annual Change
January	17.4%	15.5%	-1.9%	208,300	217,300	9,000
February	16.9%	15.3%	-1.6%	210,300	220,100	9,800
March	16.3%	14.7%	-1.6%	209,900	220,400	10,500
April	12.3%	11.5%	-0.8%	220,600	230,500	9,900
May	10.7%	9.9%	-0.8%	226,400	235,000	8,600

Source: California Employment Development Department.

Demographic Profile

Population and Household Characteristics

Monterey County is included in the three-county region along with Santa Cruz County and San Benito County. Throughout the region, population has experienced slowing growth over the past 30 years. The region's population increased from approximately 500,000 in 1980 to almost 750,000 in 2010. However, much of that growth occurred in the 1980-1990 period. This trend remains consistent for each county with average annual growth rates of 2.1 to 2.3 percent between 1980 and 1990 (2.3 percent overall), which slowed to 0.3 percent to 2.0 percent between 2000 and 2010 (0.5 percent overall).

The most populous of the region's counties, Monterey County had a population of 415,000 in 2010, more than half of the 3-County region's residents. As shown in **Table 3-4**, according to California's Department of Finance (DOF) Monterey County population growth rates dropped from 2.2 percent annually between 1980 and 1990, to 0.3 percent annually between 2000 and 2010.

Population and household growth in the Salinas Valley far exceeds that of the Peninsula region. In 2010, the Salinas Valley had 314,000 residents, while the Peninsula had 101,000. The County's two regions experienced slightly different growth patterns with Salinas Valley experiencing higher and more sustained growth and the Peninsula experiencing slow to negative growth. As a result, the Salinas Valley now includes approximately 75 percent of total County residents. In addition, the Monterey Peninsula saw its largest population decline between 1990 and 2000 (negative 1.5 percent). This corresponds directly with the final closure of the Fort Ord military base in September 1994. Meanwhile, the Salinas Valley experienced its slowest growth between 2000 and 2010 (positive 0.5 percent), which is consistent with the region's overall growth patterns.

In the three-County AMBAG region, Monterey County has the lowest household income. According to the American Housing Survey (AHS), Monterey County's median income of approximately \$59,000 is approximately 10 percent lower than San Benito or Santa Cruz County, both approximately \$65,000. The distribution of households by income is similar in each county as shown in **Table 3-5**.

Monterey County's average age is increasing. DOF data indicates that between 1990 and 1999,¹⁰ the County displayed trends consistent with many parts of the Country. **Table 3-6** shows the largest increases in age cohort are those in the 45 to 64 age range, (increase of 18,053 residents), followed by the 10 to 19 age range (8,660) and 35 to 44 (6,154). The share of the population between the ages of 20 and 34 decreased by a combined 9,154 persons. This trend is believed to have continued between 2000 and 2009 as average ages increased and the County failed to attract or retain younger, peak-earning age cohorts.

¹⁰ 2000 to 2010 data is unavailable in 2012 until estimates are adjusted to reflect the 2010 Decennial Census.

Population

Table 3-4
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Historical Population, 1980 - 2010

Jurisdiction	1980	1985	1990	1995	2000	2005	2010	Average Annual Change			
								1980 - 1990	1990 - 2000	2000 - 2010	1980 - 2010
Monterey County	289,335	324,035	361,230	360,554	401,762	421,022	415,057	2.2%	1.1%	0.3%	1.2%
Monterey Peninsula											
Carmel	4,710	4,500	4,223	4,070	4,081	4,085	3,722	-1.1%	-0.3%	-0.9%	-0.8%
Del Rey Oaks	1,600	1,480	1,643	1,612	1,650	1,646	1,624	0.3%	0.0%	-0.2%	0.0%
Marina	19,600	24,800	26,929	17,731	18,925	19,030	19,718	3.2%	-3.5%	0.4%	0.0%
Monterey	27,750	29,600	31,815	29,666	29,696	30,438	27,810	1.4%	-0.7%	-0.7%	0.0%
Pacific Grove	15,850	16,000	16,006	15,726	15,522	15,512	15,041	0.1%	-0.3%	-0.3%	-0.2%
Sand City	180	190	199	224	261	302	334	1.0%	2.7%	2.5%	2.1%
Seaside	36,400	37,250	39,812	29,539	33,097	33,962	33,025	0.9%	-1.8%	0.0%	-0.3%
Subtotal	106,090	113,820	120,627	98,568	103,232	104,975	101,274	1.3%	-1.5%	-0.2%	-0.2%
Salinas Valley											
Gonzales	2,870	3,590	4,862	6,286	7,564	8,391	8,187	5.4%	4.5%	0.8%	3.6%
Greenfield	4,150	5,225	7,853	10,303	12,648	13,343	16,330	6.6%	4.9%	2.6%	4.7%
King City	5,475	6,650	7,849	9,960	11,204	11,418	12,874	3.7%	3.6%	1.4%	2.9%
Salinas	80,200	94,600	111,184	124,972	142,685	149,543	150,441	3.3%	2.5%	0.5%	2.1%
Soledad	5,950	6,350	13,821	14,958	23,015	27,349	25,738	8.8%	5.2%	1.1%	5.0%
Unincorporated	84,600	93,800	95,034	95,507	101,414	106,003	100,213	1.2%	0.7%	-0.1%	0.6%
Subtotal	183,245	210,215	240,603	261,986	298,530	316,047	313,783	2.8%	2.2%	0.5%	1.8%
Santa Cruz County	186,600	206,025	228,700	239,889	254,815	259,967	268,016	2.1%	1.1%	0.5%	1.2%
San Benito County	24,820	29,260	36,420	43,310	52,884	56,992	64,230	3.9%	3.8%	2.0%	3.2%
Total 3-County Region	500,755	559,320	626,350	643,753	709,461	737,981	747,303	2.3%	1.3%	0.5%	1.3%

"population"

Source: Department of Finance (DOF), Table P-1.

**Table 3-5
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Household Income Distribution, 2010**

Item	County									3-County		
	Monterey			Santa Cruz			San Benito			Total	Percent Share	Cumulative Share
	Total	Percent Share	Cumulative Share	Total	Percent Share	Cumulative Share	Total	Percent Share	Cumulative Share			
Households	124,963			93,802			16,812			235,577		
Household Income												
Median	\$59,271			\$65,253			\$65,771					
Average	\$79,575			\$88,305			\$81,025					
Less than \$15,000	10,879	8.7%	8.7%	9,838	10.5%	10.5%	1,622	9.6%	9.6%	22,339	9.5%	9.5%
\$15,000 to \$24,999	12,175	9.7%	18.4%	8,159	8.7%	19.2%	1,312	7.8%	17.5%	21,646	9.2%	18.7%
\$25,000 to \$34,999	12,040	9.6%	28.1%	7,778	8.3%	27.5%	1,327	7.9%	25.3%	21,145	9.0%	27.6%
\$35,000 to \$49,999	17,189	13.8%	41.8%	10,857	11.6%	39.1%	1,885	11.2%	36.6%	29,931	12.7%	40.4%
\$50,000 to \$74,999	24,165	19.3%	61.2%	15,739	16.8%	55.8%	3,042	18.1%	54.7%	42,946	18.2%	58.6%
\$75,000 to \$99,999	16,927	13.5%	74.7%	12,562	13.4%	69.2%	2,604	15.5%	70.1%	32,093	13.6%	72.2%
\$100,000 to \$149,999	18,466	14.8%	89.5%	15,007	16.0%	85.2%	3,150	18.7%	88.9%	36,623	15.5%	87.8%
\$150,000 or more	13,122	10.5%	100.0%	13,862	14.8%	100.0%	1,870	11.1%	100.0%	28,854	12.2%	100.0%
Total	124,963	100.0%		93,802	100.0%		16,812	100.0%		235,577	100.0%	

"hh_income2010"

Source: American Community Survey 5-Year Average and EPS.

**Table 3-6
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Monterey County Population by Age Distribution, 1990-1999**

Age Range	1990			1999			1990-1999		
	Total	Percent Share	Cumulative Share	Total	Percent Share	Cumulative Share	Total Change	Percent Share	Avg. Annual Change
Monterey County									
Under 10	61,190	17.1%	17.1%	65,046	16.5%	16.5%	942	3.3%	0.7%
10 to 19	51,790	14.5%	31.7%	61,241	15.5%	32.0%	8,660	29.9%	1.9%
20 to 24	34,327	9.6%	41.3%	30,618	7.8%	39.8%	(3,668)	-12.7%	-1.3%
25 to 34	69,016	19.3%	60.6%	63,760	16.2%	55.9%	(5,484)	-18.9%	-0.9%
35 to 44	52,392	14.7%	75.3%	61,062	15.5%	71.4%	6,154	21.2%	1.7%
45 to 64	54,463	15.3%	90.6%	74,053	18.8%	90.1%	18,053	62.3%	3.5%
65 to 74	20,167	5.7%	96.2%	20,895	5.3%	95.4%	330	1.1%	0.4%
75 +	13,452	3.8%	100.0%	17,979	4.6%	100.0%	3,989	13.8%	3.3%
Total	356,797	100.0%		394,653	100.0%		28,976	100.0%	1.1%

"age_dof"

Source: Department of Finance and EPS.

Note: Data for 2000-2010 will be available with the release of new Population Projections expected in January 2013.

Economic and Major Industry Profile

The Monterey County economy is dominated by the agriculture and tourism industries, and lacks strong representation among, high-earning, export-oriented base industries. While federal, state, and local governments generate significant employment levels, no other sector generates more than 10 percent of the total countywide employment, as demonstrated by the County employment composition provided by **Table 3-7**. Concentrations of employment and earnings can be found in several industry sectors, however, including education services as well as healthcare and social assistance. In addition, the continued military presence generates significant economic activity and potential growth opportunities.

Agriculture

Agriculture is the largest industry in the County, employing roughly 50,000 people and producing and exporting more than 562 million pounds of produce in 2010. Local food processing companies create added value for the agriculture industry, as does the growing market in organic crop production and the developing wine industry. The Salinas Valley economy is dominated by the agriculture industry. While the agriculture industry is a major employer, many of the employment opportunities are low wage, limited-skilled jobs contributing to the economic bifurcation of the region. Notably, while agriculture represents nearly 30 percent of countywide employment, the wages earned reflect only 18 percent of total countywide wages.

Leisure and Hospitality

Tourism is the second largest industry in Monterey County, as the region is a major destination for both leisure and business travelers. A range of attractions and activities coupled with the scenic landscape attract significant levels of regional travelers. Monterey County tourist spending patterns demonstrate continued and robust growth over the last 2 decades (see **Table 3-8**), indicative of the strength and persistent growth of the regional tourism industry. While the region's tourist industry was not unscathed by the recent economic recession, it remained an attractive alternative for local vacationers seeking to economize and avoid costly cross-country or overseas flights. On a going forward basis, it is expected that the region will remain popular as a short term and convention destination, and positive growth trends are anticipated to continue. Fort Ord's recent designation as a National Monument will add to the County's inventory of recreational amenities and, when coupled with the proposed development of new resort products, will facilitate the capture of more tourist spending in Fort Ord jurisdictions.

Similar to the agriculture industry, however, while the leisure and hospitality sector produces high levels of employment and makes major contributions to the County economy, the associated employment generally reflects low income jobs. While this sector accounts for 12.2 percent of County employment, jobs in the leisure and hospitality sector generate the lowest earnings of any industry sector in the County and comprise only 7.1 percent of total earnings.

**Table 3-7
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Total Wages for Employees in Monterey County, 2011**

**Monterey County
2011 Employment**

NAICS Code / Industry	Est. Annual Average Wages [1]	2011 Employment				
		Workers		Wages		
		Total	% Share	Total (x \$1,000)	% Share	
<i>Source</i>		<i>Table C-5</i>	<i>Table C-4</i>			
Monterey County						
11	Agriculture, Forestry, Fishing and Hunting	\$30,000	53,491	27.4%	\$1,604,719	18.4%
21	Mining and Logging	\$85,000	233	0.1%	\$19,811	0.2%
23	Construction	\$48,000	4,545	2.3%	\$218,158	2.5%
31-33	Manufacturing	\$43,000	6,526	3.3%	\$280,622	3.2%
42	Wholesale Trade	\$66,000	5,710	2.9%	\$376,882	4.3%
44-45	Retail Trade	\$32,000	18,413	9.4%	\$589,213	6.8%
22, 48-49	Utilities, Transportation and Warehousing	\$49,000	3,846	2.0%	\$188,441	2.2%
51	Information	\$63,000	1,865	1.0%	\$117,470	1.3%
52-53	Finance and Insurance and Real Estate	\$63,000	4,895	2.5%	\$308,358	3.5%
54-56	Professional, Scientific, and Technical Services	\$55,000	13,751	7.0%	\$756,327	8.7%
61	Education	\$44,000	2,331	1.2%	\$102,553	1.2%
62	Health Care and Social Assistance	\$55,000	13,518	6.9%	\$743,508	8.5%
71-72	Leisure & Hospitality	\$26,000	23,774	12.2%	\$618,114	7.1%
81	Other Services (except Public Administration)	\$24,000	5,361	2.7%	\$128,657	1.5%
92	Public Administration	\$72,000	36,942	18.9%	\$2,659,848	30.5%
Total Monterey County			195,200	100.0%	\$8,712,679	100.0%

"est_wages2"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] See Table C-5 for wage by industry classification estimates.

**Table 3-8
Fort Ord Base Reuse Plan Reassessment
Monterey County Visitor Spending by Commodity Purchased (\$Million)**

Item	\$Million							Average Annual % Change (1992-2010)
	1992	2005	2006	2007	2008	2009	2010	
Visitor Spending (\$Million) [1]								
Accommodations	\$260	\$470	\$499	\$518	\$511	\$443	\$458	3.20%
Food and Beverage Services	\$327	\$553	\$579	\$603	\$618	\$618	\$619	3.61%
Food Store	\$33	\$54	\$55	\$58	\$61	\$58	\$57	3.08%
Ground Transportation and Motor Fuel	\$46	\$107	\$120	\$128	\$141	\$100	\$118	5.37%
Arts, Entertainment, and Recreation	\$188	\$304	\$314	\$318	\$316	\$305	\$298	2.59%
Retail Sales	\$300	\$440	\$452	\$451	\$445	\$435	\$434	2.07%
Air Transportation (Visitor Only)	\$12	\$15	\$19	\$19	\$17	\$15	\$16	1.61%
Total Visitor Spending at Destination	\$1,167	\$1,943	\$2,039	\$2,095	\$2,109	\$1,975	\$2,001	3.04%

"visitor"

Source: Dean Runyan Associates.

[1] Visitor spending impacts adjusted for inflation.

Education and Research

The educational services sector is one of the fastest growing industry sectors in the County, generating significant and growing levels of employment and wealth. Illustrated in **Table 3-9**, the Monterey Bay Area has more than 20 higher education and research institutions, ranging from state universities to specialized military institutions, including the Defense Language Institute, which serves the armed forces and civilian personnel sponsored by a government agency. These institutions include five premier military educational and research institutions offering the first Homeland Security degrees in the nation as well as six institutions providing language programs. Notably, Monterey Peninsula College and the Monterey Institute of International Studies received national designation as “GI friendly educational institutions.”

In addition, the presence of higher education, wildlife/marine-related reserves, and various government agencies create significant opportunities for collaborative research activities. The expansion of a robust educational and research sector offers the ability to partner with private industry and attract employers to the County. To date, however, Monterey County’s intellectual and educational assets have not been fully integrated into the local economy. Efforts to catalyze private industry/educational institution cooperation and associated job generation (e.g., UC MBEST) have been impacted by constraints such as UC MBEST ground leasing and use restrictions, the absence of a local physical presence of a top tier research institution, a need for a additional workforce training, a need for better-coordinated economic development efforts, and the perception of a difficult business climate. Successful Fort Ord development building on opportunities presented by the education cluster will have to overcome these difficulties and provide competitive development opportunities.

Healthcare and Social Assistance

The healthcare and social assistance sector has demonstrated significant growth, as population demographics create increasing levels of demand for healthcare services. This sector has added significant levels of employment marked by relatively high income jobs. Notably, this sector was responsible for the largest proportion of countywide wealth creation in 2008 and 2009, and is already well represented on the former Fort Ord by the new Peninsula Wellness Center and VA clinic soon to be located at the Dunes at Monterey Bay. Additional opportunities exist related to the kinesiology and nursing programs at CSUMB that could complement further development of this industry cluster on Fort Ord.

Federal Defense Industry Cluster

The federal government continues to retain a strong presence in Monterey County through several military activities and programs, such as the Department of Defense (manpower data center), Presidio of Monterey, Camp Roberts, Naval Research Laboratory, and Naval Postgraduate School. This presence provides an additional economic engine whose potential for catalyzing additional private industry activity has not been fully realized. Department of Defense research activities in Monterey County parallel technological development in private industry. Again, however, additional coordination and cooperation is necessary to develop additional economic activity and jobs through public private collaborations.

Table 3-9
Fort Ord Base Reuse Plan Reassessment
Monterey Bay Area Education and Research Institutions

Item	Agriculture / Agri-Business	Business	Education	Engineering	Health Care	Homeland Security	Hospitality/ Tourism	International/ Regional Studies	Language	Law/ Criminal Justice	Ocean and Related Sciences	Policy	Technology
Brandman University			X										
California Department of Fish and Game											X	X	
California State University, Monterey Bay	X	X	X				X	X	X		X	X	X
Defense Language Institute Foreign Language Center									X			X	X
Defense Manpower Data Center					X	X			X			X	X
Elkhorn Slough National Estuarine Research Reserve												X	X
Fleet Numerical Meteorology and Oceanography Center											X		X
Hartnell College	X	X		X	X			X	X	X			X
Hopkins Marine Station of Stanford University											X	X	
Monterey Bay Aquarium											X		
Monterey Bay Aquarium Research Institute											X		
Monterey College of Law										X			X
Monterey Institute of International Studies		X	X			X		X	X			X	
Monterey Peninsula College		X	X	X	X		X	X	X	X	X	X	X
Moss Landing Marine Lab, CSU (7 campuses)											X	X	
National Oceanic and Atmospheric Administration											X		
Naval Postgraduate School		X	X	X		X		X			X	X	X
Naval Research Laboratory				X							X		X
The Panetta Institute for Public Policy			X									X	

Source: Monterey County Economic Report, Competitive Clusters Status Report 2010-2011.

"edu"

Labor Force Characteristics

The Monterey County labor force is characteristic of the economic bifurcation that continually constrains efforts to develop a diversified and growing local economy. As reported by SRI International, Monterey County is home to significant numbers of highly trained and specialized researchers and educators. A significant proportion of residents hold advanced degrees. On the other end of the spectrum, a large share of Monterey County workers has low levels of education and are employed in low-skill, low-wage jobs.¹¹

The County lacks a well-developed mid-tier workforce, i.e., those workers with 2- to 4-year degrees that provide technical skills attractive to prospective employers, typically employed in the professional and technical services or high-tech manufacturing sectors of the economy. This trend is illustrated (and exacerbated by) the departure of residents in the age-20-to-34 demographic, the age group that provides the foundation for the mid-tier workforce.

The labor force characteristics shown in **Table 3-10** further illustrate the imbalanced labor force dynamic. The County imports marginally more jobs than it exports, but provides a rough balance between job imports and exports. As shown, 65.9 percent of County residents live and work in the County. Of the total County jobs, 67.9 percent are occupied by County residents. However, when examining the salary ranges of imported jobs, the largest share of job imports are for the middle income tier, suggesting that to the extent these jobs exist in the County, the County's labor force is inadequate to fill those positions.

The aforementioned presence of several educational institutions suggests that the County has the potential to develop a strong labor force with desirable technical skill sets. However, development and retention of this labor force requires that the County succeed in attracting employers desired by this demographic.

Population and Employment Projections

This report relies on population and employment growth projections published by the Association of Monterey Bay Area Governments (AMBAG) to evaluate the projected levels of population and employment growth over the next 20 years. These data are used to ascertain the degree to which this growth will impact demand for developable land on Fort Ord. Note that EPS has made several adjustments to AMBAG's baseline projections, which are discussed in detail throughout this section.

AMBAG's "Monterey Bay Area 2008 Regional Forecast" (2008 Forecast) represents the most recent published projections. The 2008 projections captured the planned reuse of Fort Ord, but do not reflect the major recession starting in 2009 or the results of the 2010 Decennial Census.¹²

¹¹ SRI International, *Economic Opportunities in Monterey County*, August 2011.

¹² Discussions with AMBAG and community stakeholders suggest that the AMBAG projections require substantial review and revision. As a result, AMBAG is developing new demographic projections with draft findings anticipated for release in late 2012.

Table 3-10
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Employment Characteristics [1]

Employment [2]	County Jobs				Employed County Residents			
	County Residents		Not County Residents		Working in County		Working Out of County	
	Total [2]	% Share	Total [2]	% Share	Total [2]	% Share	Total [2]	% Share
Total Employees	89,316		46,181		89,316		42,217	
<i>Share of Total</i>	65.9%		34.1%		67.9%		32.1%	
Workers By Monthly Income Level								
Earning <\$1,250	16,426	18.4%	12,364	26.8%	16,426	18.4%	9,457	22.4%
Earning \$1,250-\$3,333	36,443	40.8%	20,438	44.3%	36,443	40.8%	16,511	39.1%
Earning \$3,334+	36,447	40.8%	13,379	29.0%	36,447	40.8%	16,249	38.5%
Total	89,316	100.0%	46,181	100.0%	89,316	100.0%	42,217	100.0%
Workers by Industry Classification								
"Goods Producing"	23,248	26.0%	18,958	41.1%	23,248	26.0%	7,917	18.8%
"Trade, Transportation, and Utilities"	9,893	11.1%	8,426	18.2%	9,893	11.1%	11,915	28.2%
"All Other Services"	56,175	62.9%	18,797	40.7%	56,175	62.9%	22,385	53.0%
Total	89,316	100.0%	46,181	100.0%	89,316	100.0%	42,217	100.0%

"empl_charac"

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2010) and EPS.

[1] These characteristics describe the commute patterns of residents and employees within Monterey County. Each worker is characterized by primary job as follows:

- A. Interior** County workers also living INSIDE the County
- B. Inflow** County workers living OUTSIDE the County
- C. Outflow** County residents working outside the County

[2] Includes primary jobs only, therefore, employment totals do not match employment estimated by EDD.

Alternative Population Projections

EPS researched several alternative population and employment projections for the County including AMBAG, Department of Finance (DOF), US Census, Employment Development Department (EDD), and Woods and Poole Economics, Inc.¹³ estimates. **Figure 3-2** shows a comparison of the various historical and projected population estimates, indicating that the longer the timeframe, the greater the divergence between estimates. **Figure 3-3** shows available data on employment growth. One general trend is that DOF population projections are most aggressive, Woods and Poole estimates most conservative, and AMBAG projections slightly less aggressive than DOF. With employment, only AMBAG and Woods and Poole provide long-term estimates. They appear linear in fashion with Woods and Poole estimates consistently higher. Of note, EDD does provide an estimate for 2018 employment of approximately 210,900, which is approximately similar to AMBAG estimates in the 2015-2020 period.

To evaluate historical AMBAG estimates, EPS compared prior population forecasts to actual population reported by DOF. The Fort Ord Reuse Plan, prepared in 1994, included the then-current population estimates developed by AMBAG for the period between 1995 and 2010. **Figure 3-4** compares these projections to the actual population reported by DOF for the County, Monterey Peninsula, and Salinas Valley. While projections for 1995 through 2005 were reasonably close, wide variance occurs by 2010. In 2010, countywide projections over-estimated population by 64,000 (15 percent). Primary sources of estimation error include over-estimates on the Monterey Peninsula (35,000), likely resulting from slower than anticipated redevelopment activity on Fort Ord and the related recent economic downturn.

