

## **MEMORANDUM**

To: Christopher Jordan, City of Elk Grove  
From: Ellen Martin and Kate O’Beirne  
Subject: Elk Grove Multi-Sports Complex and Southeast Industrial Area Market Assessment; EPS #202100  
Date: December 21, 2020

*The Economics of Land Use*



The City of Elk Grove (City) is considering the annexation of the first phase of the planned Elk Grove Multi-Sports Complex and Southeast Industrial Area (Project). In support of the annexation proceedings, the City requested that Economic & Planning Systems, Inc. (EPS) conduct a market assessment evaluating the need for additional land use capacity offered by annexation of the proposed Project.

The Project is planned for approximately 390 acres zoned heavy and light industrial. In the Project, the City owns approximately 100 acres proposed with Light Industrial zoning; this site may be developed with either industrial uses or as a multi-sports complex. This analysis, therefore, is based on the assumption the entire Project will be designated for industrial uses.

This memorandum and the enclosed analysis employ a hybrid quantitative-qualitative methodology to assess industrial market development prospects in the City, with consideration to trends observed throughout the Region. The objective of this analysis is to identify if prospects for industrial land development in the City are sufficient to justify annexation of the Project area, giving consideration to the existing supply of industrial land in the City. In addition, this analysis seeks to understand the competitive advantages, if any, that the Project Area may possess relative to other sites in the City.

The enclosed market evaluation is intended to meet the requirements set forth by the Sacramento Local Agency Formation Commission (LAFCo) to demonstrate the proposed Project’s ability or inability to meet the “Need for Annexation” requirements, as well as coordinating with annexation criteria policies set forth in the City General Plan.

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## Summary of Findings

- 1. *The industrial real estate market in the Sacramento Region is performing strongly.*** Bolstered by strong population demographics and a central location along major interstate transportation routes, industrial real estate vacancy rates are at all-time lows and absorption is strong, driving lease rate appreciation. Major hubs of super-regional industrial activity are located in Sacramento County at Metro Air Park, McClellan and Mather, with major warehousing, distribution, fulfillment and logistics activity increasing.
- 2. *Industrial market trends accelerated by the COVID-19 pandemic are expected to be sustained over the long term.*** E-commerce trends that predated the pandemic were dramatically accelerated by public health and safety concerns. Online shopping has skyrocketed, and supply chain disruptions have engendered the need to store more inventory. Some reshoring of manufacturing to avoid future disruptions may also occur as a long-term outcome of the pandemic. These shifts are expected to persist beyond the pandemic reflecting permanent changes in consumer behavior and spending patterns.
- 3. *The City's industrial market currently occupies a niche regional role attributable to locational characteristics and land capacity constraints.*** With access to Highway-99 and Interstate-5, Elk Grove currently occupies a niche role in regional serving and sales-service industrial uses. Strong labor resources bolster the industrial real estate market in Elk Grove, aiding business attraction and expansion efforts. Lease rates are lower than elsewhere in the Region, limiting the viability of speculative development, but Elk Grove has been successful in attracting new small and mid-size owner-users (most recently an Amazon distribution center) that can be accommodated by existing available sites.
- 4. *Attraction of future users, including larger-scale operations, is constrained by lack of suitable industrial space. The commercial brokerage community considers Elk Grove to be functionally "out of land."*** A review of remaining available development capacity reveals that the City only has one large site available for development and that site has some specific access and adjacency constraints. The City indicates that it has received inquiries and interest from larger industrial users seeking 50-100 acres, but these users cannot be accommodated with the City's current land supply. Other important site characteristics include a peripheral location that can accommodate truck traffic, access to major transportation corridors, and rail service.
- 5. *Meeting projected demand for industrial land requires expansion of industrial land capacity, and the Project site is well positioned to attract future industrial uses.*** EPS conservatively estimates that total demand for industrial land could range from 100-400 acres over the next 20 years. Existing supply is insufficient to meet this demand. Annexation of the Project Area will help the City to meet this demand, and the Project Area is well located to attract additional

development. The Project site's biggest advantage is that it offers a large site area able to accommodate large users not available elsewhere in the City. While Elk Grove industrial development faces some challenges due to its distance from the I-80 and US-50 corridor, this Project site will be advantaged by access to other major transportation corridors - Highway 99, the Future Capital SouthEast Connector, and the adjacent rail spur. It is ideally located adjacent to existing industrial uses and at the periphery of the City to accommodate truck traffic and industrial activity.

The following sections offer an overview of the Project and the planned land uses and assesses the overall supply of and demand for industrial land uses with consideration to socioeconomic and demographic characteristics.

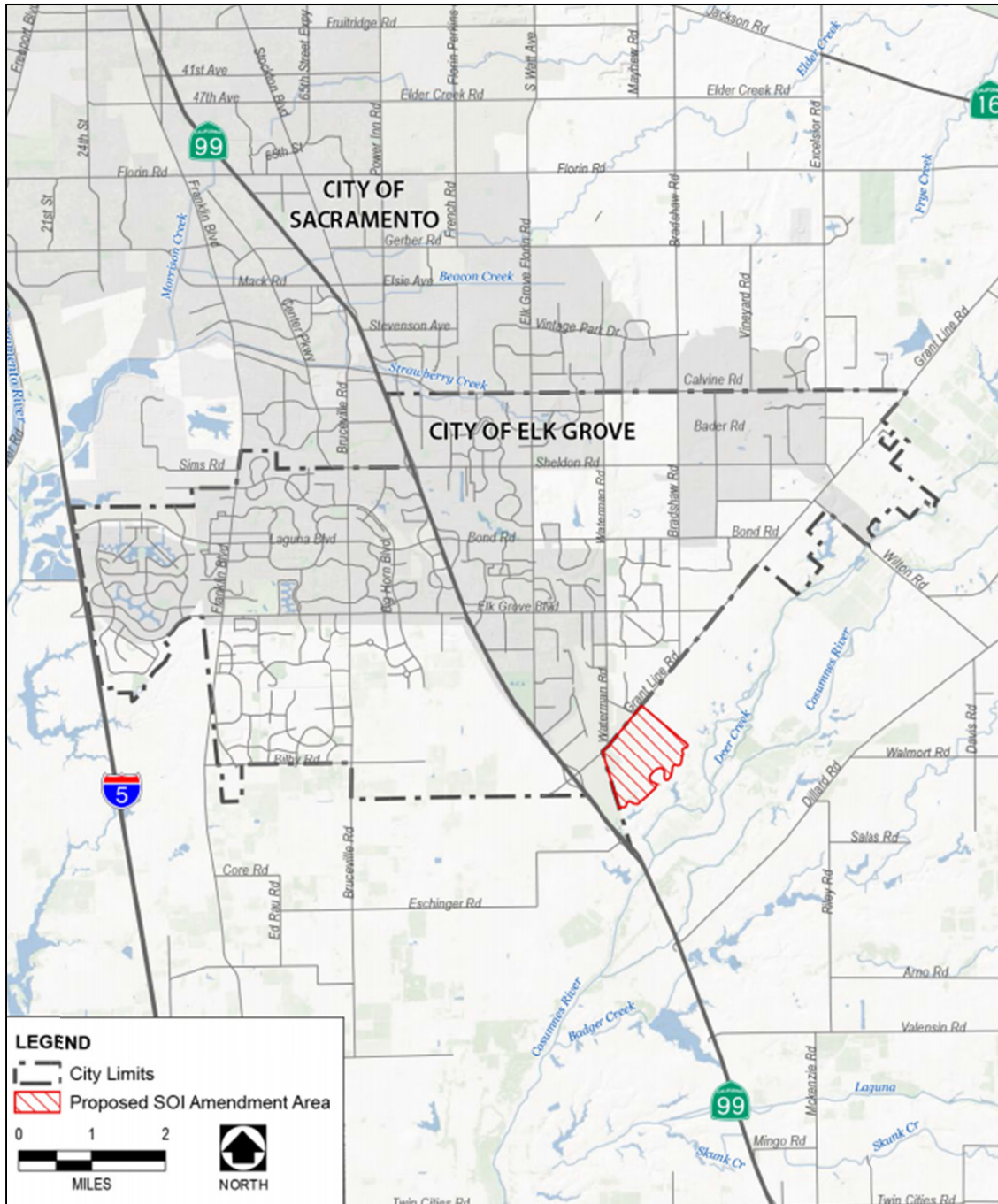
## Project Description

The Project Area is a 571-acre area located on the south side of Grant Line Road at the intersection with Waterman Road, extending from the Union Pacific Railroad tracks on the west to approximately Mosher Road on the east, and south to the Sacramento County Urban Services Boundary, as shown in **Map 1**. The Project Area is located south and east of existing industrial uses. The ultimate development of the site is anticipated to include a mix of employment activities (industrial, office, and regional retail). Industrial uses will be focused along the western site of the Project, adjoining the existing railroad tracks. Regional retail will be focused along the Grant Line Road Corridor.

