



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 02/27/07

AGENDA ITEM \_\_\_\_\_

WORK SESSION ITEM WS#2

**TO:** Mayor and City Council  
Planning Commission

**FROM:** Director of Community and Economic Development

**SUBJECT:** Update on South of Route 92 Specific Plan Amendment Study

**RECOMMENDATION:**

It is recommended that the City Council and Planning Commission review and comment on this report.

**DISCUSSION:**

On November 14, 2006, the City Council authorized work to begin on the South of Route 92 Specific Plan Amendment Study. The purpose of the proposed study is to evaluate potential revisions to the Specific Plan which would allow for consideration of a greater variety of land uses within the approximately 57 acres bordering Hesperian Boulevard and Industrial Boulevard (see Exhibit A). The study was initiated in response to interest expressed by the property owner of the remaining undeveloped acreage to explore other potential land uses in addition to the current Business Park and Commercial Retail zoning designations. In addition to possible Specific Plan amendments, this study may also result in proposed amendments to the South of Route 92 Development Guidelines as well as related amendments to the General Plan and Zoning Ordinance.

Tasks to be completed as part of the study include preparation of a market analysis, formulation of up to three land use alternatives, fiscal impact analyses for each alternative, traffic analyses for each alternative, and an environmental analysis of the recommended alternative. The analyses will incorporate and update results of previous reports and technical studies whenever appropriate.

A community workshop was held on November 29, 2006, to introduce residents of Eden Shores and other adjacent property owners to the study objectives and to review preliminary land use alternatives (see Exhibit B). Residents were asked to comment on the types of land uses they would like to see in the study area. A summary of those comments is provided in Exhibit C. Since that time, the study consultants, together with City staff, have completed the market review addressing potential uses in the study area. In addition, City staff and the property owners have prepared illustrative development concepts for each of the preliminary land use alternatives for further consideration.

## Market Analysis

Major findings of the market study prepared by Keyser Marston Associates (KMA) are summarized in the following section. The complete report is included as Exhibit D.

The primary purpose of the market study is to assess the market potential for land uses identified by both the city and the property owner as possible candidates for the subject site: Research & Development (R&D), Office (office/flex), Retail (neighborhood center and regional or “big box” retail), and Residential (for-sale single family). The R&D and retail uses were selected as they are consistent with the city’s desire to attract quality retail developments and new businesses that afforded higher paying employment opportunities for the City. The residential uses were included by the property owner to provide a mix of land use opportunities on the site.

The report provides a summary of existing conditions, projected trends, opportunities and challenges, and conclusions for each of the land uses in relation to the Specific Plan Study Area. Based on the market analysis, KMA prepared a projection of future demand for the four key land uses identified above. The analysis is over an approximate 10-year horizon, or to 2016, consistent with the South of Route 92 Specific Plan.

In summary, staff would note that the market study results are not particularly surprising and essentially recognize current conditions. The important issue for consideration is about short-term versus longer-term development activity. For example, a tradeoff of a shorter absorption time-frame by not waiting for high-tech development opportunities is the potential loss of higher quality and/or higher-paying jobs, which are often generated by high-tech businesses, as opposed to industrial or retail jobs. And although a faster absorption potentially increases the probability of project success and accelerates the timing of the flow of fiscal revenue to the City, the fiscal impact analysis will be needed to fully assess the potential fiscal benefits with the projected costs of service demand generated by the proposed uses.

Other salient findings contained in the market study are summarized below:

- *Research & Development (R&D).* It is anticipated that R&D space demand of approximately 500,000 sq.ft. in the City will be adequately met by the existing 1.2 million sq.ft. of vacant inventory and that no net new demand would exist. However, given the limited amount of large, vacant and readily developable land in the City, there may be niche opportunities within the Specific Plan area to compete successfully for a share of the overall R&D demand in the region.
- *Office/Flex.* The subject site has the potential of capturing up to 100% of the net office/flex space demand, or about 300,000 sq.ft. (or approximately 17 acres) projected for the City between 2006 and 2016.
- *Retail.* Within the one-mile trade area, opportunities exist for convenience retail goods (food and drugs) in the form of a new neighborhood retail center (3 to 4 acres), anchored by a grocery store in the range of roughly 35,000 to 40,000 sq.ft. Within the five-mile trade area, significant opportunities – in the range of 500,000 sq.ft. to 900,000+ sq.ft. - exist in the City for nearly all types of comparison retail goods, i.e., apparel, general

merchandise, specialty retail and home furnishings. These needs might be met by a regional retail center or “big box” retail use.

- *Residential.* According to the market analysis, an estimated net new housing demand for 1,200 residential units is projected for the City between 2006 and 2016. The net demand is derived from the number of projected new households minus the number of vacant housing units and the number of housing units under construction or in approved and pending projects. It should be noted that the net new demand does not reflect potential additional housing units not known at this time but which may be developed on vacant or underutilized land (e.g., South Hayward BART Concept Plan area and other infill areas throughout the city).

A secondary purpose of the market study is to test the market findings and conclusions against three concept plan alternatives prepared by city staff and the property owner to assess the market feasibility of these uses. The illustrative development programs prepared for the three concepts are shown in Exhibit E and summarized in the table below.

	<u>Office/Flex/R&amp;D</u>	<u>Retail</u>	<u>Residential</u>
Alternative 1 (Existing Specific Plan)	53 ac. 1,400,000 sq. ft.	3 ac. 39,000 sq. ft.	None
Alternative 2 (Property Owner’s Concept)	20 ac. 312,000 sq. ft.	22 ac. 231,000 sq. ft.	15 ac. 174 units
Alternative 3 (Office/Biotech/Retail)	35 ac. 907,000 sq. ft.	21 ac. 242,000 sq. ft.	None

Based on the market findings, Alternative 2 appears to have the most market potential due to three key factors, as follows:

- *Multiple Land Use Program.* The mix of office/flex, regional and neighborhood retail, and residential proposed in Alternative 2 is consistent with the market opportunities identified. The mix of different land uses on the site will help to reduce the development’s absorption time as compared with Alternatives 1 and 3, both of which include a high concentration of office/flex use and no residential. The faster absorption potentially increases the probability of project success and accelerates the timing of the flow of fiscal revenue to the City. Of course, the fiscal impact analysis will be needed to fully assess the potential fiscal benefits with the projected costs of service demand generated by the proposed uses.
- *Amount of Projected Demand.* The amount of development proposed in Alternative 2 is within the range of demand estimated by KMA. As shown, the projected demand (as compared to the amount of development in Alternative 2), is estimated at about 300,000 sq.ft. (vs. 312,000 sq.ft. in Alt. 2) for office flex; 35,000 sq.ft. to 40,000 sq.ft. (vs. 71,000 sq.ft. in Alt. 2) for neighborhood retail; 500,000 sq.ft. to 900,000 sq.ft. (vs.160,000 sq.ft. in Alt. 2) for regional retail; and 1,200 residential units (vs.174 units in Alt. 2.) In contrast, the 1,394,000 sq.ft. of office/flex proposed in Alternative 1 and 907,000 sq.ft. of

office/flex proposed in Alternative 3 significantly exceed the amount of space projected to be supportable between 2006 and 2016.

- *Absorption Timing.* Given the above conclusions, it is anticipated that the projected amount of space in Alternative 2 can reasonably be absorbed within a 10 to 15 year horizon, much of the space within five years. However, with the larger amounts of office/flex space proposed in Alternatives 1 and 3, the absorption horizon will likely be longer, i.e., in the 15 to 20+ year time-frame. The longer time-frame will impact the City's ability to begin receiving the fiscal revenues, i.e., property tax, sales tax, etc., which can potentially be generated from the envisioned land uses. The tradeoff of a shorter absorption time-frame with a smaller amount of office/flex space and with residential uses, as in Alternative 2, is the loss of future jobs. Another tradeoff of a shorter absorption time-frame by not waiting for R&D opportunities is the potential loss of higher quality and/or higher-paying jobs, which are often generated by R&D uses as opposed to industrial or retail jobs.

### **Land Use Alternatives**

The three preliminary land use alternatives have been refined based on findings of the market study, desires of the property owner and neighborhood residents, and further review of site conditions. Conceptual site plans, with illustrative development programs, have been prepared for each of the land use alternatives. Schematic diagrams of the development concepts are included in Exhibit E. Major features of the three alternatives and conceptual site plans are summarized below.

*Alternative 1.* This alternative represents potential land uses envisioned under the existing Specific Plan policies. All of the study area is devoted to business park uses with the exception of a small (3-acre) neighborhood retail center at the southwest corner of Hesperian Blvd. and Eden Shores Blvd. The amount of development shown in the conceptual site plan reflects the maximum building square footage permitted by the Business Park and Commercial Retail zoning districts. If the maximum development is proposed, then some multi-level parking structures will likely be necessary; the conceptual site plan shows three-story office buildings with one possible parking layout incorporating three-story parking garages. Of course, fewer and taller office buildings with different parking layouts could reduce the number or size of parking structures. As shown, the office buildings are placed within the currently required 50-foot setback from Hesperian Blvd. and Industrial Blvd.; however, it may be desirable to have lower-profile buildings closer to the street with the parking in the back. Also, along Industrial Blvd., this arrangement provides a continuous frontage compatible with the appearance of the streetscape to the east and west of the study area. With regard to the retail area, it should be noted that the Specific Plan allows for consideration of a larger neighborhood retail center (up to 5 acres) if warranted by future market conditions.

*Alternative 2.* This alternative includes those land uses proposed by the property owner for the study area. There is a mix of land uses, including office/flex uses, regional retail, neighborhood retail, and housing (both single-family detached and townhomes). As in Alternative 1, three-story office buildings are located along Industrial Blvd., and within the 50-foot setback, to provide a continuous frontage compatible with the appearance of the streetscape to the east and

west of the study area. Smaller office buildings are shown west of Marina Drive. The major feature of this alternative is the space provided for a regional retail use in the northwest quadrant of Industrial Blvd. and Eden Shores Blvd. As shown, the main entrance would be at the northwest corner of the building. This alternative also features a larger neighborhood retail center compared to Alternative 1, with frontage along Hesperian Blvd. between Eden Shores Blvd. and Eden Park Place. Residential uses are shown in two areas: one is north of the Bridgeport development now under construction west of Marina Drive, and the other is west of and adjacent to the proposed neighborhood retail center. The northern area would contain 100 townhomes. The southern area would include 28 townhomes and 41 single-family detached units. The plan is illustrative only to show proposed uses, density and housing product types. Staff has not conducted a detailed design-level analysis, and has concerns with the proposed layout, including detached garages fronting interior streets and houses fronting along Eden Shores Blvd.

*Alternative 3.* This alternative represents a hybrid of the first two alternatives. It retains the regional and neighborhood retail uses from Alternative 2, but replaces the residential portions with additional office/flex uses as depicted in Alternative 1. Concerns noted with the previous alternative layouts would also be relevant to this alternative.

**NEXT STEPS:**

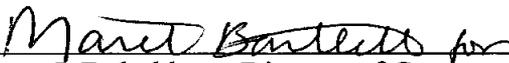
The overall timeline calls for completion of the study this summer, with public hearings before the Planning Commission and City Council envisioned in July. Beforehand, additional work sessions with the Council and Commission will be scheduled to provide updates on the study and obtain direction as appropriate. In addition, further opportunities for public review and comment will be provided at key points in the process. The next community workshop is scheduled for March 7, 2007, to highlight the findings of the market study and review the land use alternatives and illustrative development concepts with area residents.

Prepared by:



David Rizk, AICP, Planning Manager

Recommended by:



Susan J. Daluddung, Director of Community and Economic Development

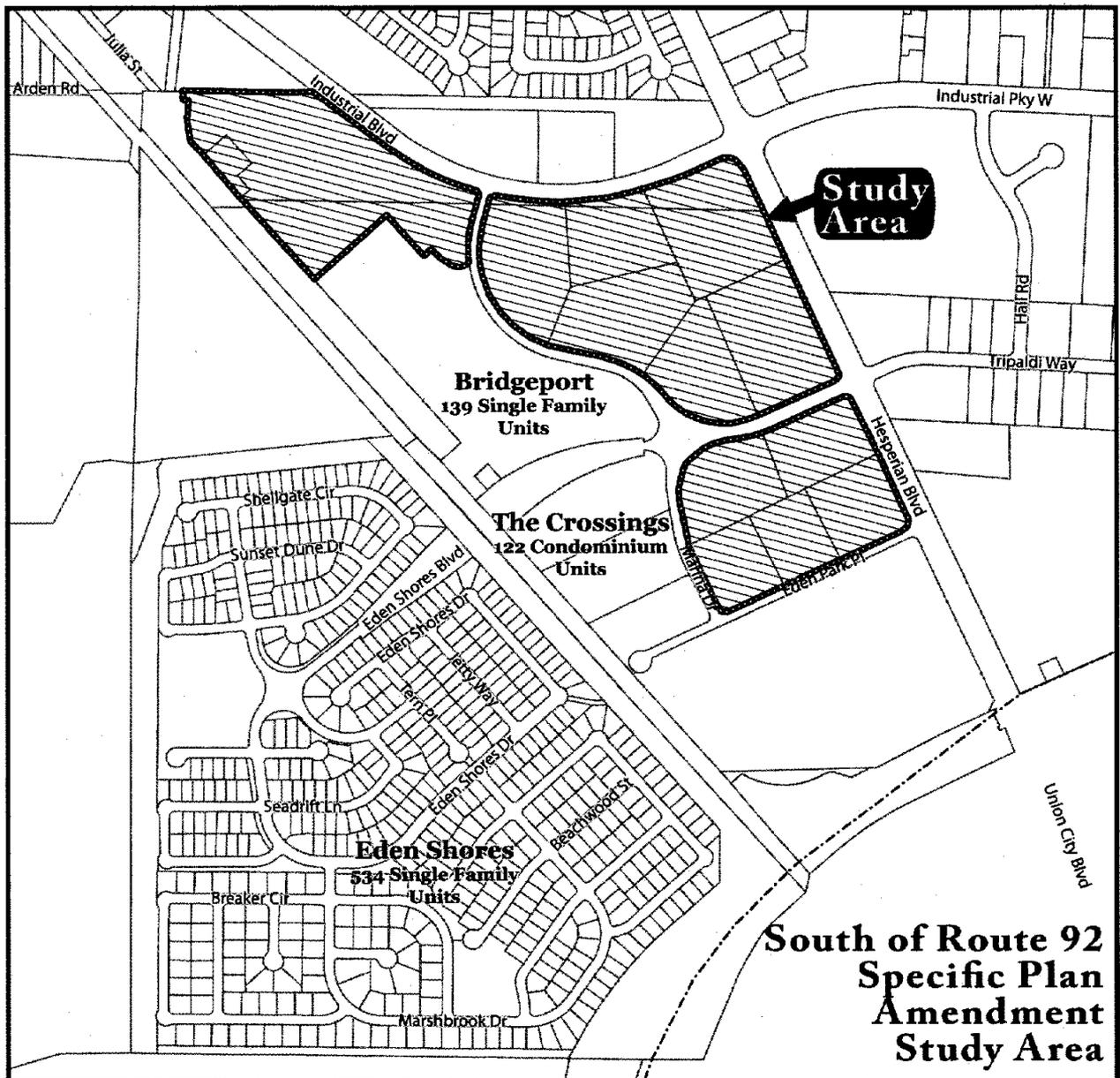
Approved by:



Jesús Armas, City Manager

**Attachments:**

- Exhibit A: South of Route 92 Specific Plan Amendment Study Area**
- Exhibit B: Preliminary Land Use Alternatives**
- Exhibit C: Summary of Comments at Community Workshop on November 29, 2006**
- Exhibit D: Market Review for South of Route 92 Specific Plan Amendment Study**
- Exhibit E: Conceptual Site Plans**



**South of Route 92  
Specific Plan  
Amendment  
Study Area**

**DUE TO THE LENGTH OR COLOR  
OF THE REFERENCED EXHIBIT,  
IT HAS BEEN ATTACHED AS A  
SEPARATE LINK.**

South of Route 92 Specific Plan Amendment Study  
**Community Workshop #1**  
November 29, 2006

**SUMMARY OF COMMENTS ON PRELIMINARY LAND USE ALTERNATIVES**

Business Park Uses

Legacy reported it is marketing the site for uses permitted by BP zone  
Many office vacancies nearby  
Possibility of redevelopment exists in northern and southern industrial areas  
Do not want more industrial concrete buildings or a high tech office park  
Would like to see professional offices

Amount of Retail Commercial Uses

Retail may draw from Union City too  
There is a large amount of retail in owner's concept  
How much population to support an Albertsons and other retail?  
Too much retail acreage?