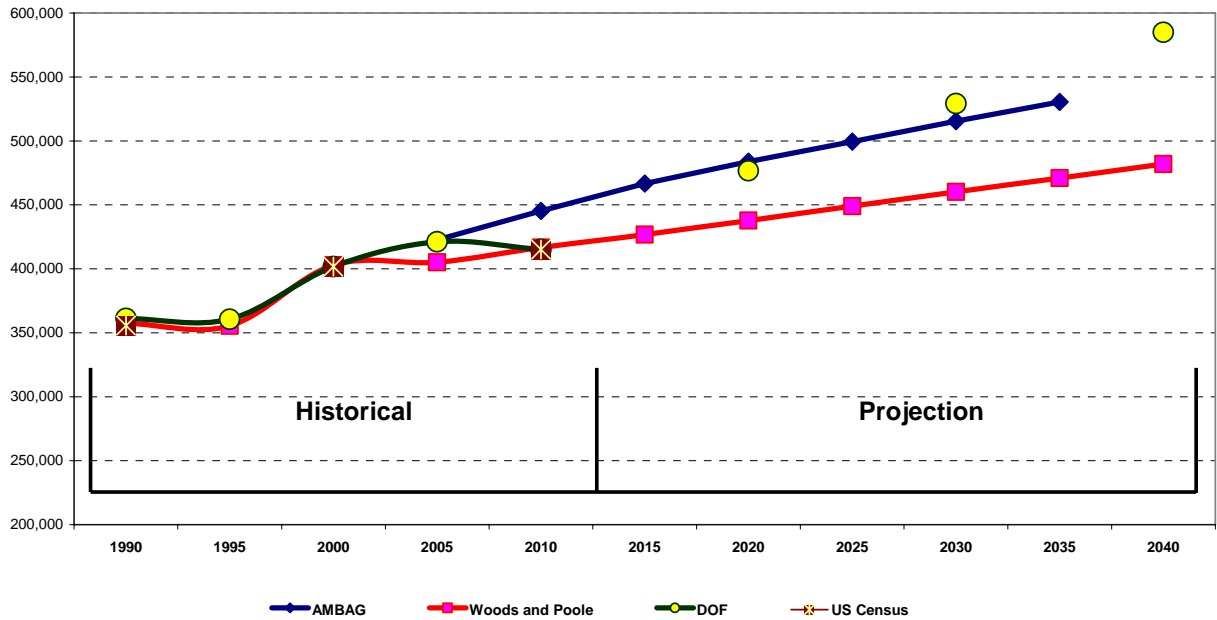
After evaluating the various forecasts, because the AMBAG projections were not significantly divergent from alternative approaches, and because of the desire to maintain consistency with the projections used for regional planning purposes, EPS determined that AMBAG remained the most appropriate foundational source of population and employment forecasts. EPS used AMBAG forecasts for population and employment to create a baseline estimate of population growth for the 20-year period between 2015 and 2035.

AMBAG Projections

AMBAG's 2008 projections were primarily prepared with the assistance of the Association of Bay Area Governments (ABAG). ABAG assisted in County-level population, housing, and employment forecasts through 2035. According to AMBAG, the AMBAG/ABAG forecasts incorporate information from California's DOF, Department of Health Services, Minnesota IMPLAN group, US Census, US Bureau of Economic Analysis, US Bureau of Labor Statistics, and other agencies. In addition, input from local government planners and demographers were incorporated into the comprehensive 2008 Regional Forecast.

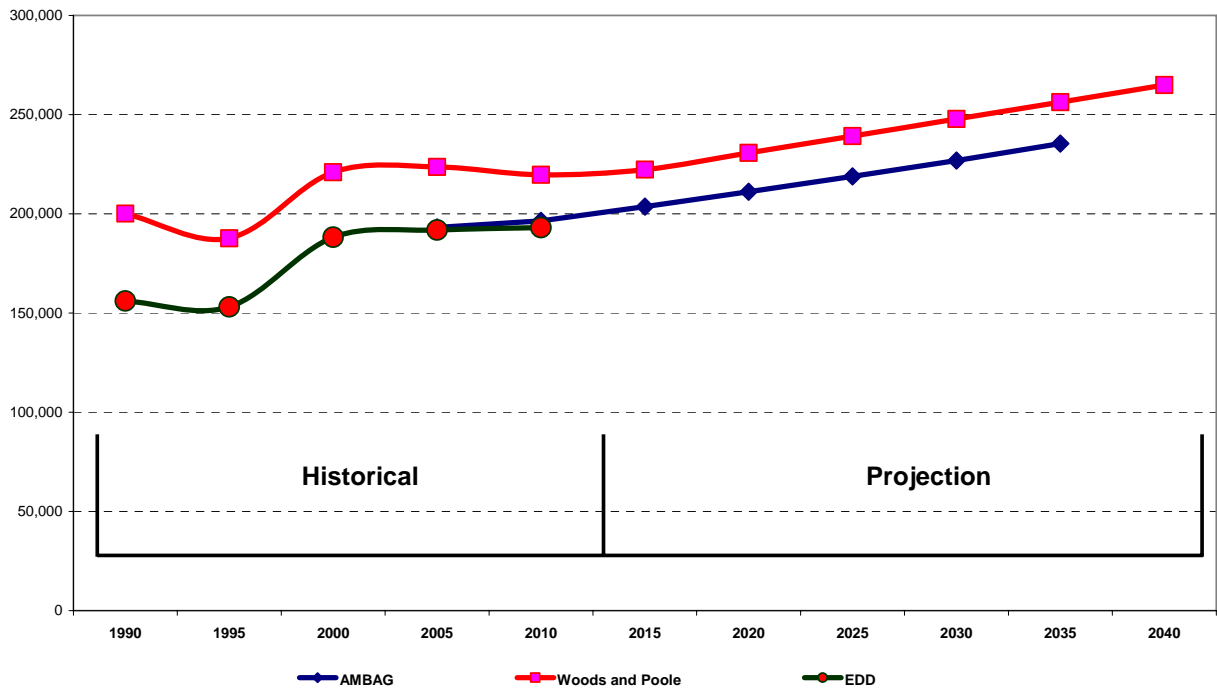
¹³ Woods & Poole Economics, Inc., is an independent firm offering long-term county economic and demographic projections. Woods & Poole's database for every county in the U.S. is updated annually and contains projections through 2040 for more than 900 variables.

Figure 3-2
Comparison of Population Estimates: Monterey County, 1990–2040

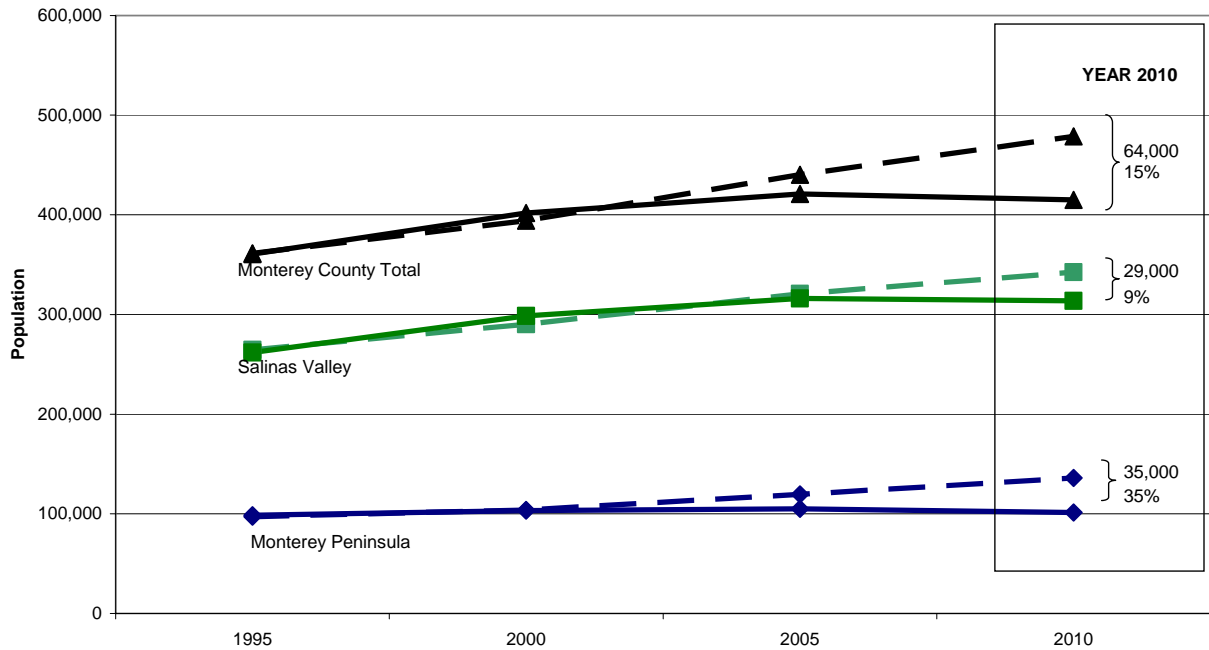


Source: Association of Monterey Bay Area Governments (AMBAG), Woods and Poole, California Department of Finance (DOF), United States Census and EPS.

Figure 3-3
Comparison of Employment Estimates: Monterey County, 1990–2040



**Figure 3-4
Comparison of AMBAG Projections to Actual Populations, 1995–2010**



Source:

Solid Lines: Actual population reported by Department of Finance.
Dotted Lines: AMBAG Projections as shown in Fort Ord Base Reuse Plan (1994).

Population Projections

The AMBAG population forecasts were developed using a cohort-component model for the population forecast, which models birth, death, and fertility rates. In addition, the projections evaluate resident migration patterns to estimate disaggregated small-area population projections.

To estimate housing projections, AMBAG first applied vacancy rate assumptions to translate estimates of future households into estimates of future demand for housing. These were applied at the county level based on historical trends. Next, AMBAG evaluated group quarter, household size, and population growth for each local jurisdiction. By applying various household size and vacancy factors the total households and housing units were allocated to each jurisdiction. The estimates include student housing.

Employment Projections

The Forecast’s employment projections use a shift share model¹⁴ to relate employment growth to economic activity. Using an input/output model based on IMPLAN data to evaluate the current

¹⁴ Shift-share analytical techniques disaggregate regional employment projections by industry sector to more localized geographies through an evaluation of comparative advantages offered by specific areas, taking into account the study area’s share of regional growth, the mix or change in economic activities, and the shift of activities towards the study area.

economy, and applying assumptions about growth and productivity for a given level of economic activity for different industry classifications, a set of linear employment estimates were produced through 2035. The result is an estimate of employment based on jobs per dollar of gross output. These estimates were evaluated for local and county level differences (e.g., relative growth rates, historical employment distribution, etc.) and industry variances (e.g., difference in a given industry category such as in the manufacturing industry, relative productivity, etc.). Finally, they were compared to EDD and US Census data to verify reasonableness.

Projected Trends in Population and Employment Growth

Evaluating the baseline AMBAG forecast, there are several notable trends related to population and employment growth, identified here:

1. **Relatively slow population growth is forecasted for Monterey County and Monterey Region.** Shown in **Table 3-11**, the region is projected to grow its population by 112,000 persons by 2035. More than half of this growth is expected in Monterey County (63,800).

These results indicate annual growth rates of 0.64 and 0.65 percent for the County and the Region respectively. Santa Cruz and San Benito Counties indicate growth rates of 0.38 and 1.64 percent annual growth rates.

2. **The majority of expected population growth in Monterey County is anticipated to occur in the Salinas Valley region.** Approximately 86 percent of the forecasted growth, or 55,000 persons, in Monterey County is anticipated to occur in the Salinas Valley. Each of the five cities identified in the Salinas Valley is expected to grow its population more than the entire 7-City Peninsula region. The Peninsula is expected to capture less than 15 percent of the total countywide population growth, for a total of approximately 8,500 new residents. Note that as the previous discussion highlighted, projected Peninsula population growth has significantly exceeded actual population growth, suggesting that this low capture rate may be aggressive and require a reversal of recent trends.
3. **AMBAG estimates slightly higher employment growth rates than population growth rates in Monterey County and Region.** The County is expected to increase its employment at an annual rate of 0.73 percent, which is slightly higher than the 0.64 percent population growth rate generating a total of 31,800 new jobs. Similarly, the region is estimated to grow employment 0.84 percent, higher than the population rate of 0.65 percent. See **Table 3-12**.
4. **Monterey County employment growth is expected to be localized in a few select areas.** According to AMBAG, the majority of employment growth is expected to occur in the Cities of Salinas and Monterey. Other areas of employment growth include Seaside and unincorporated areas. Total Peninsula employment growth between 2015 and 2035 is anticipated to be roughly 12,400 jobs.

Projected Household Growth

EPS estimated the number of projected households at the City level by applying a conversion factor to AMBAG's estimates of 2015 and 2035 housing units to account for vacant units, as shown in **Table 3-13**. Comparing the 2015/2035 average number of households and projected

**Table 3-11
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Population**

Population

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County	466,606	530,362	63,756	0.64%
Monterey Peninsula				
Carmel	3,848	4,033	185	0.24%
Del Rey Oaks	1,745	3,171	1,426	3.03%
Marina	26,658	32,942	6,284	1.06%
Monterey	30,092	30,836	744	0.12%
Pacific Grove	15,550	15,036	(514)	-0.17%
Sand City	1,498	1,498	0	0.00%
Seaside	35,165	35,549	384	0.05%
Subtotal	114,556	123,065	8,509	0.36%
Salinas Valley				
Gonzales	13,304	23,418	10,114	2.87%
Greenfield	19,090	30,337	11,247	2.34%
King City	15,392	24,726	9,334	2.40%
Salinas	162,044	173,359	11,315	0.34%
Soledad	31,115	41,405	10,290	1.44%
Unincorporated	111,105	114,052	2,947	0.13%
Subtotal	352,050	407,297	55,247	0.73%
Santa Cruz County	273,983	295,621	21,638	0.38%
San Benito County	68,471	94,731	26,260	1.64%
Total 3-County Region	808,560	920,713	112,153	0.65%

"pop1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

Note: The AMBAG totals may not match because of rounding.

Table 3-12
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Employment

Projected Employment

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County [1]	203,660	235,460	31,800	0.73%
Monterey Peninsula				
Carmel	3,245	3,245	0	0.00%
Del Rey Oaks	377	462	85	1.02%
Marina	3,653	4,696	1,043	1.26%
Monterey	34,209	40,696	6,487	0.87%
Pacific Grove	7,406	7,837	431	0.28%
Sand City	2,629	3,923	1,294	2.02%
Seaside	7,792	10,848	3,056	1.67%
Subtotal	59,311	71,707	12,396	0.95%
Salinas Valley				
Gonzales	1,100	1,324	224	0.93%
Greenfield	1,045	1,384	339	1.41%
King City	3,047	3,675	628	0.94%
Salinas	52,135	61,425	9,290	0.82%
Soledad	5,890	6,837	947	0.75%
Unincorporated	81,082	88,928	7,846	0.46%
Subtotal	144,299	163,573	19,274	0.63%
Santa Cruz County	120,800	147,460	26,660	1.00%
San Benito County	18,091	21,700	3,609	0.91%
Total 3-County Region	342,551	404,620	62,069	0.84%

"emp1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] AMBAG indicates more total Monterey County employment than the sum of individual jurisdictions because of rounding.

Table 3-13
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Estimated Households [1]

Estimated Households

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County	144,729	168,862	24,133	0.77%
Monterey Peninsula	45,370	49,819	4,449	0.47%
Salinas Valley	99,360	119,043	19,683	0.91%
Santa Cruz County	99,691	107,197	7,506	0.36%
San Benito County	19,577	27,270	7,693	1.67%
Total 3-County Region	263,997	303,329	39,332	0.70%

"hh1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] EPS estimated households for all areas by applying the average conversion factor based on AMBAG data shown below:

3-County	<u>2015</u>	<u>2035</u>	<u>Average</u>
<i>Housing Units</i>	284,667	327,078	305,873
<i>Households (HH)</i>	263,670	303,656	283,663
Conversion Factor	92.6%	92.8%	92.7%

Source: AMBAG

housing units at the County level results in approximately 92.7 percent fewer households than units, reflecting a vacancy rate of approximately 7.3 percent. EPS applied this conversion factor to all jurisdictions. As shown, the Monterey Peninsula is projected to add fewer than 4,500 households during the 2015 to 2035 period.

Jobs per Household

Based on the above described estimates of households, **Table 3-14** shows an estimate of the number of jobs per household. AMBAG's projections result in moderate shift to the jobs to household ratios between 2015 and 2035, generally maintaining 1.4 jobs per household in both the Peninsula and the Salinas Valley in 2035. This ratio is greater than the ratio of neighboring San Benito and Santa Cruz counties, reflecting the reliance of those counties on the external job generating Bay Area economy.

As previously highlighted, a healthy jobs/housing balance does not necessarily suggest that the local labor force possesses the skills necessary to fill local positions. Though a region may appear to be balanced based on the ratio of jobs to households, it is important to consider the degree to which the area is exporting and importing jobs. A truly balanced economy benefits from a correlation between local employment opportunities and the local workforce. Local housing opportunities, in turn, must be positioned to fulfill the demand associated with wage levels for local jobs, thereby reflecting a jobs/housing "match" as opposed to balance.

Employment by Industry Sector

As discussed previously, Monterey County has concentrations of employment and earnings in several industry sectors including agriculture, leisure and hospitality, education and research, and healthcare and social assistance. These four industry classifications are anticipated to remain dominant over the next 20-25 years. **Tables 3-15** and **3-16** summarize the projected employment by industry for Monterey County in 2015 and 2035.¹⁵

Because of the known limitations of available AMBAG forecast data, EPS developed a methodology to estimate the amount of employment growth allocated to individual industry classifications. These estimates should be compared with the upcoming AMBAG forecast and updated if appropriate.

¹⁵ AMBAG's 2008 Forecast offers employment by jurisdiction and again by general industry classification (Retail, Service, Industrial, Public, Construction, and Agriculture). While the aggregate employment forecast (e.g., total employment forecasted for a given County) appears reasonable, AMBAG is unable to provide significant guidance or supporting materials for the methodology used to estimate the employment by industry category. Specifically, it is unknown what methods, specific industry groupings, industry codes, etc. were used to allocate forecasted employment to the individual industry classifications. As a result, EPS is unable to use or replicate these results.

Discussions with AMBAG suggest that significant variance is expected between the upcoming and 2008 AMBAG forecasts for much of the disaggregated information. Furthermore, EPS is focused on the growth in total employment between 2015 and 2035. While actual baseline and buildout numbers may vary, it is expected that the magnitude of variance in the absolute growth numbers will be somewhat lower.

Table 3-14
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Jobs Per Household [1]

Jobs per Household

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County	1.41	1.39	(0.01)	-0.05%
Monterey Peninsula	1.31	1.44	0.13	0.48%
Salinas Valley	1.45	1.37	(0.08)	-0.28%
Santa Cruz County	1.21	1.38	0.16	0.64%
San Benito County	0.92	0.80	(0.13)	-0.74%
Total 3-County Region	1.30	1.33	0.04	0.14%

"jphh1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] Based on household estimates shown in Table 3-13.

Table 3-15
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Countywide Employment by Industry Code, 2015 and 2035.

Countywide Employment Growth

NAICS Code / Industry	2015 Estimate [1]	2035 Estimate [2]	2015-2035 Change [3]	
			Total Change	Avg. Annual Change
Monterey County				
11 Agriculture, Forestry, Fishing and Hunting	55,809	66,929	11,120	0.91%
21 Mining and Logging	243	243	0	-
22 Utilities	-	-	-	-
23 Construction*	4,742	4,742	0	0.00%
31-33 Manufacturing*	6,809	6,809	0	0.00%
42 Wholesale Trade	5,958	6,933	975	0.76%
44-45 Retail Trade	19,211	19,991	780	0.20%
22, 48-49 Utilities, Transportation and Warehousing	4,012	4,207	195	0.24%
51 Information*	1,945	1,945	0	0.00%
52-53 Finance and Insurance and Real Estate*	5,107	5,107	0	0.00%
54-56 Professional, Scientific, and Technical Services	14,347	15,908	1,561	0.52%
61 Education	2,432	3,992	1,561	2.51%
62 Health Care and Social Assistance	14,104	19,177	5,072	1.55%
71-72 Leisure & Hospitality	24,804	28,511	3,707	0.70%
81 Other Services (except Public Administration)	5,593	6,178	585	0.50%
92 Public Administration	38,543	44,786	6,243	0.75%
Total Monterey County	203,660	235,460	31,800	0.73%

"empl2"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast" and EPS.

* Declining employment levels identified by EDD.

[1] Employment for 2015 by industry classification was estimated by applying the relative share of 2011 employment as reported by EDD to the total employment estimated by AMBAG.

[2] Employment for 2035 by industry classification was estimated by summing 2015 employment plus estimated growth between 2015 and 2035.

[3] Change in employment between 2015 and 2035 was estimated by allocating total growth (31,800) by share of estimated EDD growth between 2008 and 2018.

**Table 3-16
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Total Wages for New Employees in Monterey County between 2015 and 2035**

Monterey County
New Employees:
2015-2035

NAICS Code / Industry	Est. Annual Average Wages [1]	2015-2035 Baseline				
		<u>Workers</u>		<u>Wages</u>		
		Total	% Share	Total (x \$1,000)	% Share	
<i>Source</i>						
	<i>Table C-5</i>	<i>Table 3-15</i>				
Monterey County						
11	Agriculture, Forestry, Fishing and Hunting	\$30,000	11,120	35.0%	\$333,607	23.4%
21	Mining and Logging	\$85,000	0	0.0%	\$0	0.0%
22	Utilities	\$92,000	-	-	-	-
23	Construction	\$48,000	0	0.0%	\$0	0.0%
31-33	Manufacturing	\$43,000	0	0.0%	\$0	0.0%
42	Wholesale Trade	\$66,000	975	3.1%	\$64,380	4.5%
44-45	Retail Trade	\$32,000	780	2.5%	\$24,972	1.8%
22, 48-49	Utilities, Transportation and Warehousing	\$49,000	195	0.6%	\$9,560	0.7%
51	Information	\$63,000	0	0.0%	\$0	0.0%
52-53	Finance and Insurance and Real Estate	\$63,000	0	0.0%	\$0	0.0%
54-56	Professional, Scientific, and Technical Services	\$55,000	1,561	4.9%	\$85,840	6.0%
61	Education	\$44,000	1,561	4.9%	\$68,672	4.8%
62	Health Care and Social Assistance	\$55,000	5,072	16.0%	\$278,982	19.6%
71-72	Leisure & Hospitality	\$26,000	3,707	11.7%	\$96,375	6.8%
81	Other Services (except Public Administration)	\$24,000	585	1.8%	\$14,047	1.0%
92	Public Administration	\$72,000	6,243	19.6%	\$449,492	31.5%
Total Workers			31,800	100.0%		
Total Monterey County Wages (x \$1,000)					\$1,425,928	100.0%

"est_wages3"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] See Table C-5 for wage by industry classification estimates.

For this analysis, EPS used AMBAG employment projections and data from EDD to evaluate the County's employment growth by North American Industry Code System (NAICS) category. EDD has published two data sets used for this analysis:

1. **Salinas Metropolitan Statistical Area (MSA) (Monterey County) Industry Employment & Labor Force, March 2011 Benchmark.** Published in April 2012, the report provides the most current distribution of employment for Monterey County. Note: The Salinas MSA includes areas within both the Monterey Peninsula and Salinas Valley economic regions discussed earlier in this chapter.
2. **Monterey Bay Area 2008 Regional Forecast.** This EDD forecast provides employment by industry classification for 2008 and projected employment by industry classification for 2018.

Using the above EDD data, **Table 3-15** shows 2015 and 2035 employment by NAICS code. Because no single EDD source separates employment by NAICS code for 2015 and 2035, EPS used the following methodology to create a baseline analysis:

1. The AMBAG 2015 employment estimates are allocated to each industry classification using the 2011 employment industry distribution.
2. AMBAG-identified growth between 2015 and 2035 (31,800) is allocated to each industry by that industry's share of absolute growth between 2008 and 2018 shown in Monterey Bay Area 2008 Regional Forecast.
3. The 2035 estimate is the total of 2015 employment and 2015-2035 growth allocated to each industry.

Note that the actual number of employees in each industry will likely vary. However, unless significant macroeconomic forces or economic externalities occur, the changes will likely be minor relative to other industry classifications.

Table 3-15 shows that many of the region's major industries will remain dominant, with employment growth concentrated in the agriculture, health care, leisure and hospitality, and education sectors. Public administration also will continue to play a very significant role. Employment for several sectors is projected to decline, including construction, manufacturing, finance, insurance, and real estate.

Income Impacts

The United States Census Bureau, Center for Economic Studies publishes Quarterly Workforce Indicators, which, among other things, estimates the monthly wages for employees for various job classifications (shown in Table A-2). Using this data, EPS estimated each industry's income and share of total income. **Table 3-16** shows the potential share of workers and earnings for the 2015-2035 growth. An examination of the potential growth yields several observations:

1. Agriculture represents nearly 40 percent of the estimated growth in employment, but only 27 percent of the earnings.
2. The higher average wage workers in the Healthcare Services and Professional Services industries will result in greater share of total potential income—a combined 25.6 percent of income growth versus 20.9 percent of combined employment growth.
3. Public administration and education will remain a significant portion of the workforce and potential income.
4. Employment growth in the leisure and hospitality sector is disproportionate to the total wealth created. While employment growth comprises nearly 12 percent of the total projected County employment growth, income growth represents slightly under 7 percent of total income growth.

Requisite Fort Ord Capture

Employment projections for Monterey County were evaluated to estimate the share of employment that might be captured by Fort Ord development. Based on the land use opportunities and constraints in Fort Ord, historical and likely future employment trends, and other qualitative factors such as local competitive advantages, targeted growth industries, and recognized development opportunities, EPS allocated a portion of each industry classification to Fort Ord.