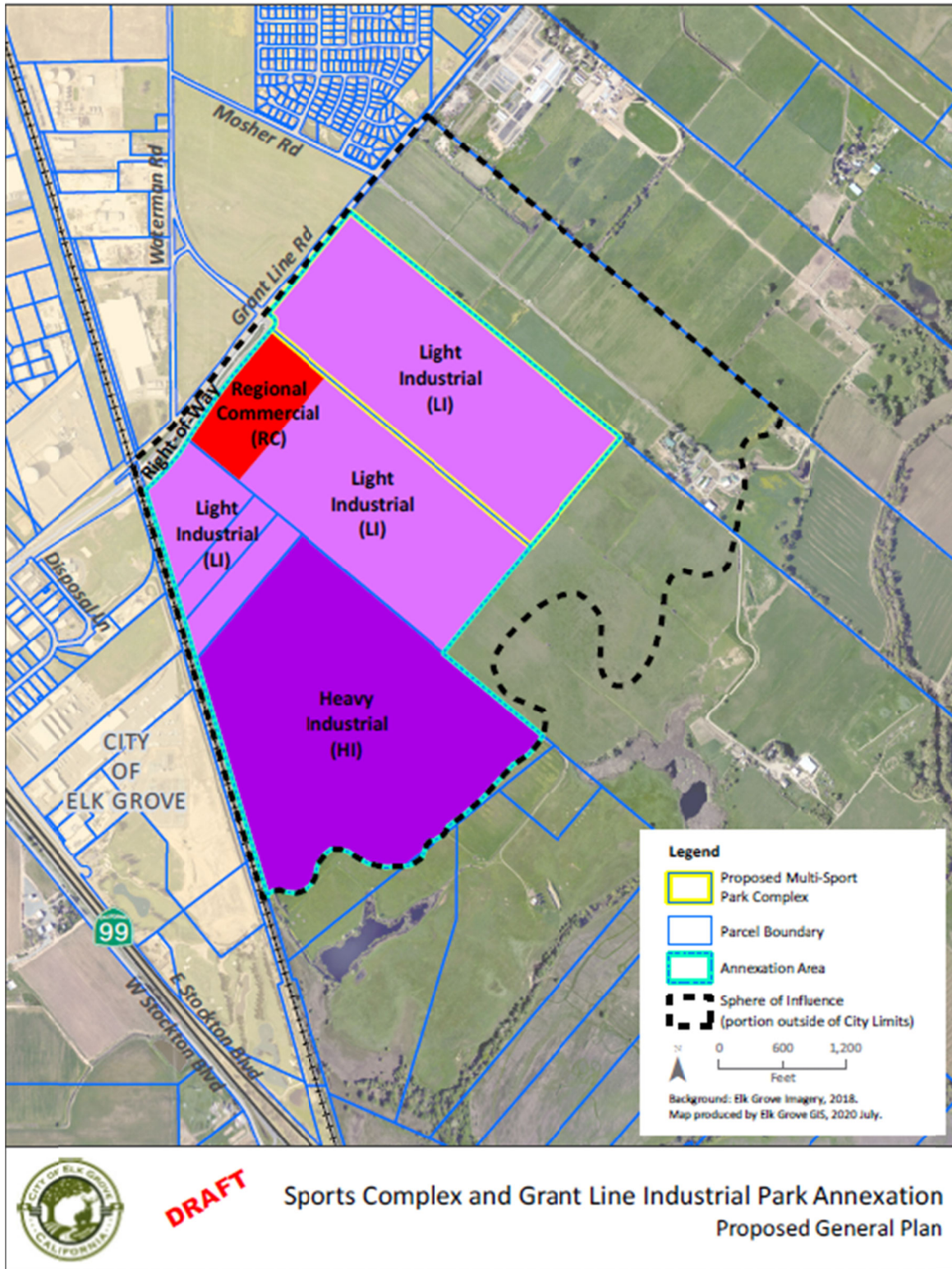
The City intends to seek annexation of the Project Area over three phases. This analysis focuses on **Phase 1**, which comprises a combination of Light Industrial, Heavy Industrial, and Regional Commercial uses, as depicted in **Map 2**. Approximately 100 acres of the site is owned by the City and is proposed to be zoned Light Industrial, allowing for it to be developed with either industrial uses, or (upon approval of a Conditional Use Permit) a sports complex. As of 2020, the City has not approved the Multi-Sport Complex project due to concerns regarding project development and operating costs. The City continues to explore options for the site, including selling the site. The property is currently proposed to be zoned Light Industrial.

This market assessment specifically focuses on demand for industrial uses within the Phase 1 Project Area. **Table 1** summarizes the anticipated Phase 1 land uses, which are anticipated to include approximately 170 net acres of Light Industrial use, supporting approximately 3 million building square feet and approximately 130 acres of Heavy Industrial uses supporting approximately 2.2 million building square feet.

### Map 1. Project Location



**Map 2. Phase 1—Project Site**



**DRAFT**

**Sports Complex and Grant Line Industrial Park Annexation  
 Proposed General Plan**

**Table 1**  
**Phase 1 Commercial Land Use Summary**

Land Use	Assumed FAR	Acreage		Building Square Feet
		Gross	Net [1]	
Light Industrial	0.4	211.6	169.3	2,950,092
Heavy Industrial	0.4	158.3	126.6	2,205,878
Regional Commercial [2]	0.3	21.0	16.8	219,542
<b>Total Industrial Uses</b>		<b>390.9</b>	<b>312.7</b>	<b>5,155,971</b>

Source: Elk Grove Multi-Sports Complex and Southeast Industrial Area Specific Plan

[1] Net acreage assumed to be 80 percent of gross acreage to adjust for internal circulation and other public land uses.

[2] Regional commercial acreage specifically requested by the property owner and is not the subject of this analysis.

The City’s General Plan offers the following definitions of the Light Industrial and Heavy Industrial land use designations that are the subject of this market assessment:

- Light Industrial land uses are generally characterized by a diverse range of light industrial activities, including limited manufacturing, processing, research and development, fabrication, utility equipment and service yards, wholesaling, warehousing, or distribution. These include manufacturing, processing, fabrication, and similar activities that occur entirely within an enclosed building. Ancillary office spaces and supporting retail uses are also allowed. Light Industrial areas may serve as buffers between Heavy Industrial areas and residential and other sensitive land uses and are generally located in areas providing adequate access and goods movement.
- Heavy Industrial uses are generally characterized by heavy industrial activities, including manufacturing, processing, fabrication, utility equipment and service yards, assembly, wholesaling, warehousing, and distribution occurring inside or outside of an enclosed building. Ancillary office spaces are also allowed. Heavy Industrial areas are generally located away from residential and other sensitive land uses in areas providing adequate access and goods movement.

The remainder of this memorandum offers an assessment of the suitability of the Project site for this type of development, with consideration to the existing performance of industrial real estate, anticipated levels of demand for industrial uses in the City and the Region, the availability of other land uses zoned for industrial uses, as well as emerging industrial land use trends affecting the demand for industrial land uses.

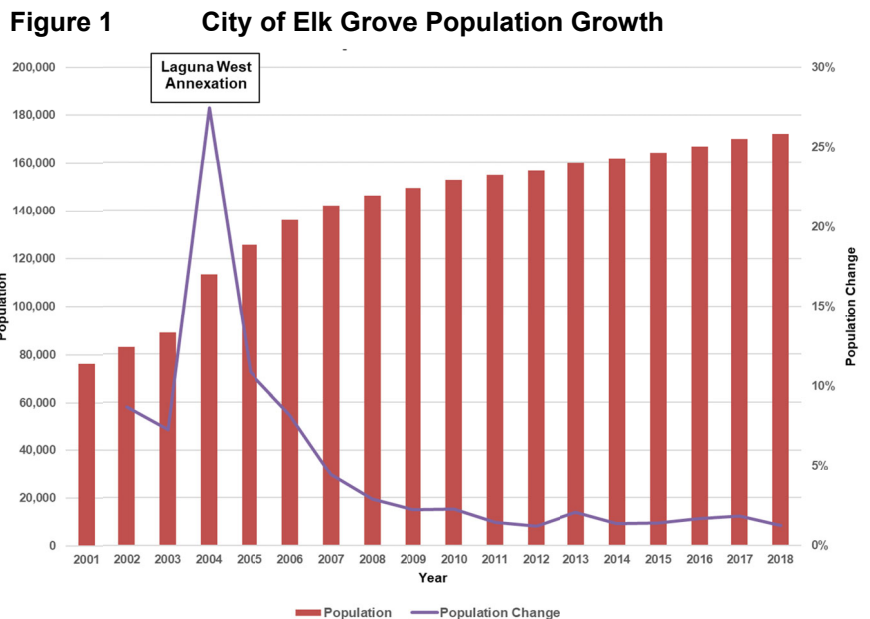
## Socioeconomic and Market Overview

Situated at the southern end of the Sacramento Metropolitan Area, the City of Elk Grove is an established community that has grown rapidly since incorporating in 2000. Upon incorporation, the City was home to approximately 73,000 residents—that number has grown to approximately 170,000 as of 2019. Much of this growth occurred before the Great Recession—the City’s population increased at an average annual growth rate of 7 percent between 2000 and 2010. Economic conditions resulted in slower growth between 2008 and 2013, but recent development trends suggest a return to higher rates of growth as the economy and real estate market continues to recover from the lows experienced during the Great Recession. The effects of the COVID-19 pandemic on these development trends remain to be determined.

Currently the second largest City in Sacramento County and the Sacramento-Arden-Arcade Metropolitan Statistical Area (MSA), the City has historically been considered a bedroom community with the majority of its residents commuting outside of the City for work. The built environment is generally characterized by low- to medium-density residential neighborhoods as well as traditional suburban office parks and commercial centers.