Types and Location of Retail Commercial Uses

What types of retail businesses are envisioned?  
How can we attract good retail to this area?  
Need Asian market (Ranch 99) or Whole Foods  
Businesses that serve families and children  
Would like to see retail commercial (Safeway, Starbucks, etc.)  
Would like to see a Trader Joe's  
Trader Joe's, Starbucks or Peets  
Specific suggestions for retail uses included: Ranch 99, Whole Foods, organic produce, Trader Joe's, restaurants, bistros, cafes, drugstores, Asian-Americans, bookstore, premium outlet stores  
Retail at Marina and Industrial  
Retail should be pushed north to Industrial to protect beautiful entrance to Eden Shores, and to minimize traffic on Eden Shores Blvd.  
Retail at Industrial and Hesperian is more desirable since more traffic and people along Industrial than Eden Shores.

Design of Commercial Uses

Must recognize surrounding area  
Concern about mixed-use interface  
Concern about heights  
More green areas to counteract density

### Housing Concerns

What type of residential? Too much housing?

City Council comments against housing

Mixed-use is not safe for residents.

Concerned with more residential; will bring property values down (proposed housing would be single-family ownership units).

No more housing; limit traffic access on Eden Shores Blvd.

Is more housing needed for retailers? (Legacy says their proposed housing units would help generate enough support for potential retailers)

### Traffic/Parking Concerns

Traffic impacts especially with sports park here

No feasible opportunities for more access to Eden Shores

Consider multi-level parking for uses

What traffic impacts will there be?

### Public Facilities

Any plans for new elementary school in area?

Need new school or day care center (plus new condos will yield more kids)

Need private pre-school

Senior center

### General Issues

How do impacts vary among alternatives?

What criteria will be used to develop and decide alternatives?

No development that lowers property values

No realistic potential for hotel

South of Route 92 Specific Plan Amendment Study

**MARKET REVIEW**

Keyser Marston Associates

(PREVIOUSLY DISTRIBUTED TO CITY COUNCIL AND PLANNING COMMISSION)

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City of Hayward

**South of Route 92  
Specific Plan Amendment-  
Market Review**

*Keyser Marston Associates, Inc.*

February 15, 2007

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## INTRODUCTION

Keyser Marston Associates (KMA), Inc., as a member of the Pacific Municipal Consultants (PMC) team, has prepared this market study as part of the City of Hayward's efforts to evaluate potential revisions to the South of Route 92 Specific Plan (SOR 92 Plan) area and potential associated changes to the City's General Plan and Zoning Ordinance. (See Map 1.)

The context of our market study is that, in November of 2005, the original SOR 92 Plan was amended to allow for additional residential development (Eden Shores East) in the area of the Plan just east of the railroad tracks. The property owner of the remaining 56± acres of undeveloped land has recently expressed interest in exploring other potential land uses in addition to those permitted by the current Business Park and Commercial Retail zoning designations.

Accordingly, the focus of KMA's study is on these 56 acres (subject site), which is between Hesperian Boulevard and the Union Pacific Railroad tracks, south of Industrial Boulevard and north of Eden Park Place. (See Map 2.) Although the site is located solely in the City of Hayward, it is less than ½ mile from the northern boundary of the City of Union City. For this reason, the demographic and economic characteristics of Union City are also reviewed in our analysis.

The primary purpose of KMA's market study is to assess the market potential for land uses identified by both the City and the property owner as possible candidates for the subject site: Research & Development (R&D), Office (office/flex), Retail (neighborhood center and regional), and Residential (for-sale single family). The R&D and retail uses were selected as they are consistent with the City's desire to attract quality retail developments and new businesses that afforded higher paying employment opportunities for the City. The residential uses were included by the Property Owner to provide a mix of land use opportunities on the site.

Thus, a secondary purpose of KMA's study is to test our market findings and conclusions against three concept plan alternatives established by the City and the Property Owner to assess the market feasibility of these uses in the illustrative development programs for these concepts. The alternative concept plans proposed for the approximately 56-acre property are outlined in Attachment A of this report and briefly described as follows:

	<u>Office/Flex/R&amp;D</u>	<u>Retail</u>	<u>Residential</u>
Alternative 1 (Existing General Plan)	53 ac. 1,394,000 sq. ft.	3 ac. 39,000 sq. ft.	None
Alternative 2 (Property Owner's Concept)	20 ac. 312,000 sq. ft.	22 ac. 231,000 sq. ft.	15 ac. 169 units
Alternative 3 (Hybrid Concept)	35 ac. 914,000 sq. ft.	21 ac. 237,000 sq. ft.	None

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This report provides a summary of: 1) existing conditions, 2) projected trends, 3) opportunities and challenges, and 4) conclusions for the Amended Specific Plan Area for each of the land uses. In addition, the report also includes a brief discussion of the market findings' implications for each of the three alternative concepts proposed for the subject area.

It should be noted that this market study is not a land allocation analysis in that any net new demand that is projected would be distributed over the available land supply (such as vacant and/or underutilized land already zoned for the specific use) in the City. Land use allocations would require a separate analysis that considers city land use policies and potential modifications, which is beyond the scope of the current market analysis.

### **WORK TASK COMPLETED**

The market study builds on pertinent demographic and economic data available from the City of Hayward (including South of Route 92 Oliver & Weber Properties Specific Plan, Census 2000, American Community Survey 2005 for Hayward, City of Hayward General Plan). KMA also collected, reviewed, and updated market trend information from other sources, such as Claritas, Inc., a census-based data provider, U.S. Census 2000, and ABAG Projections 2005<sup>1</sup>, discussions with the City of Union City, MBIA MuniServices Company, State Board of Equalization, and various industry publications (i.e., NAI BT Commercial, Colliers International, CB Richard Ellis, and Bay Bio). KMA also reviewed industrial and office leasing information, retail sales data, residential development patterns, and other market-related factors which would likely impact future development in the area. To evaluate the published information and data, KMA interviewed local real estate brokers as well as other knowledgeable sources in the Hayward area.

Based on the market analysis, KMA prepared a projection of future demand for the four key land uses identified above. The analysis is over an approximate 10-year horizon, or to 2016, consistent with the SOR 92 Specific Plan. These results have been summarized in this report.

### **EXECUTIVE SUMMARY**

Following are the salient market findings:

- *Research & Development (R&D)* - It is anticipated that R&D space demand of approximately 500,000 sq.ft. in the City will be adequately met by the existing 1.2 million sq.ft. of vacant inventory and that no net new demand remains. However,

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<sup>1</sup> At the time of this report preparation, ABAG has drafted Projections 2007, but has not made it yet available to the public (not until mid- to late January 2007).

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given the limited amount of large, vacant and readily developable land in the City, there may be niche opportunities for the Specific Plan area to compete successfully for a share of the overall R&D demand in the region.

- *Office/Flex* – The subject site has the potential of capturing up to 100% of the net office/flex space demand, or about 300,000 sq.ft. (or approximately 17 acres) projected for the City between 2006 and 2016.
- *Retail* – Within the 1-Mile Trade Area, opportunities exist for convenience retail goods (food and drugs) in the form of a new neighborhood retail center, anchored by a grocery store in the range of roughly 35,000 to 40,000 sq.ft. (or 3 to 4 acres), at the subject site. Within the 5-Mile Trade Area, significant opportunities – in the range of 500,000 sq.ft. to 900,000+ sq.ft. – exist in the City for nearly all types of comparison retail goods, i.e., apparel, general merchandise, specialty retail and home furnishings.
- *Residential* – Based on KMA’s analysis, an estimated net<sup>2</sup> new housing demand for 1,200 residential units is projected for the City between 2006 & 2016.
- Based on our market findings, Alternative 2 appears to have the most market potential due to three key factors, as follows:
  - *Multiple Land Use Program* – The mix of office/flex, regional and neighborhood retail, and residential proposed in Alternative 2 is consistent with the market opportunities identified. The mix of different land uses on the site will help to reduce the development’s absorption time as compared with Alternatives 1 and 3, both of which include a high concentration of office/flex use and no residential. The faster absorption potentially increases the probability of project success and accelerates the timing of the flow of fiscal revenue to the City.<sup>3</sup>
  - *Amount of Projected Demand* – The amount of development proposed in Alternative 2 is within or close to the range of demand estimated by KMA. As shown, the estimated share of demand projected to be potentially available to the subject site is estimated at about 300,000 sq.ft. (vs. 312,000 sq.ft. in Alt. 2) for office flex; 35,000 sq.ft. to 40,000 sq.ft. (vs. 71,000 sq.ft. in Alt. 2) for

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<sup>2</sup> Estimated number of vacant housing units in 2000, plus the addition of new housing units between 2000 and 2006, less the increase in the number of new household formations over the same period.

<sup>3</sup> A fiscal impact analysis (not a part of the current market analysis) would be needed to fully assess the potential fiscal benefits with the projected costs of service demand generated by the proposed uses.

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neighborhood retail; 500,000 sq.ft. to 900,000 sq.ft. (vs. 160,000 sq.ft. in Alt. 2) for regional retail; and 1,200 residential units (vs. 169 units in Alt. 2). In contrast, the 1,394,000 sq.ft. of office/flex proposed in Alternative 1 and 914,000 sq.ft. of office/flex proposed in Alternative 3 significantly exceed the amount of space projected to be supportable between 2006 and 2016.

- *Absorption Timing* – Given the above conclusions, it is anticipated that the projected amount of space in Alternative 2 can reasonably be absorbed within a 10 to 15 year horizon, much of the space within five years.

With the larger amounts of office/flex space proposed in Alternatives 1 and 3, the absorption horizon will likely be longer, i.e., in the 15 to 20+ year time-frame. The longer time frame will impact the City's ability to begin receiving fiscal revenues, i.e., property tax, sales tax, etc., which can potentially be generated from the envisioned land uses. The tradeoff of a shorter absorption time frame with a smaller amount of office/flex space and with residential uses, as in Alternative 2, is the loss of future jobs. Another tradeoff of a shorter absorption time frame by not waiting for R&D opportunities is the potential loss of higher quality and/or higher-paying jobs which are often generated by R&D uses as opposed to industrial or retail jobs.

## **MARKET ANALYSIS**

### **A. Location, Demographics, Employment and Land Supply**

#### **1. Location and Demographics**

##### *a. Existing Conditions*

The City of Hayward is strategically located in the approximate hub of an extensive network of freeways (the major ones being 880 in the north-south direction, SR 92 and I-580/I-238 in the east-west direction). It also has two BART Stations (Hayward and South Hayward), an Amtrak Station, and the Hayward Executive Airport, as well as easy access to San Francisco, Oakland, and San Jose Airports. Hayward is also within a short-driving distance north of the Silicon Valley. Thus, given the City's excellent location, the City is known as the "Heart of the Bay" and is the third most populated city in Alameda County.

According to ABAG Projections 2005 (the last year of available data), the population in Alameda County grew from 1,443,741 to 1,517,100 between 2000 and 2005, adding an estimated 73,359 new residents (a 5.1% increase) to the County. The City of Hayward shared in the County's growth: over the same 5-year period, the city's population increased approximately 4.5% - from about 140,660 to 147,000 - by 6,340 new

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residents, as shown on Table 1. The population in Union City - whose northern boundary is less than a ½-mile of the subject site - grew at a slightly higher rate, or 6.8% between 2000 and 2005, adding approximately 4,517 new residents for a total population of 71,400. Combined, the estimated 11,000 new residents in these two cities represent nearly 15% of the total County population growth between 2000 and 2005.

As shown on Table 2, the ethnic composition in both the City of Hayward and Union City was more diverse than that of the County as a whole in 2006. Hayward had a higher concentration of African Americans than the County (15% vs. 13%, respectively) and Union City had a higher percentage of Asian and Pacific Islanders than the County (50% vs. 24%, respectively). In addition, both Hayward and Union City had a higher composition of Hispanic/Latinos than the County (36% in Hayward and 23% in Union City vs. 21% in the County.) According to Claritas<sup>4</sup>, a census-based data source, only 21% of Hayward's population and 16% of Union City's population were Non-Hispanic Whites as compared to 37% in the County as a whole.

Reflective of the higher concentration of culturally diverse population in the two cities, the average household size in the City of Hayward (of 3.2) and in Union City (of 3.6) was much higher than that of the County (of 2.7). Average 2005 household income for Hayward of approximately \$72,000, however, was somewhat lower than the average income for neighboring Union City (\$99,000) and for the County (\$86,000.)

*b. Projected Trends*

ABAG's projections, which were made in 2005 and at the beginning of the current economic recovery, indicated that the County population will grow to an estimated 1,649,000 by 2015, an increase of over 131,700 new residents. Similarly, the steady growth in Hayward over the next ten years will likely continue: its total population is projected to reach an estimated 157,000 by 2015. The city's average household income will also remain strong, rising to an average of \$87,000 (inflated dollars) by the end of the next decade.

*c. Opportunities and Challenges*

According to ABAG, the population in Hayward is projected to continue growing at a steady pace in the foreseeable future, although the City's growth of 7% between 2005

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<sup>4</sup> Total population and household estimates are based on ABAG projections, which do not include projections of percentage distributions by race or income. As no other sources provide these distribution projections, the estimate from Claritas are used in this analysis. The estimated number of housing units in Hayward in 2000 is based on the Summary Census 2000 prepared by the City in 2003; the 2006 housing unit estimate is from the City's web site under Facts and Figures.

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and 2015 is expected to lag slightly behind that of the County's 9% growth. (See Table 1.) Similarly, employment growth in Hayward is projected at 14% over the next decade as compared to 18% in the County. Given the City's strategic location relative to the region and its excellent transportation access, the City of Hayward is expected to be on track for its projected future expansion.

2. Employment

a. *Existing Conditions*

Both the cities of Hayward and Union City are located along the heavily industrial I-880 Corridor. As such, their economy is highly concentrated in the manufacturing, wholesale and transportation employment, although the majority of the firms are small to medium size employers. According to the Hayward Chamber of Commerce, the largest employers in the City of Hayward in 2006 are primarily governmental/quasi-public, non-manufacturing entities, including Kaiser Permanente Medical Center, Hayward Unified School District, Cal State East Bay, City of Hayward, Alameda County, and St. Rose Hospital. Major private, non-manufacturing employers in the City include Mervyn's and SBC. Major manufacturing employers include Berkeley Farms, Gillig Corp., Alameda Newspaper Group, Pepsi Cola, and others, as shown on Table 3.

According to ABAG Projections 2005, the City of Hayward had a workforce of nearly 75,000 as of 2005, of which an estimated 34% were employed in manufacturing/wholesale/transportation, 26% in health, educational and recreational services, and the remainder about evenly split among other<sup>5</sup>, financial and professional services and retail, as shown on Table 4. The City of Union City, with nearly 20,000 employees, showed a similar distribution, with a slightly higher concentration in manufacturing/wholesale/transportation (40%) and health, educational and recreational services (27%). On a countywide basis, these two sectors represented approximately 24% and 30% of the county's workforce in 2005.

b. *Projected Trends*

Employment is projected by ABAG to continue its strong gain: Alameda County will add nearly 137,500 new jobs, nearly 40% of which (or 54,300) will be in Health, Education, and Recreation, and 22% (30,300) in Financial & Professional Services, as shown on Table 4. The City of Hayward is anticipated to add another 10,000 new jobs to the local economy by 2015. Most of the new job gains in the City will be in service (Health, Education, Recreation) while the Manufacturing, Wholesale & Transportation sector is expected to decline.