Several industries are location dependent. For example, agricultural employment and related distribution is primarily located in the Salinas Valley. Other industries are expected to experience greater growth to serve newer growth areas such as professional services.

Shown in **Table 3-17**, recent growth trends and local economic development initiatives and objectives indicate greater emphasis on the service sectors. As a result, a higher share of Professional and Technical Services, Healthcare Services, Leisure and Hospitality Services, and Other Services are allocated to Fort Ord. Retail trade employment is estimated using a case study approach detailed in Chapter 5. Based on these assumptions, EPS developed a Fort Ord employment estimate that would accomplish the capture of slightly more than 75 percent of total Peninsula employment growth between 2015 and 2035, roughly 9,700 employees.

Table 3-17
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Fort Ord Employment Estimates by Industry Code, 2015 and 2035.

Fort Ord Employment By Industry
--

NAICS Code / Industry	Countywide 2015-2035 Growth	Estimated Fort Ord Capture [1]	Estimated Fort Ord Employment
<i>Source</i>	<i>Table 3-15</i>	<i>EPS</i>	
11 Agriculture, Forestry, Fishing and Hunting	11,120	0%	0
21 Mining and Logging	0	0%	0
23 Construction	0	0%	0
31-33 Manufacturing	0	0%	0
42 Wholesale Trade	975	10%	98
44-45 Retail Trade	780	[4]	780
22, 48-49 Utilities, Transportation and Warehousing	195	10%	20
51 Information	0	0%	0
52-53 Finance and Insurance and Real Estate	0	0%	0
54-56 Professional, Scientific, and Technical Services	1,561	75%	1,171
61 Education	1,561	75%	1,171
62 Health Care and Social Assistance	5,072	50%	2,536
71-72 Leisure & Hospitality	3,707	65%	2,409
81 Other Services (except Public Administration)	585	45%	263
92 Public Administration	6,243	15%	936
Total [2]	31,800		9,384
<i>Fort Ord Share of Total County Growth</i>			<i>29.5%</i>
<i>Fort Ord Share of Total Peninsula Growth [3]</i>			<i>75.7%</i>

"fora_capt"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast" and EPS.

- [1] Represents the share of total County employment growth between 2015 and 2035 that may be captured Fort Ord development.
- [2] This table represents a scenario developed for discussion purposes. Fort Ord is estimated to capture roughly 75% of Peninsula growth. This capture is assigned by industry sector in accordance with current and expected trends regarding growing sectors in the Peninsula and on Fort Ord.
- [3] Assumes 12,396 Peninsula employees as forecasted by AMBAG as shown in Table 3-12.
- [4] Retail trade employment captured by FORA estimated using a case study approach. See Table 5-3.

4. REAL ESTATE MARKET OVERVIEW AND EVALUATION

Fort Ord's ability to capture the requisite levels of employment and population growth to absorb projects in the development pipeline and fulfill the BRP objectives is influenced by the ability to accommodate demand through the cost effective provision of the residential and commercial real estate products. As the economic recovery gains momentum, successful development projects will be positioned to take advantage of key opportunity areas with strong market fundamentals and that comport with real estate market trends influenced by evolving consumer preferences.

New development in Monterey County will necessarily be tied to growth in employment opportunities and the County's success attracting new employers to the area. The availability of a technically skilled mid-tier labor force is crucial, and could be a factor that catalyzes new development. Subsequently, new employment opportunities could attract skilled workers to the area, bolstering the mid-tier labor force through provision of new employment opportunities. This dynamic presents the classic "chicken or egg" scenario—in all likelihood, employers will not be attracted merely by the presence of a physical product. Rather, employers will be attracted by (1) the presence of a sought after labor force, and (2) competitive advantages conferred by the region's intellectual capital. In this sense, further economic development relies on some modicum of housing development as well as further programmatic work defining the competitive advantages offered by key sectors. At the same time, efforts must be made to ensure that appropriate commercial real estate products can be offered on a "shovel-ready" basis (and in some cases on a speculative basis) that are functional and affordable to nascent industry.

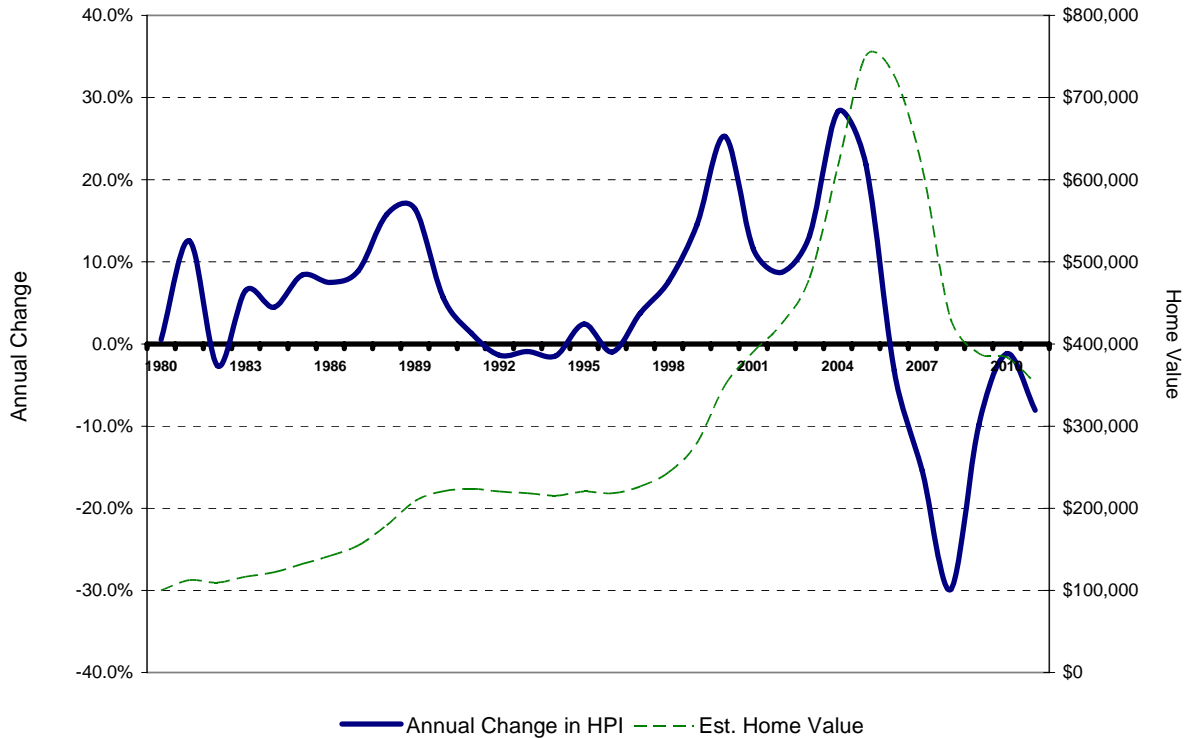
This chapter provides an overview of the residential and commercial real estate markets, evaluating market fundamentals such as vacancy and lease rate trends to ascertain the prospects for new development.

Residential Real Estate

The market for residential real estate in Monterey County is uncertain. The impact of the state of the global economy on the residential real estate market has been well documented and established. Home prices in Monterey County are indicative of national trends, demonstrating a dramatic decrease since the peak of the overheated residential real estate market in 2005. **Figure 4-1** shows the housing price index for the Salinas Metropolitan Statistical Area (MSA) documenting the dramatic collapse in average home values since 2005. The rate of decline has slowed significantly in recent years, but it is clear that the local residential real estate market continues to struggle. It should be noted that Monterey County is not unique in this regard—few California communities have demonstrated strong home price appreciation since the recession, and most regions are similarly struggling. According to the Joint Center for Housing at Harvard University, "Home values in most metropolitan areas have retreated to pre-boom levels, erasing more than 15 years of appreciation in some cases."¹⁶

¹⁶ The Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2012.

Figure 4-1
House Price Index (HPI) for Salinas MSA, 1980–2011



Source: Federal Housing Finance Agency and EPS

Note: "Home Value" illustrates the estimated value for a 1980 house valued at

The residential real estate market in Monterey County is illustrative of the economic bifurcation described previously. Generally, the Peninsula and coastal areas are slower growing and have significantly higher home prices than the inland Salinas Valley areas. The Salinas Valley has historically generated a much greater share of total transaction activity, with less activity in Peninsula communities (see **Table 4-1**). **Figures 4-2** and **4-3** identify historical home price trends for both single and multifamily products in selected Monterey County cities (detailed in **Table 4-2**). As shown, the home prices in the Salinas Valley are consistently lower than Peninsula communities, and while all geographies demonstrate major price declines, the Salinas Valley has been particularly hard hit. In the Peninsula, the Fort Ord jurisdictions of Del Rey Oaks, Marina, and Seaside demonstrate some of the lowest values and most significant declines. For example, median values in the City of Seaside are down to \$264,000 from a peak of \$970,000 in 2006. Notably, it appears that home prices have generally stabilized over the last several years, with some price appreciation occurring in select submarkets.

It is interesting to note that as median values began to rapidly decrease in 2008 and 2009, the volume of sales increased dramatically on a countywide basis, suggesting pent up demand for lower cost, market rate housing. As the economic downturn wore on and median values continued to decline, uncertainty in the housing market further depressed home sales activity.

**Table 4-1
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Existing Home Sales for Select Areas within Monterey County [1]**

Number of Closed Sales

Item	<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>	
	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share
SINGLE FAMILY														
Monterey Peninsula														
Del Rey Oaks	27	0.8%	12	0.5%	9	0.6%	17	0.6%	13	0.3%	15	0.4%	13	0.4%
Marina	132	3.8%	83	3.7%	79	5.3%	138	4.5%	151	3.4%	119	3.4%	0	0.0%
Monterey	160	4.6%	125	5.6%	95	6.4%	106	3.5%	106	2.4%	119	3.4%	150	4.7%
Pacific Grove	145	4.1%	111	5.0%	98	6.6%	94	3.1%	118	2.6%	129	3.7%	149	4.7%
Seaside	224	6.4%	139	6.2%	88	5.9%	261	8.6%	273	6.1%	228	6.5%	240	7.5%
Subtotal	688	19.6%	470	21.1%	369	24.9%	616	20.2%	661	14.8%	610	17.4%	552	17.3%
Salinas Valley														
East Salinas	188	5.4%	132	5.9%	44	3.0%	225	7.4%	809	18.1%	441	12.6%	386	12.1%
North Salinas	793	22.6%	445	20.0%	194	13.1%	837	27.5%	998	22.3%	724	20.7%	581	18.2%
Salinas Monterey Highway	223	6.4%	137	6.1%	118	8.0%	93	3.1%	156	3.5%	172	4.9%	189	5.9%
South Salinas	343	9.8%	192	8.6%	131	8.9%	234	7.7%	198	4.4%	0	0.0%	169	5.3%
Subtotal	1,547	44.1%	906	40.6%	487	32.9%	1,389	45.6%	2,161	48.4%	1,337	38.2%	1,325	41.5%
All Other Areas	1,269	36.2%	854	38.3%	623	42.1%	1,041	34.2%	1,647	36.9%	1,557	44.4%	1,318	41.3%
County of Monterey	3,504	100.0%	2,230	100.0%	1,479	100.0%	3,046	100.0%	4,469	100.0%	3,504	100.0%	3,195	100.0%
MULTIFAMILY														
Monterey Peninsula														
Del Rey Oaks	8	1.8%	14	0.6%	5	0.3%	1	0.0%	5	0.1%	5	0.1%	5	0.2%
Marina	27	6.2%	13	0.6%	7	0.5%	9	0.3%	19	0.4%	17	0.5%	0	0.0%
Monterey	66	15.0%	40	1.8%	49	3.3%	34	1.1%	42	0.9%	64	1.8%	68	2.1%
Pacific Grove	16	3.6%	11	0.5%	15	1.0%	6	0.2%	10	0.2%	8	0.2%	11	0.3%
Seaside	8	1.8%	4	0.2%	6	0.4%	6	0.2%	8	0.2%	6	0.2%	7	0.2%
Subtotal	125	28.5%	82	33.2%	82	44.1%	56	23.6%	84	22.0%	100	29.8%	91	26.4%

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Table 4-1
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Existing Home Sales for Select Areas within Monterey County [1]

Number of Closed Sales

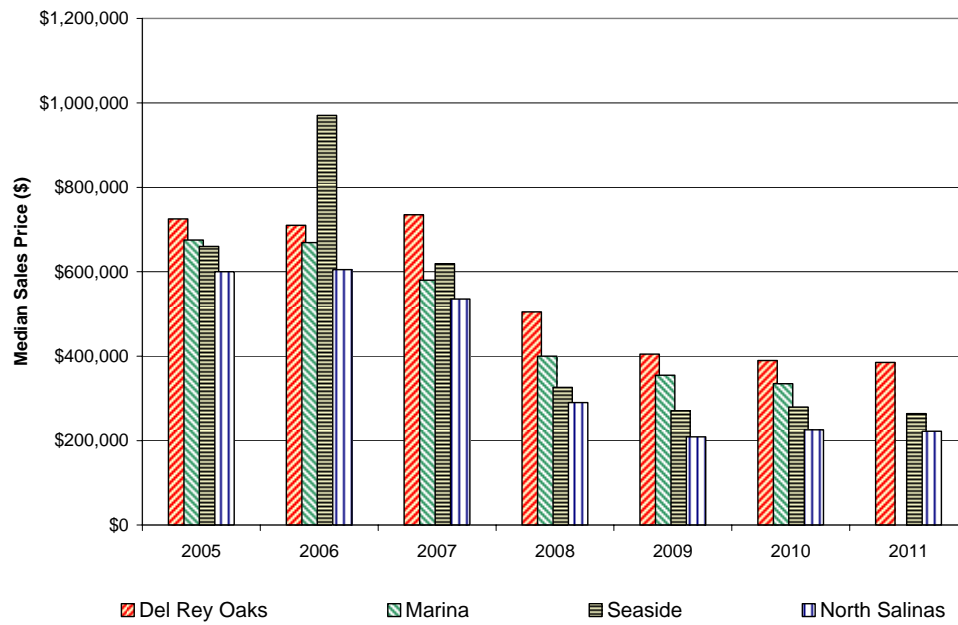
Item	<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>	
	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share	Qty	Share
Salinas Valley														
East Salinas	56	12.8%	31	12.6%	11	5.9%	47	19.8%	76	19.9%	40	11.9%	44	12.8%
North Salinas	84	19.1%	40	16.2%	21	11.3%	49	20.7%	117	30.7%	68	20.2%	85	24.6%
Salinas Monterey Highway	7	1.6%	3	1.2%	9	4.8%	5	2.1%	10	2.6%	6	1.8%	8	2.3%
South Salinas	35	8.0%	22	8.9%	8	4.3%	13	5.5%	13	3.4%	27	8.0%	20	5.8%
Subtotal	182	41.5%	96	38.9%	49	26.3%	114	48.1%	216	56.7%	141	42.0%	157	45.5%
All Other Areas	132	30.1%	69	27.9%	55	29.6%	67	28.3%	81	21.3%	95	28.3%	97	28.1%
County of Monterey	439	100.0%	247	100.0%	186	100.0%	237	100.0%	381	100.0%	336	100.0%	345	100.0%
TOTAL														
Monterey Peninsula														
Del Rey Oaks	35	0.9%	26	1.0%	14	0.8%	18	0.5%	18	0.4%	20	0.5%	18	0.5%
Marina	159	4.0%	96	3.9%	86	5.2%	147	4.5%	170	3.5%	136	3.5%	0	0.0%
Monterey	226	5.7%	165	6.7%	144	8.6%	140	4.3%	148	3.1%	183	4.8%	218	6.2%
Pacific Grove	161	4.1%	122	4.9%	113	6.8%	100	3.0%	128	2.6%	137	3.6%	160	4.5%
Seaside	232	5.9%	143	5.8%	94	5.6%	267	8.1%	281	5.8%	234	6.1%	247	7.0%
Subtotal	813	20.6%	552	22.3%	451	27.1%	672	20.5%	745	15.4%	710	18.5%	643	18.2%
Salinas Valley														
East Salinas	244	6.2%	163	6.6%	55	3.3%	272	8.3%	885	18.2%	481	12.5%	430	12.1%
North Salinas	877	22.2%	485	19.6%	215	12.9%	886	27.0%	1,115	23.0%	792	20.6%	666	18.8%
Salinas Monterey Highway	230	5.8%	140	5.7%	127	7.6%	98	3.0%	166	3.4%	178	4.6%	197	5.6%
South Salinas	378	9.6%	214	8.6%	139	8.3%	247	7.5%	211	4.4%	27	0.7%	189	5.3%
Subtotal	1,729	43.8%	1,002	40.5%	536	32.2%	1,503	45.8%	2,377	49.0%	1,478	38.5%	1,482	41.9%
All Other Areas	1,401	35.5%	923	37.3%	678	40.7%	1,108	33.7%	1,728	35.6%	1,652	43.0%	1,415	40.0%
County of Monterey	3,943	100.0%	2,477	100.0%	1,665	100.0%	3,283	100.0%	4,850	100.0%	3,840	100.0%	3,540	100.0%
<i>Annual Change</i>	-		-37.2%		-32.8%		97.2%		47.7%		-20.8%		-7.8%	

"sales"

Source: Monterey County Association of REALTORS and EPS.

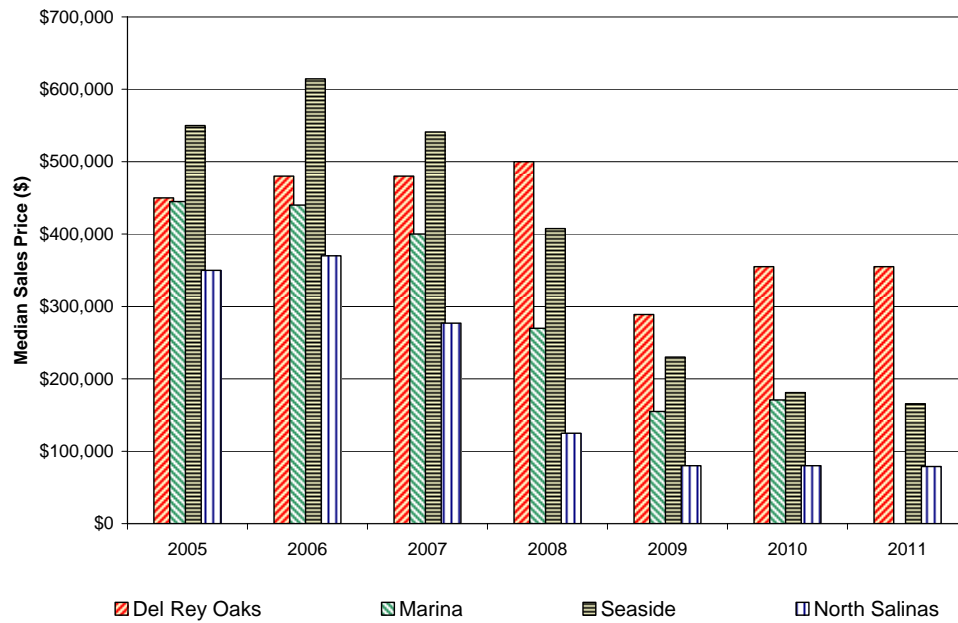
[1] Based on database of MLS-listed homes, which primarily includes resales of existing homes but may include some new homes.

Figure 4-2
Median Single-Family Sales Price for Select Monterey County Cities, 2005-2011



Source: Monterey County Association of REALTORS and EPS.

Figure 4-3
Median Multifamily Sales Price for Select Monterey County Cities, 2005-2011



Source: Monterey County Association of REALTORS and EPS.

Table 4-2
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Median Sales Pricing for Select Areas within Monterey County [1]

Median Sales Price

Item	2005		2006		2007		2008		2009		2010		2011	
	Median	Change	Median	Change	Median	Change	Median	Change	Median	Change	Median	Change	Median	Change
SINGLE FAMILY														
Monterey Peninsula														
Del Rey Oaks	\$725,000	-	\$710,000	-2.1%	\$735,000	3.5%	\$505,000	-31.3%	\$405,000	-19.8%	\$390,000	-3.7%	\$385,000	-1.3%
Marina	\$675,000	-	\$669,000	-0.9%	\$580,000	-13.3%	\$400,000	-31.0%	\$354,900	-11.3%	\$334,900	-5.6%	N/A	N/A
Monterey	\$875,000	-	\$835,000	-4.6%	\$795,000	-4.8%	\$685,000	-13.8%	\$520,000	-24.1%	\$550,000	5.8%	\$463,000	-15.8%
Pacific Grove	\$882,500	-	\$865,000	-2.0%	\$805,000	-6.9%	\$672,500	-16.5%	\$603,750	-10.2%	\$630,000	4.3%	\$537,500	-14.7%
Seaside	\$660,000	-	\$970,000	47.0%	\$619,000	-36.2%	\$326,000	-47.3%	\$270,598	-17.0%	\$279,200	3.2%	\$264,050	-5.4%
Salinas Valley														
East Salinas	\$497,000	-	\$535,000	7.6%	\$433,950	-18.9%	\$185,000	-57.4%	\$160,000	-13.5%	\$178,000	11.3%	\$174,500	-2.0%
North Salinas	\$600,000	-	\$605,000	0.8%	\$535,000	-11.6%	\$290,000	-45.8%	\$209,000	-27.9%	\$225,375	7.8%	\$222,000	-1.5%
Salinas Monterey Highway	\$1,002,000	-	\$925,000	-7.7%	\$932,500	0.8%	\$770,000	-17.4%	\$573,500	-25.5%	\$575,000	0.3%	\$558,000	-3.0%
South Salinas	\$590,000	-	\$597,000	1.2%	\$540,000	-9.5%	\$305,000	-43.5%	\$276,250	-9.4%	\$290,287	5.1%	\$285,000	-1.8%
MULTIFAMILY														
Monterey Peninsula														
Del Rey Oaks	\$450,000	-	\$480,000	6.7%	\$480,000	0.0%	\$500,000	4.2%	\$289,000	-42.2%	\$355,000	22.8%	\$355,000	0.0%
Marina	\$445,000	-	\$440,000	-1.1%	\$400,000	-9.1%	\$270,000	-32.5%	\$154,900	-42.6%	\$171,000	10.4%	N/A	N/A
Monterey	\$585,000	-	\$510,000	-12.8%	\$486,000	-4.7%	\$505,000	3.9%	\$373,000	-26.1%	\$237,450	-36.3%	\$204,500	-13.9%
Pacific Grove	\$715,000	-	\$735,000	2.8%	\$655,000	-10.9%	\$591,500	-9.7%	\$492,500	-16.7%	\$535,000	8.6%	\$400,000	-25.2%
Seaside	\$550,000	-	\$614,500	11.7%	\$541,000	-12.0%	\$407,500	-24.7%	\$230,000	-43.6%	\$181,000	-21.3%	\$165,500	-8.6%
Salinas Valley														
East Salinas	\$319,000	-	\$355,000	11.3%	\$365,000	2.8%	\$65,000	-82.2%	\$63,250	-2.7%	\$68,950	9.0%	\$66,300	-3.8%
North Salinas	\$350,000	-	\$370,000	5.7%	\$277,000	-25.1%	\$124,900	-54.9%	\$80,000	-35.9%	\$80,000	0.0%	\$79,000	-1.3%
Salinas Monterey Highway	\$645,000	-	\$515,000	-20.2%	\$777,250	50.9%	\$440,000	-43.4%	\$287,000	-34.8%	\$321,250	11.9%	\$262,500	-18.3%
South Salinas	\$425,000	-	\$440,000	3.5%	\$312,500	-29.0%	\$199,000	-36.3%	\$169,000	-15.1%	\$180,000	6.5%	\$173,477	-3.6%

"median"

Source: Monterey County Association of REALTORS and EPS.