### Population Trends and Characteristics

The City of Elk Grove is an ethnically diverse, young, and family-friendly community, comprising approximately 7 percent of the Sacramento Region’s (the “Region”) population and households.<sup>1</sup> As discussed above, the City has experienced steady population growth since incorporating in 2000, demonstrating rapid growth between 2000 and 2010 (though a portion of that growth is attributable to the annexation of the Laguna West area in 2003) and slower, though still steady, growth through 2018.



<sup>1</sup> The SACOG-defined Sacramento Region comprises the six counties of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba.

The City’s population is swiftly approaching 170,000 people within the 2019 estimates (see **Figure 1**). Overall, Elk Grove has an average of more persons per household in the City compared to the Region, as well as a lower median age, both of which indicate a community of younger families.

There is a higher proportion of people living in the City of Elk Grove ages 25+, who hold a bachelor’s, Graduate, or Professional degree, than in the Region. The average household income for the City of Elk Grove in 2019 is estimated to be \$114,181 with a median of \$93,140. These figures are considerably higher than the Region, which has an estimated average household income of \$93,950 and a median of \$68,936. Overall, Elk Grove households land in higher income brackets than the Region, in Elk Grove only about 39 percent of households earn less than \$75,000 annually, whereas more than half of households in the Region earn less than \$75,000 annually.

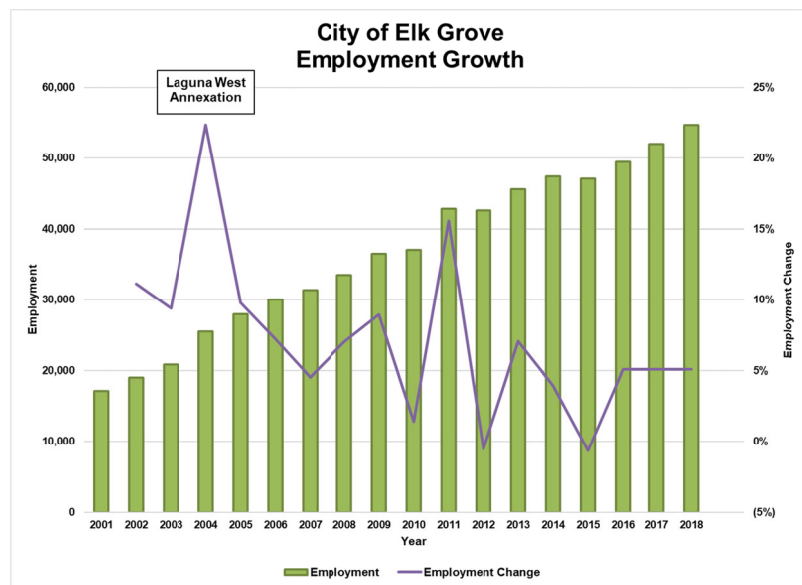
### Employment Trends

Like population, employment in the City has increased since the City’s incorporation in 2000 (see **Figure 2**). Overall, employment increased from approximately 15,700 in 2000 to 54,600 in 2018, a gain of almost 39,000 jobs

over 18 years.<sup>2</sup>

The annual rate of the employment changes has been much more volatile than the population changes, ranging from approximately a 0.6 percent decrease to an almost 16 percent increase (excluding the change from 2003 to 2004 when Laguna West was annexed).<sup>3</sup> Overall, employment growth has outpaced percentage increases in population, growing at an average annual rate of 7 percent, as compared to an average annual growth rate of 5 percent for population.

**Figure 2 City of Elk Grove Employment Growth**



<sup>2</sup> Based on EPS analysis of Elk Grove Employment dynamics dated September 12, 2019. 2015 estimates based on NETS data analysis. 2018 employment estimated based on analysis of City permitting data between 2015 and 2018 as well as other employment data sources.

<sup>3</sup> Note that the employment estimates in 2016 and 2017 were calculated using estimates for 2015 and 2018, assuming a constant rate of employment growth for the intervening years.



This trend is attributable to substantial growth in specific sectors and employers. Based on analysis of employment and establishment data produced by the National Employment Time Series (NETS) database and further analysis conducted by EPS and City staff, **Table 2** identifies total employment growth by NAICS sector between 2000 and 2015 (the most current year for which NETS data was available). As shown, the City experienced positive employment growth across most sectors, with growth in the Manufacturing; Retail Trade; Administrative and Waste Services; Educational Services, Health Care and Social Assistance; and Accommodation and Food Services sectors driving overall employment growth. Sectors that have remained strong and steady include construction, wholesale trade, and real estate and rental and leasing. **Figure 3** exhibits the top industry sectors that accounted for more than 90 percent of the employment growth between 2000 and 2015.

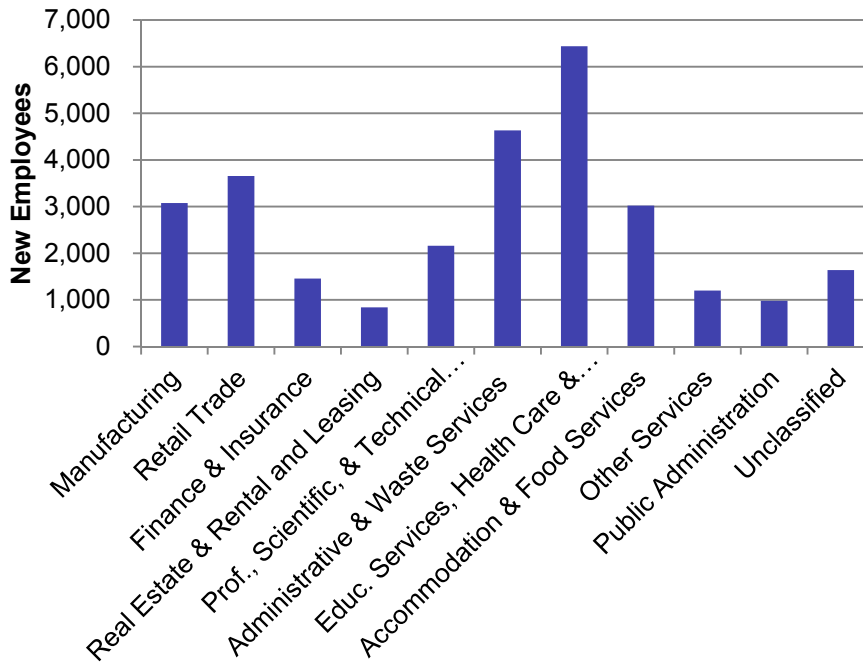
**Table 2 Elk Grove Employment Growth, 2000-2015**

NAICS Code	Industry	Employment				
		2000	2015	Growth 2000-2015	Average Annual Pct.	Pct. Of Total Growth
11	Agriculture, Forestry, Fishing and Hunting	101	93	(8)	(0.5%)	(0.0%)
21	Mining	20	4	(16)	(10.2%)	(0.1%)
22	Utilities	10	18	8	4.0%	0.0%
23	Construction	1,202	1,836	634	2.9%	2.0%
31-33	Manufacturing	739	3,817	3,078	11.6%	9.8%
42	Wholesale Trade	556	1,141	585	4.9%	1.9%
44-45	Retail Trade	3,230	6,887	3,657	5.2%	11.7%
48-49	Transportation and Warehousing	412	881	469	5.2%	1.5%
51	Information	742	936	194	1.6%	0.6%
52	Finance and Insurance	453	1,912	1,459	10.1%	4.6%
53	Real Estate and Rental and Leasing	406	1,247	841	7.8%	2.7%
54	Professional, Scientific, and Technical Services	725	2,886	2,161	9.6%	6.9%
55	Management of Companies & Enterprises	1	33	32	26.3%	0.1%
56	Administrative and Waste Services (56)	606	5,241	4,635	15.5%	14.8%
61-62	Educational Services, Health Care and Social Assistance	3,238	9,677	6,439	7.6%	20.5%
71	Arts, Entertainment, and Recreation	314	681	367	5.3%	1.2%
72	Accommodation and Food Services	1,409	4,432	3,023	7.9%	9.6%
81	Other Services	1,127	2,326	1,199	4.9%	3.8%
92	Public Administration	403	1,384	981	8.6%	3.1%
99	Unclassified	1	1,641	1,640	63.8%	5.2%
	<b>Total</b>	<b>15,695</b>	<b>47,073</b>	<b>31,378</b>	<b>7.6%</b>	<b>100.0%</b>

2000\_2015

Source: City of Elk Grove, Walls & Associates, JACOBS, and EPS.

**Figure 3 Top Employment Growth Industry Sectors in Elk Grove (2000-2015)**



## Industrial Market Assessment

### Regional Market Trends

Over the last several years, the market for industrial real estate in the Sacramento Region has strengthened considerably. While these market conditions are aided and accelerated by factors related to the COVID-19 pandemic, longer term market fundamentals are strong, as the Sacramento Region population base has grown to sufficient levels to support a major logistics sector and the Region is ideally located along the Interstate 80 (I-80) and Interstate 5 (I-5) transportation corridors. Commercial brokerages report that the Sacramento region has absorbed over 10.0 million square feet over the last 4 years, driving vacancy rates low and contributing to increasing lease rates.

Over 3.5 million square feet of industrial uses are currently under construction throughout the Region, many constructed on a build-to-suit basis for users desiring to locate or expand in the Sacramento Region.<sup>4</sup> Recent new deliveries include turnkey projects at Metro Air Park in Sacramento (850,000 square foot Amazon fulfillment center with robot conveyers and automated systems) and McClellan, both of which were aided by existing entitlements and environmental approvals.