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<sup>5</sup> Per ABAG - includes Telecommunication, Utilities, Construction, F.I.R.E. and Government.

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c. *Opportunities and Challenges*

Hayward's economic growth has historically relied on its heavy industrial base: according to ABAG, the City gained over 7,000 new jobs between 1980 and 2005 (from 67,887 jobs in 1980 to 74,930 jobs in 2005), of which manufacturing, wholesale and transportation jobs represents over 2/3 of the increase during that period. Although the City has begun to diversify into other sectors in recent years, its overall image still remains predominately industrial, with a concentration of older industrial uses. According to the State Employment Development Department (EDD), over 70% of non-farm job growth in Alameda and Contra Costa County between 2002 and 2012 is forecasted to occur in Professional and Business Services (26%), Educational and Health Services (23%), Leisure and Hospitality (14%) and Retail Trade (10%). Thus, to successfully capture its share of the region's future growth, the City of Hayward will need to transition to a more service-based economy and to provide the support amenities to attract these types of employers.

3. **Biotechnology Industry**

a. *Existing Conditions*

Within the Bay Area overall, the San Francisco Peninsula has emerged as the epicenter of the biotech industry in the region, with the industry generally clustered in four submarkets: the Northern San Francisco Peninsula (South San Francisco and San Francisco), Palo Alto/Mountain View, Northern Alameda County/Richmond, and Southern Alameda County (primarily Fremont and Newark, excluding Hayward). Biotech firms tend to locate/cluster/herd together, close to universities/higher educational institutions, executive housing, and areas with perceived lifestyle amenities. Furthermore, developers in these areas are experienced in building/providing biotech space, and biotech firms are in turn attracted to these locations, as developers are providing high tenant improvement allowances. Also, companies are attracted to a campus environment, as that makes it easier to attract the workforce needed.

A 2002 report, titled "Critical Analysis of the Local Biotech Industry Cluster in Alameda, Contra Costa, and Solano Counties" indicates that biotech employment in these three counties in the East Bay has grown rapidly during the last decade – by nearly 150% in Alameda County between 1992 and 2000. A county-by-county breakdown of biotech jobs reveals that, of the total 164 biotechnology firms located in the three counties, Alameda County has the lion's share of the biotechnology firms and jobs, due primarily to its proximity to research universities as well as its relatively affordable industrial and residential space. The top three biotechnology firm host cities (in terms of the number of firms) were Hayward, Alameda and Fremont, according to this report.

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The largest job-creating segments are pharmaceutical and diagnostics production, followed by R&D. Some of the major biotechnology employers in Alameda County include Thoratec Laboratories Corp., Roche Diagnostic Systems, Inc., Boston Scientific, Chiron Corporation and Bayer Corporation.

In the City of Hayward, there are currently an estimated 30 life-science companies. These companies represent a variety of fields – from pharmaceutical makers to medical device inventors. They are comprised of mostly small to mid-size firms, ranging from the 10-employee Histo-Tec Laboratory, to firms such as Cholestech Corp. and Novo Nordisk Delivery, Inc., which have hundreds of employees. Other major firms include Mendel Biotechnology, Guava Technologies, and Solexa (which has just been acquired by San Diego-based Illumina). Almost all of the Hayward firms are clustered around the Eden Landing area, near Highway 92.

*b. Projected Trends*

An analysis of California's biotechnology work force concludes that it has grown at a pace of about 15% since 1999 to about 100,000 jobs in 2004. It further estimates that the number could grow to as much as 250,000 biotechnology jobs in the state by 2015. According to Bay Bio Impact 2007, one in four of California's biotech firms were founded by University of California scientists, and more than half of the spin-off companies came from Bay Area institutions.

In the long term, Hayward's success as a biotechnology destination is tied to the success of its neighbors – Newark, Union City, and especially Fremont, which has already captured a portfolio of biotech, life science and medical device companies. These companies have grown from about two dozen three years ago to about 50 today in Fremont.<sup>6</sup> This cluster is expected to grow faster with the recent acquisition of Sun Microsystems' campus by Bio Med Realty Trust, which, if successful, could potentially attract sufficient biotech clients to fill an estimated 1.4 million square feet of the facility. Other favorable biotech developments in the area are as follows:

- Ohlone College is moving ahead with plans for a satellite campus in Newark, which will offer health sciences and technology certificate programs. The campus is expected to be completed by 2008.
- In Hayward, the East Bay Biotechnology Center was recently established at Cal State University to foster collaboration between biotech companies and university leaders. Reportedly, its biotechnology certificate program has already placed more than 200 graduates in laboratory jobs.

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<sup>6</sup> Based on a survey by East Bay Economic Development Alliance for Businesses.

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c. *Opportunities and Challenges*

According to the brokers interviewed, Hayward is considered a secondary market by both users and developers. Until recently, Hayward has only one developer (Slough) who has provided high tenant improvement allowances to biotech firms, whereas in Berkeley/Emeryville, multiple landlords such as Wareham Development and Simeon Properties actually provided funding for tenant improvements - a strong incentive to biotech firms, especially smaller firms and start-ups. Although the City of Hayward is generally recognized as a low cost space provider for the Bay Area, its land costs (in the range of \$10/sq.ft.) does not provide enough incentive to lure away companies from higher cost locations, such as the San Francisco Peninsula (with land often in the range of \$60-\$100/sq.ft.). Even with lower land costs, lower construction costs, better soils, Hayward is perceived as "a bridge too far" by the development and brokerage community.

Also, to attract and retain biotechnology companies in the City, Hayward will need to convince developers that there is a ready supply of skilled, technical workers to meet their needs. At present, Hayward is not viewed as having such a well-prepared work force. These perceptions have been an obstacle to date to the City's attraction of major biotechnology employers.

4. *Land Supply in the Industrial Corridor*

The City of Hayward's General Plan indicated that most of the available land in the City has already been developed for housing, commercial, industrial or other urban uses. In its "Industrial Corridor," for example, a subarea of the City consisting of approximately 3,200 acres of land along its western and southern edges in which the subject site is also located, only an estimated 254 acres remain vacant. Approximately 2,319 acres are currently devoted to industrial uses, including the industrial park on leased land at the Hayward Executive Airport and the South Hayward BART maintenance yards. Another 220 acres are presently devoted to commercial uses, 18 acres to residential uses, and 387 acres to public and quasi-public uses, including the Hayward Executive Airport and other public utility facilities. About 254 acres are classified as vacant land. Although there appears to be a significant amount of vacant industrial land acreage in Hayward, it should be noted that some of this land (perhaps as much as 100 acres) may not be suitable for industrial development due to small size and other physical constraints.<sup>7</sup>

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<sup>7</sup> Source: City staff, updated 2007.

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## 5. Conclusions

Thus, given the lack of large, assembled, and readily-developable sites along the I-80/880 Corridor, the Specific Plan area is well-suited to capture a share of the projected regional expansion of the Biotechnology industry, but the City's and the subject site's ability to accelerate their share of regional growth will depend on overcoming the obstacles noted in our analysis, which follows.

### B. Research & Development (R&D)

The major concentration of industrial activity (consisting of manufacturing, warehouse/distribution and R&D) in the East Bay is the I-80/880 Corridor, which generally spans from Richmond to the north to Fremont to the south. The precise area for which each type of industrial use is tracked by NAI BT Commercial varies, depending on BT's inventory database. The focus of this R&D study, therefore, is the I-80/880 Corridor, inclusive of the cities of Hayward, Union City, San Leandro, Newark, Fremont, Livermore, Berkeley and Emeryville, tracked by NAI BT commercial.<sup>8</sup>

#### 1. Existing Conditions

According to NAI BT Commercial, with the exception of R&D, the rest of the industrial sector (manufacturing and warehouse/distribution)<sup>9</sup> along the I-80/880 Corridor remains healthy, with vacancy rates in the 5.7% and 4.7%, respectively, as of the 3<sup>rd</sup> Qtr. 2006. (See Table 5.) As vacancy rates have decreased, average asking rents for both these sectors have increased over the last four quarters for both of these industrial segments.

The R&D market, however, remains weak in the I-80/880 Corridor, and its recovery appears to be lagging behind the other industrial segments and the office market. Based on BT Commercial's 3<sup>rd</sup> Qtr. 2006 report, the total building R&D inventory in the Corridor is estimated to be in the range of 35.8 million sq.ft., of which an estimated 5.1 million sq.ft. (or 14.3%) are located in the City of Hayward. Of this total, an estimated 22.4%, or 8.0 million sq.ft., are reportedly available as of the end of 3<sup>rd</sup> Qtr. 2006. This vacancy

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<sup>8</sup> The primary source of this study is the NAI BT Commercial's 3<sup>rd</sup> Quarter Report for 2006. However, KMA was informed by BT Commercial's representatives that, due to the small size of Hayward's office market and the office/flex/R&D nature of some of its space, these types of spaces have all been included in the R&D information. Also, BT Commercial's industrial data for the City of Hayward are not broken out between Warehouse and Distribution uses. Nevertheless, given that NAI BT Commercial is a highly recommended data source for the industrial market, KMA has relied on its reports for our analysis, despite the lack of clear breakdowns between some of its industrial categories for the City of Hayward.

<sup>9</sup> A representative from NAI BT Commercial indicated that Distribution uses have been included in the Warehouse category and not separately reported.

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rate represents an increase over the 19.5% rate in the 3<sup>rd</sup> Qtr. of 2005. According to NAI BT Commercial, the primary reason for the increased vacancy is attributable to the introduction of roughly 537,000 sq.ft. from the releasing of the former Sun Microsystems campus in Newark (now known as The Pacific Research Center.) Excluding this released space, the adjusted vacancy rate would be closer to 20.9%.

Vacancy rates varied widely among the submarkets, with single-digit vacancies reported for the North I-880 Corridor, Emeryville, Berkeley, San Leandro and Union City. Hayward had the second highest R&D vacancy rate in the Corridor - at 24.3%, second to Newark's 50.4% and ahead of Fremont's 21.4%. Hayward's vacancy rate translates into an estimated 1.2 million total sq. ft. of available R&D space as of the end of 3<sup>rd</sup> Qtr. 2006.

Average R&D rents (NNN), however, have firmed slightly over the same period - from approximately \$.83 per sq.ft. to \$.88 per sq.ft. in the 3<sup>rd</sup> Qtr. of 2006. Hayward's average asking rent of \$.82 per sq.ft. for R&D space is only slightly below the average for the Corridor.

## 2. Projected Trends

The prognosis from the brokerage community is that the I-80/880 industrial market will likely remain strong for the foreseeable future. However, the R&D market will be soft in the near term until the significant amount of available inventory is absorbed – the timing of which is likely to be longer-term, i.e., no earlier than the next 5 years, given that net absorption has been negative for four of the five years prior. Although cities along the northern portion of the I-80/880 Corridor and neighboring Union City currently exhibit strong growth, the expectation is that the R&D market in the southern portion of the County, including Hayward, will depend on the Silicon Valley and the San Francisco Peninsula markets improving, which is now occurring and beginning to influence employment distribution patterns.

Recent changes in development activity in the Industrial Corridor indicate a transition of existing industrial land to more intensive uses throughout this Corridor.<sup>10</sup> There has also been significant warehouse space conversion to these higher-intensity uses. These changes are reflected in the shift in employment sectors from manufacturing, wholesale trade and retail trade (from a combined share of 42% to 31%) to professional services, education and health (from a combined share of 28% to 39%) between 1990 and 2005.

This trend is likely to continue as the knowledge-based industries in the Bay Area – consisting generally of computer, electronics, telecommunications, multi-media,

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<sup>10</sup> Based on an 11/06/06 City staff update on Socioeconomic Data for the Industrial Corridor.

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movie/T.V. production, biotechnology, environmental technology, travel and tourism – is estimated to grow by nearly 60% between 1995 and 2020. Of these, the hi-tech and bio-tech are projected to be the fastest growing industries. As noted earlier, these industry clusters are heavily concentrated on the San Francisco Peninsula (San Francisco and South San Francisco), with secondary submarkets in Palo Alto/Mountain View, Northern Alameda County/Richmond, and Southern Alameda County (primarily Fremont and Newark).

### 3. Opportunities and Challenges

In summary, the recovery of the R&D market in Hayward is anticipated to lag behind those of the other industrial segments: manufacturing and warehouse/distribution, due to the current oversupply of R&D space in the Corridor. The consensus of the brokerage community and KMA's opinion, however, is that, in the longer term, the East Bay R&D market is destined to grow stronger, as employers seek close-in and lower cost locations, such as Hayward (which to date has been priced primarily for industrial uses.)

In addition, as noted earlier, industrial land supply in Hayward is becoming increasingly limited and there are few large, readily developable parcels available. Thus, future demand for R&D land in Hayward, in the longer-term, may exceed supply.

Given the proximity of Hayward relative to the San Francisco Peninsula and the Silicon Valley submarkets, easy access to the freeway network, and relative affordability, the City (and the subject site) should be attractive to the smaller high-tech and biotech firms that do not need a prime location or adjacency to large research facilities, such as Genentech in South San Francisco, Chiron in Emeryville, Bio-Rad in north Alameda, or educational facilities, such as University of California in San Francisco and Berkeley and Stanford University. The major need of these smaller firms is for R&D spaces, i.e., lab space for start-up companies and incubators, to "grow" their products.

As noted above, the major challenge to the City's ability to attract R&D users (hi-tech and bio-tech) is that, to date, Hayward is still perceived as a secondary location, lacking in both the types of amenities and the skilled labor pools needed to be attractive to these users.

### 4. Conclusions

Based on the amount of existing available R&D space in Hayward (estimated at 1.2 million sq.ft. as of the 3<sup>rd</sup> Qtr. of 2006) and the City's secondary position relative to its competition in the region, it will likely be difficult to introduce any significant amount of R&D products to the Specific Plan Area.

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This conclusion is reinforced by KMA's projected R&D demand based on anticipated future employment increase, as shown on Table 6. As shown, ABAG's estimates indicate that there will be a net increase of approximately 177,874 new jobs in Alameda County between 2006 and 2016. These jobs are allocated by industry sectors based on ABAG's projections for 2015. Analysis of detailed job breakdowns within each of these sectors in EDD's Employment and Labor Force data indicates that an estimated 6,024 of the new jobs are likely to be R&D/R&D-related. The City of Hayward is assumed to be able to capture its historic proportionate share (10%) of the County's total jobs, or about 600 of the R&D jobs projected. At an estimated employment density of 800<sup>11</sup> sq.ft. per employee, these 600 jobs translate into approximate gross demand in the City for laboratory and research space in the range of 480,000 sq.ft. This demand is then adjusted upwards for normal vacancy to allow market movement and downwards for existing available inventory and for future projects proposed or planned in the City. As shown, the analysis shows that, due to the large inventory of R&D space (1.2 million sq.ft.) currently available, it is anticipated that R&D space demand in the City and at the subject site will be adequately met by the existing vacant inventory.

However, there may be niche opportunities for the Specific Plan area to compete successfully for a share of the overall R&D demand in the region. The City's housing and labor force, as compared to those on the San Francisco Peninsula and in the Silicon Valley, are still relatively more affordable and the site offers easy proximity to the Peninsula (via the San Mateo Bridge) and the Silicon Valley. As venture capital accelerates its flow back into technology sectors, the subject site is well-positioned to compete for a share of the spill-over demand from nearby Silicon Valley and Peninsula cities. The locational advantages of the subject site - its large site size, significant level of landscaping, easy access to freeways - create an opportunity for the development of a business/technology park as a magnet to draw prospective R&D users seeking a campus-like environment in close proximity to the heart of Silicon Valley and the Peninsula, but at an affordable price.