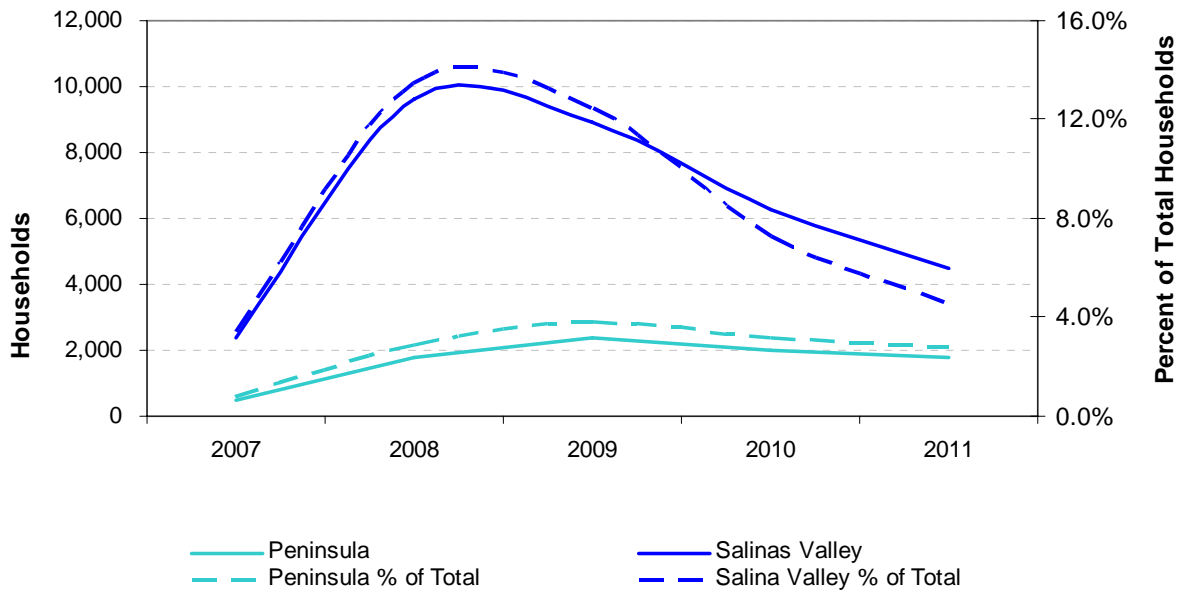
[1] Based on database of MLS-listed homes, which primarily includes resales of existing homes but may include some new homes.

Influence of Foreclosure Activity

Throughout the nation, the proportion of homes in foreclosure continues to drag down prospects for housing market recovery. While the number of distressed sales is beginning to abate, a significant share of homeowners are still in distress, and the pipeline of foreclosed homes remains high. The effect of the foreclosure crisis on the residential real estate market is tempered by the rate at which distressed sales hit the market. Many vacant units are held off the market, resulting in low inventories of homes actually for sale—inventories of existing homes for sale shrunk by 23 percent in 2011 at the national level.¹⁷

Monterey County foreclosure trends mirror national trends, as the total volume of homes in the foreclosure process has declined in recent years after spiking in 2008 and 2009. **Figure 4-4** and **Table 4-3** demonstrate the concentration of foreclosure activity in the Salinas Valley, where approximately 4.4 percent of households are somewhere in the foreclosure process, meaning they have received a notice of default, will be publicly auctioned, or are bank-owned. By contrast, fewer than 3.0 percent of Peninsula households are in the foreclosure process. Approximately 40 percent of these households are in the pre-foreclosure stage, and are therefore not yet on the real estate market.

Figure 4-4
Households in Foreclosure Process



Source: RealtyTrac

¹⁷ The Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2012.

Table 4-3
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Summary of Foreclosure Information

Geography	Number of Households In Foreclosure Process [1]						Percent of All Households in Foreclosure Process [1]					
	2007	2008	2009	2010	2011	2012 (Q1)	2007	2008	2009	2010	2011	2012 (Q1)
Peninsula												
Carmel	53	147	394	383	369	89	0.4%	1.1%	2.9%	2.8%	2.7%	0.6%
Marina	102	375	369	305	262	52	1.0%	3.7%	3.6%	3.0%	2.5%	0.6%
Monterey	68	313	619	469	437	84	0.4%	2.0%	4.0%	3.0%	2.8%	0.5%
Moss Landing	2	24	16	14	8	4	0.7%	8.4%	5.6%	4.8%	2.8%	0.9%
Pacific Grove	26	98	164	149	166	32	0.3%	1.2%	2.0%	1.8%	2.0%	0.4%
Pebble Beach	6	33	96	82	97	17	0.2%	1.1%	3.3%	2.8%	3.3%	0.6%
Seaside	242	802	730	601	460	78	2.1%	6.8%	6.2%	5.1%	3.9%	0.7%
Subtotal Peninsula	499	1,792	2,388	2,003	1,799	356	0.8%	2.9%	3.8%	3.2%	2.8%	0.6%
Salinas Valley												
Bradley	19	35	54	59	52	13	1.7%	3.0%	4.7%	5.1%	4.5%	1.0%
Castroville	55	181	195	157	120	15	2.4%	7.7%	8.3%	6.6%	5.0%	0.5%
Chualar	5	18	18	7	22	4	1.7%	6.2%	6.2%	2.4%	7.5%	1.0%
Gonzales	70	335	335	213	141	29	3.2%	15.2%	15.2%	9.6%	6.3%	1.3%
Greenfield	197	768	834	536	388	65	5.5%	21.3%	23.1%	14.7%	10.6%	1.5%
Jolon	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
King City	111	575	574	413	254	50	2.6%	13.5%	13.5%	9.6%	5.9%	1.2%
Lockwood	0	0	1	2	4	1	0.0%	0.0%	0.4%	0.8%	1.7%	0.3%
Salinas	1,704	6,813	5,945	4,258	3,050	659	3.2%	12.8%	11.1%	7.9%	5.7%	1.2%
San Ardo	1	4	16	8	2	2	0.4%	1.6%	6.3%	3.1%	0.8%	0.8%
San Lucas	0	5	3	1	4	1	0.0%	3.8%	2.3%	0.7%	3.0%	1.1%
Soledad	228	895	951	614	432	85	7.2%	28.0%	29.8%	19.0%	13.4%	1.9%
Spreckels	0	0	0	1	2	0	0.0%	0.0%	0.0%	0.5%	1.0%	0.0%
Subtotal Salinas Valley	2,390	9,629	8,926	6,269	4,471	924	3.4%	13.5%	12.5%	7.3%	4.6%	4.4%
Total	2,889	11,421	11,314	8,272	6,270	1,280						

Source: RealtyTrac.

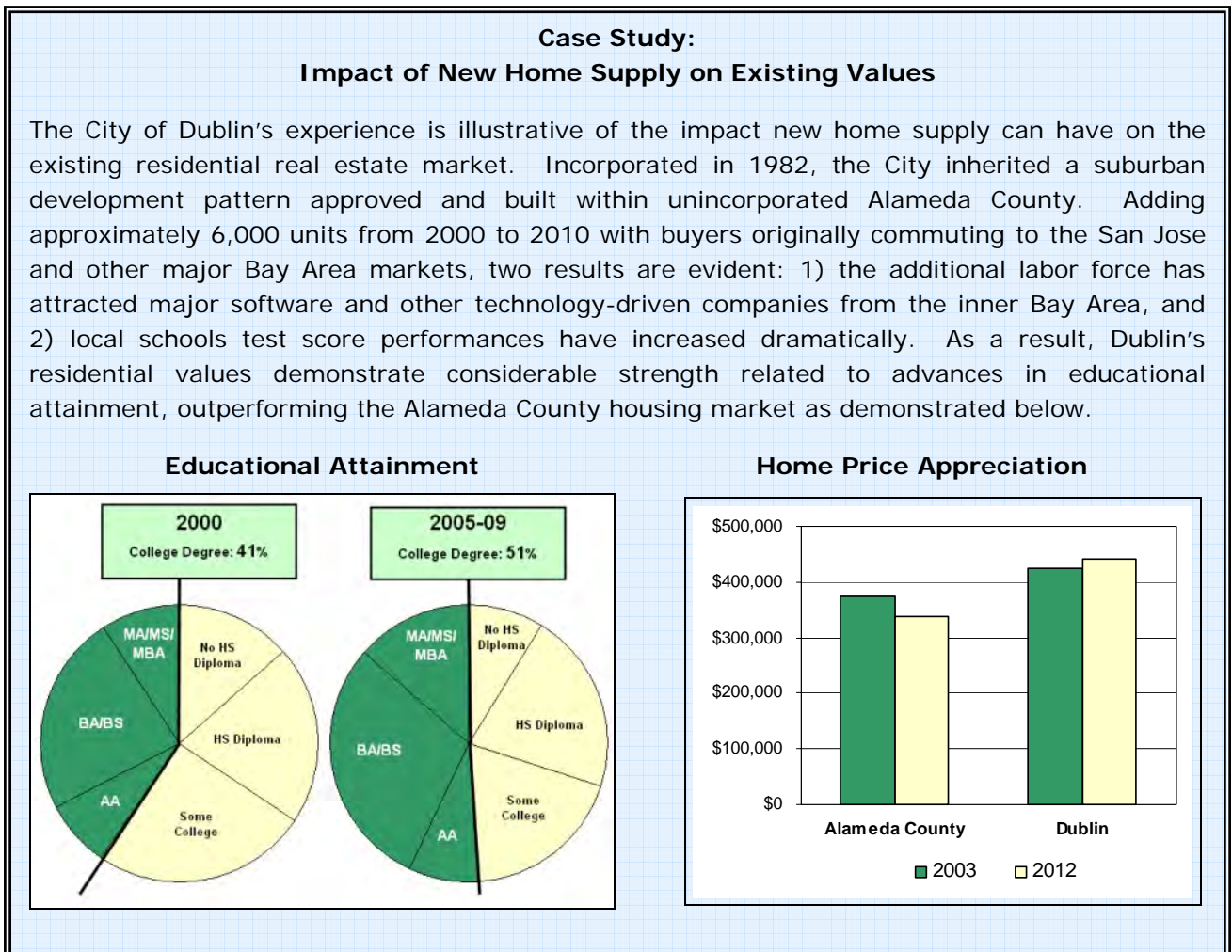
"foreclosure"

[1] Reflects households that are in any stage of the foreclosure process - pre-foreclosure (i.e. have received a notice of default), auction, or bank-owned.

Foreclosure activity clearly remains a factor in the Monterey Peninsula housing market, and will likely continue to be a drag on the housing recovery for several years. However, the market appears to be normalizing, and it is expected that foreclosure inventory will not play a significant role in the long term demand for new Fort Ord housing.

Impact of New Supply on Existing Home Values

Although major development interests will reportedly be testing the market with limited releases within the next 2 years, substantial residential development will not proceed unless market indicators suggest a stabilized housing market with increasing home prices, signifying rising demand. Under these market conditions, new vertical construction is likely to be phased in on a very conservative basis, and the existing housing stock will also benefit from inflationary pressures associated with increased demand levels. It is therefore unlikely that the additional supply will have deleterious impacts on existing home values. Moreover, to the extent that new development adds higher value housing stock purchased by technical professionals with high degrees of educational attainment, the resulting population diversification can elevate school performance, which is a very important determinant of home values.



As existing home values rise, move up opportunities will increase as existing homeowners leverage equity gains. This will, in turn, create entry level buying opportunities in some of the existing neighborhoods. This dynamic is an empirically observed phenomenon evident in other markets (e.g., the South Bay—see case study, below) that, in combination with attracting a more diversified employment base, could be instrumental in rebuilding the Monterey Peninsula middle class.

Emerging Trends in Residential Development

Demand for new residential development depends largely on new household formation, which is in turn primarily dependent on steady and sustained job growth. Over the last several years, household formation rates have been severely constrained by job losses, the foreclosure crisis, reduced consumer wealth, and other factors related to the poor economic climate and housing market collapse. Home ownership levels have also dropped significantly—by nearly 3.0 percent since the peak in 2004. Pent up housing demand (e.g., those who lost their homes now renting or doubling up, echo boomers [children of baby boomers] still living with parents) is difficult to estimate, but will play a noteworthy role in future housing demand. While housing affordability has improved drastically and interest rates are at historical lows, credit remains difficult to access, adding further checks on growth in home ownership rates.¹⁸

Over the long term, however, home ownership rates continue to exceed historical levels, bolstered by record level home ownership rates for households aged 65 and older, a growing demographic.¹⁹ This trend suggests positive prospects for Monterey County and Fort Ord, as the area is considered a very attractive retirement destination.

Capturing market demand from younger demographics that will form the foundation of a dynamic labor force with the necessary technical skill sets, however, will require that local residential development satisfy emerging consumer preferences, creating livable, connected, and accessible communities desired by these cohorts.

The echo boom generation, the oldest of whom turned 25 in 2010, will play a significant role in household formation and associated housing demand over the next 20 years. Satisfying the preferences of this demographic is therefore critical to capturing demand for new residential products.

SB 375 created statutory requirements that new development reduce greenhouse gas emissions through planning policies compelling more compact development. Proposed new legislation currently under Senate consideration would provide financing mechanisms for development projects that further such transit-oriented, greenhouse gas reducing objectives. These statutory requirements and proposals largely mirror emerging consumer preferences. In an article published by the Urban Land Institute, Arthur C Nelson submits that potential home buyers in California desire residential development served by transit options with easy access to shopping

¹⁸ The Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2012.

¹⁹ *Ibid.*

and employment opportunities.²⁰ Factors shaping housing demand include rising energy costs, lagging employment and income, and shifting patterns of wealth. Fuel costs make long commutes even less desirable.

In addition, changing demographics may reduce demand for ownership product and increase demand for rental units. ULI projects that between 2010 and 2020; more than 80 percent of new demand will originate from households without children. It is expected this demographic will not be attracted to the typical suburban style large lot home, instead preferring higher-density walkable communities connected to work, shops, and entertainment. Successful redevelopment projects on Fort Ord that will attract the necessary age cohort to bolster the labor force and restore Monterey County's middle class must respond to these trends and preferences, providing residential products geared towards wages earned by growing employment sectors and offering strong physical connections to those employment opportunities. If such projects are to flourish on Fort Ord, it may be necessary to look for feasible methods of reducing infrastructure costs (e.g., CFD Special Taxes) associated with developments projects within FORA.

Local Market Response

As alluded to in previous discussions, demand for new residential development on former Fort Ord land will be driven by three primary sources:

1. Local job creation.
2. Seniors, other retirees or individuals not dependent on jobs (e.g., second and vacation homes).
3. Residents depending on an outside job-generating economy for employment (e.g., Silicon Valley and satellite communities such as Gilroy and Morgan Hill).

Given the state of the national housing market and developing trends in consumer preferences, the local market for new residential development remains uncertain. Monterey County generally, and Fort Ord in particular, is considered a very desirable locale given the area's climate, scenic beauty, educational opportunities, recreational and open space amenities, and other advantageous attributes. However, the absence of local job opportunities and constrained access to other job generating economies may limit the demand for new residential product.

Local job creation will therefore be the most critical component of sustaining the level of housing units proposed for Fort Ord. To that end, to fulfill the BRP goals of developing an environmentally sustainable community, future housing development on Fort Ord should reflect the types of employment generated locally, and positioned to serve the income levels associated with anticipated employment opportunities.

²⁰ Nelson, Arthur C., "The New California Dream: How Demographic and Economic Trends May Shape the Housing Market—A Land Use Scenario for 2020 and 2035." Urban Land Institute, 2011.

Table 4-4 identifies the affordable home price for various income levels. As shown, a household earning \$75,000 can afford a home priced at roughly \$317,000, assuming a 10 percent down payment and conservative underwriting standards. In many cases, a dual income household will be needed to support a housing purchase, particularly to the extent that local employment growth is concentrated in the low wage tourist and service industry sectors.

Table 4-5 expands this analysis to evaluate attainable home prices for single and dual income households by industry sector. Industries expected to play a significant role in Fort Ord employment growth are denoted by bold text, those that are not expected to be a factor are shown in light gray text. This table demonstrates that a dual income household in the highest income sector, Public Administration, can afford a unit priced at slightly more than \$600,000. Most dual income households in the remaining dominant industry sectors can afford a home priced in the \$350,000 to \$500,000 range. Single income households earning mid-tier wages are obviously more constrained, with attainable home prices concentrated in the \$200,000 range. Significant components of projected Fort Ord employment (i.e., jobs in leisure and hospitality and retail trade) will require more affordable options. These households will be primarily served by rental and subsidized affordable housing products.

Infrastructure Cost Burden

Residential construction on Fort Ord carries a significant burden associated with construction of backbone infrastructure (e.g., roads, sewer, water) facilities required to serve new development. Typically, the feasible range of cost burdens associated with development impact fees or other major infrastructure costs ranges from 15 to 20 percent of the ultimate sale price of the unit. Cost burdens within this normal range can generally be absorbed in the unit construction cost structure and still allow reasonable return expectations. **Table 4-6** depicts the impact that downward pressure on home prices has on the ability to internalize infrastructure cost burdens. As shown, while a unit priced at \$450,000 can accommodate the existing FORA infrastructure cost burden within the targeted feasibility range, the cost burden quickly exceeds feasible ranges for lower priced products.

Commercial Real Estate

Office

Table 4-7 identifies the historical office market vacancy rates for Monterey County and selected submarkets. The latest indicators show a countywide vacancy rate of 7.4 percent, which has remained roughly stable since the fourth quarter of 2009, but is somewhat higher than the vacancy rates exhibited in 2007 and 2008 (5.1 percent and 4.6 percent, respectively).

Current inventory totals roughly 7.8 million square feet countywide, heavily concentrated in the cities of Salinas and Monterey, each with approximately 3.4 million square feet of office space. Inventory increases in the last 5 years have been limited—approximately 112,000 total square feet have been constructed since 2007 (see **Table 4-8**). Significant negative absorption in 2009 drives an overall negative net absorption trend concentrated primarily in the cities of Salinas and Monterey. Of the selected submarkets, only the City of Marina has exhibited positive absorption

**Table 4-4
Fort Ord Base Reuse Plan Reassessment
Estimated Affordable Home Price**

Average Annual Household Income	Total Annual Housing Cost	Monthly Housing Cost [1]	Monthly Mortgage [2]	Loan Amount [3]	Down Payment [4]	Maximum Affordable House Price [5]
Formula						
a	b = a * 33%	c = b / 12	d = c * 85%	e <i>(assumes 90/10 loan)</i>	f	g = e + f
Household Income						
\$50,000	\$16,500	\$1,400	\$1,200	\$190,000	\$21,000	\$211,000
\$75,000	\$24,750	\$2,100	\$1,800	\$285,000	\$32,000	\$317,000
\$100,000	\$33,000	\$2,800	\$2,400	\$380,000	\$42,000	\$422,000
\$125,000	\$41,250	\$3,400	\$2,900	\$459,000	\$51,000	\$510,000
\$150,000	\$49,500	\$4,100	\$3,500	\$554,000	\$62,000	\$616,000

"home"

Source: EPS.

[1] Includes Principle, Interest, Taxes, and Insurance.

[2] Monthly housing cost less insurance and taxes.

[3] Assumes purchaser takes out loan for 90% of purchase price of the home. Loan amount calculated by computing the present value of a monthly mortgage payment stream assuming 30 year loan with fixed 6.5% interest.

[4] Assumes a 10% down payment

[5] Home price computed based on loan amount plus 10% down payment.

**Table 4-5
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Affordable Home Price by Sector**

NAICS Code / Industry	Est. Annual Average Wages	Estimated Maximum Affordable House Price [1]			
		Single Income Household	Dual Income Household [2]	Weighted Average [3]	
<i>Source</i>	<i>Table A-2</i>				
<i>Estimated Distribution [4]</i>		30%	70%		
Monterey County					
11	Agriculture, Forestry, Fishing and Hunting	\$30,000	\$127,000	\$253,000	\$215,000
21	Mining and Logging	\$85,000	\$359,000	\$717,000	\$610,000
22	Utilities	\$92,000	\$388,000	\$776,000	\$660,000
23	Construction	\$48,000	\$203,000	\$405,000	\$344,000
31-33	Manufacturing	\$43,000	\$181,000	\$363,000	\$308,000
42	Wholesale Trade	\$66,000	\$279,000	\$557,000	\$474,000
44-45	Retail Trade	\$32,000	\$135,000	\$270,000	\$230,000
48-49	Transportation and Warehousing	\$49,000	\$207,000	\$414,000	\$352,000
51	Information	\$63,000	\$266,000	\$532,000	\$452,000
52-53	Finance and Insurance and Real Estate	\$63,000	\$266,000	\$532,000	\$452,000
54-56	Professional, Scientific, and Technical Services	\$55,000	\$232,000	\$464,000	\$394,000
61	Education (Private)	\$44,000	\$186,000	\$371,000	\$316,000
62	Health Care and Social Assistance	\$55,000	\$232,000	\$464,000	\$394,000
71-72	Leisure & Hospitality	\$26,000	\$110,000	\$219,000	\$186,000
81	Other Services (except Public Administration)	\$24,000	\$101,000	\$203,000	\$172,000
92	Public Administration	\$72,000	\$304,000	\$608,000	\$517,000

"affordability"

[1] Assumes maximum affordable home price is roughly 4.22 times per income, per calculations and assumptions delineated in Table IV-5.

[2] For illustration purposes, assumes dual income households have 2 income earners making the same amount.

[3] Based on the weighted average distribution between single income household and dual income households.

[4] Estimated based on average workers per working household reported by the Census.

**Table 4-6
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Infrastructure Cost Burden [1]**

Item	SFR Unit	
	High	Low
Home Price	\$450,000	\$300,000
Development Impact Fees		
FORA CIP One Time Tax	\$33,700	\$33,700
Other Fees - Rounded [2]	\$36,000	\$36,000
Total Development Impact Fees (Rounded)	\$70,000	\$70,000
Bond Debt	\$0	\$0
Total Infrastructure Cost Burden (Rounded)	\$70,000	\$70,000
Infrastructure Cost Burden [3]	15.56%	23.33%

"burden"

Source: City of Marina, County of Monterey, and EPS.

[1] Assumes a single family residential unit located in Marina.

[2] Includes City, County, school, and other agency fees.

[3] As a guideline, a target range for total infrastructure burden is 15-20 percent of the home sales price.

OFFICE

Table 4-7
 Fort Ord Base Reuse Plan Reassessment
 Historical Office Market Vacancy Rates (2007 - 2012)

Market	2007 4Q		2008 4Q		2009 4Q		2010 4Q		2011 4Q		2012 QTD [1]		Average	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
Monterey County	390,069	5.1%	354,565	4.6%	588,368	7.6%	608,840	7.8%	572,749	7.4%	573,437	7.4%	514,671	6.6%
Salinas	167,144	4.9%	133,506	3.9%	185,342	5.4%	193,765	5.7%	217,372	6.3%	209,300	6.1%	184,405	5.4%
Monterey	162,513	4.9%	175,127	5.2%	308,194	9.1%	326,158	9.6%	254,895	7.5%	271,501	8.0%	249,731	7.4%
Marina	900	1.0%	500	0.5%	11,453	12.2%	13,763	14.6%	12,489	11.7%	6,185	5.8%	7,548	7.6%
Seaside	3,898	1.8%	5,561	2.5%	6,323	2.9%	9,025	4.1%	12,415	5.6%	13,415	6.1%	8,440	3.8%

*vacancy_office"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Table 4-8
Fort Ord Base Reuse Plan Reassessment
Historical Office Market Square Feet (2007 - 2012)

Market	Total Inventory						Difference 2007-2012
	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	
Monterey County	7,663,583	7,762,903	7,762,903	7,762,903	7,775,403	7,775,403	111,820
Salinas	3,415,757	3,427,957	3,427,957	3,427,957	3,427,957	3,427,957	12,200
Monterey	3,312,288	3,394,297	3,394,297	3,394,297	3,394,297	3,394,297	82,009
Marina	94,229	94,229	94,229	94,229	106,729	106,729	12,500
Seaside	214,753	219,864	219,864	219,864	219,864	219,864	5,111

"constr_office"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

trends since 2007, which is reflected in the declining vacancy rate (from a peak of 14.6 percent to the current low of 5.8 percent). All other submarkets have experienced negative net absorption over the timeframe analyzed. **Table 4-9** summarizes the absorption trends for each area.

At the countywide level, **Table 4-10** indicates that overall lease rates have declined somewhat over the last several years, but have remained relatively stable. The City of Monterey has experienced a significant drop in average lease rates, peaking at \$1.98 per square foot in 4Q 2009 and declining to the current average rate of \$1.88. The City of Monterey still commands the highest lease rate of the submarkets evaluated—the second highest lease rates are observed in the City of Salinas, which averages approximately \$1.63 per square foot. Lease rates for the Cities of Marina and Seaside are notably lower, currently averaging \$1.13 and \$1.23 per square foot respectively.²¹

Based on these performance indicators and a review of other office market and employment trends in the County, successful new office development will generally reflect low profile, single story space accommodating small to medium size start-up users.²² The lack of inexpensive, finished office space for start up businesses has been cited as a constraint on the the growth of high-technology, research-intensive businesses in the County.²³ Given the uncertain market performance and absorption of new space, however, most new office and R&D space would likely be constructed to serve specific users (e.g., UC MBEST tenants), and will be tied specifically to employment growth, with more limited speculative office development.

Industrial/Flex Space

Industrial

Tables 4-11 through **4-14** depict the market performance for industrial uses since 2007. Overall, the countywide vacancy rate of 8.0 percent is fairly high, but variable between the specific market areas evaluated. 2012 QTD data indicated that vacancy levels are extremely low in City of Marina at 1.6 percent, despite a 27,000 square feet increase in supply since 2007.

Vacancy rates in Monterey and Seaside are also fairly low, ranging from 3 to 4 percent. Both of these cities experienced a contraction of roughly 2 percent of the industrial market area.