<sup>4</sup> Newmark, Knight, Frank, Sacramento Industrial Market, Research 3Q 2020.

The COVID-19 pandemic will have additional impacts on the industrial real estate sector. E-commerce is booming as the pandemic changes consumer habits: the medical sector is expanding, online shopping and grocery store spending has increased, and supply chain disruptions are driving the need to store more inventory, all of which drives demand for large format warehousing and distribution uses. Last-mile facilities offering logistics, cold storage, warehousing, and distribution are expected to see increases in demand.

Many of these trends are expected to sustain after the pandemic ebbs, as consumers are likely to remain committed to online shopping as well as home and curbside delivery. There may also be some movement in terms of reshoring manufacturing facilities to improve supply chain resilience for future disasters, but the robustness of this trend remains to be seen as the structural economic dynamics that shifted manufacturing outside the United States remain in place.

Much of the Region's large-scale industrial activity is located at Metro Air Park, a 1,900-acre commercial development project located near the Sacramento airport. Brokers report that this project offers one of the best positioned sites for logistics activities in Northern California, evidenced by the location of the aforementioned 850,000 square foot Amazon distribution center at Metro Airpark. Buzz Oates recently completed construction of a 500,000 square foot speculative industrial building and plans an additional 2 million square feet of new industrial uses. Northpoint is currently under construction with a 1.1 million square foot distribution facility for WalMart and plans an additional 250,000 square feet of speculative development divisible to 40,000 square feet. Several other major interests and projects are active in Metro Air Park.

The McClellan and Mather projects offer additional industrial opportunities in the Region but have limited space availability. The Southport area in West Sacramento is similarly positioned. With a recent delivery of a 380,000 square foot distribution center, little additional development capacity remains.

Elsewhere in the Region, a 183-acre site in the northwestern part of Roseville is envisioned for advanced manufacturing and light industrial development, however a formal development proposal has not yet been generated. Existing levels of industrial activity tend to be concentrated in the norther portion of the region, attributable to current site availability and configuration (i.e., large sites) and access to major interstate transportation corridors.

New businesses seeking industrial space are generally looking for high quality, technologically sophisticated buildings ready for occupancy. While there is increased activity related to rehabilitating older industrial spaces due to high demand, many users are seeking build-to-suit or build-to-modify space with robots, automation, artificial intelligence, and logistics technology. Speed to market and certainty are of paramount import – build to suit users will want to be able to commence construction within 90 days of close of escrow, highlighting the need for entitled land with infrastructure extended to the site and major roadway networks completed.

## Elk Grove Trends

Within this regional context, the Elk Grove industrial market serves a specific market niche unique to its locale, existing transportation network, land capacity, and population and employment demographics. While the City does not have direct access to Highway 50 and Interstate 80, it does have access to Interstate-5 and Highway 99, and connections to Highway 50 will be improved by the planned Capital SouthEast Connector Facility, which will connect Interstate-5 and Highway 99. With consideration to the existing transportation network and land use capacity, industrial uses in the City have tended to focus more on regional users serving the community, including sales and service type uses as opposed to the large format super-regional warehousing and distribution uses (such as those locating at Metro Airpark). These types of users are typically seeking between 5,000 – 30,000 square feet on sites served by needed infrastructure and located on the periphery of the City to facilitate fleet circulation.

Currently, the Elk Grove industrial market (including industrial and R&D/Flex properties) offers little in the way of viable vacancies and is fast-approaching full occupancy. Performance indicator data (**Tables 3 and 4**) show that inventories have not expanded significantly over the last 10 years, but it is important to note that these data do not include all owner-user facilities and therefore offer only a snapshot of a portion of the market.

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Industrial

**Table 3**  
**Industrial Trends (2010 - 2020)**

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (YTD)	Absolute Difference (2010 - 2020)	Average Annual % Change (2010 - 2020)
<b>Inventory (Sq. Ft.)</b>													
City of Elk Grove	4,066,181	4,066,181	4,066,181	4,066,181	4,066,181	4,066,181	4,115,431	4,123,931	4,123,931	4,123,931	4,137,251	71,070	0.2%
County of Sacramento	158,536,043	158,589,463	158,796,905	159,196,860	159,535,619	160,951,606	161,191,879	162,876,388	163,738,176	164,248,416	166,852,169	8,316,126	0.5%
<i>Elk Grove as % of County</i>	2.6%	2.6%	2.6%	2.6%	2.5%	2.5%	2.6%	2.5%	2.5%	2.5%	2.5%		
<b>Inventory (Buildings)</b>													
City of Elk Grove	149	149	149	149	149	149	152	153	153	153	154	5	0.3%
County of Sacramento	5,717	5,720	5,722	5,725	5,729	5,740	5,750	5,758	5,766	5,771	5,795	78	0.1%
<i>Elk Grove as % of County</i>	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%		
<b>Vacancy Rate (Percentage)</b>													
City of Elk Grove	16.8%	14.1%	12.8%	11.0%	6.6%	7.5%	5.0%	5.3%	6.1%	4.7%	4.2%	(12.6%)	--
County of Sacramento	13.1%	12.6%	12.3%	11.6%	9.8%	9.0%	7.0%	5.6%	4.1%	3.9%	5.5%	(7.6%)	--
<b>Vacant Sq. Ft.</b>													
City of Elk Grove	683,282	573,195	520,837	448,262	267,086	306,762	205,487	219,924	252,747	194,125	175,070	(508,212)	(12.7%)
County of Sacramento	20,769,489	19,974,454	19,504,366	18,394,919	15,623,856	14,436,491	11,326,822	9,132,371	6,654,286	6,482,597	9,202,155	(11,567,334)	(7.8%)
<i>Elk Grove as % of County</i>	3.3%	2.9%	2.7%	2.4%	1.7%	2.1%	1.8%	2.4%	3.8%	3.0%	1.9%		
<b>Net Absorption</b>													
City of Elk Grove	(147,427)	110,087	52,358	72,575	181,176	(39,676)	150,525	(5,937)	(32,823)	58,622	32,375	179,802	--
County of Sacramento	(1,777,919)	848,455	677,530	1,509,402	3,109,822	2,603,352	3,349,942	3,878,960	3,339,873	681,929	(123,405)	1,654,514	--
<b>NNN Lease Rate per Sq. Ft. per Month</b>													
City of Elk Grove	\$0.43	\$0.42	\$0.44	\$0.40	\$0.40	\$0.41	\$0.41	\$0.54	\$0.51	\$0.48	\$0.51	\$0.08	1.7%
County of Sacramento	\$0.37	\$0.36	\$0.37	\$0.35	\$0.35	\$0.37	\$0.38	\$0.43	\$0.58	\$0.65	\$0.57	\$0.20	4.4%

Source: CoStar (data retrieved December 2020); EPS.

*industrial analytics*

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R&D/Flex

**Table 4**  
**R&D/Flex Trends (2010 - 2020)**

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (YTD)	Absolute Difference (2010 - 2020)	Average Annual % Change (2010 - 2020)
<b>Inventory (Sq. Ft.)</b>													
City of Elk Grove	373,404	373,404	373,404	373,404	373,404	373,404	373,404	373,404	373,404	373,404	373,404	0	0.0%
County of Sacramento	20,586,714	20,586,714	20,586,714	20,586,714	20,611,956	20,611,956	20,611,956	20,647,775	20,647,775	20,647,775	20,685,258	98,544	0.0%
<i>Elk Grove as % of County</i>	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%		
<b>Inventory (Buildings)</b>													
City of Elk Grove	20	20	20	20	20	20	20	20	20	20	20	0	0.0%
County of Sacramento	1,002	1,002	1,002	1,002	1,004	1,004	1,004	1,005	1,005	1,005	1,008	6	0.1%
<i>Elk Grove as % of County</i>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%		
<b>Vacancy Rate (Percentage)</b>													
City of Elk Grove	22.1%	17.6%	17.6%	20.2%	15.9%	18.9%	20.7%	20.1%	8.6%	14.9%	11.6%	(10.5%)	--
County of Sacramento	21.7%	20.7%	19.5%	18.3%	17.2%	15.7%	13.0%	11.1%	9.7%	8.7%	8.7%	(13.0%)	--
<b>Vacant Sq. Ft.</b>													
City of Elk Grove	82,640	65,755	65,883	75,271	59,382	70,731	77,227	75,154	32,136	55,747	43,284	(39,356)	(6.3%)
County of Sacramento	4,475,582	4,253,639	4,011,771	3,760,499	3,551,393	3,243,214	2,685,970	2,291,786	2,005,230	1,804,466	1,800,580	(2,675,002)	(8.7%)
<i>Elk Grove as % of County</i>	1.8%	1.5%	1.6%	2.0%	1.7%	2.2%	2.9%	3.3%	1.6%	3.1%	2.4%		
<b>Net Absorption</b>													
City of Elk Grove	38,199	16,885	(128)	(9,388)	15,889	(11,349)	(6,496)	2,073	43,018	(23,611)	12,463	(25,736)	--
County of Sacramento	(308,451)	221,943	241,868	251,272	234,348	308,179	557,244	430,003	286,556	200,764	41,369	349,820	--
<b>NNN Lease Rate per Sq. Ft. per Month</b>													
City of Elk Grove	\$0.85	\$0.72	\$0.72	\$0.85	\$0.89	\$0.94	\$1.02	\$1.04	\$1.03	\$0.98	\$1.07	\$0.23	2.8%
County of Sacramento	\$0.76	\$0.72	\$0.72	\$0.72	\$0.74	\$0.74	\$0.76	\$0.80	\$0.88	\$0.87	\$0.92	\$0.17	2.1%

Source: CoStar (data retrieved December 2020); EPS.

flex analytics

Local brokers have expressed that Elk Grove will need to add new industrial and R&D flex supply to attract new users, most particularly large-scale users. Landing a large national tenant will require a technologically state-of-the-art facility of at least 100,000 and 200,000 square feet. Certain large logistics and ecommerce users would require even larger facilities approximating 500,000 square feet. Elk Grove is not currently able to target those types of tenants because no such supply exists. Speculative industrial development in Elk Grove does face feasibility challenges, with lease rate appreciation needed to justify construction costs, as industrial/R&D Flex lease rates in Elk Grove are lower than the Region as whole. The biggest limitation to speculative development and associated increases in inventory, however, is the lack of existing land capacity suitable for industrial development.