### **C. Office (Office/Flex)**

The East Bay office market is divided into three distinct regions - the north I-680 Corridor (includes Walnut Creek, Lafayette/Moraga/Orinda and Concord), the Tri-Valley region (from Livermore to Alamo) and the I-80/880 Corridor, which spans from Richmond to Alameda. Since the City of Hayward has no significant regional office inventory, no office data are tracked by the industry. For the purpose of this study, the focus will be on the office activity in the I-80/880 Corridor, which tends to have more office/flex spaces

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<sup>11</sup> Based on 11/06/06 City of Hayward Staff Report on Update on Socioeconomic Data for the Industrial Corridor & Recommendations. This estimate assumes an average of 20 employees per acre and .35 FAR.

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and, in some cases, an industrial/office character similar to Hayward's, than do the other submarkets.

## 1. Existing Conditions

According to NAI BT Commercial's 3<sup>rd</sup> Qtr. 2006 report, the office market in the I-80/880 Corridor totals in the range of 28.3 million sq.ft., the bulk of which (or 55%) is located in the City of Oakland. (No office space data was available for the City of Hayward.) The 28.3 million sq.ft. office space inventory is comprised of about 46% (12.9 million sq.ft.) of Prime Office space,<sup>12</sup> 43% (12.1 million) of Competitive Office space,<sup>13</sup> and 11% (3.2 million) of Office/Flex space, as shown on Table 7. (Note: Given that the City of Hayward is not currently an established office location,<sup>14</sup> Competitive Office and Office/Flex space appear to be the most appropriate for the City. Thus, the emphasis of this office analysis is on the Competitive Office and Office/Flex types of space.)

After a period of major decline, this market is beginning to stabilize, as evidenced by a slight decrease in average vacancy rate and increase in rent levels. Office vacancies declined from 14.9% in the 3<sup>rd</sup> Qtr. of 2005 to 14.1% at the end of the 3<sup>rd</sup> Qtr. 2006, while average office rents (FS) increased from around \$1.99 per sq.ft. to about \$2.04 per sq.ft. over the same period. The improvement to date, however, has mainly been in the Prime Office spaces – as the current oversupply of space enabled tenants to negotiate favorable terms. Conversely, Competitive Office spaces showed an increase in vacancy since 2005, but there are signs of stabilization: rents have slightly increased (from \$1.74 per sq.ft. to \$1.88 per sq.ft.) since 3<sup>rd</sup> Qtr. 2005 and the amount of vacant Office/Flex space has decreased since the beginning of the year (from 824,052 sq.ft. to 752,000 sq.ft.)

Another sign of an improving market is the amount of net absorption for the year, which is a positive 250,263 sq.ft. for 2006, as compared to 12,767 sq.ft. and negative 113,714, respectively for the two quarters previous. This absorption is most noticeable in Prime Office space in the Corridor, especially in Emeryville, where the lease up of Oracle's released space at the Watergate Tower IV was completed last quarter. This activity

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<sup>12</sup> Defined in this analysis as typically Class A space which tends to be newer (i.e., after 1980), with excellent amenities & premium rents. Users include corporate headquarters, law firms, investment firms, medical groups and other high credit tenants.

<sup>13</sup> Defined in this analysis as typically Class B space which tends to be older (i.e., after 1960), with fair to good finishes, and a wide range of tenants, including administrative, clerical, and other back-office, support service functions as well as smaller professional or financial offices.

<sup>14</sup> A representative NAI BT Commercial identified only three office buildings in Hayward, one of which one is a government building. Since most of the "office" uses are actually in flex spaces, he indicated that they may be included in either R&D or Office Flex groupings.

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alone indicates a shift of pricing control to office space owners and a continued push in pricing over the next several quarters.

## 2. Projected Trends

Overall, NAI BT Commercial's data for 2006 reaffirm the slow but steady improvement of the office market in the I-80/880 Corridor – in line with Bay Area and nationwide office trends. The most recent data indicate continued upward movement in rental rates and downward movement in vacancy rates. The improving economy, coupled with the rapid expansion of the service sectors, should continue to fuel the growth of office employment in the region. Additionally, increasing office rates and tightening supply across the bay in San Francisco will have a positive impact on East Bay's office market, where lease rates should appear attractive in comparison. Thus, the office market is anticipated to be in an increasingly viable part of its cycle.

## 3. Opportunities and Challenges

Based on the nature of the leasing activity in 2006 reported by brokers, the strongest demand for office space appeared to be from general business and professional service companies – which represented an estimated 60% of the total touring activity (with prospective tenants), while the technology sector represented 25% of the total. The bulk, or nearly 80%, of this demand is from new firms seeking locations as opposed to expansion space for existing firms

Given the City of Hayward's location relative to all three of the major office submarkets: the north I-680 Corridor, the Tri-Valley region and the I-80/880 Corridor north, it appears well-suited to serve as a crossroad of all three of these submarkets. To date, however, the City does not appear to be a recognized office destination. However, land pricing in the City is still relatively affordable, as compared to the north I-680 Corridor and the Tri-Valley, and it has a large labor force. Thus, it could serve as support base for the primary office submarkets, providing administrative and back office functions.

Based on the projected increase in office employment in the County and the estimated allocation of jobs by industry sectors (per ABAG Projections 2005), there is an estimated demand for approximately 282,000 sq.ft. of Competitive Office/Office Flex space between 2006 and 2016. The assumptions for this projection are shown on Table 8. Similar to the projection of the R&D demand for the City and the subject site, this analysis estimates the potential need for office/office flex space based on the number of net new office jobs that are likely to be generated by the growth of jobs in each of the major industry sectors in the County. As shown, an estimated 14,138 net new office jobs are estimated to be created by future employment growth in Alameda County, of which approximately 10%, or 1,400 new jobs, would be the City of Hayward's proportionate share. However, only about 60%, or 800, of these jobs would likely be accommodated in

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secondary office space, i.e., administrative, clerical and other support services, or flex offices – the types of space most appropriate for the City. At an estimated employment density of 350 sq.ft. per employee, the 800 jobs are projected to create demand for about 280,000 sq.ft. of gross Competitive Office/Office flex space demand. This gross demand is adjusted for normal vacancy, existing and proposed/planned inventory, resulting in a net demand of about 282,000 sq.ft. for the City and for the subject site.

#### 4. Conclusions

Given that no major office concentration currently exists in the City and the competitive advantages of the subject site, i.e., size, proximity to market, easy freeway access, and existing site improvements, the subject site has the potential of capturing up to 100% of the net office/flex space demand, or about 300,000 sq.ft. (which converts to approximately 17 acres at a .4 F.A.R.) projected for the City between 2006 and 2016, as shown on Table 8.

#### D. Retail

Two major types of retail are being contemplated by the property owner for the subject site: a neighborhood center (anchored by a supermarket) and a regional retailer ("big box"). Due to the different market support requirements of these two types of retail, two different trade areas are defined for the analysis of each. The trade area for a neighborhood center is often defined as an approximate 1-mile radius area from the subject site. This is the area from which the bulk, or over 90%, of the support will likely be drawn. For a regional retailer, the trade area is typically larger. In recognition of the natural and man-made boundaries (i.e., Rte 84 to the south, I-238 to the east and north, and the San Francisco Bay to the west), and location of other stores and competition, the regional trade area defined for the purpose of this study is roughly the 5-mile radius ring surrounding the subject site. This regional trade area generally encompasses both the cities of Hayward and Union City, plus a small section of northern Fremont and southern San Lorenzo.

A summary of the demographic and economic characteristics of the two trade areas are shown on Table 9. As shown, the population in the neighborhood retail trade area (1-mile radius) is estimated at 16,000 in 2006, comprised of nearly 37% Asians and Pacific Islanders. This ethnic segment of the population is projected to increase to 40% by 2011. The average household income in this trade area is in the range of \$75,500; an estimated 41% are households with income of \$75,000 or more. The estimated 2006 regional trade area population is 299,500. The trade area has a slightly lower percentage of Asians and Pacific Islanders (33%) but a higher proportion of households (45%) with income of \$75,000 as compared to the smaller, neighborhood trade area. Following is a discussion of the overall retail market trends.

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## 1. Existing Conditions

Retail sales in the City of Hayward do not appear to have recovered from the economic slowdown of the past several years. According to the State Board of Equalization, taxable retail sales totaled approximately \$1.54 billion in 2005 (last available calendar year) as compared to \$1.52 billion in 2001, while total taxable sales (inclusive of Business and Personal Services and All Other Outlets<sup>15</sup>) declined over 10% from \$2.8 billion in 2001 to \$2.5 billion in 2005 over the same 5-year period. (Reported sales have not been inflation-adjusted.) The decline is primarily in the categories of Business & Personal Services and All Other Outlets. While retail sales in Hayward declined, sales in Union City next door have boomed: taxable retail sales increased an estimated 33% and total taxable sales increased nearly 58% in Union City between 2001 and 2005. Not surprisingly, the categories that reported the most gain were Business & Personal Services and All Other Outlets. Total taxable retail sales was reportedly \$486 million and total taxable sales was \$715 million in Union City for 2005. (See Table 10).

The major regional-oriented retail is the 1.3 million sq.ft. Southland Mall in Hayward, a traditional shopping center anchored by J.C. Penney, Macy's, Mervyns, and Sears, and the 1.2 million sq.ft. Union Landing, a power-center and entertainment complex, anchored by Wal-Mart, Lowe's, Best Buy, and a 25-screen, Century Multi-Plex cinema. But the majority of the existing retail centers in the City of Hayward and the Union City are community or neighborhood-oriented centers. Adjacent to Union Landing, there are also several stand-alone big box retailers, such as Target (in Hayward) and Home Depot (in Union City), on the northeast side of I-880.

In Hayward, recent retail developments have included the opening of several major big-box retailers: Target (2), Walgreen's, Office Depot, Home Depot, Circuit City and Smart & Final. In Union City, the bulk of new retail development activities has been the addition of the stores at Union Landing as noted above.

## 2. Projected Trends

In the City of Hayward, retail activity at Southland Mall appears substantial after a recent major renovation and re-tenanting. No significant new major retail development is indicated by the city's staff at this time.

The success of Union Landing is expected to continue to fuel new retail opportunities in and around Union City. However, future retail uses that have been proposed or planned look to be small components of a larger mixed use (residential and other) project, i.e., 22,000 sq.ft. proposed for Alvarado Square and 9,000 sq.ft. planned for the PG&E

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<sup>15</sup> Includes non-store retailers, manufacturers and wholesalers, governmental, social and health services, and others.

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Property near the existing Union City BART Station (Union City Station District). According to Union City, only one parcel (1.16 ac.) is left at Union City, which has been proposed for about 17,000 sq.ft. of retail, but since the parcel is currently under litigation, the plan may be not realized.

Given the projected population growth of nearly 18,000 new residents in the cities of Hayward and Union City over the next decade (see Table 1), there will likely be continued demand for additional retail opportunities in the two cities.

Future retail activities will likely be oriented towards meeting the retail needs of the new residents, which typically include food, drugs, and/or general merchandise. These needs can be served by a neighborhood grocery store (such as a traditional supermarket, a specialty food store, or an ethnic market), and/or a big box retailer such as Costco or Target. The representation of these and other typical major retailers in the Hayward and Union City market as well as within the 1-mile and 5-mile trade areas is shown on Table 11.

### 3. Opportunities and Challenges

A comparison of the retail spending patterns between Hayward and Union City residents and the County and State indicate that there are opportunities in selected categories of retail for the City of Hayward and Union City. As shown on Table 12, per capita spending in Hayward for three major categories of retail: Convenience Retail (food and drug stores), Eating and Drinking and Building Materials is estimated, respectively, at \$611, \$892, and \$920 per capita, which are slightly below those for the County (at \$681, \$1,127, and \$1,042, respectively) and for the State (at \$744, \$1,264, and \$984, respectively) for all these categories. Although the lower spending in Hayward for Eating and Drinking and for Building Materials may be attributable to the lower average income in Hayward relative to the County and the State, the lower spending for Convenience Retail may be due to the lack of retail opportunities (as demand for food and drugs are typically inelastic and less impacted by income variances.) Thus, opportunities appear to exist for increasing retail opportunities for Convenience Retail goods (food and drugs) in the City of Hayward.

#### a. *Neighborhood Retail Center (Within the 1-Mile Radius Trade Area)*

KMA's demand analysis supports the above market finding. As shown on Table 13, the residual expenditure potential of residents within the 1-mile trade area of the subject site for Convenience Retail goods (food and drugs) is estimated to be in the range of \$16.8 million in 2006, assuming \$29 million in total resident expenditure potential and \$12.5 million in estimated existing food and drugs sales within the trade area. At estimated target sales levels of \$400 to \$450 per sq.ft., the analysis indicates that an additional 35,000 sq.ft. (which converts to about 3+ acres at a .25 F.A.R.) of Convenience Retail

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can potentially be supported within approximately one mile of the subject site. By 2016, an estimated cumulative total of 42,000 sq.ft. (or about 4 acres at a .25 F.A.R.) of additional Convenience Retail can potentially be supported. These space demands are slightly less than the average size of today's supermarkets, which typical range from 50,000 sq.ft. to 65,000 sq.ft. or more, but would be consistent with the smaller, i.e., 10,000 sq.ft. to 30,000 sq.ft., prototypes of specialty food stores, such as Trader Joe's, or some ethnic food markets, such as Ranch 99. Such tenants are likely to be more willing to locate at the subject site earlier than demand projection would indicate, given the site's visibility and exposure to heavy end of day "return" traffic (key advantages for food markets).

*b. Regional Retail (Big Box) – (Within the 5-Mile Radius Trade Area, inclusive of the Cities of Union City and Hayward)*

Per capita spending in the City of Union City appears to be below both the County's and State's average – indicating that there are opportunities for nearly all types of retail goods in Union City. The exception is Building Materials, where per capita spending in Union City at \$1,453 is estimated to be higher than the average for the County (\$1,042) and the State (\$984). (Note: Although the Specialty Retail category appears higher, it actually includes General Merchandise, which could not be disclosed separately by SBE due to confidentiality issues.) Thus, opportunities for most types of retail exist within the larger 5-mile, regional retail area, which includes both the cities of Hayward and Union City.

As shown on Table 14, the residual expenditure potential for Comparison Retail (apparel, general merchandise, specialty retail, and home furnishings and appliances) is in the range of \$181 million, after the estimated gross resident expenditure potential of \$1.1 billion has been adjusted for estimated existing sales. The \$181 million of residual resident expenditure potential is projected to support an estimated 560,000 sq.ft. of Comparison Retail, based on the estimated target sales required by each of the subcategories. Using the same approach, the analysis indicates that the 5-mile trade area can potentially support an estimated 351,000 sq.ft. of Eating and Drinking and 60,000 sq.ft. of Building Materials. By 2016, the demand for these types of goods is projected to increase – to an estimated 896,000 sq.ft. of Comparison Retail, 456,000 sq.ft. of Eating and Drinking, and 154,000 sq.ft. of Building Materials.

**4. Conclusions**

*a. Neighborhood Retail Center*

As noted in an earlier section, an estimated 547 new residential units have recently been completed at Eden Shores, just west of the railroad tracks. Directly west of the subject site, 261 new residential units (139 units at Bridgeport and 122 units at Crossings) are

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under construction. When completed, there will be a total of 800+ new units in close proximity to the subject site. This new close-in community, together with the existing residential neighborhoods nearby, will generate demand for future retail and other services. To date, no new retail uses to serve this new population have been proposed or planned within this trade area (with the exception of the concept plans proposed for the subject site).

Given the results of the above demand analysis, opportunities thus exist for a new neighborhood retail center, anchored by a grocery store, in the range of roughly 35,000 to 40,000 sq.ft., at the subject site. In addition, the concentration of higher income households and Asian population in the immediate vicinity of the site offers a niche opportunity for the location of differentiated major food anchor. Potential candidates could include the following:

- *a specialty food market*, such as Trader Joe's, which averages in the 8,000 sq.ft. to 10,000 sq.ft. in size and targets households with income of \$75,000 or higher. It requires a total market population of approximately 130,000 within a 5-mile radius. Thus, given the high percentage (46%) of households with income in the \$75,000 per year range and above within the 1-mile trade area of the subject site and the total population of nearly 300,000 within its 5-mile trade area, there is potential for the location of a Trader Joe's at the subject location.
- *an ethnic food market*, such as a Ranch 99 or Lion's Center, which are being built in the 30,000 sq.ft. range or larger, and target a predominately Asian population. Similarly, for an Asian food store, there appears to be a significant concentration (40%) of Asian households in the immediate 1-mile radius to support a typical Asian-themed supermarket. However, such a market will be challenged by the strong competition nearby: at least two smaller Asian food stores, Seafood City and Island Pacific Market in Union City, and one Ranch 99 market in Fremont – both within the 5-mile trade area, and a second Ranch 99 market in Newark, just outside of the trade area.