Vacancy rates are highest in the City of Salinas, with more than 900,000 square feet of vacant space. At 7.2 percent, this vacancy level is relatively stable over the timeframe analyzed, and is down from a peak of 9.2 percent in 2009. Reflecting the reliance of the agriculture industry on cold storage and processing facilities, the Salinas industrial market includes nearly 13 million available square feet, comprising more than 60 percent of the entire County supply. Lease rates

²¹ Lease rates reported throughout this chapter on a “triple net” basis.

²² It should be noted that this type of use can be integrated into horizontal mixed use development with a primary emphasis on the treatment of architectural and landscaping details to ensure compatibility with existing development and the surrounding natural environment.

²³ Economic Opportunities in Monterey County, SRI International, August 2011.

Office

Table 4-9
Fort Ord Base Reuse Plan Reassessment
Historical Office Market Net Absorption (2007 - 2012)

Market	2007 4Q	2008	2009	2010	2011	2012 YTD [1]	Total	Average Annual Net Absorption (2008-2011) [2]
Monterey County	28,048	134,824	(233,803)	(20,472)	48,591	(688)	(43,500)	(17,715)
Salinas	17,110	45,838	(51,836)	(8,423)	(23,607)	8,072	(12,846)	(9,507)
Monterey	(12,429)	69,395	(133,067)	(17,964)	71,263	(16,606)	(39,408)	(2,593)
Marina	(400)	400	(10,953)	(2,310)	13,774	6,304	6,815	228
Seaside	(1,800)	3,448	(762)	(2,702)	(3,390)	(1,000)	(6,206)	(852)

"ab_office"

Source: CoStar.

[1] Includes 2012 year-to-date data.

[2] Excludes 2007 and 2012 because annual data is not available for either year.

Table 4-10
Fort Ord Base Reuse Plan Reassessment
Historical Office Market Monthly Average Asking Lease Rates (Full Service) 2007-2012

Office

Market	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	Average Annual % Change (2007-2012)
Monterey County	\$1.57	\$1.69	\$1.78	\$1.76	\$1.74	\$1.75	2.19%
Salinas	\$1.56	\$1.62	\$1.54	\$1.64	\$1.61	\$1.63	0.88%
Monterey	\$1.69	\$1.83	\$1.98	\$1.94	\$1.89	\$1.88	2.15%
Marina [2]	n/a	n/a	\$1.14	\$1.10	\$1.07	\$1.13	-0.29%
Seaside	\$0.80	\$1.10	\$1.26	\$1.48	\$1.23	\$1.23	8.98%

"lease_office"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

[2] Data for 2007 and 2008 is not available. The average annual percent change reflects lease rates from 2009-2012.

Industrial

Table 4-11
Fort Ord Base Reuse Plan Reassessment
Historical Industrial Market Vacancy Rates (2007 - 2012)

Market	2007 4Q		2008 4Q		2009 4Q		2010 4Q		2011 4Q		2012 QTD [1]		Average	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
Monterey County	1,235,575	5.9%	1,037,887	5.0%	2,052,670	9.9%	1,655,465	8.0%	1,591,174	7.7%	1,656,266	8.0%	1,538,173	7.4%
Salinas	1,056,568	8.3%	918,479	7.2%	1,182,210	9.2%	900,854	7.0%	821,576	6.4%	922,677	7.2%	967,061	7.6%
Monterey	67,252	6.7%	26,408	2.7%	27,708	2.8%	24,102	2.4%	30,012	3.0%	28,462	2.9%	33,991	3.4%
Marina	10,900	2.4%	15,500	3.5%	26,950	5.7%	14,976	3.1%	9,687	2.0%	7,763	1.6%	14,296	3.1%
Seaside	5,800	2.1%	7,400	2.7%	9,800	3.6%	13,215	4.9%	18,430	6.8%	10,437	3.9%	10,847	4.0%

"vacancy_ind"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Industrial

Table 4-12
Fort Ord Base Reuse Plan Reassessment
Historical Industrial Market Square Feet (2007 - 2012)

Market	Total Inventory						Difference 2007-2012
	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	
Monterey County	20,780,529	20,774,809	20,801,990	20,801,990	20,786,991	20,800,915	20,386
Salinas	12,796,342	12,808,422	12,808,422	12,808,422	12,793,423	12,793,423	(2,919)
Monterey	1,009,410	991,610	991,610	991,610	991,610	991,610	(17,800)
Marina	448,555	448,555	475,736	475,736	475,736	475,736	27,181
Seaside	272,046	272,046	272,046	272,046	272,046	266,056	(5,990)

"constr_ind"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Table 4-13
Fort Ord Base Reuse Plan Reassessment
Historical Industrial Market Net Absorption (2007 - 2012)

Market	2007 4Q	2008	2009	2010	2011	2012 YTD [1]	Total	Average Annual Net Absorption (2008-2011) [2]
Monterey County	(382,592)	191,968	(987,602)	397,205	49,292	(51,168)	(782,897)	(87,284)
Salinas	(305,219)	150,169	(263,731)	281,356	64,279	(101,101)	(174,247)	58,018
Monterey	(35,500)	23,044	(1,300)	3,606	(5,910)	1,550	(14,510)	4,860
Marina	0	(4,600)	15,731	11,974	5,289	1,924	30,318	7,099
Seaside	100	(1,600)	(2,400)	(3,415)	(5,215)	2,003	(10,527)	(3,158)

"ab_ind"

Source: CoStar.

[1] Includes 2012 year-to-date data.

[2] Excludes 2007 and 2012 because annual data is not available for either year.

Table 4-14
Fort Ord Base Reuse Plan Reassessment
Historical Industrial Market Monthly Average Asking Lease Rates (NNN) 2007-2012

Industrial

Market	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	Average Annual % Change (2007-2012)
Monterey County	\$0.84	\$0.88	\$0.44	\$0.40	\$0.38	\$0.36	-15.59%
Salinas	\$0.72	\$0.65	\$0.57	\$0.52	\$0.40	\$0.43	-9.80%
Monterey	\$1.16	\$1.15	\$1.20	\$0.90	\$0.80	\$1.25	1.51%
Marina	\$1.35	\$1.29	\$0.95	\$0.80	\$0.66	\$0.65	-13.60%
Seaside [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a

"lease_ind"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

[2] Average asking rates are not available for Seaside because only two transactions have been tracked by CoStar since 2007.

are down sharply at the County level, a pattern also witnessed in the Cities of Salinas and Marina, signifying an overall decline in demand. The City of Monterey has demonstrated some lease rate inflation over the last year, after fairly significant declines in 2010 and 2011.

R&D/Flex Space

Flex buildings are designed to be versatile, and combine office, research and development, sales-service, light industrial, and certain types of assembly and distribution uses. At least half of the rentable area of the building must be used as office space. Typically found in areas zoned light industrial, flex buildings may also be referenced as incubator, tech, R&D, and showroom buildings. This product type is anticipated to be highly sought after by a growing number of users involved in various forms of research and development.

A review of flex space performance indicators (**Tables 4-15 through 4-18**) reveals a very small flex space market with vacancy rates highly sensitive to loss of occupants. The entire Monterey County area includes approximately 700,000 square feet of flex space, much of which (400,000 square feet) is concentrated in the City of Monterey. Vacancy rates in the City of Monterey are the lowest of the market areas evaluated at 6.3 percent, which represents a significant rise since 2007 and 2008, but is lower than the most recent years. The Salinas market area includes slightly more than 120,000 square feet, and exhibits a much higher vacancy rate of 13.4 percent. The much smaller Marina market (12,000 square feet) has very high vacancy rates of nearly 30 percent, attributable to the negative absorption of 3,600 square feet in the last 2 years. Negative absorption trends are accompanied by declining lease rates—countywide data suggests an average annual decline of more than 5 percent over the last 5 years. Because of the small size of the market area, data availability regarding asking lease rates is somewhat limited.

Given the trends in office, industrial and flex space performance, it is unlikely that significant speculative office and R&D development will occur in the near term. Speculative real estate development will require more sustained lease rate appreciation and other positive market indicators indicating a steady and stable increase in demand. Instead, over the next 5 to 8 years, most office and flex space development will likely be to serve a specific owner/user seeking space in the region. The types of companies that would occupy such build to suit space would be those that are attracted to the local labor force and are well-established, having moved beyond the riskiest stages of company growth. Given industry focus on life cycle costs and the importance of residual building values, it is important to note that some of these types of companies may be adverse to entering into a ground lease arrangement such as that offered by UC MBEST, preferring to own the land on which their facility is constructed.

Table 4-15
 Fort Ord Base Reuse Plan Reassessment
 Historical Flex Market Vacancy Rates (2007 - 2012)

Flex

Market [1]	2007 4Q		2008 4Q		2009 4Q		2010 4Q		2011 4Q		2012 QTD [2]		Average	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
Monterey County	42,450	6.0%	22,420	3.2%	38,796	5.5%	55,520	7.9%	64,127	9.1%	84,264	12.0%	51,263	7.3%
Salinas	10,200	8.4%	8,565	7.1%	12,477	10.3%	14,730	12.2%	21,245	17.6%	16,165	13.4%	13,897	11.5%
Monterey	23,500	5.7%	5,575	1.4%	16,610	4.0%	26,886	6.6%	30,036	7.3%	25,801	6.3%	21,401	5.2%
Marina	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1,440	11.9%	3,618	29.8%	843	6.9%

"vacancy_flex"

Source: CoStar.

[1] Seaside is excluded from this analysis because the city does not contain any flex space.
 [2] Includes 2012 data for the second quarter to date.

Flex

Table 4-16
Fort Ord Base Reuse Plan Reassessment
Historical Flex Market Square Feet (2007 - 2012)

Market [1]	Total Inventory						Difference 2007-2012
	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [2]	
Monterey County	702,760	702,760	702,760	702,760	702,760	702,760	0
Salinas	120,858	120,858	120,858	120,858	120,858	120,858	0
Monterey	410,456	410,456	410,456	410,456	410,456	410,456	0
Marina	12,143	12,143	12,143	12,143	12,143	12,143	0

"constr_flex"

Source: CoStar.

[1] Seaside is excluded from this analysis because the city does not contain any flex space.

[2] Includes 2012 data for the second quarter to date.

Flex

Table 4-17
Fort Ord Base Reuse Plan Reassessment
Historical Flex Market Net Absorption (2007 - 2012)

Market [1]	2007 4Q	2008	2009	2010	2011	2012 YTD [2]	Total	Average Annual Net Absorption (2008-2011) [3]
Monterey County	2,200	20,030	(16,376)	(16,724)	(8,607)	(20,137)	(39,614)	(5,419)
Salinas	2,000	1,635	(3,912)	(2,253)	(6,515)	5,080	(3,965)	(2,761)
Monterey	200	17,925	(11,035)	(10,276)	(3,150)	4,235	(2,101)	(1,634)
Marina	0	0	0	0	(1,440)	(2,178)	(3,618)	(360)

"ab_flex"

Source: CoStar.

[1] Seaside is excluded from this analysis because the city does not contain any flex space.

[2] Includes 2012 year-to-date data.

[3] Excludes 2007 and 2012 because annual data is not available for either year.

Table 4-18
Fort Ord Base Reuse Plan Reassessment
Historical Flex Market Monthly Average Asking Lease Rates (NNN) 2007-2012 [1]

Flex

Market [2]	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [3]	Average Annual % Change (2007-2012)
Monterey County	\$1.35	\$1.35	\$1.05	\$1.19	\$1.18	\$1.08	-4.36%
Salinas [1]	n/a	n/a	n/a	n/a	\$1.22	\$1.22	0.00%
Monterey [1]	\$1.50	\$1.50	\$1.50	n/a	n/a	\$1.15	-5.18%
Marina [1]	n/a	n/a	n/a	n/a	n/a	\$1.00	n/a

"lease_flex"

Source: CoStar.

- [1] Only includes the average asking rates reported by CoStar. Data is not available for every year.
- [2] Seaside is excluded from this analysis because the city does not contain any flex space.
- [3] Includes 2012 data for the second quarter to date.

**Case Study:
Ryan Ranch Business Park**

The Ryan Ranch Business Park in the City of Monterey is a nearly built out commercial development project comprising office, flex space, and industrial uses. As one of the newer (circa-1980s) commercial projects in the Monterey Peninsula area, Ryan Ranch offers both competition for new Fort Ord development as well a valuable case study opportunity. Ryan Ranch currently offers approximately 1.1 million square feet of office space, 340,000 square feet of flex space, and slightly over 50,000 square feet of industrial space. Vacancy rates for flex and industrial space are both under 5 percent, typically considered an acceptable frictional vacancy rate, reflecting the desirability of high-quality flex and industrial space currently lacking in the market. Office vacancy rates are quite a bit higher, at 9.3 percent, reflecting the lease rate sensitivity of the market, as Ryan Ranch asking office lease rates are significantly higher than other existing office stock. The City of Monterey is currently seeking a master developer to lead a major expansion of this development area, on parcels located just within the boundaries of the former Fort Ord.

Markets Trends at the Ryan Ranch Project in Monterey (2012 QTD) [1]

Item	Land Use			Total
	Office	Flex	Industrial	
Total Square Feet	1,083,133	339,481	52,233	1,474,847
Vacancy Rate	9.30%	4.67%	4.88%	8.08%
Average Asking Monthly Lease Rate [2]	\$2.13	\$1.15	\$1.10	n/a

"ryan_ranch"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Retail

Unsurprisingly, given the state of the national economy, the retail market in Monterey County has similarly seen little activity over the last 5 years. **Tables 4-19** through **4-22** illustrate the retail market trends discussed in greater detail in this section.

Countywide vacancy rates are generally quite low, averaging around 4 to 5 percent, which is typically considered to reflect a stabilized retail market. Vacancy rates in the cities of Marina and Seaside are the highest of the market areas evaluated, registering 2012 quarter to date (QTD) vacancy rates of 5.9 percent and 6.2 percent respectively, which is likely reflective of a significant amount of older, obsolete space. The City of Marina, however, has experienced significant positive net absorption resulting in a declining vacancy rate over the last several years, which is partially attributable to a slight decline in inventory. Inventories have increased only marginally in the other areas evaluated, and overall net absorption is generally negative—most significantly in the City of Salinas. Lease rates are also generally stable, with the City of Salinas exhibiting the most significant decline (6 percent) over the last 5 years.

Table 4-19
Fort Ord Base Reuse Plan Reassessment
Historical Retail Market Vacancy Rates (2007 - 2012)

Retail

Market	2007 4Q		2008 4Q		2009 4Q		2010 4Q		2011 4Q		2012 QTD [1]		Average	
	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%	Sq. Ft.	%
Monterey County	446,424	2.5%	637,620	3.5%	965,341	5.4%	938,159	5.2%	829,098	4.6%	860,291	4.8%	779,489	4.3%
Salinas	127,144	1.5%	254,047	3.0%	375,783	4.4%	335,673	3.9%	301,646	3.5%	362,936	4.3%	292,872	3.4%
Monterey	94,179	2.8%	102,475	3.1%	203,839	6.1%	208,479	6.2%	154,003	4.6%	121,611	3.7%	147,431	4.4%
Marina	55,360	6.0%	35,719	3.9%	53,913	5.9%	66,571	7.3%	52,543	5.8%	53,840	5.9%	52,991	5.8%
Seaside	37,545	2.1%	27,135	1.5%	56,883	3.1%	94,702	5.3%	113,919	6.3%	112,796	6.2%	73,830	4.1%

"vacancy_retail"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Table 4-20
Fort Ord Base Reuse Plan Reassessment
Historical Retail Market Square Feet (2007 - 2012)

Retail

Market	Total Inventory						Difference 2007-2012
	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	
Monterey County	17,886,423	17,977,310	18,000,879	17,988,423	17,969,243	17,959,508	73,085
Salinas	8,528,931	8,559,151	8,559,151	8,559,151	8,526,785	8,534,285	5,354
Monterey	3,319,546	3,340,546	3,346,235	3,346,319	3,349,346	3,330,715	11,169
Marina	916,514	916,514	916,514	916,514	912,201	912,201	(4,313)
Seaside	1,806,357	1,810,524	1,810,524	1,797,984	1,812,456	1,811,212	4,855

"constr_retail"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Table 4-21
Fort Ord Base Reuse Plan Reassessment
Historical Retail Market Net Absorption (2007 - 2012)

Market	2007 4Q	2008	2009	2010	2011	2012 YTD [1]	Total	Average Annual Net Absorption (2008-2011) [2]
Monterey County	252,297	(100,309)	(304,152)	14,726	89,881	(46,208)	(93,765)	(74,964)
Salinas	22,928	(96,683)	(121,736)	40,110	1,661	(53,790)	(207,510)	(44,162)
Monterey	17,094	12,704	(95,675)	(4,556)	57,503	11,121	(1,809)	(7,506)
Marina	184,232	19,641	(18,194)	(12,658)	9,715	(1,297)	181,439	(374)
Seaside	17,126	14,577	(29,748)	(50,359)	(4,745)	(121)	(53,270)	(17,569)

"ab_retail"

Source: CoStar.

[1] Includes 2012 year-to-date data.

[2] Excludes 2007 and 2012 because annual data is not available for either year.

Table 4-22
Fort Ord Base Reuse Plan Reassessment
Historical Retail Market Monthly Asking Lease Rates (NNN) 2007-2012

Retail

Market	2007 4Q	2008 4Q	2009 4Q	2010 4Q	2011 4Q	2012 QTD [1]	Average Annual % Change (2007-2012)
Monterey County	\$1.37	\$1.53	\$1.54	\$1.48	\$1.39	\$1.55	2.50%
Salinas	\$1.56	\$1.54	\$1.56	\$1.44	\$1.28	\$1.26	-4.18%
Monterey	\$1.30	\$1.94	\$1.88	\$1.77	\$1.38	\$1.87	7.54%
Marina	\$1.39	\$1.10	\$1.22	\$1.26	\$1.48	\$1.42	0.43%
Seaside	\$1.58	\$1.61	\$1.34	\$1.57	\$1.54	\$1.52	-0.77%

"lease_retail"

Source: CoStar.

[1] Includes 2012 data for the second quarter to date.

Despite significant negative absorption and lease rates over the last 5 years, Salinas remains the primary discount retail destination in Monterey County, and continues to experience fairly low vacancy levels. The absorption of the Marina Dunes project in the City of Marina has arrested some of the retail leakage from the Peninsula to the Salinas Valley. Generally speaking, the retail market in Monterey County appears to be well supplied and stable. The Monterey Peninsula offers several successful upper-tier retail centers such as the Crossroads Center in Carmel that have proven to be very healthy and desirable to upscale users. The market for any additional retail development will likely be linked to population growth or driven by site specific needs. For example, it is expected that the City of Marina could support additional targeted and well sited recreation, restaurant and entertainment uses to serve CSUMB students and other nearby employment centers, such as the Peninsula Wellness Center.

Nationally, according to the International Council of Shopping Centers, total population based neighborhood and community retail averages approximately 23 square feet per capita. Market trends indicate, however, that the nation is significantly “over-retailed” compared to historical trends and other counties and this figure is unlikely to trend upwards, especially given the increasing prominence of e-commerce. EPS therefore estimates that a healthy retail market can support roughly 15 square feet of additional population serving retail to meet neighborhood and community retail demand (grocery and drugstores, other convenience retail) per additional resident.

Given the impact of tourist expenditures on the Monterey County economy, the County can support greater levels of retail on a per capita basis than other local economies. To the extent that Fort Ord can capture a significant proportion of countywide growth in tourist expenditures, Fort Ord could accommodate additional retail development.

Hospitality

Given the large role that the tourism industry plays in the County economy, hospitality is a major component of the region’s real estate market. **Table 4-23** summarizes key performance indicator data, focused on the Peninsula hotel market. Smith Travel Research (STR) reports that the Peninsula market area currently includes more than 10,500 hotel rooms. EPS evaluated average daily rate (ADR) and occupancy trends for two segments of the total Peninsula hotel market—the upscale market, consisting of luxury, upper upscale, upscale and upper midscale chains; and the economy market, consisting of midscale and economy chains.

As shown in Table 26 and illustrated in **Figures 4-5** and **4-6**, the upscale market has fared slightly better than the economy market over the last 5 years, suffering lower declines in average daily rates and occupancy levels, and demonstrating stronger and more sustainable growth coming out of the recession. Significantly lower room rates allowed the upscale market to maintain stronger occupancy levels, averaging 68 percent occupancy for 2011, and both ADR and occupancy have demonstrated growth in 2010, 2011, and 2012 year-to-date. Occupancy trends for the economy market segment have similarly demonstrated growth, but remain at only 55 percent occupancy in 2011. ADR’s appreciated by 3.4 percent in 2010, but demonstrated year-over-year declines in 2011, signifying continued weakness and an uneven recovery for this segment of the hospitality market.

Table 4-23
Fort Ord Base Reuse Plan Reassessment
Peninsula Hotel Average Daily Rate and Occupancy [1]

Date	Luxury, Upper Upscale, Upscale, & Upper Midscale				Midscale & Economy			
	Avg. Daily Rate		Occupancy		Avg. Daily Rate		Occupancy	
	Avg.	Yr-Yr Change	Avg.	Yr-Yr Change	Avg.	Yr-Yr Change	Avg.	Yr-Yr Change
2006	\$159.37	n/a	68%	n/a	\$84.66	n/a	57%	n/a
2007	\$162.95	2.2%	67%	-1.5%	\$87.95	3.9%	60%	4.1%
2008	\$166.70	2.3%	66%	-1.6%	\$87.35	-0.7%	59%	-1.9%
2009	\$150.69	-9.6%	63%	-3.9%	\$78.38	-10.3%	52%	-11.7%
2010	\$158.81	5.4%	65%	3.3%	\$81.05	3.4%	52%	0.9%
2011	\$160.85	1.3%	68%	4.6%	\$79.20	-2.3%	55%	5.0%
2012								
Jan 2012	\$129.41	4.5%	53%	13.2%	\$54.49	2.1%	36%	7.6%
Feb 2012	\$155.64	4.2%	65%	15.2%	\$68.70	7.2%	48%	8.9%
Mar 2012	\$139.35	6.3%	67%	17.8%	\$59.75	3.3%	46%	10.1%
Apr 2012	\$156.68	4.2%	79%	2.5%	\$73.76	4.0%	58%	1.3%

"hotel"

Source: Smith Travel Research and EPS.

[1] Includes the following cities: Carmel, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside.