Available site capacity has also limited attraction of owner-user and build-to-suit facilities. The City has received inquiries from industrial users seeking large sites (50-100 acres) that cannot be accommodated by existing land zoned for industrial. Even with those constraints, over the last several years there have been several notable large new users and expansions:

- After a competitive site selection process, Amazon selected the City as a location for a 111,500 square foot distribution center in Elk Grove off of East Stockton Boulevard at Union Park Drive, near the Project Area. Amazon has also taken down and built out several nearby industrial properties for fleet parking facilities.
- In 2019, San Leandro-based Mi Rancho took over the former Bimbo Bakeries property, investing \$25 million to retrofit the 150,000 square foot facility.
- In 2017, Mondelez International leased 65,000 square feet of vacant space, bringing its total space utilization in the City's commercial district to over 137,000 square feet.
- Apple, Inc. continues to expand its Elk Grove logistics, warehouse and distribution functions, adding employees and square footage to its 773,000 square foot operations.

Other notable acquisitions and developments that will have impacts on the City's industrial real estate market have occurred, including the planned construction of the California Northstate University (CNU) Medical Center and Teaching Hospital. CNU has also purchased adjacent land zoned for additional R&D/Flex uses. The City is also in discussions with other logistics and industrial users seeking to build out other available sites in the City, however public information regarding those projects is limited.

The biggest advantage offered by the Elk Grove industrial market is access to labor resources. Access to a deep and appropriately skilled labor pool is one of the most critical elements of industrial site selection, and areas with a high concentration of e-commerce users are finding that the demand for labor resources exceeds supply, increasing costs associated with training and turnover. Situated between the Sacramento and Stockton MSAs, Elk Grove is able to offer a strong and diversified labor pool that is highly attractive to potential new users.

## Industrial Market Supply and Demand Analysis

The following sections offer specific analysis of the supply and demand characteristics of the Elk Grove market, offering a more detailed assessment of available land use capacity relative to varying levels of projected demand.

### Existing Sites Zoned for Industrial

The City provided an inventory of existing sites zoned for industrial uses (LI, HI, and MP zoning), as summarized in **Table 5**. While **Table 5** identifies just under 300 acres of available industrial land, a closer review indicates that much of the available space is committed, though formal development plans may not be submitted, or otherwise poorly positioned or insufficiently sized to accommodate new industrial users. **Map 3** identifies the location of the parcels detailed in **Table 5**.

In particular, the Laguna West area does not offer any viable sites for new industrial development, with available MP zoned sites more suitable for R&D/Flex or medical office development or already acquired by potential users. The Kammerer Road area located in the Southeast Policy Area is not targeted for large scale industrial users seeking warehouse and distribution facilities, as the City is contemplating alternative development plans that would be incompatible with that use.

Most industrial vacancies are located on the eastern side of the City, north and west of the Project Area. Several of these sites have been identified for specific prospects, and few of the remaining sites are of a sufficient size to attract industrial users of a significant scale. This presents a significant challenge to attracting new users, requiring complicated transactions including multiple escrows to assemble parcels of sufficient size and suitable configuration.

When screening for availability, the supply of land suitable for industrial development shrinks considerably, with roughly 60 acres of land zoned MP (typically suitable for R&D/Flex uses), 31 acres zoned LI, and 45 acres zoned HI. Note that because these sites are not contiguous and some are constrained by adjacency and access factors, even this amount of land availability may be overstated. While some of these sites may be viable to continue to attract regional serving warehousing and distribution and sales-service uses, most are small, and would not be attractive to larger scale industrial users.

The largest available site is located at 10000 Waterman Road. Owned and marketed by Buzz Oates and zoned HI, this site is currently being planned for speculative construction of a logistics center comprising two industrial warehouses offering over 400,000 square feet of space on nearly 30 acres. This site does have some challenges associated with site access and adjacencies, with Vulcan materials taking down a significant area in the middle of the site, which may limit other user options. Notably, even this site is insufficient to accommodate expressed interest from users seeking 50-100 acre sites.



**Table 5**  
**Vacant Industrial Properties [1]**

Map ID	APN	Situs	Zoning	Acres	Notes
1	119-1110-083	Laguna Blvd	MP	5.85	Available, but more suited for R&D/Flex uses as opposed to industrial activity.
2	119-1540-029	Dwight Road	LI	3.87	Site purchased by group intending to construct religious facility.
3	119-1910-020	Laguna Blvd [2]	MP	6.20	Available, but more suited for R&D/Flex uses as opposed to industrial activity.
4	119-1920-039	2410 Maritime Dr	MP	9.25	Purchased by CNU.
5	119-1930-017	Kausen Drive	LI	2.13	Purchased by existing business interest. No formal development proposal, but anticipated to be used for expansion of existing activities.
6	119-1930-018	Kausen Drive	LI	3.92	
7	119-1930-021	Kausen Drive	LI	3.30	
8	119-1930-022	Kausen Drive	LI	2.23	
<b>Subtotal</b>				<b>11.58</b>	
9	132-0300-018	Kammerer Road [3]	SEPA-LI/Flex	2.22	Kammerer Road area subject of further study by the City and is not currently targeted for large format industrial users.
10	132-0300-019	Kammerer Road [3]	SEPA-LI/Flex	12.00	
11	132-0300-020	Kammerer Road [3]	SEPA-LI/Flex	30.40	
12	132-0300-023	Kammerer Road [3]	SEPA-LI/Flex	11.60	
13	132-0320-009	Kammerer Road [3]	SEPA-LI/Flex	2.69	
14	132-0320-010	Kammerer Road [3]	SEPA-LI/Flex	46.20	
<b>Subtotal</b>				<b>105.11</b>	
15	134-0100-084	Waterman Road	HI	9.68	Available. Planned for speculative logistics center.
16	134-0100-085	Waterman Road	HI	9.83	
20	134-0181-041	Waterman Road	HI	10.00	
<b>Subtotal</b>				<b>29.51</b>	
17	134-0110-015	9351 Mosher Road	MP	19.25	Available
18	134-0110-156	10001 Waterman Road	MP	9.27	Available
19	134-0110-193	9846 Waterman Road	MP	14.97	Available
21	134-0181-042	10000 Waterman Road	HI	24.46	Purchased by Vulcan Materials Co.
22	134-0620-009	Elkmont	LI	3.31	Available
23	134-0620-014	Union Park Way	LI	3.17	Available
24	134-0620-022	Union Park Way	LI	9.28	Available
25	134-0620-040	Union Park Way	MP	3.63	Available
26	134-0630-050	10261 Iron Rock Way	HI	1.13	Available
27	134-0630-051	10255 Iron Rock Way	HI	1.67	Available
28	134-0630-053	10243 Iron Rock Way	HI	1.77	Built out for Amazon parking facility
29	134-0630-054	10237 Iron Rock Way	LI	1.48	Available
30	134-0630-055	10231 Iron Rock Way	LI	1.02	Available. 13,000 square foot warehouse constructed on spec.
31	134-0630-001	Iron Rock Way	LI	4.27	Built out for Amazon parking facility
32	134-0640-048	Iron Rock Way	LI	3.30	Available
33	134-0670-013	Iron Rock Way	LI	2.58	Available
34	134-0670-026	10120 Iron Rock Way	LI	1.95	Plans for Amazon parking facility.
35	134-0670-027	10120 Iron Rock Way	LI	1.17	
<b>Subtotal</b>				<b>3.12</b>	
36	134-1080-001	9255 Disposal Ln	HI	12.80	Owned by City, current site of Special Waste Collection Center. Available.
37	134-0640-045	Iron Rock Way	LI	6.51	Available
<b>Total Vacant Industrial Land</b>				<b>298.36</b>	
<b>Total Available Vacant Industrial Land</b>				<b>134.93</b>	
<i>MP</i>				<i>59.17</i>	
<i>LI</i>				<i>30.65</i>	
<i>HI</i>				<i>45.11</i>	