The limitations noted above may delay the timing to develop a four to six acre neighborhood center with adjacent pad uses such as service station, restaurant, etc., but not later than the ten year time period on which this analysis is focused.

*b. Regional Retail (Big Box)*

Based on our demand projections, significant opportunities – in the range of 500,000 sq.ft. to 900,000 sq.ft.± exist in the City for nearly all types of comparison retail (i.e., apparel, general merchandise, specialty retail and home furnishings). A significant challenge to the ability of the site to attract a major regional retail anchor is the off-center location of the site relative to the population concentration within the 5-mile trade area

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and its lack of freeway visibility. Traditional regional retailer, such as a shopping center, would prefer a location central to its market population, with high freeway visibility and accessibility. Candidate uses which do not require a prime location and which are potentially compatible with the industrial nature of the area around the subject site are likely to be free-standing, big box, destination retailers not already represented in the market area, such as a Costco or a Fry's. These users also typically seek lower cost land.

## **E. Residential**

### **1. Existing Conditions**

The Bay Area housing market has followed the statewide pattern of a slow-down as a result of increasing interest rates and the area's high home prices: according to EDAB, home sales have fallen 33% from their peak in July 2004 and median sales prices have flattened or declined in 2006. On the sales side, the East Bay's slowdown appeared similar – with sales in Alameda County down 39% from their peaks. On the price side, however, median sales prices in Alameda County have fallen at a more severe rate, or at 3.8% since August 2006. The reason for the price decline was attributable to the large proportion of new homes (12%) being sold in the East Bay as builders with an inventory build-up in a slackening market are willing to lower prices for a quick sale. For comparison, in Sacramento, where new homes represent an estimated 25% to 40% of home being sold, the price decline has been much steeper. Another factor contributing to the East Bay's median sales price decline is lower quality of the average home being sold recently as sellers of better quality homes are holding back in hopes of getting top-of-the-market prices when the market improves.

This pattern is reflected also in the Hayward housing market. According to home sale activity tracked by DataQuick Information Systems, overall home sales in Hayward in November 2006 showed an average decline of nearly 30% from a year ago while sale prices fell an average of 15%.

Overall indications, therefore, are that the Bay Area housing boom has flattened. The positive notes are that the indicators of market distress are still at a moderate level: foreclosure activity is rising but still within the normal range; down payments are stable; speculation buying is moderate; the use of adjustable-rate mortgages is flat.

### **2. Projected Trends**

Despite signs of a weakening housing market, Bay Area real estate experts generally agree that this sector will eventually recover as the basic fundamental of the Bay Area's housing demand/supply balance remains intact: that is, the supply of housing in the region has not kept pace with its population growth. Thus, the pent-up demand for

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residential products, especially for affordable housing, persists and will continue to fuel the market in the future.

The larger uncertainty is the timing of the recovery as it will depend on a range of broader economic factors, including interest rates, population, job and household income growth in the region. The region's future appears to be supportive of an eventual recovery in the housing market. Although interest rates are increasing, they are still relatively low. According to ABAG, the region's economic future remains positive, with population growth projected at 9.3%, job expansion at 18%, and average household income increase at 14% between 2005 and 2015. The statistics are similarly positive for Alameda County: its population is expected to grow 8.7%; jobs are anticipated to increase 18% and mean household income 13%. Thus, based on these projections, the prognosis appears to be good for a housing market recovery within the East Bay in the relatively near term, probably two to three years.

### 3. Opportunities and Challenges

ABAG Projections 2005 indicates an increase in the total number of households of approximately 7% in the City of Hayward and 10% in Union City between 2005 and 2015, as shown on Table 15. Based on these growth rates, KMA estimated that a total of 3,314 new households will be added to the City of Hayward between 2006 and 2016. The demand for 3,300 new units is increased by the existing unmet housing demand needs of about 520 units,<sup>16</sup> normal vacancy of an estimated 1,500 units, and needed housing replacement of another 150 units, for a total gross demand of approximately 5,470 units in the City by 2016. Subtracted from this total are the estimated 1,580 existing available units<sup>17</sup> and the 2,697 known to be planned or proposed units in the City. Based on these adjustments, there appears to be an estimated net residential demand of about 1,200 units in the City of Hayward between 2006 and 2016. (See Table 16.)

### 4. Conclusion

Based on KMA's analysis, an estimated net new demand of 1,200 residential units are expected in the City between 2006 and 2016.

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<sup>16</sup> This figure was estimated based on the housing needs data contained in the City's Housing Element, adjusted by the number of housing units built to date from the data provided by city staff.

<sup>17</sup> Based on the estimated number of vacant housing units in 2000 (1,156 units), plus the addition of new housing units between 2000 and 2006 (2,315 units - based on major project construction data from city staff), less the increase in the number of new household formations over the same period (1,891 households) = 1,580 available units as of 2006.

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**F. Implications of Market Analysis Findings for the Three Concept Site Alternatives**

**1. Description of Concepts**

Three concepts have been proposed by the City and the Property Owner for the subject site. The key differences between the alternatives is the inclusion/exclusion of residential uses and the amount of office/flex office uses envisioned, as illustrated in Attachment A and briefly described below. As shown, the development program for each of the scenarios is based on the following density assumptions: F.A.R. of .25 to .60 for office/flex office uses and .24 to .30 for retail uses, and 8 to 16 units per acre for residential uses. The assumptions for the non-residential uses were determined through visual and data research on the existing density of these product types in the Hayward market, discussions with real estate professionals in the area, KMA's experience with similar types of products in comparable projects, and city staff and developer inputs. The residential densities were based approximately on those of the new units at the Bridgeport and Crossings development adjacent to the site.

*Alternative 1.* – This alternative basically represents the land uses permitted under the existing General Plan. As shown, approximately 53 acres are designated Business Park (BP) and 3 acres Retail (CR). Based on the above density assumptions, the development program is envisioned to include a total of 1,433,000 sq.ft., comprised of approximately 1,394,000 sq.ft. office/flex use (BP) and 39,000 sq.ft. retail use (CR). No residential uses are assumed under Alternative 1.

*Alternative 2.* – This alternative basically reflects the property owner's concept for the site, which would include a mix of office/flex (BP), regional and neighborhood retail, and residential. As shown, approximately 20 acres would be developed as office/flex (BP), 22 acres Retail (CR), and 15 acres residential. The development program would have a total of 543,000 sq.ft., of which 312,000 sq.ft. would be office/flex (BP) and 231,000 sq.ft. would be retail (CR), and the remainder in 169 single family residential units. The 231,000 sq.ft. of retail would consist of an estimated 160,000 sq.ft. of regional retail, such as a big box, and 71,000 sq.ft. of ground level neighborhood retail, possibly with single family attached units adjacent.

*Alternative 3.* – This alternative represents a mix of the two above concepts. As envisioned, it would include 35 acres of office/flex (BP), and 21 acres of retail (CR), composed of a regional and neighborhood retail component. Under this scenario, there would be an estimated 1,151,000 total sq.ft. of development, 914,000 sq.ft. of which would be office/flex and 237,000 sq.ft. would be retail. No residential use is assumed in this alternative.

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## 2. Feasibility of the Above Land Uses for Each of the Concepts

Based on our market findings, Alternative 2 appears to have the most market success potential due to three key factors, as follows:

- *Multiple Land Use Program* – The mix of office/flex, regional and neighborhood retail, and single family residential proposed for Alternative 2 is consistent with the market opportunities identified. As discussed in the market sections above, KMA concludes that, given the site's strategic location and its existing landscaping amenities, there is potential for the site's development as a business/technology park. In addition, there is a built-in residential community within walking distance of the site to support new retail opportunities. The inclusion of residential units would increase the support for the non-residential uses on the site in the future. The mix of different land uses on the site will also help to reduce the development's absorption timing as compared with Alternatives 1 and 3, both of which include a high concentration of office/flex use and no residential.
- *Amount of Projected Demand* – The amount of development proposed in Alternative 2 is within or close to the range of demand estimated by KMA. As shown, the estimated share of demand projected to be potentially available to the subject site is estimated at about 300,000 sq.ft. (as opposed to 312,000 sq.ft. proposed in Alt. 2) for office flex; 35,000 sq.ft. to 42,000 sq.ft. (as opposed to 71,000 sq.ft. proposed in Alt.2) for neighborhood retail; 500,000 sq.ft. to 900,000 sq.ft. (as opposed to 160,000 sq.ft. proposed in Alt. 2) for regional retail; and 1,200 units (as opposed to 169 units in Alt.2). In contrast, the 1,394,000 sq.ft. of office/flex proposed in Alternative 1 and 914,000 sq.ft. of office/flex proposed in Alternative 3 significantly exceed the amount of space projected to be supportable between 2006 and 2016.
- *Absorption Timing* – Given the above conclusions regarding the multiple land uses and the adequacy of projected demand to support the development program in Alternative 2, it is anticipated that the projected amount of space can reasonably be absorbed within a 10 to 15 year horizon, much of the space within five years.

With the larger amounts of office/flex space proposed in Alternatives 1 and 3, the absorption horizon will likely be longer, i.e., in the 15 to 20+ year time-frame. The longer time frame will impact on the City's ability to begin receiving the fiscal revenues, i.e., property tax, sales tax, etc., which can potentially be generated

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from the envisioned land uses.<sup>18</sup> The tradeoff of a shorter absorption time frame with a smaller amount of office/flex space and with residential uses as in Alternative 2 is the loss of future jobs. Another tradeoff of a shorter absorption time frame by not waiting for R&D opportunities is the potential loss of higher quality and/or higher-paying jobs which are often generated by R&D uses as opposed to industrial or retail jobs.

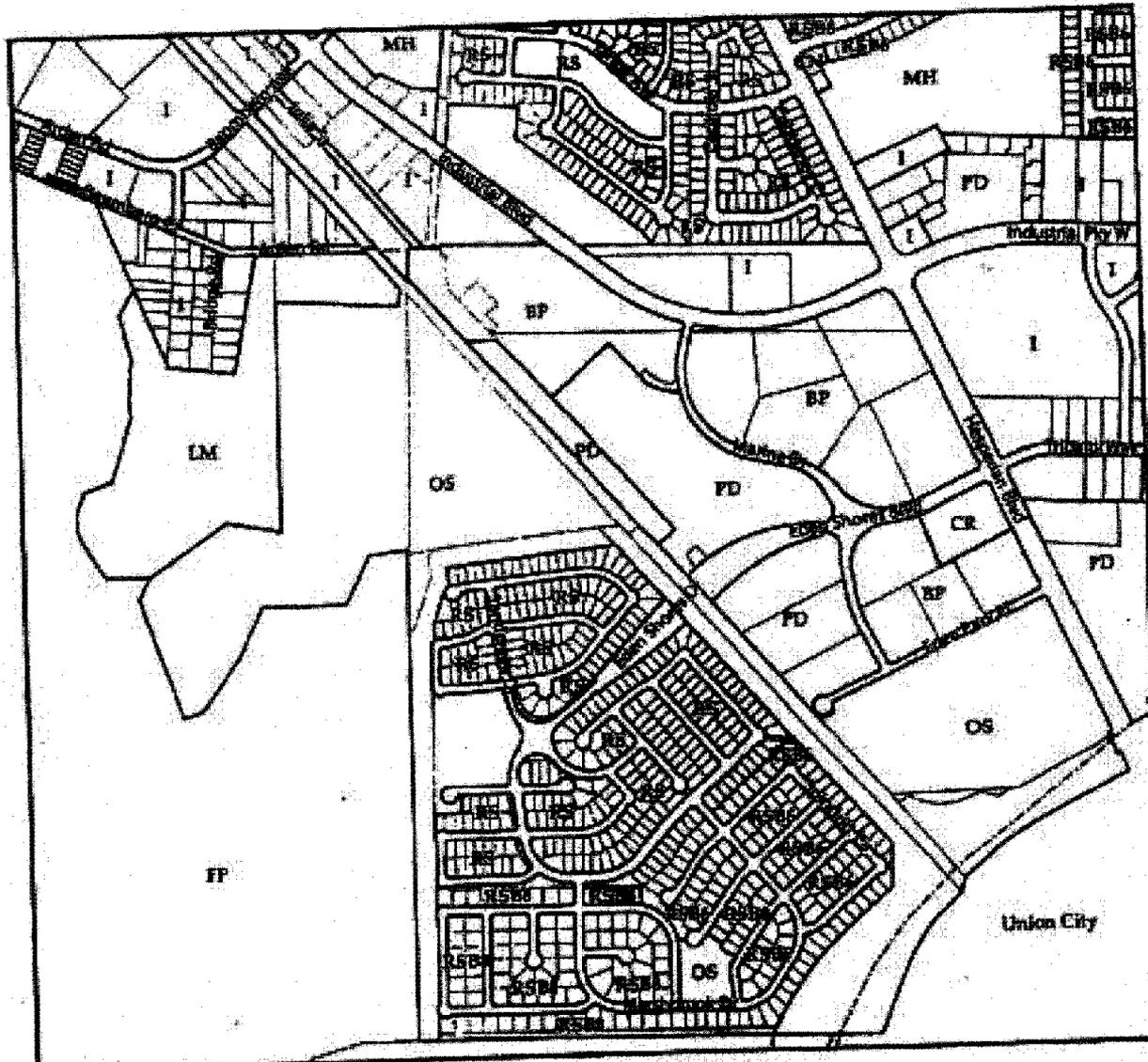
## **CAVEATS AND LIMITATIONS**

KMA's market study is based upon the following assumptions and limiting conditions:

1. This study makes use of data from secondary sources, such as city, county, and state agencies, which we believe are reliable. However, we have relied on such sources without additional research and do not warrant their accuracy. Where there are inconsistencies in data provided, we have used the best source available at the time of report preparation. Hence, Keyser Marston Associates, Inc. assumes no liability from conclusions drawn from information provided by other sources.
2. Further, due to the rapid change and complex factors that influence the real estate industry and the valuation of industry product, conclusions contained in this study should be viewed as best judgment as of the report date and should not be relied upon as the sole input for final business decisions regarding current and future business planning and development.
3. This study assumes the national and local economies will experience normal growth patterns. If such does not occur, it is likely that the conclusions of this evaluation will require revisiting and revision, as needed.

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<sup>18</sup> A fiscal impact analysis (not a part of the current market study) would be needed to fully assess the potential fiscal revenues and the costs of service demands generated by the proposed uses.