Figure 4-5
Luxury, Upper Upscale, Upscale and Upper Midscale Chains
Annual Change in Average Daily Rate and Occupancy Rates (2007-2011)

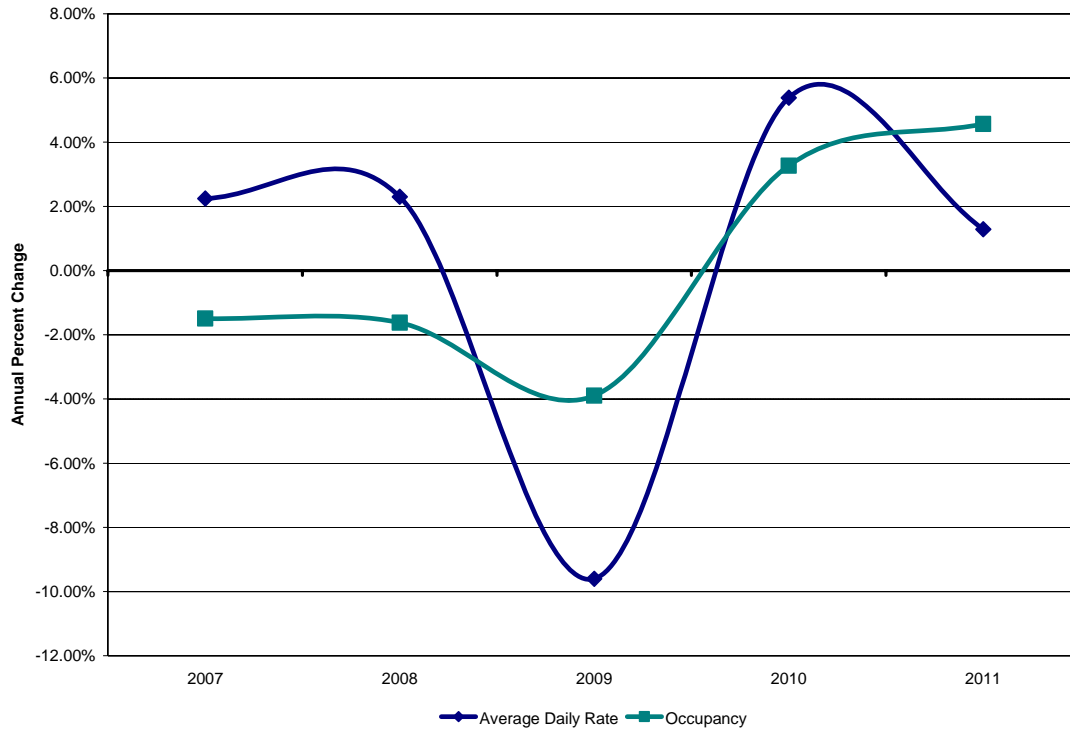
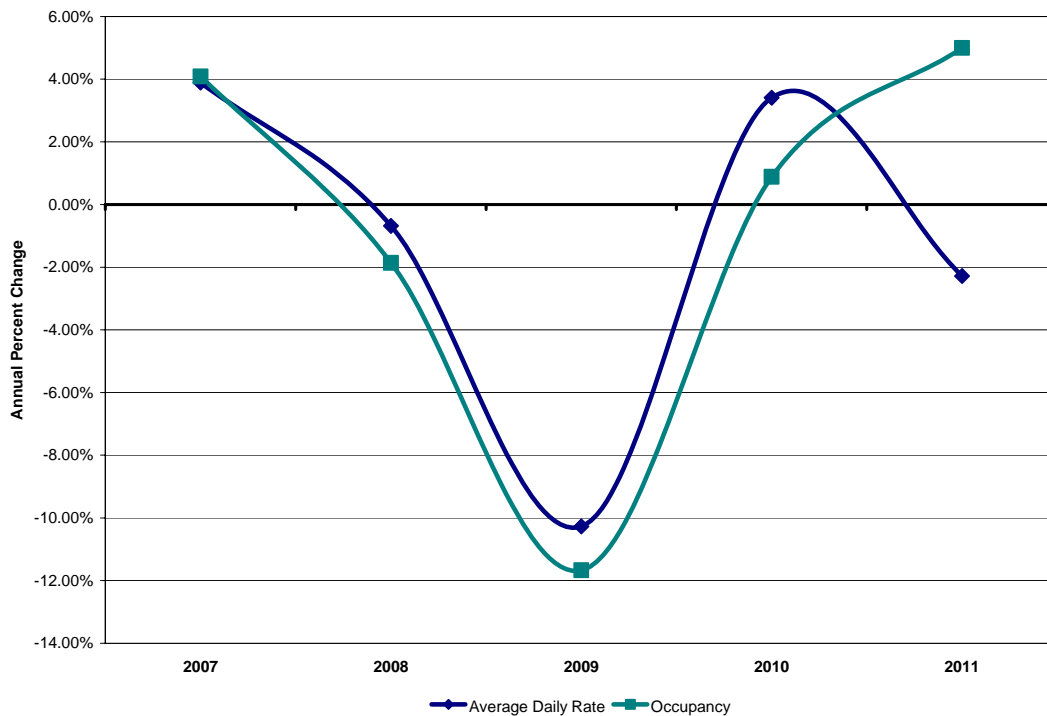


Figure 4-6
Midscale and Economy Chains
Annual Change in Average Daily Rate and Occupancy Rates (2007-2011)



Significant levels of sustained growth in ADR and occupancy levels will likely be necessary before any future hotel or resort development occurs on Fort Ord. Over the long term, however, the strength of the Monterey County tourism economy is likely to support significant levels of hotel and resort projects. Development of the National Monument as a tourist attraction will bolster the ability of Fort Ord projects to capture tourist demand and growth in the Peninsula hospitality market. Opportunities for boutique and other hotel market segments serving niche markets exist, which could minimize competition between various new hospitality development concepts.

5. LAND SUPPLY AND DEMAND ANALYSIS

Successful Fort Ord redevelopment hinges on the total amount of population and employment growth captured by Fort Ord projects. This chapter seeks to estimate possible Fort Ord land demand based on the current estimates of population and employment growth captured by Fort Ord. Factors affecting Fort Ord's ability to attract the levels of growth projected in the BRP are also assessed, as informed by an evaluation of pipeline development projects proposed throughout the County.

Pipeline Supply

Based on local jurisdictions development projections, Fort Ord has been expected to add nearly 7,000 new and replacement housing units, 1.9 million square feet of retail, 1.9 million square feet of office, more than 2.0 million square feet of industrial development, and 2,400 new hotel rooms.²⁴ The ability of Fort Ord projects to capture this level of development necessarily depends both on competitive projects outside the FORA jurisdiction and the successful pricing and positioning of proposed Fort Ord development projects. Furthermore, this growth would be subject to constraints on growth generated by the availability (or lack thereof) of water and other public infrastructure.

This section offers a brief overview of the known supply pipeline, with a more detailed discussion presented in **Appendix A**. Under current market conditions, it is difficult to conduct a real-time assessment of the relative positioning of various pipeline development projects, given that little development is going forward at this stage and the market acceptance of current products is essentially untested. As the market stabilizes and development activity resumes, a review of short-term market performance is recommended.

Fort Ord

Pipeline Fort Ord projects include a variety of office, entertainment, shopping, and other retail development in the City of Marina, building on the recently completed Dunes on Monterey Bay shopping center, Peninsula Wellness Center, Imjin Office Park, and CSUMB. A variety of housing products will be offered—future phases of the Dunes on Monterey Bay will offer more than 1,200 higher density and attached residential products while the entitled Marina Heights project will target a higher end market with more than 1,000 larger, lower density units with some overlap between the two projects. The planned Cypress Knolls project could eventually provide more than 775 age-restricted senior units serving the retiree market.

Other planned and proposed Fort Ord projects include significant levels of potential mixed-use development in Seaside and a variety of projects in unincorporated Monterey County. Notably, construction has commenced on the East Garrison project—building permits have been issued for

²⁴ The hypothetical full buildout numbers in the BRP are significantly higher than the current pipeline development projections.

65 affordable housing units. Future phases of development will result in a total of 1,400 residential units of various product types at East Garrison a small amount of retail and office space, and various public facilities such as a community center and library. In addition, The Strand (part of the Seaside “Main Gate” project) is a proposed retail development site that will incorporate approximately 850,000 square feet of commercial development. Other potential projects include the Monterey Downs (Horse Park) project, however no formal development proposals have been offered at this time.

Resort projects in the Cities of Seaside and Del Rey Oaks may add approximately 1,000 hotel rooms as well as timeshare and upper-end residential lots serving a higher income demographic. The Seaside Resort will complement the recently upgraded Black Horse and Bayonet Golf Courses. Development concepts for the Del Rey Oaks project are presently under consideration.

The UCMBEST project offers significant office and industrial development capacity, but absorption of this space is constrained by the absence of a major research institution presence, ground leasing requirements, use restrictions, and a complex entitlement process. This latter limitation is being addressed, but the fact remains that UC MBEST will continue to target users representing a subset of the overall office/R&D market. CSUMB plans additional projects to achieve full buildout of the campus. Based on current water restrictions, CSUMB anticipates that the campus will accommodate a total of 10,000 students (8,500 EDUs) over the next 10 years. Short term enrollment expansion, however, is inhibited by state budget issues and declining levels of CSU funding.

Other Monterey Peninsula Region Projects

The most significant competition for Fort Ord development projects will originate from the Marina Station project (part of Armstrong Ranch) in Marina, which is planned for 1,360 residential units on 320 acres, 60,000 square feet of retail development, 144,000 square feet of office, and 652,000 square feet of business park/industrial development. Current development has stalled due to the slow market, but upon market recovery, this project is expected to be a major factor in the Peninsula residential and commercial real estate market.

A variety of other projects are proposed throughout the Peninsula, including multiple infill specific plans in the City of Monterey that are intended to densify the development patterns in the City and ensure that what development that does occur in the City of Monterey is located at strategic, underutilized, and environmentally friendly locations.

Other Seaside development pipeline projects include the 40 acre West Broadway Urban Village Specific Plan designed to transform the city's Central Business District into a distinctive mixed use, transit oriented urban village, including a 6 acre hotel/conference center project.

Sand City plans two coastal resort projects that will add nearly 450 hotel rooms, more than 60 hotel/condominium units, and 85 residential units in addition to a first class restaurant and other supporting facilities.

Salinas Valley

As the Salinas Valley has captured a disproportionate share of Monterey County population growth over the last 20 years, development in this area will be a significant factor in terms of

Fort Ord's ability to capture cost sensitive employment and population growth. Fort Ord commercial projects should be strategically positioned to be segmented from with Salinas Valley projects in terms of price points and targeted markets.

Land Demand Analysis

Informed by the employment and population projections discussed in the previous chapter, this section evaluates the level of physical building space and land that would be necessary to accommodate estimated employment and population growth. **Table 5-1** summarizes the resulting demand for all land uses, each of which is discussed in further detail below. As shown, based on current population and employment estimates, Fort Ord is anticipated to use only 47 percent of the total nonresidential land capacity and 56 percent of the total residential land capacity.

Residential Land Demand

Estimated demand for Fort Ord residential units is computed based on total Peninsula household growth anticipated to be captured by Fort Ord. **Table 5-2** details these calculations. AMBAG projections indicate that approximately 4,800 new households will form over the next 20 years in the Monterey Peninsula area, which equates to roughly 4,600 housing units when taking vacancy rates into consideration. **Table 5-2** identifies a potential range of Fort Ord demand for new units through 2035 based on three alternative capture rates—60, 75, and 90 percent of total Monterey Peninsula demand. Using this set of assumptions, total Fort Ord housing unit demand could range from nearly 2,900 to 4,300 housing units. Comparing these estimates to the pipeline of entitled Fort Ord new and replacement housing units suggests a possible surplus of entitled units under all three capture rate scenarios - nearly 1,000 surplus units are already entitled under the mid-range capture scenario of 75 percent, through the year 2035. The practical effect would be these surplus units would be built over an extended period of time beyond the timeframe of the current projections. Entitled units cannot be withdrawn or canceled without permission of those who hold the entitlement and the jurisdiction that granted it. Of course, it is important to recognize that individual projects always have the ability to out-perform market "norms" based on specific competitive attributes.

Nonresidential Land Demand

To estimate the projected demand for office, industrial, and other nonresidential land at the BRP area in the foreseeable future, EPS has analyzed the relationship between employment and nonresidential building space in Monterey County and Fort Ord. EPS used the future Fort Ord employment projections discussed in the previous chapter to estimate the amount of office, industrial, and other nonresidential building land which would be required from 2015 to 2035. Retail space demand is computed via a case study approach described further below.

Retail Space Projections

The retail trade employment category is a special case and has been analyzed using a separate methodology than was used for all other sectors. **Table 5-3** sets forth the estimated demand

Table 5-1
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Overall Summary of Fort Ord Land Demand: 2015 - 2035

Item	20 Year Demand	
Residential		
Units (75% Fort Ord Capture)	3,598	
Retail		
Acres	28.9	
Building Sq. Ft.	315,000	
Office		
Acres	72.0	
Building Sq. Ft.	1,100,000	
Industrial/ R&D Flex		
Acres	48.0	
Building Sq. Ft.	730,000	
Institutional and Other		
Acres	39.0	
Building Sq. Ft.	580,000	<i>Percent of Capacity</i>
Total		
Residential Units	3,598.0	56%
Commercial Acres	187.9	
Commercial Building Square Feet	2,725,000	47%
<i>Average Per Year</i>		
<i>Residential Units</i>	<i>179.9</i>	
<i>Commercial Acres</i>	<i>9.4</i>	
<i>Commercial Building Square Feet</i>	<i>136,250.0</i>	

"summ"

Table 5-2
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Demand for Residential Units through 2035

Item	Table Reference	Amount
Total New Peninsula Households by 2035	<i>Table 3-13</i>	4,449
Plus Vacant Units [2]		348
Total Housing Units	<i>Appendix Table C-2</i>	4,797
Estimated Fort Ord Capture		
60% Fort Ord Capture		2,878
75% Fort Ord Capture		3,598
90% Fort Ord Capture		4,317
Fort Ord Entitled New and Replacement Units	<i>Table 2-5</i>	4,549
Surplus/(Shortfall) - Assuming 75% Fort Ord Capture		951

"res"

[1] Consistent with AMBAG projections for Peninsula population growth between 2015 and 2035. See Table 3-11 & Table 3-13.

[2] Based on AMBAG average vacancy rate assumptions derived in Table 3-13.

**Table 5-3
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Demand for Fort Ord Retail at Buildout**

Item	Assumption/ Reference	Quantity
Population Serving Retail		
New Fort Ord Housing Units	Table 5-2	3,598
New Fort Ord Households	5% Vacancy	3,418
Persons per Household	[1]	2.47
Total New Fort Ord Population		8,442
Population Serving Retail Square Feet per Capita	[2]	15
Estimated Demand for Population Serving Retail Square Feet		126,632
Tourist Serving Retail		
Estimated Tourist Retail Expenditures Growth	Table C-9	\$305,831,949
Tourist Retail Expenditures on Fort Ord	20% Fort Ord Capture	\$61,166,390
Average Sales per Square Foot	[3]	\$325
Estimated Demand for Tourist Serving Retail Square Feet		188,204
Total Supportable Fort Ord Retail Square Feet (Rounded)		315,000
Estimated Square Feet per Retail Employee		750
Total New Employees Occupying Retail Space (Rounded)		420
Share of Total Retail Trade Employees Occupying Retail Space	[4]	53.8%
Total Retail Trade Employees		780

"retail"

Source: AMBAG; CoStar; ICSC; ULI Dollars and Cents of Shopping Centers; and EPS.

[1] Based on projected average persons per household for Monterey Peninsula in 2035.

[2] Average shopping center square feet per capita for Monterey County is roughly 20 square feet per capita, which is consistent with International Council of Shopping Center estimates for nationwide shopping center square footage per capita.

[3] ULI Dollars and Cents of Shopping Centers. Based on an average across all retail center types in the Western U.S.

[4] Per the SCAG Employment Density Study 2001 by the Natelson Company.

for retail space and the associated retail trade employment. Demand for new retail space on Fort Ord will be driven by two factors: population growth and increased levels of tourist spending.

As described in **Chapter 4**, EPS estimates approximately 15 square feet of new shopping center space will be required for each new Fort Ord resident. Using the 75 percent capture rate for Monterey Peninsula residential unit demand, EPS estimates that between 2015 and 2035, the total new Fort Ord population will approximate 8,400 persons, which translates to nearly 127,000 square feet of new retail square feet.

Tourist serving retail is estimated based on Fort Ord's ability to attract new tourist expenditures. Assuming that Fort Ord attracts 20 percent of new tourist retail expenditures between 2015 and 2035²⁵, Fort Ord retail sales serving tourists are expected to total approximately \$61.0 million annually. Using an average-sales-per-square-foot estimate of \$325, growth in tourist expenditures will support an additional 188,000 new retail square feet.

Retail Trade Employment

Total supportable new retail space on Fort Ord is therefore estimated to be approximately 315,000 square feet. Assuming roughly 750 square feet per employee, the new retail space will support an additional 420 employees over the next 20 years. This estimate reflects only a portion of the total retail trade industry sector employment however, as not all local retail trade employees occupy retail space. Assuming that 53.8 percent of retail trade employees actually use retail space (this methodology is described further below), the total retail trade employment growth from 2015 to 2035 is estimated to be approximately 780 jobs.

Office and Industrial Space Projections

EPS used the employment growth projections described in **Chapter 4** as a basis for predicting office and industrial land demand in the Fort Ord BRP by linking employment with nonresidential (office and industrial) development. The methodology used to model this linkage is described below.

Projected Employment

Employment projections are the basis for the office and industrial land demand analysis. **Chapter 4** includes a thorough description of the employment dynamics and projections for Monterey County and the BRP. **Table 5-4** summarizes the projected employment growth in the BRP area among various sectors. These employment figures are provided in NAICS format, as consistent with various employment reporting agencies such as the California Employment Development Department, U.S. Census Bureau, AMBAG and others. To calculate how this projected employment translates to projected space demand, these sectors must be converted to

²⁵ Additional study should be conducted to ascertain if Fort Ord offers a suitable amount of potential development sites with sufficient access, visibility, and relationship to established visitor sites to capture this level of growth. Fort Ord's ability to capture this level of growth will be contingent on a successful effort to activate the Fort Ord National Monument, creating a tourist destination attractive to visitors.

Table 5-4
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Projected Fort Ord Employment by Category

NAICS Code/ Category		Applied SIC Category	2015 - 2035 Nominal Change
11	Agriculture, Forestry, Fishing and Hunting	n/a	0
21	Mining and Logging	Mining	0
23	Construction	Construction	0
31-33	Manufacturing	Manufacturing	0
42	Wholesale Trade	Wholesale Trade	98
44-45	Retail Trade	Retail Trade	780
22, 48-49	Utilities, Transportation and Warehousing	TPU	20
51	Information	Services [1]	0
52-53	Finance and Insurance and Real Estate	FIRE	0
54-56	Professional, Scientific, and Technical Services	Services [1]	1,171
61	Education (Private)	Services [1]	1,171
62	Health Care and Social Assistance	Services [1]	2,536
71-72	Leisure & Hospitality	Services [1]	2,409
81	Other Services (except Public Administration)	Services [1]	263
92	Public Administration	Government	936
Total Employment			9,384

"emp"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] Including all applied categories, total Services employment is 7,550 employees.

SIC codes, as shown in **Table 5-4**. This level of specificity facilitates analysis of each sector's relation to nonresidential land separately because different employment sectors use land in different ways, and similarly, various sectors are projected to grow at different rates as the regional and global economy mature and transform over time.

As shown in **Table 5-4**, employment in the Fort Ord BRP area is predicted in this analysis to grow by approximately 9,400 jobs between 2015 and 2035. These employment projections offer a reasonable estimate, which is used as a baseline estimate of land demand. Although it is not a foregone conclusion that this amount of growth will in fact be achieved, it represents a healthy rate of growth for Monterey County and the Fort Ord BRP's ability to capture a reasonably likely share (75 percent) of Monterey Peninsula area growth over the long term. Should other dynamics affecting real estate demand on the Monterey Peninsula change (e.g., attraction of a major employer), the Monterey Peninsula and Fort Ord may be able to generate additional employment gains which would result in greater land demand.

Description of Methodology

This report uses empirical research which assigns employment growth among various sectors to specific types of office, industrial, and other types of nonresidential building space (see **Table B-6**).²⁶ EPS analyzed various types of office, industrial, and other development types in this analysis. These categories are shown in **Table 5-5**, and are described in additional detail below:

- **Office.** Office real estate generally comprises tenants found in all sectors of the economy, but is primarily defined as economic activities and uses represented by tenants in the services and information sectors. The definition of office development often overlaps with the definition of some industrial development, including R&D/Flex and hybrid (a combination of office and industrial) types of development.
- **Industrial.** The industrial category is composed of various types of industrial prototypes, including Industrial Services/Assembly/Manufacturing, Warehouse/Distribution, Miscellaneous Industrial, and R&D/Flex. These categories span the spectrum of industrial use types, and may include various classes of industrial facilities. While some of these "heavier" industrial categories (such as Warehouse/Distribution and Miscellaneous Industrial) are unlikely to encompass a significant portion of development at Fort Ord, R&D/Flex (which is the least intensive type of industrial development and often includes office space) will likely capture a significant share of industrial building space at Fort Ord because of its low-intensity, strong ties to educational users, and clean/quiet nature, which is more suitable to the area.
- **Schools and Other Institutional.** Other institutional categories such as schools, police/fire stations, religious facilities, and other public or special use facilities are also likely to be present in the Fort Ord BRP area. These uses can take various forms in built space, but are most similar to office space and Industrial Flex/R&D, although the employment densities at these locations are typically lower than those found at "typical" office space.

²⁶ See the "Employment Density Study Summary Report," Southern California Association of Governments (SCAG), 2001.

**Table 5-5
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
General Land Use Assumptions**

Land Use	FAR	Sq. Ft./ Employee
Retail	0.25	750
Office Uses [1]	0.35	300
Industrial Uses [2]	0.35	750
Other Uses		
Schools	0.35	750
Institutional [3]	0.35	1,000

"LU_def"

[1] Includes low-rise, high-rise, and government office.

[2] Includes Industrial Services/ Assembly/ Manufacturing, Miscellaneous Industrial, Warehouse/ Distribution, and Industrial Flex categories.

[3] Includes police stations, fire stations, religious facilities, correctional facilities, etc.

Employment Density Assumptions

Demand for buildings and land was estimated by assigning employment densities and Floor Area Ratios to office, industrial, schools, and other use types. The ratios used for each land use category are shown in **Table 5-5**. These ratios are based on EPS's professional judgment and experience, supplemented by actual land use patterns observed in Monterey County and the region.

The final major assumption used in the land demand analysis pertains to employment density. **Table 5-5** also shows the assumed square feet required—on average—for each employee under each category, ranging from 300 square feet per employee for office development to 1,000 square feet for institutional uses.

Industrial employment density can vary significantly depending on the type of use. For example, warehouse/distribution space is often associated with very lowest employment densities, often at one employee per 2,000 square feet of building space.²⁷ The highest employment density occurs in R&D/Flex development, at one employee per 500 square feet of space. EPS has used an average of 750 square feet per employee for industrial uses to encapsulate various types of industrial development which would be most appropriate for Fort Ord.

The employment density assumptions used in this analysis are based on EPS experience and professional judgment, and have been supplemented by significant research of employment density trends specific to Monterey County. Although the FAR and employee density factors will differ for individual parcels and properties analyzed, these ratios are intended to express the most accurate overall depiction of employment density for the area.

Nonresidential Analysis Results

The overall results of the land demand analysis under the Baseline Scenario are shown in **Table 5-6**. As shown, EPS estimates that by 2035, the Fort Ord Reuse Plan area will require approximately 2.7 million square feet of office, industrial, schools, and other building space on approximately 88 acres.

Office Space

Under this scenario, approximately 3,680 new jobs will require office space on the Fort Ord BRP area by 2035. This will require approximately 1.1 million square feet of building space, which translates to a total of approximately 72 acres required by 2035. This implies an average annual absorption rate of approximately 3.6 acres of office land per year.

²⁷ This product encompasses considerable variance in employment densities (up to 20,000 square feet per employee). In the case of Fort Ord, it is assumed that large-scale, highly automated facilities with low assessed values and employment are very unlikely relative to more appropriate Northern California options.

**Table 5-6
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Nonresidential Space Requirements, 2015 to 2035**

Item	Retail	Office	Industrial	Schools & Other Institutional	Total All Land Uses
New Jobs Using Space	420	3,680	970	690	5,760
Estimated Building Sq. Ft.	315,000	1,100,000	730,000	580,000	2,725,000
Estimated Net Developable Acres	28.9	72.0	48.0	39.0	188
<i>Average Annual Absorption</i>	<i>1.4</i>	<i>3.6</i>	<i>2.4</i>	<i>2.0</i>	<i>9.4</i>

"Summary_Base"

Industrial/R&D Flex Space

Approximately 970 new jobs will require some form of industrial space on the Fort Ord BRP area by 2035. This will require approximately 730,000 square feet of new industrial space, which translates to a total of approximately 48 acres of various types of industrial land by 2035. This implies an average annual absorption rate of approximately 2.4 acres of industrial land per year.

Schools and Other Institutional Space

Approximately 690 new jobs will occupy building space in schools or other institutional use (including CSUMB and other public university space) by 2035. Actual employment generation and space occupation will vary based on CSUMB's ability to expand as well as UC Santa Cruz's inclination to establish a physical presence at the UC MBEST Center. The current employment estimate will generate the need for approximately 580,000 square feet of building space, which translates to a total of approximately 39 acres required by 2035. This implies an average annual absorption rate of approximately 2.0 acres land per year.

Synthesis of Supply and Demand

EPS's estimates of Fort Ord land demand described in this chapter are dependent on two major assumptions: (1) AMBAG's population and employment projections for the Monterey Peninsula, and (2) estimates of Fort Ord's ability to capture Monterey Peninsula growth based on a review of a variety of market factors. As shown in the table below, current estimates of residential and commercial demand levels suggest that the total projected Fort Ord supply significantly exceeds projected demand levels over the next 20 years. It is important to note that **Table 5-7** denotes projected development capacity, as opposed to entitled pipeline supply.

If the demand levels estimated persist beyond the 2015-2035 analysis timeframe, total absorption of Fort Ord development capacity would take an estimated additional 40 years, underscoring the notion that the BRP should be evaluated as a long term planning document with an emphasis on the overall mix of uses at buildout.

**Table 5-7
Comparison of Fort Ord Residential and Commercial Supply and Demand²⁸**

Item	Projected Fort Ord Supply [1]	Estimated 20 Year Demand	20 Year Surplus/ (Shortfall)
Residential Units [2]	6,391	3,598	2,793
Commercial Building Square Feet	5,780,362	2,725,000	3,055,362

[1] Based on FORA development projections through 2022. See Table 2-7

[2] Reflects total projected new and replacement units shown in Table 2-7 less 492 CSUMB units. Of these units, roughly 4,000 new units and 500 replacement units are entitled.

²⁸ This conclusion offers guidance as to long-term prospects based on estimated supply and demand conditions and should not be considered an absolute ceiling on demand for new residential and commercial uses—well-conceived and positioned development concepts may be able to attract new markets and generate superior performance based on their own merits.