vacant

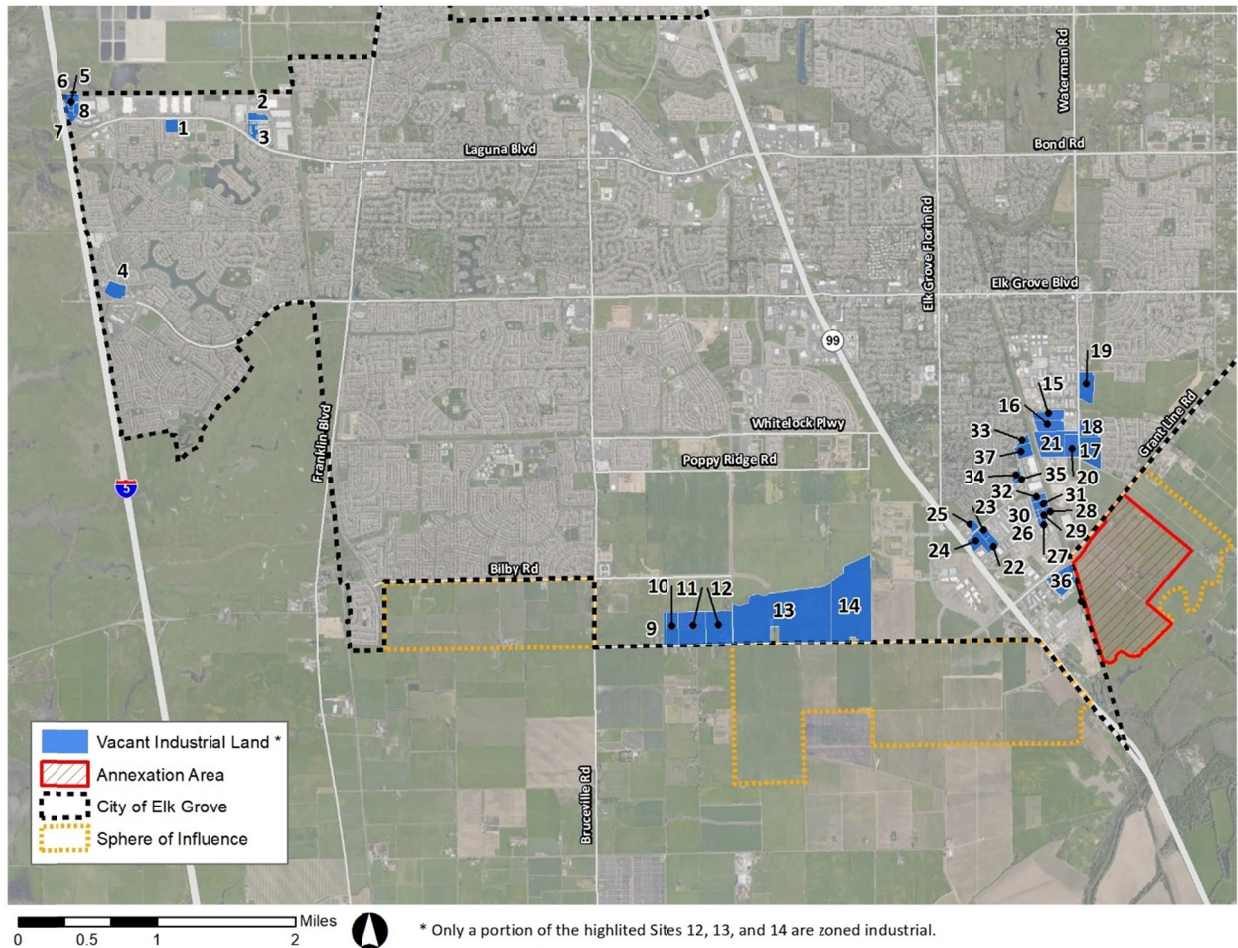
Source: City of Elk Grove.

[1] Excludes very small or odd shaped lots where development infeasible due to site configuration.

[2] Includes underlying condo lots under different APNs

[3] Only the industrial portion is listed.

### Map 3. Vacant Industrial Land



The Triangle Pointe area may offer future industrial opportunities within the current City limits. Development of this 75-acre area is planned to include commercial, retail, housing and some industrial uses. However, the industrial land uses are constrained by the presence of a major powerline, is bisected by Waterman Road, and will likely be targeted for a parking facility or other use compatible with that limitation.

### Projected Demand for Industrial Space

Projected demand for industrial space is estimated based on associated projected employment growth in employment sectors occupying industrial-zoned land. This analysis factors in existing employment, projected employment growth and associated industrial space demand as discussed in the sections to follow.

### ***Existing Employment***

For purposes of this analysis existing industrial employment is established based on prior analysis of Elk Grove employment dynamics completed under separate cover.<sup>5</sup> The National Establishment Time-Series (NETS) database was used in this analysis to establish 2018 baseline employment estimates. The NETS database was developed by Walls & Associates in partnership with Dun and Bradstreet (D&B) to convert the D&B data into a timeseries of establishments and employment by industry. Characteristics of the NETS data not readily available from other sources include the following:

- Establishment-based data that includes data on *all* private, public, and nonprofit establishments.
- Employment data for businesses that do not qualify as establishments by the Census or the IRS because they do not have employees or have only contract employees.
- Identification of home-based or “cottage” establishments that are based in private residences and have three or fewer employees.
- Timeseries that includes origin and destination information so that establishment moves can be tracked.
- Headquarters data that allows tracking of mergers and acquisitions.
- Data classified by 8-digit Standard Industrial Classification (SIC) codes as well as 6-digit North American Industrial Classification System (NAICS) codes with a crosswalk between the SIC and NAICS codes. The classification by SIC codes provides a level of detail not generally available in employment data.

**Table 6** summarizes the 2018 industrial employment estimates resulting from this analysis.

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<sup>5</sup> See memorandum titled: “Elk Grove Employment Dynamics” completed by EPS September 12, 2019.

**Table 6**  
**Estimated Elk Grove Industrial Employment—2000–2018**

Item	2000 [1]	2015 [1]	2018 [2]	Average Annual Change 2000-2018
<b>Industrial Employment by NAICS Code</b>				
Manufacturing (31-33)	739	3,817	4,339	10.3%
Wholesale Trade (42)	556	1,141	1,141	4.1%
Transportation and Warehousing (48-49)	412	881	881	4.3%
<b>Total Industrial</b>	<b>1,707</b>	<b>5,839</b>	<b>6,361</b>	<b>7.6%</b>

*base emp*

Source: NETS; City of Elk Grove; EPS.

[1] NETS data provides estimates for 2000 and 2015.

[2] EPS estimated establishment and employment growth from 2015 through 2018 using City data on new and expanded establishments as well as historical employment growth trends.

### ***Projected Employment Growth***

EPS reviewed several sources of employment data projections to establish a baseline for employment growth rate assumptions. Note that there are significant variations in the employment data projections based on categories of employment included, geography, and timeframe as well as the underlying projection methodologies used. Because these variations result in significant differences in estimates of existing employment, and most sources do not provide existing employment estimates at the City level, EPS utilized these employment projections as the basis for establishing industrial employment growth rate scenarios, which were then applied to the more nuanced existing industrial employment estimates established by the Elk Grove employment dynamics analysis cited above.

**Table 7** summarizes the growth projections from 2016 to 2040 for each employment data source evaluated. As shown, projected industrial employment growth ranges from a low of 0.5% annually to a high of 2.3% annually. These projections were used to establish 3 separate industrial employment growth rate scenarios for the City of Elk Grove, as shown in **Table 8**. Using the existing employment estimates as of 2018 established above, EPS estimated 2020 and 2040 employment based on the identified “low, medium, and high” average annual growth rates identified. As shown, this results in projected industrial employment growth over the next 20 years ranging from 670 to 3,800 employees.

**Table 7  
Employment Growth Projections**

Item	Geography	Average Annual Change 2016-2040
<b>Source</b>		
SACOG [1]	City of Elk Grove	0.6%
SACOG [1]	Sacramento County	0.7%
Caltrans [2]	Sacramento County	0.5%
Woods & Poole [2]	Sacramento County	2.3%

*source*

Source: EPS.

[1] See Table A-1 and Table A-2 for detailed information on SACOG's employment projections.

[2] See Table A-1 and Table A-3 for detailed information on Caltrans and Woods & Poole employment projections.

**Table 8  
Industrial Employment Growth Rate Scenarios**

Item	Industrial Employment				
	2018 Base [1]	2020 [2]	2040 [2]	2020-2040 Change	
				Total	Average Annual %
2018 Base	6,361				
<b>Growth Scenario</b>					
Low		6,424	7,091	<b>666</b>	<b>0.5%</b>
Medium		6,489	7,918	<b>1,429</b>	<b>1.0%</b>
High		6,656	10,482	<b>3,825</b>	<b>2.3%</b>

*2040 growth*

Source: EPS.

[1] See Table 6 for the 2018 industrial employment base.

[2] Estimates for 2020 and 2040 are calculated using the 2018 base employment figure using the low, medium, and high average annual growth rates from Table 7, as shown in the far right column.

It is important to note that EPS’s analysis of City employment dynamics generated historical average annual growth rates that significantly outperformed even the upper end scenario, and the current projections may not reflect the magnitude of shifts in industrial real estate demand associated with the COVID-19 pandemic and associated shifts in consumer behavior. As such, it is possible that the City could outperform the upper end projections offered here if historical trends prevail.