### South of Route 92 Specific Plan Area

Specific Plan Area

#### Zoning Classifications

##### RESIDENTIAL

- MH Mobile Home Park
- RS Single Family Residential, min lot size 5000 sqft
- RSB6 Single Family Residential, min lot size 6000 sqft

##### COMMERCIAL

- CR Neighborhood Commercial
- CR Commercial Retail

##### INDUSTRIAL

- I Industrial
- LM Light Manufacturing
- BP Business Park

##### OPEN SPACE

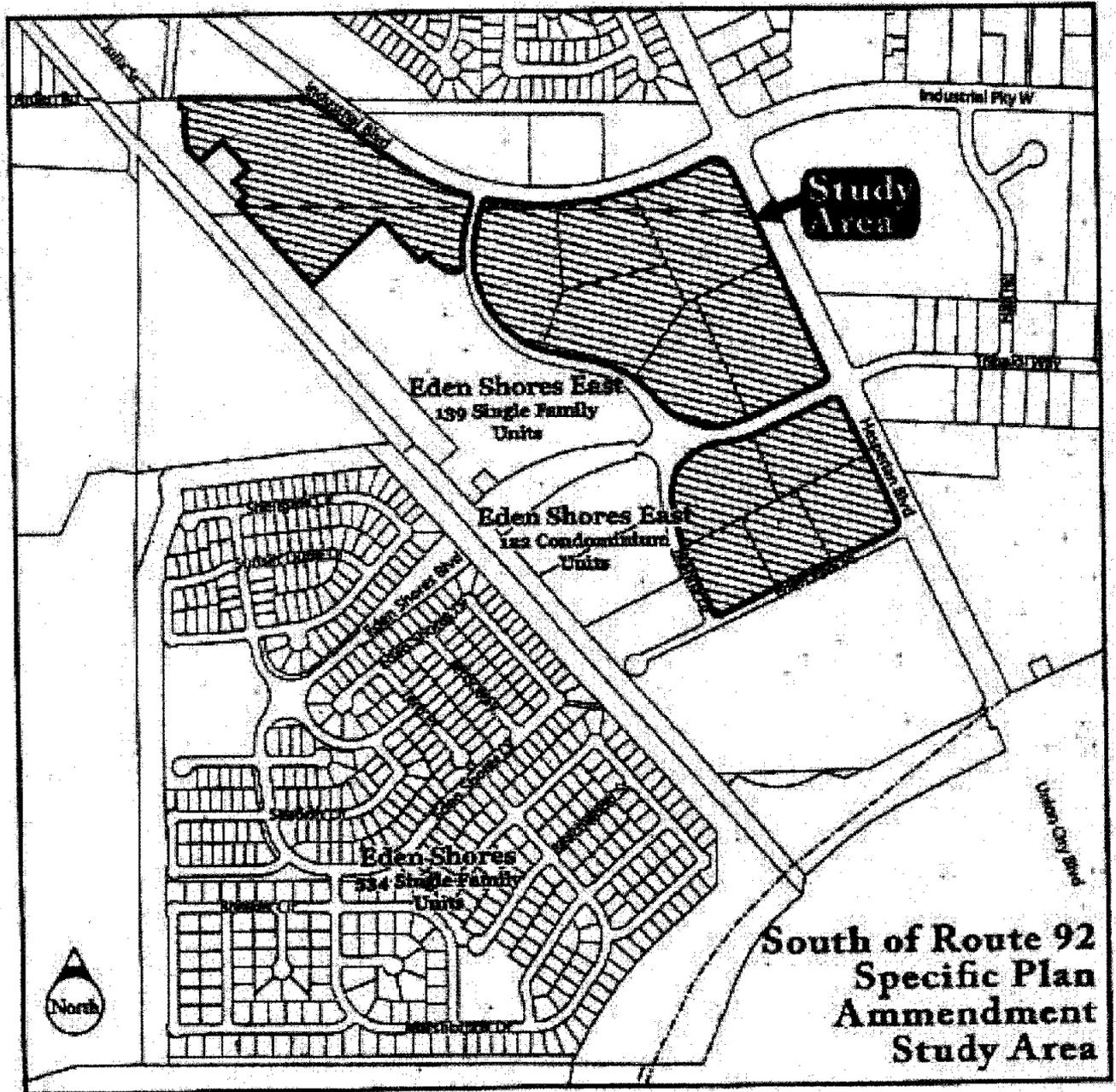
- FP Flood Plain
- OS Open Space

##### OTHER

- PD Planned Development



SCALE 500 1000



**TABLE 1.**  
**ESTIMATED POPULATION TREND<sup>1</sup>**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

COMMUNITIES NEAR SUBJECT	2000	Est. 2005	Proj. 2010	2015	2020	2000-2005 Change		2005-2015 Change	
						Total	%	Total	%
City of Hayward	140,660	147,000	152,100	157,300	161,100	6,340	4.5%	10,300	7.0%
City of Union City	66,883	71,400	75,100	78,600	82,600	4,517	6.8%	7,200	10.1%
City of San Leandro	79,452	82,400	84,300	87,500	90,800	2,948	3.7%	5,100	6.2%
City of Fremont	203,413	211,100	217,300	226,900	236,900	7,687	3.8%	15,800	7.5%
City of Newark	42,471	44,400	46,000	47,400	49,000	1,929	4.5%	3,000	6.8%
Ashland	20,793	21,300	22,500	23,000	23,500	507	2.4%	1,700	8.0%
Castro Valley	57,292	59,800	61,400	62,600	63,600	2,508	4.4%	2,800	4.7%
Cherryland-Fairview	26,567	28,000	28,700	29,000	29,700	1,433	5.4%	1,000	3.6%
San Lorenzo	21,898	22,300	22,600	22,700	22,900	402	1.8%	400	1.8%
<b>TOTAL ALAMEDA COUNTY</b>	<b>1,443,741</b>	<b>1,517,100</b>	<b>1,584,500</b>	<b>1,648,800</b>	<b>1,714,500</b>	<b>73,359</b>	<b>5.1%</b>	<b>131,700</b>	<b>8.7%</b>
<i>Hayward as % of County</i>	<i>9.7%</i>	<i>9.7%</i>	<i>9.6%</i>	<i>9.5%</i>	<i>9.4%</i>				
<b>TOTAL BAY REGION</b>	<b>6,783,762</b>	<b>7,091,700</b>	<b>7,419,600</b>	<b>7,749,100</b>	<b>8,094,000</b>	<b>307,938</b>	<b>4.5%</b>	<b>657,400</b>	<b>9.3%</b>
<i>Hayward as % Bay Region</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>				

<sup>1</sup> Based on ABAG Projections 2005.

**TABLE 2.**  
**SUMMARY OF DEMOGRAPHIC & ECONOMIC CHARACTERISTICS**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

	City of Hayward			City of Union City			Alameda County		Hayward				
	2000		2006	% Change	2000		2006	% Change	As % County				
<b>Total Population <sup>1</sup></b>	<b>140,030</b>		<b>148,000</b>	<b>5.7%</b>	<b>66,869</b>		<b>72,000</b>	<b>7.7%</b>	<b>1,530,580</b>	<b>9.7%</b>			
White Alone	40,896	29.2%	31,000	21.3%	-24.2%	13,610	20.4%	11,000	15.7%	-19.2%	564,784	36.9%	5.5%
African American Alone	14,846	10.6%	22,000	14.8%	48.2%	4,321	6.5%	4,000	5.5%	-7.4%	197,445	12.9%	11.1%
American Indian & Alaska Native Alone	570	0.4%	1,000	0.8%	75.4%	132	0.2%	0	0.2%	-100.0%	4,592	0.3%	21.8%
Asian & Pacific Islander Alone	28,700	20.5%	33,000	22.6%	15.0%	29,357	43.9%	36,000	50.0%	22.6%	371,931	24.3%	8.9%
Other Race Alone & Two or More Races	7,168	5.1%	7,000	4.4%	-2.3%	3,429	5.1%	4,000	5.5%	16.7%	71,937	4.7%	9.7%
Hispanic or Latino Origin	47,850	34.2%	53,000	36.1%	10.8%	16,020	24.0%	17,000	23.2%	6.1%	318,361	20.8%	16.6%
<b>Total Asian &amp; Pacific Islander (Of Any Race)</b>	<b>29,258</b>		<b>33,577</b>	<b>14.8%</b>	<b>29,626</b>		<b>36,577</b>	<b>23.5%</b>	<b>374,840</b>				
<b>Total Number of Households</b>	<b>44,809</b>		<b>46,700</b>	<b>4.2%</b>	<b>18,633</b>		<b>19,900</b>	<b>6.8%</b>	<b>523,574</b>				<b>8.9%</b>
Average Household Size <sup>2</sup>	3.08		3.17	2.9%	3.57		3.46	-3.1%	2.73				
Mean Household Income	\$60,617		\$71,975	18.7%	\$81,464		\$98,812	21.3%	\$86,348				83.4%
Per Capita Income	\$19,676		\$22,757	15.7%	\$22,867		\$27,100	18.4%	\$31,122				73.1%
Number of Household by Income Ranges <sup>1</sup>													
Less than \$49,999	21,588	48.2%	19,000	40.9%	-12.0%	5,494	29.5%	5,000	24.7%	-9.0%	201,243	38.4%	9.4%
\$50,000 to \$74,999	10,560	23.6%	10,000	22.5%	-5.3%	4,254	22.8%	3,000	17.1%	-29.5%	94,271	18.0%	10.6%
\$75,000 or more	12,661	28.3%	17,000	36.6%	34.3%	8,885	47.7%	12,000	58.2%	35.1%	228,060	43.6%	7.5%
<b>Total Number of Jobs <sup>2</sup></b>													
Agricultural and Natural Resources	250	0.3%	240	0.3%	-4.0%	50	0.3%	50	0.3%	0.0%	1,940	0.3%	12.4%
Manufacturing, Wholesale & Transportation	28,030	36.1%	25,410	33.9%	-9.3%	8,090	41.9%	7,870	39.5%	-2.7%	178,870	23.9%	14.2%
Retail	9,520	12.3%	9,230	12.3%	-3.0%	2,220	11.5%	2,310	11.6%	4.1%	83,090	11.1%	11.1%
Financial & Professional Service	10,040	12.9%	10,130	13.5%	0.9%	2,180	11.3%	2,370	11.9%	8.7%	149,740	20.0%	6.8%
Health, Educational & Recreational Service	19,420	25.0%	19,670	26.3%	1.3%	4,970	25.7%	5,410	27.2%	8.9%	225,480	30.2%	8.7%
Other	10,400	13.4%	10,250	13.7%	-1.4%	1,800	9.3%	1,910	9.6%	6.1%	108,380	14.5%	9.5%
<b>Total</b>	<b>77,660</b>	<b>100.0%</b>	<b>74,930</b>	<b>100.0%</b>	<b>-3.5%</b>	<b>19,310</b>	<b>100.0%</b>	<b>19,920</b>	<b>100.0%</b>	<b>3.2%</b>	<b>747,500</b>	<b>100.0%</b>	<b>10.0%</b>
<b>Total Housing Units</b>	<b>45,960 <sup>3</sup></b>		<b>47,861 <sup>4</sup></b>			<b>18,877</b>		<b>30,500</b>		<b>61.6%</b>	<b>556,474</b>		<b>8.6%</b>
Owner-Occupied	23,824	52%	NA	NA		13,291	70%	23,938	78%	80.1%	298,774	54%	NA
Renter-Occupied	20,980	46%	NA	NA		5,351	28%	5,912	19%	10.5%	222,606	40%	NA
Vacant	1,156	3%	1,580 <sup>5</sup>	3%		235	1%	650	2%	176.6%	35,094	6%	4.5%

<sup>1</sup> Based on ABAG Projections 2005 totals, extrapolated to 2006. Percentage breakdowns are based on estimates by Claritas - as no other sources have readily available percentage projections.

<sup>2</sup> Based on ABAG Projections 2005.

<sup>3</sup> Based on U.S. Census 2000 Summary prepared by the City of Hayward, November 2003.

<sup>4</sup> Based on City of Hayward's web site: Facts and Figures.

<sup>5</sup> Based on the following calculation:

No. of Estimated Vacant Units in 2000	1,156
(Plus) No. of new units built between 2000 and 2006	2,315
<Less> No. of new households between 2000 and 2006	(1,891)
<b>Net Estimated Vacant Housing Units as of 2006</b>	<b>1,580</b>

**TABLE 3.  
CITY OF HAYWARD MAJOR EMPLOYERS  
SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
HAYWARD, CA**

<b>MAJOR EMPLOYERS</b>	<b>Employees</b>	<b>Product/ Services</b>
<b>Manufacturing</b>		
1 Berkeley Farms	640	Dairy Products
2 Gilig Corporation	474	Bus Manufacturers
3 Alameda Newspaper Group	405	Newspaper Publishing
4 Pepsi Cola	400	Beverage Distribution
5 Cell Genesys, Inc.	375	Nbiotechnology
6 Injex Industries, Inc.	350	Auto Parts Manufacturing
7 Morgan Adv. Ceramics	250	Manufacturing
<b>Total Manufacturing</b>	<b>2,894</b>	
<b>Non-Manufacturing</b>		
1 Kaiser Permanente Medical Center	2,200	Hospital
2 Hayward Unified School District	2,100	Public School
3 Cal State University, East Bay	1,600	State University
4 Mervyn's	1,300	Department Store Headquarters
5 SBC	940	Phone Utility
6 City of Hayward	847	Local Government
7 Alameda County <sup>1</sup>	800	County Government
8 St. Rose Hospital	660	Hospital
<b>Total Non-Manufacturing</b>	<b>10,447</b>	

<sup>1</sup> Estimated by City Staff

Source: Hayward Chamber of Commerce 2006

**TABLE 4.  
EMPLOYMENT TRENDS BY INDUSTRY SECTORS  
SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
HAYWARD, CA**

	2005	%	2010	%	2015	%	2020	%	2005-2015 Change	
<b>City of Hayward</b>										
Agriculture & Natural Resources	240	0%	230	0%	230	0%	220	0%	(10)	-4%
Manufacturing, Wholesale & Transportation	25,410	34%	26,600	33%	27,530	32%	28,650	32%	2,120	8%
Retail	9,230	12%	10,080	12%	10,620	12%	11,180	12%	1,390	15%
Financial & Professional Service	10,130	14%	11,030	14%	11,840	14%	12,620	14%	1,710	17%
Health, Education, Recreational Service	19,670	26%	22,600	28%	24,160	28%	25,610	28%	27,400	139%
Other (Information, Government, Other)	10,250	14%	10,840	13%	11,380	13%	12,010	13%	1,130	11%
<b>Total</b>	<b>74,930</b>	<b>100%</b>	<b>81,380</b>	<b>100%</b>	<b>85,760</b>	<b>100%</b>	<b>90,290</b>	<b>100%</b>	<b>10,830</b>	<b>14%</b>
<b>City of Union City</b>										
Agriculture & Natural Resources	50	0%	60	0%	90	0%	120	0%	40	80%
Manufacturing, Wholesale & Transportation	7,870	40%	8,950	37%	9,760	34%	10,650	31%	1,890	24%
Retail	2,310	12%	2,750	11%	3,200	11%	3,710	11%	890	39%
Financial & Professional Service	2,370	12%	2,880	12%	3,620	12%	4,480	13%	1,250	53%
Health, Education, Recreational Service	5,410	27%	7,090	30%	9,560	33%	12,540	36%	4,150	77%
Other (Information, Government, Other)	1,910	10%	2,270	9%	2,780	10%	3,400	10%	870	46%
<b>Total</b>	<b>19,920</b>	<b>100%</b>	<b>24,000</b>	<b>100%</b>	<b>29,010</b>	<b>100%</b>	<b>34,900</b>	<b>100%</b>	<b>9,090</b>	<b>46%</b>
<b>Total Alameda County</b>										
Agriculture & Natural Resources	1,940	0%	1,940	0%	1,940	0%	1,940	0%	0	0%
Manufacturing, Wholesale & Transportation	178,870	24%	190,220	23%	199,160	23%	208,160	22%	20,290	11%
Retail	83,090	11%	91,370	11%	99,470	11%	107,360	11%	16,380	20%
Financial & Professional Service	149,740	20%	164,420	20%	180,000	20%	195,580	21%	30,260	20%
Health, Education, Recreational Service	225,480	30%	254,550	31%	279,800	32%	306,690	32%	54,320	24%
Other (Information, Government, Other)	108,380	14%	116,340	14%	124,600	14%	133,580	14%	16,220	15%
<b>Total</b>	<b>747,500</b>	<b>100%</b>	<b>818,840</b>	<b>100%</b>	<b>884,970</b>	<b>100%</b>	<b>953,310</b>	<b>100%</b>	<b>137,470</b>	<b>18%</b>
<b>Hayward as % of Alameda County</b>										
Agriculture & Natural Resources	12%		12%		12%		11%			
Manufacturing, Wholesale & Transportation	14%		14%		14%		14%		10%	
Retail	11%		11%		11%		10%		8%	
Financial & Professional Service	7%		7%		7%		6%		6%	
Health, Education, Recreational Service	9%		9%		9%		8%		50%	
Other (Information, Government, Other)	9%		9%		9%		9%		7%	
<b>Total</b>	<b>10%</b>		<b>10%</b>		<b>10%</b>		<b>9%</b>		<b>8%</b>	