APPENDICES:

Appendix A: Detailed Monterey County
Development Pipeline

Appendix B: Detailed Commercial Land Demand
Tables

Appendix C: Miscellaneous Calculations

Appendix D: List of Interviews

APPENDIX A:

Detailed Monterey County Development Pipeline



APPENDIX A: MONTEREY COUNTY DEVELOPMENT PIPELINE

Projects in FORA Jurisdiction

Del Rey Oaks

A 320-acre former Fort Ord property in the City of Del Rey Oaks (City) has been in various stages of planning and development for many years. Previously contemplated as the site of golf course and resort development, the current land use concept envisions a mixed use project. The City recently underwent a developer request for qualifications process seeking a private development partner for the site. As a result, the City is engaged in preliminary discussions with a prospective new developer.

Marina

The Dunes on Monterey Bay. The Dunes project was approved by the City of Marina in 2005. The 429-acre project consists of 1,237 residential units of various types, including single-family homes, condominiums, and live-work units. The project also includes considerable regional retail, which opened in 2007 and consists of 380,000 square feet (major tenants are Target, REI, Bed Bath and Beyond, Kohls, and Old Navy). More office and retail development (including a movie theater) is planned for the next phase of the project, which is likely to commence construction soon.

Cypress Knolls. The Cypress Knolls project is a 188-acre age-restricted senior residential project, which is planned/entitled for up to 772 units. A Request for Qualifications (RFQ) was issued for developers to build up to 400 units; one SOQ received and is currently under consideration. Eskaton and Silverado Homes are poised to begin construction of up to 400 units on 90 acres, which will include a full spectrum of housing types. A RFQ was issued for a builder to construct the remaining units. As of May 2012, a suitable Statement of Qualifications (SOQ) had been received, and the City is beginning negotiations with the successful bidder to begin constructing these units.

Marina Heights. The Marina Heights project is planned for 1,050 new townhouse, cottage, and single-family residential housing units. The project will demolish and remove 828 abandoned housing units. The project is approved and is seeking a home builder for the first phase of 299 units. This initial phase is composed of lots ranging from 5,000 to 10,000 square feet, with 24 attached townhouse units.

Imjin Office Park. The Imjin Office Park is an existing office complex that includes approximately 37,000 square feet of recently constructed office space. This space is occupied by FORA headquarters and the Carpenter's Union offices. The project is fully entitled for up to approximately 46,000 square feet of development, of which 36,000 have been constructed. The remaining one-acre parcel in the Imjin Office Park is being offered for sale for \$750,000, which would accommodate approximately 12,000 square feet of new office space.¹

¹ According to Loopnet search, May 31, 2012.

Airport Economic Development Area. The City of Marina is in the midst of planning the long-term future of the land surrounding the existing Marina Municipal Airport. At buildout, this 800-acre site will accommodate more than 2.0 million square feet of commercial and industrial building space.

Seaside

Seaside Resort. The Seaside Resort is planned for a 330-room 4-star hotel, 175 timeshare units, and 125 custom residential lots, which will complement the recently upgraded Bayonet and Black Horse golf courses. The first 30 residential lots (referred to as “The Enclave at Cypress Grove” have been offered for sale. These homesites range in size from 12,000 to 20,000 square feet.

Seaside East. Approximately 500 acres of undeveloped land known as Seaside East has been tagged for potential future development. Although a specific land use program is not yet available, the 2010 Draft Master Plan envisioned land use scenarios, which are shown in the table below. This project is fraught with various development constraints, such as environmental clean up, water availability, unmet entitlement and documentation requirements, etc. Therefore, it is likely that actual construction will not begin for at least 3 years.

Seaside East - Proposed Land Use Options

Land Use	Option 1	Option 2	Option 3
Residential	80	105	25
Mixed-Use	0	0	60
Commercial/ Retail	35	25	10
Business Park/ Employment	105	210	165
Public/ Institutional	30	15	0
Trade and Exposition Center	70	0	60
Recreation/ Open Space	140	105	140
Roadways	35	35	35
Total	495	495	495

Note: all acreages approximate

Source: RBF Consulting

The Projects at Main Gate/The Strand. The Strand is a proposed retail project in the City of Seaside located east of State Route 1 between Divarty Street and Light Fighter Drive. The 56-acre project is planned for approximately 850,000 square feet of development, including retail, restaurant, cinema, and a 250-room hotel. The specific plan was approved in 2010, and the process of gaining additional development entitlements is ongoing.

Unincorporated Monterey County

East Garrison. The East Garrison Specific Plan is an approved, fully entitled development project located along Reservation Road at the northeast portion of FORA’s jurisdiction in unincorporated Monterey County. The 244-acre project formerly housed a variety of military buildings and is planned for a variety of new uses, including 1,400 residential units of various

product types. The project also will include a small amount of retail and office space and various public facilities such as a community center and library. The first phase of the project will include 441 units and has begun installation of infrastructure improvements and is poised to begin vertical construction. The first project is a 66-unit affordable housing project known as Manzanita Place, which held a groundbreaking ceremony in May 2012 and expects to be completed by September 2013.

Monterey Downs/Horse Park. The Monterey Downs/Horse Park is a proposed development project that would combine residential and commercial development with significant horse riding facilities, including a race track, camping, and other recreational amenities. Preliminary plans for the project call for up to 390 residential units, 420,000 square feet of retail space, 50,000 square feet of office space, 135,000 square feet of industrial space, and 200 hotel rooms. However, the land use planning for this project is in the early stages, and the number of dwelling units and nonresidential square footage, etc., is subject to change. A portion of this project is proposed for annexation into the City of Seaside.

Other Educational Users

California State University Monterey Bay (CSUMB). CSUMB has significant land holdings with Fort Ord BRP and has been successful in moving various educational initiatives and development projects forward since it was established in 1994. The university will accommodate a total of up to 10,000 students over the next 15 to 20 years.

University of California at Monterey Bay Education, Science, and Technology (UC MBEST) Business Park. The University of California was transferred 1,089 acres of land that is both in and outside the Fort Ord BRP that is planned for future educational, research, industrial, and commercial development activities. A large proportion of this land has been set aside as a natural reserve; however, approximately 437 acres of land has been planned for public- and private-sector development of educational and research-oriented facilities and supporting uses, which can accommodate up to 4.4 million square feet of building space.²

Little development has occurred at UC MBEST to date, and a visioning process for the site completed in 2011 suggests that future development efforts should be focused on the 27-acre Central North Campus portion of the site.

Monterey Peninsula Campus. Monterey Peninsula College (MPC) has completed two satellite campuses (located in Seaside and Marina) and holds large parcels of land in the Parker Flats area. MPC plans to develop police and fire training programs on these parcels and is exploring other potential uses.

Other Monterey Peninsula Projects

Marina

Marina Station. The Marina Station project (which is part of Armstrong Ranch) is planned for 1,360 residential units on 320 acres. These units will include 887 single-family lots and

² <http://www.ucmbest.org/Development/MasterPlan/MasterSummary.htm>

473 multifamily units. The project also will include 60,000 square feet of retail space, 144,000 square feet of office space, and 652,000 square feet of business park/industrial. The project has stalled because of market concerns.

City of Monterey

The City of Monterey is processing several infill specific plans likely to densify the development patterns in the city and seek to ensure that what development does occur in Monterey is located at strategic, underutilized, and environmentally friendly locations. More information regarding these planning initiatives is included below:

- **North Fremont Specific Plan.** This proposed specific plan runs along the north and south side of Fremont Boulevard from the City of Seaside to State Route 1. The proposed land use designation is mixed use, which would allow a variety of potential development types and building intensity levels. The goals of the Fremont Specific Plan are to reduce automobile trips, improve pedestrian activity, provide housing that is affordable to Monterey's workforce, and improve neighborhood services. According to the Fremont Specific Plan Opportunities and Constraints Analysis, this specific plan could add up to 130 new dwelling units.
- **Downtown Specific Plan.** The proposed Downtown Specific Plan comprises 62 acres, which are anticipated to accommodate additional residential and commercial opportunities. The anticipated land use buildout for this specific plan is not known at this time, but a 2012 market study indicated it could accommodate 300 to 400 new residential units and 100,000 to 200,000 square feet of new retail space.³
- **Lighthouse Area Specific Plan** is another specific plan being prepared for the City of Monterey. The specific plan is located along Lighthouse Boulevard and in the surrounding area from the Pacific Grove city limits to the lighthouse tunnel. The anticipated land use buildout for this specific plan is not known at this time, but a 2012 market study indicated it could accommodate 150 to 200 new residential units and 50,000 to 75,000 square feet of new retail space.⁴
- **Monterey Airport Business Park.** Located at 2969 Monterey Salinas Highway, the Monterey Airport Business Park includes substantial existing industrial/commercial space and has the capacity to accommodate much more. Currently, a 60,000-square-foot approved office/research and development (R&D) condominium project on 6 acres is on the market for sale or lease. A constructed condominium building would be offered for \$300 to \$325 per square foot, or the land can be purchased as-is (with entitlements and water) for \$3.95 million.

³ According to the Monterey Downtown & Lighthouse/Foam Market Analysis, prepared by Bay Area Economics, March 2012.

⁴ Ibid.

There also are several small, individual development projects that are being processed by the City of Monterey, including these:

- Monterey Hotel Expansion (approved). 24-room hotel addition plus 4,600 square feet of retail space and 18 residential apartment units.
- Regency Theater (approved). Approximately 4,500 square feet of commercial/restaurant space and 12 multifamily residential units.
- 459 Alvarado (proposed). 36 multifamily dwelling units and 12,000 square feet of commercial space.
- 300 Cannery Row (approved). 11 multifamily dwelling units and 1,570 square feet of commercial space.
- Ocean View Plaza (approved). 51 multifamily dwelling units and 87,000 square feet of commercial space.
- Del Monte Beach Subdivision (proposed). 14 single-family detached lots.

Seaside

West Broadway Urban Village Specific Plan. The West Broadway Urban Village Specific Plan envisions a transformation of the City's central business district from an aging industrial center to a distinctive mixed use, transit-oriented urban village. The specific plan is composed of 40 acres, generally located on lower Broadway near Del Monte Boulevard. The specific plan was approved in 2010 and the first projects are beginning to take shape, including a public library and parking garage, as well as a 6-acre hotel/conference center mixed use development at the southeast corner of Canyon Del Rey and Del Monte Boulevard.

Sand City

Monterey Bay Shores Coastal Resort. This "eco-resort" is designed with sustainable principles and is planned for 105 hotel rooms, 63 hotel/condo units, and 85 residential units. The project has been undergoing a planning and review process for many years and is embroiled in lawsuits with the California Coastal Commission. Once these issues have been settled and if the project is approved by the Coastal Commission, the City of Sand City will consider it for municipal approval.

The Collections at Monterey Bay. The proposed 26-acre coastal resort project known as the Collections at Monterey Bay is envisioned for 342 rooms and a first-class restaurant and other supporting facilities. According to the City, the draft Environmental Impact Report (EIR) is stalled, although the proponents hope to get the environmental review process back on track this year.

Salinas Valley Projects

The Salinas Valley offers several potential development opportunities that may compete in some way with development on Fort Ord and the surrounding region. These development

opportunities are generally geared toward residents of the Salinas Valley, which are characterized much differently demographically than the market on the Monterey Peninsula. The Salinas Valley is generally characterized by much lower land values than the Peninsula; however, the residents' and workers' buying power is significantly lower as well.

EPS has evaluated proposed development projects in the Salinas Valley in the Cities of Gonzales, Greenfield, King City, Salinas, and Soledad. These projects are in various stages of the planning process, and although there are projects that are fully entitled and ready for construction, very little construction activity is occurring as a result of the continuously challenged real estate market.

More information about each of the planned projects in the Salinas Valley is included below.

Gonzalez

The City of Gonzalez has been proactive in ensuring that potential development parcels are available for users who wish to construct housing or commercial uses in the city. The most pertinent planned and proposed development projects in Gonzalez are briefly described below:

- **Rincon Villages (formerly Sun Valley).** The City of Gonzalez approved a 138-acre residential project located on the east side of U.S. Highway 101. This project is planned for up to 690 residential units of various densities and product types. Lot sizes will range from 3,000 to 6,000 square feet. It is anticipated that construction of this project will commence in 2 to 5 years, pending recovery of the housing market in Monterey County.
- **Agricultural Business Park.** The City of Gonzalez's Redevelopment Agency helped to assemble and provide infrastructure for a business park focused on agricultural-related tenants. Several businesses occupy the approximately 150-acre park; however, approximately 80 acres of undeveloped land exists in the park, which could accommodate up to 1 million square feet of industrial development (assuming a 30-percent floor-to-area ratio [FAR]).
- **Cosentino Commercial/Lodging Site.** 1.5 acres anticipated to be constructed as a hotel.
- **Meyers Retail/Commercial Site.** 3.0 acres anticipated to be constructed as neighborhood-serving retail space.
- **Foletta Residential Project:** 145 single-family residential units.
- **Foletta Commercial Site.** 20-acre commercial project.
- **Lanini Commercial/Industrial Site.** 40-acre commercial/industrial project.

Greenfield

Walnut Avenue Specific Plan. The City of Greenfield is planning the long-term use of a key 60-acre parcel at the northern edge of town along U.S. Highway 101, which is known as the Greenfield Specific Plan. The plan is envisioned to include approximately 445,000 square feet of neighborhood- and regional-serving retail. In addition, approximately 220 multifamily residential units are proposed for the site, which will likely become garden-style rental apartment product,

which may be age-restricted. The specific plan and EIR for this project are being prepared and will be considered for approval by the City of Greenfield in late 2013.

The Vines Annexation. The City of Greenfield is considering approval of an annexation to add a proposed 150-unit residential development project, located on 47 acres, south of the Greenfield High School. The units will be single-family detached, with lot sizes ranging from 6,000 to 25,000 square feet.

King City

Downtown Addition Specific Plan. King City is processing the Downtown Addition Specific Plan, which is a proposed mixed use, pedestrian-friendly, transit-oriented development (TOD) neighborhood, located immediately adjacent to the eastern edge of the existing downtown. This project allows up to 650 residential units of various types (from large single-family homes to smaller houses and townhouses). The specific plan also allows up to 125,000 square feet of commercial development (which is anticipated to include a grocery store), and up to 65,000 square feet of live-work space. The EIR has been approved, although no tentative maps or other entitlement actions have been filed to date.

Creekbridge Arboleta and Mills Ranch. These projects were approved by King City in approximately 2006. They were approved for approximately 450 units each and are awaiting market recovery and financial issues to be resolved before moving forward. These projects consist of high-density single-family detached units.

San Antonio Apartments. In 2011, King City approved a 57-unit affordable housing project, of which 24 units are allocated to "senior" residents. This project has not yet broken ground and is pending the resolution of financing issues before commencing.

Salinas

Salinas Ag-Industrial Center. The City of Salinas recently approved a 257-acre agricultural-industrial project that can accommodate a substantial amount of development, which can be used for agricultural processing, storage, and other ag-related industrial uses. Construction has not yet begun on the project but is anticipated to begin soon.

The Gateway Center. The City of Salinas is considering approval of a specific plan that will be marketed as The Gateway Center, a shopping center comprising approximately 200,000 square feet on 18 acres.

Soledad

Soledad Village Lifestyle Center. This 190,000-square-foot shopping center has been approved by the City of Soledad and is awaiting market recovery and tenanting before moving forward with construction.

Unincorporated Monterey County

Corral de Tierra Village. Located at the corner of State Route 68 and Corral de Tierra Road in unincorporated Monterey County, the proposed Corral de Tierra Village project is envisioned to

add up to 100,000 square feet of neighborhood-serving commercial uses, including a small-format grocer, restaurants, office, and other in-line space. The concept for this project is an upscale, local-serving neighborhood center, which will serve as a central gathering space for residents of the surrounding area, while also pulling for certain restaurant types and high-quality food items and home goods. The Corral de Tierra Village project is being processed by Monterey County. The size of the shopping center is a major concern of area residents, and the project ultimately may be downsized or redesigned to address this concerns.

Harper Canyon (Encina Hills) Subdivision. This project is planned for 17 large residential lots located north of San Benancio Road and east of State Route 68. A final EIR has been completed for this project, and the public hearings related to its ultimate approval are ongoing.

Ferrini Ranch Subdivision. This project is planned for a total of 212 residential dwellings, consisting of 143 single-family detached units and 66 cluster units. This project also will include a small winery/visitor center and supporting agricultural uses. At more than 800 acres, this is a large project in terms of land area; however, it is intended that the project's intensity and character will approximate the surrounding land uses. A Draft EIR was submitted in 2006; the Project continues to undergo environmental review and has not been approved by Monterey County.



APPENDIX B:
Detailed Commercial Land Demand Tables

**Table B-1
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Space Demand for Market Area 2015-2035: Office**

Industry	Estimated Total Employment Growth (2015-2035)	Percentage of Employees Using Office Space [1]	Number of Employees Using Office Space	Estimated Gross Space Demand (2015-2035)	
				Sq. ft.	Acres
<i>Assumptions</i>				<i>300 sq. ft./employee</i>	<i>0.35 FAR</i>
Mining	0	39.3%	0	0	0.0
Construction	0	16.5%	0	0	0.0
Manufacturing	0	8.1%	0	0	0.0
TPU	20	21.0%	4	1,226	0.1
Wholesale Trade	98	15.2%	15	4,455	0.3
Retail Trade	780	7.4%	58	17,316	1.1
FIRE	0	59.9%	0	0	0.0
Services	7,550	41.1%	3,103	930,923	61.1
Government	936	53.0%	496	148,894	9.8
Total Adjusted Market Area (Rounded)	9,400		3,680	1,100,000	72.0

"office_base"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast," SCAG, the Natelson Company, and EPS.

[1] Includes low rise, high rise, and government office categories.

Table B-2
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Space Demand for Market Area 2015-2035: Industrial

Industry	Estimated Total Employment Growth (2015-2035)	Percentage of Employees Using Industrial Space	Number of Employees Using Industrial Space	Estimated Gross Space Demand (2015-2035)	
				Sq. ft.	Acres
<i>Assumptions</i>				<i>750 sq. ft./employee</i>	<i>0.35 FAR</i>
Mining	0	26.1%	0	0	0.0
Construction	0	38.2%	0	0	0.0
Manufacturing	0	66.6%	0	0	0.0
TPU	20	42.2%	8	6,167	0.4
Wholesale Trade	98	0.0%	0	0	0.0
Retail Trade	780	8.5%	66	49,725	3.3
FIRE	0	6.1%	0	0	0.0
Services	7,550	11.0%	831	622,880	40.9
Government	936	6.7%	63	47,056	3.1
Total Market Area (Rounded)	9,400		970	730,000	48.0

"industrial_base"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast," SCAG, the Natelson Company, and EPS.

B-2

**Table B-3
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Space Demand for Market Area 2015-2035: Schools**

Industry	Estimated Total Employment Growth (2015-2035)	Percentage of Employees Using Schools Space [1]	Number of Employees Using Schools Space	Estimated Gross Space Demand (2015-2035)	
				Sq. ft.	Acres
<i>Assumptions</i>				<i>750 sq. ft./employee</i>	<i>0.35 FAR</i>
Mining	0	0.7%	0	0	0.0
Construction	0	0.7%	0	0	0.0
Manufacturing	0	0.5%	0	0	0.0
TPU	20	0.4%	0	59	0.0
Wholesale Trade	98	0.5%	0	366	0.0
Retail Trade	780	0.9%	7	5,265	0.3
FIRE	0	0.6%	0	0	0.0
Services	7,550	5.6%	423	317,103	20.8
Government	936	1.2%	11	8,428	0.6
Total Adjusted Market Area (Rounded)	9,400		440	330,000	22.0

"schools_base"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast," SCAG, the Natelson Company, and EPS.

[1] Includes primary/ secondary schools, colleges, and university categories.

**Table B-4
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Estimated Space Demand for Market Area 2015-2035: Other Institutional Space**

Industry	Estimated Total Employment Growth (2015-2035)	Percentage of Employees Using Other Instit. Space	Number of Employees Using Other Instit. Space	Estimated Gross Space Demand (2015-2035)	
				Sq. ft.	Acres
<i>Assumptions</i>				<i>1,000 sq. ft./employee</i>	<i>0.35 FAR</i>
Mining	0	0.5%	0	0	0.0
Construction	0	0.7%	0	0	0.0
Manufacturing	0	0.4%	0	0	0.0
TPU	20	0.8%	0	156	0.0
Wholesale Trade	98	0.5%	0	488	0.0
Retail Trade	780	0.9%	7	7,020	0.5
FIRE	0	1.4%	0	0	0.0
Services	7,550	2.4%	181	181,201	11.9
Government	936	7.0%	66	65,551	4.3
Total Adjusted Market Area (Rounded)	9,400		250	250,000	17.0

"other_inst_base"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies, AMBAG, "Monterey Bay Area 2008 Regional Forecast," SCAG, the Natelson Company, and EPS.

Table B-5
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Employment by Industry and Building Space Factors

Land Use Category	Mining	Construction	Manufacturing	Trans & Pub. Utilities	Wholesale Trade	Retail Trade	FIRE	Services	Government
Office Uses									
Low-Rise Office	10.1%	6.3%	4.8%	7.7%	8.8%	5.5%	19.4%	11.2%	11.0%
High-Rise Office	23.5%	2.2%	1.7%	3.1%	2.4%	1.6%	11.1%	4.9%	2.8%
Government Offices	0.3%	0.7%	0.7%	6.1%	0.2%	0.3%	0.7%	1.0%	25.4%
	33.9%	9.2%	7.2%	16.9%	11.4%	7.4%	31.2%	17.1%	39.2%
Industrial Uses									
R&D/Flex Space	0.7%	1.4%	2.1%	0.6%	1.9%	0.5%	0.6%	0.7%	0.3%
Light Manufacturing	13.3%	26.7%	50.3%	22.2%	36.9%	6.8%	4.9%	9.4%	5.6%
Misc. Industrial	5.8%	1.8%	1.4%	2.4%	1.5%	0.4%	0.4%	0.4%	0.5%
Heavy Manufacturing	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Warehouse	0.9%	1.0%	4.8%	4.8%	5.0%	0.8%	0.2%	0.5%	0.3%
	20.7%	30.9%	58.9%	30.0%	45.3%	8.5%	6.1%	11.0%	6.7%
Retail Uses									
Regional Retail	0.1%	0.1%	0.1%	0.2%	0.2%	4.0%	1.3%	0.5%	0.0%
Other Retail/Services	10.6%	13.8%	8.2%	14.4%	13.8%	49.2%	26.5%	22.3%	10.7%
Misc. Commercial	0.0%	0.7%	0.3%	1.6%	1.3%	0.6%	0.9%	1.2%	3.1%
Hotel/Motel	1.0%	0.3%	0.4%	2.3%	0.7%	1.2%	2.3%	1.5%	0.4%
	11.7%	14.9%	9.0%	18.5%	16.0%	55.0%	31.0%	25.5%	14.2%
Schools									
Primary/Secondary School	0.6%	0.6%	0.4%	0.3%	0.4%	0.6%	0.4%	4.3%	0.5%
Colleges & Universities	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	1.3%	0.7%
	0.7%	0.7%	0.5%	0.4%	0.5%	0.9%	0.6%	5.6%	1.2%
Institutions									
Utilities	0.3%	0.5%	0.5%	0.8%	0.5%	0.3%	1.1%	0.3%	1.0%
Hospitals	0.0%	0.1%	0.1%	0.4%	0.1%	0.3%	0.5%	3.7%	0.3%
Other Institutional	0.5%	0.7%	0.4%	0.8%	0.5%	0.9%	1.4%	2.4%	7.0%
	0.8%	1.3%	1.0%	2.0%	1.1%	1.5%	3.0%	6.4%	8.3%
Other									
Transportation	0.7%	1.0%	1.6%	8.9%	1.3%	0.7%	0.3%	0.7%	0.8%
Agriculture	2.7%	1.2%	2.0%	0.8%	1.7%	0.7%	0.6%	1.0%	0.6%
Open Space	5.4%	5.9%	5.1%	5.3%	5.5%	5.2%	5.2%	6.1%	4.9%
All Other	9.1%	3.1%	4.0%	4.3%	3.4%	3.8%	4.4%	3.9%	11.4%
Residential	14.2%	31.6%	10.7%	12.8%	13.9%	16.0%	17.7%	22.8%	12.9%
	32.1%	42.8%	23.4%	32.1%	25.8%	26.4%	28.2%	34.5%	30.6%
Total (Rounded)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

"natelson"

Source: SCAG Employment Density Study 2001 by the Natelson Company.