**Projected Demand for Industrial Space**

Based on the projected industrial employment growth scenarios established above, **Table 9** estimates the total range of industrial land use demand in the City based on estimated space demand per employee. Employment density for industrial uses can vary widely—some manufacturing and R&D/Flex uses are fairly employee intensive, while warehousing and distribution centers can have very low employment densities—in some cases as low as 10,000 square feet per employee. E-commerce users tend to be fairly employee intensive. Because employment density is a major factor in industrial space demand, **Table 9** offers a low and high range estimate of industrial space demand based on a range of 700 to 2,500 average square feet per employee.

The resulting estimate of space demand is then converted to acreage based on application of floor to area ratio (FAR) factors relating building square feet to total land area. Based on this analysis, demand for industrial uses over the next 20 years could vary widely—from as low as 30 acres per year to a high of 550 acres per year. Based on Elk Grove’s past employment growth performance, as well as the prospect of being able to attract larger scale industrial users if sufficient land supply were available, EPS expects that the low end of this range is excessively conservative.

**Table 9  
Projected Employment Based Demand for Industrial Land—2040**

Item	New Industrial Employees	Additional Industrial Square Feet (Rounded)		Additional Industrial Acres (Rounded)	
		Low	High	Low	High
Employment Density (Sq. Ft. per Employee)		700	2,500		
Assumed Average FAR				0.4	0.4
<b>Growth Scenario</b>					
Low	666	470,000	1,670,000	<b>30.0</b>	<b>100.0</b>
Medium	1,429	1,000,000	3,570,000	<b>60.0</b>	<b>200.0</b>
High	3,825	2,680,000	9,560,000	<b>150.0</b>	<b>550.0</b>

*ind acres*

Source: EPS.

To calibrate projected demand, EPS considered the likely range of annual industrial land absorption based on historical performance, planned activity, commercial broker input and information from potential users. EPS estimates that the City can expect to absorb

5 to 20 acres of industrial land annually. This would suggest a reasonable and conservative estimate of 20-year land demand ranging from 100-400 acres, which is in line with the quantitative parameters established by the employment-based estimates. Again, note that a single large-scale user could be expected to take down 50-100 acres in a single transaction.

## Conclusions and Implications for Project Area

**Table 10** offers a summary of the anticipated range of industrial land demand relative to supply with and without the Project Area. Informed by qualitative and quantitative analysis, this analysis conservatively assumes demand for 100 to 400 acres of industrial land over the next 20 years. When compared to existing available land, this level of projected demand exceeds estimated supply, even assuming that all available sites would be viable for development.

When the Project Area is included in the industrial land supply, total land supply is sufficient to accommodate projected levels of demand. Note that upper end supply estimates reflect inclusion of the entire site, while lower end supply estimates exclude the potential Sports Complex site.

**Table 10**  
**Comparison of 20-Year Industrial Land Supply and Demand**

Item	Acres	
	Low	High
Projected Demand [1]	100.0	400.0
Existing Available Land [2]	80.0	130.0
<b>Surplus/(Shortfall)</b>	<b>(20.0)</b>	<b>(270.0)</b>
Proposed Annexation Area [3]	210.0	310.0
<b>Surplus/(Shortfall) including Annexation Area</b>	<b>190.0</b>	<b>40.0</b>

[1] Projection calibrated based on employment-based projections, historical absorption, and brokerage community input.

[2] Potentially overstated as many sites are noncontiguous and may not be viable due to other constraints. Low range includes land zoned HI and LI. High range also includes available MP sites.

[3] Low range excludes 100 acres potentially designated for the Multi-Sports Complex site.

The Project Area is situationally advantaged, benefitting from the City's access to labor resources, with proximity to Highway 99, rail service and the future Capital SouthEast Connector facility. As a logical extension of the City's existing industrial district, land use adjacencies are ideal, offering both access and room for truck circulation. City ownership of a portion of the site offers significant opportunities to facilitate attraction of an end user if the Sports Complex does not come to fruition or is scaled back.

Strong historical performance in manufacturing, transportation and warehousing, and wholesale trade suggest that upper end industrial demand projections are reasonable. Existing land use capacity in the City is limited, and expansion of the industrial zone and associated site opportunities will likely facilitate attracting additional users to the City. More importantly, however, the Project Area offers the City the ability to attract users that have expressed interest in locating in the City, but for which the City currently does not have sufficient land use capacity.





## APPENDIX A

Table A-1	Industrial-Related Employment Projections .....	A-1
Table A-2	SACOG Employment Projections by Sector .....	A-2
Table A-3	Employment Projections by Industry (2 pages) .....	A-3



**Table A-1  
City of Elk Grove  
Grant Line Road/Sports Complex Annexation Analysis  
Industrial-Related Employment Projections**

Item	INDUSTRIAL-RELATED EMPLOYMENT																			
	2016					2026					2035					2040				
	Total Industrial Employees	% of Total Employees	New Employees	% Change	Avg. Annual Growth	Total Industrial Employees	% of Total Employees	New Employees	% Change	Avg. Annual Growth	Total Industrial Employees	% of Total Employees	New Employees	% Change	Avg. Annual Growth	Total Industrial Employees	% of Total Employees	New Employees	% Change	Avg. Annual Growth
<b>SACOG [1]</b>																				
Elk Grove	2,756	6.2%	393	<b>14.3%</b>	<b>0.6%</b>	2,913	6.6%	157	<b>5.7%</b>	<b>0.6%</b>	3,097	5.4%	341	<b>12.4%</b>	<b>0.7%</b>	3,148	5.2%	3,148	<b>1.7%</b>	<b>0.3%</b>
Sacramento County	74,106	10.8%	13,192	<b>17.8%</b>	<b>0.7%</b>	79,341	11.5%	5,235	7.1%	0.7%	84,560	10.4%	10,454	14.1%	0.7%	87,298	10.4%	87,298	3.2%	0.6%
Elk Grove as % of County	3.7%		3.0%			3.7%		3.0%			3.7%		3.3%			3.6%		3.6%		
<b>Woods &amp; Poole [2]</b>																				
Sacramento County	75,321	8.8%	54,557	<b>72.4%</b>	<b>2.3%</b>	106,554	10.6%	31,233	41.5%	3.5%	121,037	11.0%	45,716	60.7%	1.4%	129,878	11.3%	129,878	7.3%	1.4%
<b>Caltrans [2]</b>																				
Sacramento County	51,454	8.3%	6,470	<b>12.6%</b>	<b>0.5%</b>	56,321	8.2%	4,867	9.5%	0.9%	57,465	8.0%	6,011	11.7%	0.2%	57,924	7.9%	57,924	0.8%	0.2%
<b>County and MSA Average</b>		<b>9.3%</b>		<b>34.3%</b>	<b>1.2%</b>		<b>10.1%</b>		<b>19.3%</b>	<b>1.7%</b>		<b>9.8%</b>		<b>28.8%</b>	<b>0.8%</b>		<b>9.9%</b>		<b>3.8%</b>	<b>0.7%</b>

Source: SACOG 2016-2040 Projections and 2020 Metropolitan Plan/Sustainable Communities Strategy; Woods & Poole; Caltrans Socioeconomic Projections 2020; EPS.

[1] See Table A-2 for detailed projections.

[2] See Table 1-B for detailed projections.

**Table A-2**  
**City of Elk Grove**  
**Grant Line Road/Sports Complex Annexation Analysis**  
**SACOG Employment Projections by Sector**

<b>SACOG</b>
--------------

Item	CITY OF ELK GROVE									SACRAMENTO COUNTY								
	2016		2035		2040		2016-2040			2016		2035		2040		2016-2040		
	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	New Employees	Total Change	Average Annual	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	New Employees	Total Change	Average Annual
<b>Sector</b>																		
Education	2,797	6%	3,700	6%	3,820	6%	1,023	36.6%	1.3%	30,747	4%	38,430	5%	40,056	5%	9,309	30.3%	1.1%
Food Service	5,139	12%	6,069	11%	6,401	11%	1,261	24.5%	0.9%	53,596	8%	61,763	8%	63,807	8%	10,211	19.1%	0.7%
Government	2,330	5%	2,587	4%	2,586	4%	256	11.0%	0.4%	90,868	13%	101,354	12%	102,338	12%	11,470	12.6%	0.5%
<b>Industry</b>	<b>2,756</b>	<b>6%</b>	<b>3,097</b>	<b>5%</b>	<b>3,148</b>	<b>5%</b>	<b>393</b>	<b>14.3%</b>	<b>0.6%</b>	<b>74,106</b>	<b>11%</b>	<b>84,560</b>	<b>10%</b>	<b>87,298</b>	<b>10%</b>	<b>13,192</b>	<b>17.8%</b>	<b>0.7%</b>
Medical	645	1%	7,457	13%	8,275	14%	7,630	1,182.9%	11.2%	37,948	6%	80,509	10%	88,238	11%	50,290	132.5%	3.6%
Office [2]	8,790	20%	10,103	18%	10,395	17%	1,605	18.3%	0.7%	176,617	26%	197,622	24%	203,268	24%	26,651	15.1%	0.6%
Other (Military)	0	0%	0	0%	0	0%	0	0.0%	0.0%	0	0%	0	0%	0	0%	0	0.0%	0.0%
Retail	8,036	18%	9,632	17%	10,147	17%	2,112	26.3%	1.0%	81,528	12%	94,002	12%	97,506	12%	15,978	19.6%	0.7%
Service	5,059	11%	6,234	11%	6,532	11%	1,473	29.1%	1.1%	75,129	11%	86,073	11%	89,407	11%	14,277	19.0%	0.7%
Home-based jobs	8,763	20%	8,763	15%	8,763	15%	0	0.0%	0.0%	68,357	10%	68,367	8%	68,367	8%	10	0.0%	0.0%
<b>Total</b>	<b>44,316</b>	<b>100%</b>	<b>57,642</b>	<b>100%</b>	<b>60,068</b>	<b>100%</b>	<b>15,752</b>	<b>35.5%</b>	<b>1.3%</b>	<b>688,896</b>	<b>100%</b>	<b>812,680</b>	<b>100%</b>	<b>840,284</b>	<b>100%</b>	<b>151,388</b>	<b>22.0%</b>	<b>0.8%</b>

emp proj

Source: SACOG 2016-2040 Projections and 2020 Metropolitan Plan/Sustainable Communities Strategy; EPS.