**TABLE 5.**  
**I-80/880 CORRIDOR<sup>1</sup> INDUSTRIAL INVENTORY**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

3RD QTR. 2006	Total Building SF	Available Square Feet			Vacancy 3Q '06	Vacancy 3Q '05	Avg. Asking Rent (NNN)
		Direct	Sublease	Total			
<i>Manufacturing</i>							
<b>Hayward</b>	<b>17,792,803</b>	<b>448,628</b>	<b>188,554</b>	<b>637,182</b>	<b>3.6%</b>	<b>4.5%</b>	<b>\$0.55</b>
Union City	5,089,402	286,225	-	286,225	5.6%	2.2%	\$0.49
San Leandro	13,175,019	333,805	62,074	395,879	3.0%	3.9%	\$0.46
Newark	4,240,405	431,014	268,017	699,031	16.5%	8.4%	\$0.85
Fremont	8,943,665	647,059	54,933	701,992	7.8%	9.5%	\$0.59
Livermore	5,206,408	397,156	31,552	428,708	8.2%	9.2%	\$0.69
Oakland	24,147,263	1,070,874	-	1,070,874	4.4%	2.7%	\$0.42
Richmond	6,473,133	856,254	-	856,254	13.2%	5.9%	\$0.57
Berkeley	5,400,768	194,061	-	194,061	3.6%	0.1%	\$0.59
Emeryville	1,706,309	11,000	-	11,000	0.6%	0.4%	\$0.77
<b>TOTAL I-80/880 Corridor</b>	<b>92,175,175</b>	<b>4,676,076</b>	<b>605,130</b>	<b>5,281,206</b>	<b>5.7%</b>	<b>5.9%</b>	<b>\$0.57</b>
<i>Hayward As % of Corridor</i>	<b>19.30%</b>	<b>9.59%</b>	<b>31.16%</b>	<b>12.07%</b>			
<i>Warehouse</i>							
<b>Hayward</b>	<b>19,213,267</b>	<b>408,348</b>	<b>70,000</b>	<b>478,348</b>	<b>2.5%</b>	<b>7.4%</b>	<b>\$0.41</b>
Union City	7,823,850	322,980	96,018	418,998	5.4%	9.2%	\$0.40
San Leandro	14,414,170	394,673	131,459	526,132	3.7%	4.7%	\$0.41
Newark	3,960,861	549,467	64,130	613,597	15.5%	16.1%	\$0.44
Fremont	8,301,772	737,640	54,716	792,356	9.5%	10.9%	\$0.44
Livermore	6,500,496	513,780	9,823	523,603	8.1%	9.4%	\$0.36
Oakland	13,593,482	114,295	82,928	197,223	1.5%	2.2%	\$0.39
Richmond	4,776,034	218,725	3,500	222,225	4.7%	2.9%	\$0.40
Berkeley	2,109,176	24,144	-	24,144	1.1%	2.0%	\$0.90
Emeryville	1,599,234	61,314	-	61,314	3.8%	0.7%	\$0.55
<b>TOTAL I-80/880 Corridor</b>	<b>82,292,342</b>	<b>3,345,366</b>	<b>512,574</b>	<b>3,857,940</b>	<b>4.7%</b>	<b>6.6%</b>	<b>\$0.42</b>
<i>Hayward As % of Corridor</i>	<b>23.35%</b>	<b>12.21%</b>	<b>13.66%</b>	<b>12.40%</b>			
<i>R&amp;D</i>							
<b>Hayward</b>	<b>5,132,930</b>	<b>642,485</b>	<b>603,447</b>	<b>1,245,932</b>	<b>24.3%</b>	<b>24.3%</b>	<b>\$0.82</b>
Union City	1,026,589	84,655	16,831	101,486	9.9%	10.6%	\$0.72
San Leandro	1,021,977	88,943	11,694	100,637	9.8%	3.4%	\$1.03
Newark	2,862,779	1,276,125	166,904	1,443,029	50.4%	30.8%	\$1.07
Fremont	20,658,376	3,416,217	999,404	4,415,621	21.4%	21.2%	\$0.87
Livermore	2,877,731	497,251	43,731	540,982	18.8%	15.6%	\$0.90
Berkeley	383,286	37,080	-	37,080	9.7%	9.7%	\$0.80
Emeryville	1,820,177	145,404	-	145,404	8.0%	6.2%	\$0.84
<b>TOTAL I-80/880 Corridor</b>	<b>35,783,845</b>	<b>6,188,160</b>	<b>1,842,011</b>	<b>8,030,171</b>	<b>22.4%</b>	<b>19.5%</b>	<b>\$0.88</b>
<i>Hayward As % of Corridor</i>	<b>14.34%</b>	<b>10.38%</b>	<b>32.76%</b>	<b>15.52%</b>			

Source: NAI BT Commercial East Bay (I-80/880 Corridor) Reports, Q3-2006.

<sup>1</sup> Defined by BT Commercial as communities along I-80/880 from Richmond to the north to Newark to the south.

**TABLE 6.**  
**PROJECTED RESEARCH AND DEVELOPMENT (R&D) SPACE DEMAND - 2006 to 2016**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

**PROJECTED TOTAL ALAMEDA COUNTY JOBS <sup>1</sup>**

<i>Estimated 2006</i>	<b>761,768</b>	
<i>Projected 2016</i>	<b>939,642</b>	
<b>NET ALAMEDA COUNTY JOB INCREASE (2006 &amp; 2016)</b>		<b>177,874</b>

**PROJECTED COUNTY JOBS BY EMPLOYMENT SECTORS <sup>2</sup>**

Agriculture & Natural Resources	0.2%	390	
Manufacturing, Wholesale & Transportation	22.5%	40,030	
Retail	11.2%	19,993	
Financial & Professional Service	20.3%	36,179	
Health, Education, Recreational Service	31.6%	56,238	
Other (Information, Government, Other)	14.1%	25,044	
<b>Total</b>	<b>100.0%</b>	<b>177,874</b>	<b>100%</b>

**PROJECTED COUNTY R&D JOBS <sup>3</sup>**

Agriculture & Natural Resources	5.0%	19	
Manufacturing, Wholesale & Transportation	15.0%	6,005	
Retail	0.0%	0	
Financial & Professional Service	0.0%	0	
Health, Education, Recreational Service	0.0%	0	
Other (Information, Government, Other)	0.0%	0	
<b>Total</b>	<b>3.4%</b>	<b>6,024</b>	<b>3%</b>

**PROJECTED GROSS HAYWARD SHARE OF COUNTY R&D JOBS**

Estimated Proportionate Share <sup>4</sup>	10%	600
R&D Space per Employee <sup>5</sup>	@ 800 SF/Emp.	

**PROJECTED GROSS HAYWARD R&D SPACE DEMAND**

**480,000 SF**

Plus: Normal Vacancy (to allow market movement) 5% 24,000 SF

**TOTAL PROJECTED HAYWARD R&D SPACE DEMAND** **504,000 SF**

<Less> Total Existing Available Space in Hayward <sup>6</sup> (1,245,932) SF

<Less> Major Proposed/Planned Space in Hayward <sup>7</sup> Nominal SF

**PROJECTED NET HAYWARD SHARE OF R&D SPACE DEMAND** **(741,932) SF**

**PROJECTED SHARE POTENTIALLY AVAILABLE TO STUDY AREA** **None**

<sup>1</sup> Extrapolated from ABAG Projections 2005.

<sup>2</sup> Based on ABAG job distribution estimate for 2015.

<sup>3</sup> Based on analysis of detail Industry Employment & Labor Force data from EDD (March 2005 Benchmark) to estimate percentage likely to be R&D jobs in laboratory and other research types of space.

<sup>4</sup> Based on projected Hayward's share of total jobs as % of Alameda County total in 2015.

<sup>5</sup> Assumes an average of 20 employees per acre and .35 FAR. Based on 11/06/06 City of Hayward Staff Report on Update on Socioeconomic Data for the Industrial Corridor & Recommendations.

<sup>6</sup> Based on NAI BT Commercial 2005 Report for the I-80/880 Corridor.

<sup>7</sup> Based on project information provided by City of Hayward.

**TABLE 7.**  
**I-80/880 CORRIDOR<sup>1</sup> OFFICE INVENTORY\***  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

3RD QTR. 2006	Total Building SF	Available Square Feet			Vacancy 3Q '06	Vacancy 3Q '05	Avg. Asking Rent (NNN)
		Direct	Sublease	Total			
<i>Office (by Location)*</i>							
Alameda	3,531,203	779,050	165,170	944,220	26.7%	27.2%	\$1.99
Oakland	15,489,818	1,705,088	227,192	1,932,280	12.5%	11.9%	\$1.99
Richmond	2,538,111	525,826	4,878	530,704	20.9%	26.9%	\$2.02
Berkeley	3,110,676	212,943	2,421	215,364	6.9%	5.7%	\$2.26
Emeryville	3,617,258	326,784	25,683	352,467	9.7%	15.4%	\$2.34
<b>TOTAL I-80/880 Corridor</b>	<b>28,287,066</b>	<b>3,549,691</b>	<b>425,344</b>	<b>3,975,035</b>	<b>14.1%</b>	<b>14.9%</b>	<b>\$2.04</b>
<i>Office (by Type of Space)*</i>							
Prime (Class A)	12,938,341	1,303,035	339,225	1,642,260	12.7%	15.6%	\$2.21
Competitive (Class B)	12,108,004	1,495,418	81,241	1,576,659	13.0%	11.7%	\$1.88
Office Flex	3,240,721	751,238	4,878	756,116	23.3%	N.A.	\$2.00
<b>TOTAL I-80/880 Corridor</b>	<b>28,287,066</b>	<b>3,549,691</b>	<b>425,344</b>	<b>3,975,035</b>	<b>14.1%</b>	<b>14.9%</b>	<b>\$2.04</b>

Source: NAI BT Commercial East Bay (I-80/880 Corridor) Reports, Q3-2006.

\*Note: No office data breakdown is available for Hayward in the BT Commercial Report.

<sup>1</sup> Defined by BT Commercial as communities along I-80/880 from Richmond to the north to Oakland/Alameda to the south.

**TABLE 8.**  
**PROJECTED OFFICE/FLEX SPACE DEMAND - 2006 to 2016**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

**PROJECTED TOTAL ALAMEDA COUNTY JOBS<sup>1</sup>**

<i>Estimated 2006</i>	<b>761,768</b>
<i>Projected 2016</i>	<b>939,642</b>
<b>NET ALAMEDA COUNTY JOB INCREASE (2006 &amp; 2016)</b>	<b>177,874</b>

**PROJECTED COUNTY JOBS BY EMPLOYMENT SECTORS<sup>2</sup>**

Agriculture & Natural Resources	0.2%	390	
Manufacturing, Wholesale & Transportation	22.5%	40,030	
Retail	11.2%	19,993	
Financial & Professional Service	20.3%	36,179	
Health, Education, Recreational Service	31.6%	56,238	
Other (Information, Government, Other)	14.1%	25,044	
<b>Total</b>	<b>100.0%</b>	<b>177,874</b>	<b>100%</b>

**PROJECTED COUNTY OFFICE/FLEX JOBS<sup>3</sup>**

Agriculture & Natural Resources	0.0%	0	
Manufacturing, Wholesale & Transportation	10.0%	4,003	
Retail	0.0%	0	
Financial & Professional Service	20.2%	7,308	
Health, Education, Recreational Service	3.2%	1,800	
Other (Information, Government, Other)	4.1%	1,027	
<b>Total</b>	<b>7.9%</b>	<b>14,138</b>	<b>8%</b>

**PROJECTED HAYWARD SHARE OF COUNTY OFFICE/FLEX JOBS**

Estimated % in All Types of Office Space <sup>4</sup>	10%	1,400
Estimated % in Competitive Office or Office/Flex Space <sup>5</sup>	60% of All Types	800

Office/Flex Space per Employee<sup>6</sup> @ 350 SF/Emp.

**PROJECTED GROSS HAYWARD OFFICE/FLEX SPACE DEMAND** **280,000 SF**

Plus: Normal Vacancy (to allow market movement) 5% 14,000 SF

**TOTAL PROJECTED HAYWARD OFFICE/FLEX SPACE DEMAND** **294,000 SF**

<Less> Total Existing Available Space in Hayward<sup>7</sup> (12,000) SF

<Less> Major Proposed/Planned Space in Hayward<sup>8</sup> Nominal SF

**PROJECTED NET HAYWARD SHARE OF OFFICE/FLEX SPACE DEMAND** **282,000 SF**

**PROJECTED SHARE POTENTIALLY AVAILABLE TO STUDY AREA/** *Up to 100%* **300,000 SF (rd.)**  
*Estimated Land Area @ .4 F.A.R.* **17 Acres**

<sup>1</sup> Extrapolated from ABAG Projections 2005.

<sup>2</sup> Based on ABAG job distribution estimate for 2015.

<sup>3</sup> Based on analysis of detail Industry Employment & Labor Force data from EDD (March 2005 Benchmark) to estimate percentage likely to be office or R&D jobs.

<sup>4</sup> Based on projected Hayward's share of total jobs as % of Alameda County total in 2015.

<sup>5</sup> Based on NAI BT Commercial's estimated breakdown of Prime (Class A) vs. Competitive (Class B) Office and Office/Flex space in the I-80/880 Corridor. Competitive Office (Class B) and Office/Flex space is assumed to be Hayward's most likely market niche.

<sup>6</sup> Assumes an average of 1 employee per 250 sq.ft. for office and 1 employee per 450 sq.ft. for office/flex.

<sup>7</sup> No office space data is available from NAI BT Commercial. Estimate based on web listing of available space for lease.

<sup>8</sup> Based on project information provided by City of Hayward.

**TABLE 9.**  
**SUMMARY OF 1-MILE AND 5-MILE TRADE AREA DEMOGRAPHIC & ECONOMIC CHARACTERISTICS**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

	NEIGHBORHOOD RETAIL TRADE AREA (1-Mile Radius)					REGIONAL RETAIL TRADE AREA (5-Mile Radius)										
	2000 Census		2006 Estimate		2011 Projection		2000-2006 % Change	2006-2011 % Change	2000 Census		2006 Estimate		2011 Projection		2000-2006 % Change	2006-2011 % Change
<b>Total Population</b>	<b>15,192</b>		<b>16,000<sup>1</sup></b>		<b>16,800<sup>2</sup></b>		<b>5.3%</b>	<b>5.0%</b>	<b>295,408</b>		<b>299,501</b>		<b>306,756</b>		<b>1.4%</b>	<b>2.4%</b>
White Alone	3,527	23.2%	2,810	17.6%	2,210	13.2%	-20.3%	-21.4%	90,403	30.6%	72,609	24.2%	59,318	19.3%	-19.7%	-18.3%
African American Alone	1,226	8.1%	1,130	7.0%	1,040	6.2%	-7.8%	-8.0%	24,006	8.1%	23,824	8.0%	23,601	7.7%	-0.8%	-0.9%
American Indian & Alaska Native Alone	57	0.4%	50	0.3%	50	0.3%	-12.3%	0.0%	996	0.3%	860	0.3%	789	0.3%	-13.7%	-10.6%
Asian & Pacific Islander Alone	4,848	31.9%	5,800	36.2%	6,680	39.7%	19.6%	15.2%	83,157	28.1%	97,230	32.5%	110,190	35.9%	16.9%	13.3%
Other Race Alone & Two or More Races	853	5.6%	960	6.0%	1,060	6.3%	12.5%	10.4%	14,854	5.0%	16,115	5.4%	17,277	5.6%	8.5%	7.2%
Hispanic or Latino Origin	4,681	30.8%	5,250	32.8%	5,760	34.3%	12.2%	9.7%	81,992	27.8%	88,863	29.7%	95,601	31.2%	8.4%	7.6%
<b>Total Asian &amp; Pacific Islander (Of Any Race)</b>	<b>4,919</b>		<b>5,869</b>		<b>6,744</b>		<b>19.3%</b>	<b>14.9%</b>	<b>84,288</b>		<b>98,416</b>		<b>111,424</b>		<b>16.8%</b>	<b>13.2%</b>
<b>Total Number of Households</b>	<b>4,487</b>		<b>5,034<sup>1</sup></b>		<b>5,300<sup>2</sup></b>		<b>12.2%</b>	<b>5.3%</b>	<b>93,106</b>		<b>92,276</b>		<b>93,237</b>		<b>-0.9%</b>	<b>1.0%</b>
Mean Household Income	\$62,986		\$75,541		\$83,997		19.9%	11.2%	\$69,716		\$82,817		\$92,726		18.8%	12.0%
Per Capita Income	\$18,864		\$21,814		\$23,855		15.8%	9.4%	\$22,299		\$25,792		\$28,444		15.7%	10.3%
No. of HH by Income Ranges																
Less than \$49,999	1,958	43.6%	1,850	36.8%	1,720	32.5%	-5.5%	-7.0%	37,913	40.7%	31,631	34.3%	28,468	30.5%	-16.6%	-10.0%
\$50,000 to \$74,999	1,138	25.4%	1,100	21.9%	1,110	21.0%	-3.3%	0.9%	21,374	23.0%	18,998	20.6%	17,751	19.0%	-11.1%	-6.6%
\$75,000 or more	1,391	31.0%	2,080	41.2%	2,470	46.5%	49.5%	18.8%	33,819	36.3%	41,647	45.1%	47,018	50.4%	23.1%	12.9%

Source: Claritas Inc., 2006 data.