Table B-6
Fort Ord Base Reuse Plan Reassessment
Market and Economic Analysis
Applied Employment by Industry and Building Space Factors

Land Use Category	Mining	Construction	Manufacturing	Trans & Pub. Utilities	Wholesale Trade	Retail Trade	FIRE	Services	Government
APPLIED CATEGORIES									
Office Uses									
Low-Rise Office	10.1%	6.3%	4.8%	7.7%	8.8%	5.5%	19.4%	11.2%	11.0%
High-Rise Office	23.5%	2.2%	1.7%	3.1%	2.4%	1.6%	11.1%	4.9%	2.8%
Government Offices	0.3%	0.7%	0.7%	6.1%	0.2%	0.3%	0.7%	1.0%	25.4%
Retail Reallocation [1]	5.4%	7.3%	0.9%	4.1%	3.8%	0.0%	28.7%	24.0%	13.8%
	39.3%	16.5%	8.1%	21.0%	15.2%	7.4%	59.9%	41.1%	53.0%
Industrial Uses									
Light Manufacturing	13.3%	26.7%	50.3%	22.2%	36.9%	6.8%	4.9%	9.4%	5.6%
Misc. Industrial	5.8%	1.8%	1.4%	2.4%	1.5%	0.4%	0.4%	0.4%	0.5%
Heavy Manufacturing	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Warehouse	0.9%	1.0%	4.8%	4.8%	5.0%	0.8%	0.2%	0.5%	0.3%
R&D/Flex Space	0.7%	1.4%	2.1%	0.6%	1.9%	0.5%	0.6%	0.7%	0.3%
Retail Reallocation [1]	5.4%	7.3%	7.7%	12.2%	11.5%	0.0%			
	26.1%	38.2%	66.6%	42.2%	56.8%	8.5%	6.1%	11.0%	6.7%
Schools									
Primary/Secondary School	0.6%	0.6%	0.4%	0.3%	0.4%	0.6%	0.4%	4.3%	0.5%
Colleges & Universities	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	1.3%	0.7%
	0.7%	0.7%	0.5%	0.4%	0.5%	0.9%	0.6%	5.6%	1.2%
Other									
Other Institutional	0.5%	0.7%	0.4%	0.8%	0.5%	0.9%	1.4%	2.4%	7.0%
	0.5%	0.7%	0.4%	0.8%	0.5%	0.9%	1.4%	2.4%	7.0%
Total	66.5%	56.1%	75.6%	64.3%	73.0%	17.7%	68.0%	60.1%	67.9%

"natelson_adjust"

Source: EPS, and SCAG Employment Density Study 2001 by the Natelson Company.

[1] EPS reallocated retail space usage assumption to comport with distinctions between industrial, office, and retail land use definitions.

APPENDIX C:
Miscellaneous Calculations



Table C-1
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Historical Population Projections, 1995-2010

Jurisdiction	AMBAG Projections (as of 1997)				Actual Data (from DOF)				Difference from Projection			
	1995	2000	2005	2010	1995	2000	2005	2010	1995	2000	2005	2010
Monterey County												
Monterey Peninsula												
Carmel	4,350	4,671	4,791	4,846	4,070	4,081	4,085	3,722	(280)	(590)	(706)	(1,124)
Del Rey Oaks	1,553	1,674	1,696	1,709	1,612	1,650	1,646	1,624	59	(24)	(50)	(85)
Marina	16,595	18,950	28,040	36,590	17,731	18,925	19,030	19,718	1,136	(25)	(9,010)	(16,872)
Monterey	31,378	32,727	34,193	34,826	29,666	29,696	30,438	27,810	(1,712)	(3,031)	(3,755)	(7,016)
Pacific Grove	15,987	16,758	17,216	17,630	15,726	15,522	15,512	15,041	(261)	(1,236)	(1,704)	(2,589)
Sand City	227	592	905	975	224	261	302	334	(3)	(331)	(603)	(641)
Seaside	26,942	28,650	32,747	39,432	29,539	33,097	33,962	33,025	2,597	4,447	1,215	(6,407)
Subtotal	97,032	104,022	119,588	136,008	98,568	103,232	104,975	101,274	1,536	(790)	(14,613)	(34,734)
<i>Total Variance from Actual</i>									1.6%	-0.8%	-13.9%	-34.3%
Salinas Valley												
Gonzales	6,000	7,200	7,600	8,200	6,286	7,564	8,391	8,187	286	364	791	(13)
Greenfield	9,301	10,800	11,500	12,000	10,303	12,648	13,343	16,330	1,002	1,848	1,843	4,330
King City	9,450	10,190	10,730	11,140	9,960	11,204	11,418	12,874	510	1,014	688	1,734
Salinas	124,702	141,521	160,448	175,995	124,972	142,685	149,543	150,441	270	1,164	(10,905)	(25,554)
Soledad	18,290	20,380	21,300	22,200	14,958	23,015	27,349	25,738	(3,332)	2,635	6,049	3,538
Unincorporated	96,673	100,058	109,129	113,080	95,507	101,414	106,003	100,213	(1,166)	1,356	(3,126)	(12,867)
Subtotal	264,416	290,149	320,707	342,615	261,986	298,530	316,047	313,783	(2,430)	8,381	(4,660)	(28,832)
<i>Total Variance from Actual</i>									-0.9%	2.8%	-1.5%	-9.2%
Total Monterey County	361,448	394,171	440,295	478,623	360,554	401,762	421,022	415,057	(894)	7,591	(19,273)	(63,566)
<i>Total Variance from Actual</i>									-0.2%	1.9%	-4.6%	-15.3%

"variance"

Source: Association of Monterey Bay Area Governments (AMBAG) and California Department of Finance (DOF).

**Table C-2
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Housing Units**

Housing Units

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County	156,061	182,083	26,022	0.77%
Monterey Peninsula				
Carmel	3,387	3,482	95	0.14%
Del Rey Oaks	780	1,419	639	3.04%
Marina	10,662	13,562	2,900	1.21%
Monterey	13,723	14,095	372	0.13%
Pacific Grove	8,108	8,158	50	0.03%
Sand City	670	670	0	0.00%
Seaside	11,593	12,334	741	0.31%
Subtotal	48,923	53,720	4,797	0.47%
Salinas Valley				
Gonzales	3,104	5,471	2,367	2.87%
Greenfield	4,287	7,089	2,802	2.55%
King City	4,055	6,393	2,338	2.30%
Salinas	46,566	53,563	6,997	0.70%
Soledad	4,684	7,159	2,475	2.14%
Unincorporated	44,442	48,688	4,246	0.46%
Subtotal	107,138	128,363	21,225	0.91%
Santa Cruz County	107,496	115,590	8,094	0.36%
San Benito County	21,110	29,405	8,295	1.67%
Total 3-County Region	284,667	327,078	42,411	0.70%

"units1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

Note: The AMBAG totals may not match because of rounding.

**Table C-3
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Demographics Forecast - Persons per Household [1]**

Persons per Household

Jurisdiction	2015	2035	2015-2035 Change	
			Total Change	Avg. Annual Change
Monterey County	3.22	3.14	(0.08)	-0.13%
Monterey Peninsula	2.52	2.47	(0.05)	-0.11%
Salinas Valley	3.54	3.42	(0.12)	-0.17%
Santa Cruz County	2.75	2.76	0.01	0.02%
San Benito County	3.50	3.47	(0.02)	-0.03%
Total 3-County Region	3.06	3.04	(0.03)	-0.04%

"pph1"

Source: Association of Monterey Bay Area Governments (AMBAG), "Monterey Bay Area 2008 Regional Forecast" and EPS.

[1] Based on household estimates shown in Table 3-13.

Table C-4
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Employment by Industry Code

NAICS Code / Industry	2008 Estimate				2011 Estimate				2018 Forecast				2008-2018 Change		
	Allocated	Unalloc.	Total	% Share	Allocated	Unalloc.	Total	% Share	Allocated	Unalloc.	Total	% Share	Total	% Share	Ann. Change
Monterey County		[1]			[1]				[1]	[2]			[3]		
11 Agriculture, Forestry, Fishing and Hunting	43,300	5,778	49,078	22.3%	45,900	7,591	53,491	27.4%	49,000	6,539	55,539	26.3%	6,461	35.0%	1.2%
21 Mining and Logging	200	27	227	0.1%	200	33	233	0.1%	200	27	227	0.1%	0	0.0%	0.0%
23 Construction	6,100	814	6,914	3.1%	3,900	645	4,545	2.3%	5,900	787	6,687	3.2%	0	0.0%	-0.3%
31-33 Manufacturing	6,100	814	6,914	3.1%	5,600	926	6,526	3.3%	5,400	721	6,121	2.9%	0	0.0%	-1.2%
42 Wholesale Trade	5,100	681	5,781	2.6%	4,900	810	5,710	2.9%	5,600	747	6,347	3.0%	567	3.1%	0.9%
44-45 Retail Trade	16,700	2,229	18,929	8.6%	15,800	2,613	18,413	9.4%	17,100	2,282	19,382	9.2%	453	2.5%	0.2%
22, 48-49 Utilities, Transportation and Warehousing	3,600	480	4,080	1.9%	3,300	546	3,846	2.0%	3,700	494	4,194	2.0%	113	0.6%	0.3%
51 Information	2,000	267	2,267	1.0%	1,600	265	1,865	1.0%	1,600	214	1,814	0.9%	0	0.0%	-2.2%
52-53 Finance and Insurance and Real Estate	5,500	734	6,234	2.8%	4,200	695	4,895	2.5%	5,000	667	5,667	2.7%	0	0.0%	-0.9%
54-56 Professional, Scientific, and Technical Services	11,600	1,548	13,148	6.0%	11,800	1,951	13,751	7.0%	12,400	1,655	14,055	6.7%	907	4.9%	0.7%
61 Education	1,900	254	2,154	1.0%	2,000	331	2,331	1.2%	2,700	360	3,060	1.5%	907	4.9%	3.6%
62 Health Care and Social Assistance	11,200	1,495	12,695	5.8%	11,600	1,918	13,518	6.9%	13,800	1,842	15,642	7.4%	2,947	16.0%	2.1%
71-72 Leisure & Hospitality	21,500	2,869	24,369	11.1%	20,400	3,374	23,774	12.2%	23,400	3,123	26,523	12.6%	2,154	11.7%	0.9%
81 Other Services (except Public Administration)	4,600	614	5,214	2.4%	4,600	761	5,361	2.7%	4,900	654	5,554	2.6%	340	1.8%	0.6%
92 Public Administration	32,200	4,297	36,497	16.6%	31,700	5,242	36,942	18.9%	35,400	4,724	40,124	19.0%	3,627	19.6%	1.0%
Total Monterey County	171,600	22,900	194,500	100.0%	167,500	27,700	195,200	100.0%	186,100	24,835	210,935	100.0%	18,475	100.0%	0.8%

*empty_ind"

Source: EDD, "Salinas MSA (Monterey County) Industry Employment & Labor Force March 2011"; U.S. Census Bureau, Center for Economic Studies; and EPS.

- [1] According to EDD, some civilian employment is not coded by industry classification due to incomplete survey responses and thus are unallocated to specific industry categories. EPS allocated these jobs to each industry category based on share of allocated jobs.
- [2] Total civilian employment is not available for 2018. This analysis assumes the same percentage of 2008 unallocated employment to total employment to estimate total Countywide employment.
- [3] Nets out job industries projected to lose employment between 2008 and 2018.

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Table C-5
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Annual Wages by Industry Classification

NAICS Code / Industry	2011 Estimate [1]		
	Monthly	Annual	Annual (Rounded)
Monterey County			
11 Agriculture, Forestry, Fishing and Hunting	\$2,506	\$30,066	\$30,000
21 Mining and Logging	\$7,045	\$84,534	\$85,000
22 Utilities	\$7,634	\$91,605	\$92,000
23 Construction	\$3,970	\$47,643	\$48,000
31-33 Manufacturing	\$3,614	\$43,368	\$43,000
42 Wholesale Trade	\$5,508	\$66,099	\$66,000
44-45 Retail Trade	\$2,628	\$31,539	\$32,000
48-49 Transportation and Warehousing	\$4,051	\$48,615	\$49,000
51 Information	\$5,266	\$63,195	\$63,000
52-53 Finance and Insurance and Real Estate			
52 - Finance and Insurance	\$6,628	\$79,539	\$80,000
53 - Real Estate and Rental and Leasing	\$3,149	\$37,785	\$38,000
<i>Weighted Average [2]</i>	\$5,268	\$63,211	\$63,000
54-56 Professional, Scientific, and Technical Services			
54 - Professional, Scientific, and Technical Services	\$5,377	\$64,518	\$65,000
55 - Management of Companies and Enterprises	\$6,274	\$75,285	\$75,000
56 - Administrative Support and Waste Services	\$3,098	\$37,176	\$37,000
<i>Weighted Average [2]</i>	\$4,576	\$54,908	\$55,000
61 Education (Private)	\$3,668	\$44,019	\$44,000
62 Health Care and Social Assistance	\$4,597	\$55,161	\$55,000
71-72 Leisure & Hospitality			
71 - Arts, Entertainment and Recreation	\$3,319	\$39,822	\$40,000
72 - Accommodation and Food Services	\$2,024	\$24,291	\$24,000
<i>Weighted Average [2]</i>	\$2,182	\$26,179	\$26,000
81 Other Services (except Public Administration)	\$2,005	\$24,060	\$24,000
92 Public Administration	\$6,006	\$72,075	\$72,000

"Wages"

Source: U.S. Census Bureau Center for Economic Studies Quarterly Workforce Indicators, and EPS.

[1] Monterey County 4-quarter average between 2nd quarter 2010 and 1st quarter 2011.

[2] Weighted average based on 2011 employment by category as estimated by US Census.

**Table C-6
Fort Ord Base Reuse Plan Reassessment
Retail Square Feet per Capita (2011)**

Area	Population	Total Retail		Shopping Centers [1]	
		Sq. Ft.	Sq. Ft. / Capita	Sq. Ft.	Sq. Ft. / Capita
Monterey County	419,038	17,969,243	42.88	9,206,452	21.97
Monterey City	29,440	3,349,346	113.77	1,774,745	60.28
Marina	19,808	912,201	46.05	685,658	34.62
Seaside	33,075	1,812,456	54.80	514,518	15.56
Sand City	336	265,869	791.28	213,667	635.91
Carmel	3,738	795,277	212.75	462,939	123.85
Pacific Grove	15,114	646,142	42.75	309,005	20.44

"retail_capita"

Source: CoStar; California Department of Finance; and EPS.

[1] Shopping centers includes the following retail categories: Airport Retail, Community, Lifestyle, Neighborhood, Outlet, Power, Regional, Theme/Festival, Strip, and Super Regional.

**Table C-7
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Retail Opportunities - Peninsula, 2012**

Retail Opportunities Peninsula

Retail Category	Carmel- By-the-Sea	Del Rey Oaks	Marina	Monterey	Pacific Beach	Sand City	Seaside	Total Peninsula
Total Retail Sales	(\$26,804,375)	(\$8,138,066)	\$11,258,085	(\$268,189,037)	\$101,357,616	(\$252,506,354)	\$56,093,871	(\$386,928,260)
Motor Vehicle and Parts Dealers	\$14,855,428	\$5,137,666	\$38,520,989	\$17,648,296	\$44,196,173	(\$87,825,843)	(\$112,086,550)	(\$79,553,841)
Furniture and Home Furnishings Stores	(\$288,386)	\$658,992	\$2,549,434	(\$4,268,593)	\$1,076,027	(\$3,009,252)	\$2,864,106	(\$417,672)
Electronics and Appliance Stores	(\$3,438,376)	\$699,590	(\$42,944,373)	(\$42,850,447)	\$2,948,516	(\$8,002,476)	(\$7,476,556)	(\$101,064,122)
Building Material, Garden Equipment Stores	\$8,214,216	\$810,593	\$11,191,672	\$1,685,590	\$5,432,069	(\$38,582,354)	\$15,833,461	\$4,585,247
Food and Beverage Stores	(\$5,715,585)	(\$16,716,851)	\$3,637,198	(\$13,428,831)	(\$13,798,967)	(\$17,603,342)	\$39,200,351	(\$24,426,027)
Health and Personal Care Stores	(\$1,258,614)	\$153,766	(\$15,557,230)	(\$3,865,593)	\$4,765,940	(\$6,873,455)	\$5,508,160	(\$17,127,026)
Gasoline Stations	\$3,671,571	\$1,334,256	\$13,576,666	(\$25,146,979)	\$7,693,760	(\$8,752,881)	\$15,097,291	\$7,473,684
Clothing and Clothing Accessories Stores	(\$33,488,833)	\$1,299,101	\$7,066,615	(\$27,314,664)	\$1,187,243	(\$316,935)	\$18,476,743	(\$33,090,730)
Sporting Goods, Hobby, Book, Music Stores	(\$584,917)	\$76,410	(\$3,179,179)	(\$24,697,814)	\$602,521	(\$4,305,355)	\$4,637,682	(\$27,450,652)
General Merchandise Stores	\$11,296,324	\$3,918,677	(\$12,192,996)	(\$23,081,292)	\$32,920,630	(\$41,826,169)	\$38,269,388	\$9,304,562
Miscellaneous Store Retailers	(\$13,563,361)	(\$133,920)	\$1,032,303	(\$19,236,519)	(\$3,907,810)	(\$14,711,685)	(\$1,699,800)	(\$52,220,792)
Non-Store Retailers	\$7,213,436	\$2,338,970	\$7,736,898	\$9,301,760	\$16,142,250	\$284,715	\$28,621,844	\$71,639,873
Foodservice and Drinking Places	(\$13,717,278)	(\$7,715,316)	(\$179,912)	(\$112,933,951)	\$2,099,264	(\$20,981,322)	\$8,847,751	(\$144,580,764)
General Merchandise, Apparel, Furniture and Other [2]	(\$26,246,451)	\$6,981,567	(\$46,304,485)	(\$126,757,514)	\$39,110,369	(\$68,415,891)	\$57,526,778	(\$164,105,627)
General Merchandise Stores	\$11,296,324	\$3,918,677	(\$12,192,996)	(\$23,081,292)	\$32,920,630	(\$41,826,169)	\$38,269,388	\$9,304,562
Clothing and Clothing Accessories Stores	(\$33,488,833)	\$1,299,101	\$7,066,615	(\$27,314,664)	\$1,187,243	(\$316,935)	\$18,476,743	(\$33,090,730)
Furniture and Home Furnishings Stores	(\$288,386)	\$658,992	\$2,549,434	(\$4,268,593)	\$1,076,027	(\$3,009,252)	\$2,864,106	(\$417,672)
Electronics and Appliance Stores	(\$3,438,376)	\$699,590	(\$42,944,373)	(\$42,850,447)	\$2,948,516	(\$8,002,476)	(\$7,476,556)	(\$101,064,122)
Sporting Goods, Hobby, Book, Music Stores	(\$584,917)	\$76,410	(\$3,179,179)	(\$24,697,814)	\$602,521	(\$4,305,355)	\$4,637,682	(\$27,450,652)
Office Supplies, Stationery, Gift Stores	\$257,737	\$328,797	\$2,396,014	(\$4,544,704)	\$375,432	(\$10,955,704)	\$755,415	(\$11,387,013)

"opp_penn"

Source: Claritas, Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, Census of Retail Trade, U.S. Census and EPS.

[1] Opportunity Gaps (Surplus) shown based on difference between supply and demand with positive numbers indicating potential opportunities.

[2] Represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales.

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Table C-8
Fort Ord Reuse Authority Base Reuse Plan Reassessment
Estimated Retail Opportunities - Salinas Valley, 2012

Retail Opportunities
Salinas Valley

Retail Category	Gonzalez	Greenfield	King City	Salinas	Soledad	Unincorp. Monterey Co.	Total Salinas Valley
Total Retail Sales	\$36,347,832	\$94,285,366	(\$13,185,733)	(\$226,001,736)	\$64,716,258	\$371,918,864	\$328,080,851
Motor Vehicle and Parts Dealers	\$17,093,078	\$23,027,688	\$7,554,466	(\$46,164,928)	\$24,073,401	\$172,881,043	\$198,464,748
Furniture and Home Furnishings Stores	\$1,474,669	\$1,643,129	\$1,135,834	\$1,319,718	\$1,533,273	\$18,696,056	\$25,802,679
Electronics and Appliance Stores	\$1,787,855	\$1,040,940	(\$1,581,075)	(\$47,171,124)	(\$487,203)	(\$23,992,487)	(\$70,403,094)
Building Material, Garden Equipment Stores	(\$460,213)	\$4,547,052	(\$3,450,386)	\$21,978,623	\$8,535,467	\$38,360,771	\$69,511,314
Food and Beverage Stores	(\$8,386,282)	\$9,509,473	(\$13,092,494)	(\$9,373,119)	(\$18,140,987)	\$22,418,670	(\$17,064,739)
Health and Personal Care Stores	\$1,767,379	\$3,658,769	\$1,968,548	(\$35,116,676)	(\$1,395,822)	\$47,600,972	\$18,483,170
Gasoline Stations	(\$76,811)	\$5,946,453	(\$18,100,874)	(\$18,189,355)	\$7,711,525	(\$23,973,663)	(\$46,682,725)
Clothing and Clothing Accessories Stores	\$4,182,124	\$6,004,230	\$3,154,596	\$2,901,962	\$6,238,479	\$25,887,905	\$48,369,296
Sporting Goods, Hobby, Book, Music Stores	\$1,679,061	\$2,021,091	\$1,591,922	\$4,560,089	\$2,792,377	\$14,549,571	\$27,194,111
General Merchandise Stores	\$10,477,131	\$15,341,978	\$6,455,802	(\$185,309,546)	\$17,635,419	\$131,930,198	(\$3,469,018)
Miscellaneous Store Retailers	\$536,735	\$2,395,906	\$1,528,484	(\$10,336,379)	\$1,914,390	(\$13,152,210)	(\$17,113,074)
Non-Store Retailers	\$4,648,608	\$9,166,418	\$6,717,923	\$109,737,218	\$10,608,463	(\$66,925,083)	\$73,953,547
Foodservice and Drinking Places	\$1,624,498	\$9,982,239	(\$7,068,479)	(\$14,838,219)	\$3,697,476	\$27,637,121	\$21,034,636
General Merchandise, Apparel, Furniture and Other [2]	\$20,366,899	\$26,945,240	\$11,732,309	(\$225,753,729)	\$28,205,218	\$170,618,577	\$32,114,514
General Merchandise Stores	\$10,477,131	\$15,341,978	\$6,455,802	(\$185,309,546)	\$17,635,419	\$131,930,198	(\$3,469,018)
Clothing and Clothing Accessories Stores	\$4,182,124	\$6,004,230	\$3,154,596	\$2,901,962	\$6,238,479	\$25,887,905	\$48,369,296
Furniture and Home Furnishings Stores	\$1,474,669	\$1,643,129	\$1,135,834	\$1,319,718	\$1,533,273	\$18,696,056	\$25,802,679
Electronics and Appliance Stores	\$1,787,855	\$1,040,940	(\$1,581,075)	(\$47,171,124)	(\$487,203)	(\$23,992,487)	(\$70,403,094)
Sporting Goods, Hobby, Book, Music Stores	\$1,679,061	\$2,021,091	\$1,591,922	\$4,560,089	\$2,792,377	\$14,549,571	\$27,194,111
Office Supplies, Stationery, Gift Stores	\$766,059	\$893,872	\$975,230	(\$2,054,828)	\$492,873	\$3,547,334	\$4,620,540

"opp_valley"

Source: Claritas, Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, Census of Retail Trade, U.S. Census and EPS.

[1] Opportunity Gaps (Surplus) shown based on difference between supply and demand with positive numbers indicating potential opportunities.

[2] Represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales.

Table C-9
Fort Ord Base Reuse Plan Reassessment
Estimated Monterey County Visitor Retail Sales (2010-2035)

Item	Average Annual Growth Rate [1]	\$Million						Difference 2010 - 2035
		2010 [2]	2015	2020	2025	2030	2035	
Retail Sales	2.07%	\$434	\$491	\$544	\$603	\$668	\$740	\$306

"retail_spend"

Source: Dean Runyan Associates and EPS.

[1] See Table 3-8 for calculation of the average annual growth rate.

[2] 2010 retail sales data is from Table 3-8.



APPENDIX D:
List of Interviews

APPENDIX D: LIST OF INTERVIEWS

Austin, Chris. Managing Principal, Development Planning & Financing Group.

Cook, Jim. Economic Development Director, County of Monterey.

Ellis, Dale. Government Affairs Director, Monterey County Hospitality Association.

Garcia, Jonathan. Senior Planner, Fort Ord Reuse Authority.

Gillis, Ian. Urban Community Partners.

Hilk, Scott. Shea Homes.

Houlemard, Michael. Executive Officer, Fort Ord Reuse Authority.

Lande, Chuck. Marina Heights Developer.

McCoy, Keith. Urban Community Partners.

Moore, Tom. Chair, Ventana Chapter of the Sierra Club.

Morton, Gail. Keep Fort Ord Wild.

Stern, Henrietta. Fort Friends.

Stone, Levonne. Environmental Justice Network.

Wellner, Justin. Director of Governmental and External Relations, California State University, Monterey Bay.

Youngblood, Gail. U.S Army.