[1] SACOG estimates and projections by sector and total for 2012 and 2036 per the SACOG 2012-2035 Projections.

[2] May include government office workers.

**Table A-3  
City of Elk Grove  
Grant Line Road/Sports Complex Annexation Analysis  
Employment Projections by Industry**

**Woods & Poole**

Item	Woods & Poole - Sacramento County										
	2016		2026		2035		2040		2016-2040		
	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	New Employees	Total Change	Average Annual
<b>Employment By Industry (NAICS)</b>											
Ag., Forestry, Fishing and Hunting (11)	4,369	1%	4,098	0%	4,052	0%	4,017	0%	(352)	(8.1%)	(0.3%)
Mining, Quarrying, Oil & Gas Extr. (21)	942	0%	1,106	0%	1,196	0%	1,249	0%	307	32.6%	1.2%
Utilities (22)	2,102	0%	2,487	0%	2,968	0%	3,247	0%	1,145	54.5%	1.8%
Construction (23)	46,809	5%	53,596	5%	54,408	5%	54,746	5%	7,937	17.0%	0.7%
<b>Manufacturing (31-33)</b>	<b>23,989</b>	<b>3%</b>	<b>22,863</b>	<b>2%</b>	<b>21,447</b>	<b>2%</b>	<b>20,630</b>	<b>2%</b>	<b>(3,359)</b>	<b>(14.0%)</b>	<b>(0.6%)</b>
<b>Wholesale Trade (42)</b>	<b>19,359</b>	<b>2%</b>	<b>20,817</b>	<b>2%</b>	<b>20,280</b>	<b>2%</b>	<b>19,804</b>	<b>2%</b>	<b>445</b>	<b>2.3%</b>	<b>0.1%</b>
Retail Trade (44-45)	79,067	9%	86,449	9%	88,165	8%	88,365	8%	9,298	11.8%	0.5%
<b>Transportation and Warehousing (48-49)</b>	<b>31,973</b>	<b>4%</b>	<b>62,874</b>	<b>6%</b>	<b>79,310</b>	<b>7%</b>	<b>89,444</b>	<b>8%</b>	<b>57,471</b>	<b>179.7%</b>	<b>4.4%</b>
Information (51)	10,562	1%	9,734	1%	8,948	1%	8,539	1%	(2,023)	(19.2%)	(0.9%)
Finance and Insurance (52)	42,625	5%	47,936	5%	47,785	4%	45,909	4%	3,284	7.7%	0.3%
Real Estate and Rental Leasing (53)	32,995	4%	38,957	4%	43,352	4%	45,563	4%	12,568	38.1%	1.4%
Prof., Scientific, and Tech. Services (54)	61,638	7%	73,285	7%	82,052	7%	86,329	8%	24,691	40.1%	1.4%
Mgmt of Companies and Enterprises (55)	10,012	1%	10,583	1%	10,858	1%	10,985	1%	973	9.7%	0.4%
Admin., Support & Waste Mgmt Svcs (56)	65,331	8%	77,829	8%	89,723	8%	96,402	9%	31,071	47.6%	1.6%
Educational Services (61)	15,866	2%	19,555	2%	22,977	2%	24,752	2%	8,886	56.0%	1.9%
Health Care and Social Assistance (62)	105,433	12%	141,316	14%	178,205	16%	200,283	18%	94,850	90.0%	2.7%
Arts, Entertainment, and Recreation (71)	16,094	2%	20,481	2%	23,939	2%	25,894	2%	9,800	60.9%	2.0%
Accommodation and Food Services (72)	57,200	7%	71,843	7%	82,501	7%	88,280	8%	31,080	54.3%	1.8%
Other Services (except Public Admin.) (81)	50,038	6%	57,032	6%	62,251	6%	64,916	6%	14,878	29.7%	1.1%
Government Enterprises (9A & 9B)	2,949	0%	3,007	0%	3,015	0%	3,020	0%	71	2.4%	0.1%
Administrative Government (9A & 9B)	177,994	21%	176,064	18%	173,448	16%	171,372	16%	(6,622)	(3.7%)	(0.2%)
<b>Total</b>	<b>857,347</b>	<b>100%</b>	<b>1,001,912</b>	<b>100%</b>	<b>1,100,880</b>	<b>100%</b>	<b>1,153,746</b>	<b>105%</b>	<b>296,399</b>	<b>4.8%</b>	<b>1.2%</b>

emp proj ind

Source: Woods & Poole; Caltrans Socioeconomic Projections 2020; EPS.

[1] Caltrans combines the following categories: Wholesale Trade with Retail Trade, Health with Education, Arts, Entertainment, and Recreation with Accommodation and Food Services. EPS estimated Whole Sale Trade to account for 20% of the total based on patterns from the other sources.

**Table A-3  
City of Elk Grove  
Grant Line Road/Sports Complex Annexation Analysis  
Employment Projections by Industry**



Item	Caltrans - Sacramento County [1]								2016-2040		
	2016		2026		2035		2040		% Change		
	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	Jobs [1]	% of Total	New Employees	Total Change	Average Annual
<b>Employment By Industry (NAICS)</b>											
Ag., Forestry, Fishing and Hunting (11)	2,240	0%	2,954	0%	2,987	0%	2,995	0%	755	33.7%	1.2%
Mining, Quarrying, Oil & Gas Extr. (21)		0%		0%		0%		0%	0		
Utilities (22)		0%		0%		0%		0%	0		
Construction (23)	32,930	4%	41,218	6%	37,747	3%	34,214	3%	1,284	3.9%	0.2%
<b>Manufacturing (31-33)</b>	<b>21,140</b>	<b>2%</b>	<b>22,195</b>	<b>3%</b>	<b>22,802</b>	<b>2%</b>	<b>22,949</b>	<b>2%</b>	<b>1,809</b>	<b>8.6%</b>	<b>0.3%</b>
<b>Wholesale Trade (42)</b>	<b>15,954</b>	<b>2%</b>	<b>16,647</b>	<b>2%</b>	<b>17,067</b>	<b>2%</b>	<b>17,243</b>	<b>2%</b>	<b>1,289</b>	<b>8.1%</b>	<b>0.3%</b>
Retail Trade (44-45)	63,816	7%	66,589	10%	68,266	6%	68,972	6%	5,156	8.1%	0.3%
<b>Transportation and Warehousing (48-49)</b>	<b>14,360</b>	<b>2%</b>	<b>17,479</b>	<b>3%</b>	<b>17,597</b>	<b>2%</b>	<b>17,733</b>	<b>2%</b>	<b>3,373</b>	<b>23.5%</b>	<b>0.9%</b>
Information (51)	9,680	1%	8,282	1%	8,997	1%	9,150	1%	(530)	(5.5%)	(0.2%)
Finance and Insurance (52)	33,160	4%	35,368	5%	36,743	3%	37,460	3%	4,300	13.0%	0.5%
Real Estate and Rental Leasing (53)		0%		0%		0%		0%	0		
Prof., Scientific, and Tech. Services (54)	94,410	11%	105,896	15%	111,120	10%	114,121	10%	19,711	20.9%	0.8%
Mgmt of Companies and Enterprises (55)		0%		0%		0%		0%	0		
Admin., Support & Waste Mgmt Svcs (56)		0%		0%		0%		0%	0		
Educational Services (61)	109,490	13%	126,552	18%	136,318	12%	142,070	13%	32,580	29.8%	1.1%
Health Care and Social Assistance (62)		0%		0%		0%		0%	0		
Arts, Entertainment, and Recreation (71)	60,830	7%	67,489	10%	70,268	6%	71,777	7%	10,947	18.0%	0.7%
Accommodation and Food Services (72)		0%		0%		0%		0%	0		
Other Services (except Public Admin.) (81)		0%		0%		0%		0%	0		
Government Enterprises (9A & 9B)		0%		0%		0%		0%	0		
Administrative Government (9A & 9B)	164,660	19%	174,810	26%	184,365	17%	190,132	17%	25,472	15.5%	0.6%
<b>Total</b>	<b>622,670</b>	<b>73%</b>	<b>685,479</b>	<b>100%</b>	<b>714,276</b>	<b>65%</b>	<b>728,815</b>	<b>66%</b>	<b>106,145</b>	<b>2.0%</b>	<b>0.7%</b>

emp proj ind

Source: Woods & Poole; Caltrans Socioeconomic Projections 2020; EPS.

[1] Caltrans combines the following categories: Wholesale Trade with Retail Trade, Health with Education, Arts, Entertainment, and Recreation with Accommodation and Food Services. EPS estimated Whole Sale Trade to account for 20% of the total based on patterns from the other sources.