<sup>1</sup> Adjusted to reflect the addition of an estimated 547 units of housing within the 1-mile trade area, based on City of Hayward's residential permit information and average household size.

<sup>2</sup> Adjusted to reflect the addition of approximately 139 units Bridgeport and 122 units at Crossings. (Does not include any additional units which may be included on subject site.)

**TABLE 10.**  
**ESTIMATED 2005 TOTAL TAXABLE SALES IN HAYWARD AND UNION CITY**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

RETAIL STORE GROUPS	CITY OF HAYWARD			CITY OF UNION CITY			TOTAL (HAYWARD + UNION CITY)
	# Permits	Total Taxable 2005 Sales	% Total	# Permits	Total Taxable 2005 Sales	% Total	Taxable 2005 Sales
<b>Comparison Retail</b>							
Apparel	120	\$69,718,000	2.8%	17	\$4,313,000	0.6%	\$74,031,000
General Merchandise (Excl. Drugs)	84	\$212,870,000	8.6%	24	N.A. <sup>1</sup>	N.A.	\$212,870,000
Specialty Retail	777	\$161,315,000	6.5%	197	\$202,642,000	28.4%	\$363,957,000
Home Furnishings & Appliances	99	\$99,620,000	4.0%	34	\$16,220,000	2.3%	\$115,840,000
<b>Total Comparison Retail</b>	<b>1,080</b>	<b>\$543,523,000</b>	<b>21.9%</b>	<b>272</b>	<b>\$223,175,000</b>	<b>31.2%</b>	<b>\$766,698,000</b>
<b>Convenience Retail</b>							
Food Stores <sup>2</sup>	93	\$63,027,000	2.5%	39	\$25,797,000	3.6%	\$88,824,000
Drug Stores <sup>2</sup>	20	\$26,770,000	1.1%	5	N.A. <sup>1</sup>	NA	\$26,770,000
<b>Total Convenience Retail</b>	<b>113</b>	<b>\$89,797,000</b>	<b>3.6%</b>	<b>44</b>	<b>\$25,797,000</b>	<b>3.6%</b>	<b>\$115,594,000</b>
<b>Eating &amp; Drinking</b>	<b>351</b>	<b>\$131,148,000</b>	<b>5.3%</b>	<b>123</b>	<b>\$72,440,000</b>	<b>10.1%</b>	<b>\$203,588,000</b>
<b>Building Materials</b>	<b>57</b>	<b>\$135,174,000</b>	<b>5.5%</b>	<b>17</b>	<b>\$103,736,000</b>	<b>14.5%</b>	<b>\$238,910,000</b>
<b>Automotive &amp; Service Stations</b>	<b>208</b>	<b>\$545,143,000</b>	<b>22.0%</b>	<b>31</b>	<b>\$56,481,000</b>	<b>7.9%</b>	<b>\$601,624,000</b>
<b>Other Retail Stores</b>	<b>93</b>	<b>\$93,148,000</b>	<b>3.8%</b>	<b>13</b>	<b>\$4,036,000</b>	<b>0.6%</b>	<b>\$97,184,000</b>
<b>RETAIL SALES TOTAL</b>	<b>1,902</b>	<b>\$1,537,933,000</b>	<b>62.1%</b>	<b>500</b>	<b>\$485,665,000</b>	<b>68.0%</b>	<b>\$2,023,598,000</b>
<b>Business &amp; Personal Services</b>	<b>494</b>	<b>\$100,391,000</b>	<b>4.1%</b>	<b>83</b>	<b>\$12,524,000</b>	<b>1.8%</b>	<b>\$112,915,000</b>
<b>All Other Outlets</b>	<b>1,965</b>	<b>\$839,386,000</b>	<b>33.9%</b>	<b>560</b>	<b>\$216,334,000</b>	<b>30.3%</b>	<b>\$1,055,720,000</b>
<b>TOTAL ALL OUTLETS</b>	<b>4,361</b>	<b>\$2,477,710,000</b>	<b>100.0%</b>	<b>1,143</b>	<b>\$714,523,000</b>	<b>100.0%</b>	<b>\$3,192,233,000</b>
<b>COUNTY RETAIL SALES TOTAL</b>		<b>\$15,228,482,000</b>			<b>\$15,228,482,000</b>		<b>\$15,228,482,000</b>
<i>City As % of County</i>		<i>10.1%</i>			<i>3.2%</i>		<i>13.3%</i>
<b>COUNTY TOTAL ALL OUTLETS</b>		<b>\$24,242,981,000</b>			<b>\$24,242,981,000</b>		<b>\$24,242,981,000</b>
<i>City As % of County</i>		<i>10.2%</i>			<i>2.9%</i>		<i>13.2%</i>

Source: California State Board of Equalization Taxable Sales.

<sup>1</sup> Sales omitted as their publication would result in disclosure of confidential information. Included in the class of business group to which they belong when possible (per SBE).

<sup>2</sup> No adjustments have been made to reflect total sales for food stores or drug stores - as typically only an estimated 30% and 60% of drugstore sales are taxable.

TABLE 11.  
**MAJOR RETAIL ANCHOR PRESENCE IN MARKET AREA  
 SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
 HAYWARD, CA**

RETAIL ANCHOR	Number of Stores			Number of Stores	
	Hayward	Union City	San Leandro	1-Mile Radius	5-Mile Radius
<b>Traditional Food Stores</b>					
Safeway	2	1	3	0	4
Whole Foods <sup>1</sup>	0	0	0	0	0
Albertsons	3	1	1	0	3
<b>Specialty Food Stores</b>					
Trader Joe's <sup>2</sup>	0	0	0	0	1
Ranch 99 <sup>3</sup>	0	0	0	0	1
Lion Food Center <sup>4</sup>	0	0	0	0	0
<b>Major Drug Stores</b>					
Walgreen's	5	0	3	0	2
Long's	2	0	4	0	2
Rite-Aid	2	2	1	0	4
<b>General Merchandise <sup>5</sup> (Big Box)</b>					
Costco	*	0	1	0	1
Target	2	0	1	0	2
<b>Home Improvement (Big Box)</b>					
Home Depot	1	1	1	1	2
Lowe's	0	1	0	0	1
Orchard Supply <sup>6</sup>	0	0	1	0	1

\* A Costco for businesses only is located in Hayward.

<sup>1</sup> Whole Food has stores in San Ramon, Berkeley and Walnut Creek.

<sup>2</sup> Trader Joe's has a store in Castro Valley.

<sup>3</sup> Ranch 99 has stores in Newark and Fremont.

<sup>4</sup> Lion Food Center has stores in Newark and Fremont.

<sup>5</sup> Categorized as General Merchandise by SBE.

<sup>6</sup> Orchard Supply has a store in San Lorenzo.

**TABLE 12.**  
**TAXABLE SALES PER CAPITA (2005)**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

*Taxable Sale 2005*

	CITY OF HAYWARD CITY		CITY OF UNION CITY		ALAMEDA COUNTY		STATE OF CALIFORNIA	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<i>Estimated Total Population</i>		147,000 <sup>1</sup>		71,400 <sup>1</sup>		1,517,100 <sup>1</sup>		36,728,198 <sup>2</sup>
<b>Comparison Retail</b>								
Apparel	\$69,718,000	\$474	\$4,313,000	\$60	\$625,984,000	\$413	\$18,712,215,000	\$509
General Merchandise (Excl. Drugs)	\$212,870,000	\$1,448	N.A.	N.A. <sup>4</sup>	\$1,798,740,000	\$1,186	\$50,588,297,000	\$1,377
Specialty Retail	\$161,315,000	\$1,097	\$202,642,000	\$2,838	\$2,477,995,000	\$1,633	\$52,376,758,000	\$1,426
Home Furnishings & Appliances	\$99,620,000	\$678	\$16,220,000	\$227	\$843,587,000	\$556	\$17,388,704,000	\$473
<b>Total Comparison Retail</b>	<b>\$543,523,000</b>	<b>\$3,697</b>	<b>\$223,175,000</b>	<b>\$3,126</b>	<b>\$5,746,306,000</b>	<b>\$3,788</b>	<b>\$139,065,974,000</b>	<b>\$3,786</b>
<b>Convenience Retail</b>								
Food Stores <sup>3</sup>	\$63,027,000	\$429	\$25,797,000	\$361	\$744,339,000	\$491	\$21,128,469,000	\$575
Drug Stores <sup>3</sup>	\$26,770,000	\$182	N.A.	N.A. <sup>4</sup>	\$288,361,000	\$190	\$6,198,856,000	\$169
<b>Total Convenience Retail</b>	<b>\$89,797,000</b>	<b>\$611</b>	<b>\$25,797,000</b>	<b>\$361</b>	<b>\$1,032,700,000</b>	<b>\$681</b>	<b>\$27,327,325,000</b>	<b>\$744</b>
<b>Eating &amp; Drinking</b>	<b>\$131,148,000</b>	<b>\$892</b>	<b>\$72,440,000</b>	<b>\$1,015</b>	<b>\$1,709,868,000</b>	<b>\$1,127</b>	<b>\$46,412,847,000</b>	<b>\$1,264</b>
<b>Building Materials</b>	<b>\$135,174,000</b>	<b>\$920</b>	<b>\$103,736,000</b>	<b>\$1,453</b>	<b>\$1,581,211,000</b>	<b>\$1,042</b>	<b>\$36,152,218,000</b>	<b>\$984</b>
<b>Automotive &amp; Service Stations</b>	<b>\$545,143,000</b>	<b>\$3,708</b>	<b>\$56,481,000</b>	<b>\$791</b>	<b>\$4,506,132,000</b>	<b>\$2,970</b>	<b>\$112,167,922,000</b>	<b>\$3,054</b>
<b>Other Retail Stores</b>	<b>\$93,148,000</b>	<b>\$634</b>	<b>\$4,036,000</b>	<b>\$57</b>	<b>\$652,265,000</b>	<b>\$430</b>	<b>\$14,681,929,000</b>	<b>\$400</b>
<b>RETAIL SALES TOTAL</b>	<b>\$1,537,933,000</b>	<b>\$10,462</b>	<b>\$485,665,000</b>	<b>\$6,802</b>	<b>\$15,228,482,000</b>	<b>\$10,038</b>	<b>\$375,808,215,000</b>	<b>\$10,232</b>
<b>Business and Personal Services</b>	<b>\$100,391,000</b>	<b>\$683</b>	<b>\$12,524,000</b>	<b>\$175</b>	<b>\$1,061,582,000</b>	<b>\$700</b>	<b>\$23,090,910,000</b>	<b>\$629</b>
<b>All Other Outlets</b>	<b>\$839,386,000</b>	<b>\$5,710</b>	<b>\$216,334,000</b>	<b>\$3,030</b>	<b>\$7,952,917,000</b>	<b>\$5,242</b>	<b>\$138,005,393,000</b>	<b>\$3,757</b>
<b>TOTAL ALL OUTLETS</b>	<b>\$2,477,710,000</b>	<b>\$16,855</b>	<b>\$714,523,000</b>	<b>\$10,007</b>	<b>\$24,242,981,000</b>	<b>\$15,980</b>	<b>\$536,904,518,000</b>	<b>\$14,618</b>

Source: California State Board of Equalization Taxable Sales.

<sup>1</sup> ABAG Projections 2005.

<sup>2</sup> Department of Finance estimate for January 1, 2005.

<sup>3</sup> No adjustments have been made to reflect total sales for food stores or drug stores - as typically only an estimated 30% and 60% of drugstore sales are taxable.

<sup>4</sup> Not reported by SBE due to confidentiality issues.

**TABLE 13.**  
**ESTIMATED RESIDUAL RETAIL SALES POTENTIALLY AVAILABLE TO SUBJECT SITE (2006, 2016) - LOCAL TRADE AREA**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

	Estimated 2006 CA Retail Sales <sup>1</sup>		Estimated Nbhd. (1-Mi.) TA Resident Expenditure Potential <sup>4</sup>		Estimated 2006 Sales in Nbhd. Retail Trade Area	Residual Nbhd. Retail Sales Potential Available	Target Sales/SF	Estimated Additional Retail SF Supportable
	Per Capita	% PCI	Per Capita	Est. Total NTA Potential				
<b>2006</b>								
Est. 2006 Population				16,000				
Est. 2006 Per Capita Income <sup>2</sup>	\$27,000	100%	\$22,000					
<b>CONVENIENCE RETAIL</b>								
Food Stores <sup>1</sup>	\$1,900	7%	\$1,548	\$24,770,000	\$8,750,000 <sup>5</sup>	\$16,020,000	\$450	35,600 SF
Drug Stores <sup>1</sup>	\$300	1%	\$244	\$3,911,000	\$3,750,000 <sup>6</sup>	\$161,000	\$400	400 SF
<b>TOTAL CONVENIENCE RETAIL</b>	<b>\$2,200</b>	<b>8%</b>	<b>\$1,793</b>	<b>\$28,681,000</b>	<b>\$12,500,000</b>	<b>\$16,181,000</b>	<b>\$449</b>	<b>36,000 SF</b>
<i>Estimated Land Area @ .25 F.A.R.</i>								3 Ac.
<b>2016</b>								
Est. 2016 Population <sup>3</sup>				18,000				
Est. 2016 Per Capita Income <sup>2</sup>	\$30,000	100%	\$24,000					
<b>CONVENIENCE RETAIL</b>								
Food Stores <sup>1</sup>	\$2,110	7%	\$1,689	\$27,022,000	\$8,750,000 <sup>5</sup>	\$18,272,000	\$450	40,600 SF
Drug Stores <sup>1</sup>	\$330	1%	\$267	\$4,267,000	\$3,750,000 <sup>6</sup>	\$517,000	\$400	1,300 SF
<b>TOTAL CONVENIENCE RETAIL</b>	<b>\$2,440</b>	<b>8%</b>	<b>\$1,956</b>	<b>\$31,289,000</b>	<b>\$12,500,000</b>	<b>\$18,789,000</b>	<b>\$448</b>	<b>41,900 SF</b>
<i>Estimated Land Area @ .25 F.A.R.</i>								4 Ac.

<sup>1</sup> Based on 2005 SBE sales estimate, adjusted to reflect total sales, with reported taxable sales typically representing 30% of food sales and 60% of drug sales.

<sup>2</sup> Based on 2005 ACS data for the State and Claritas data for the 1-Mile Trade Area (adjusted at 1% per year for real income growth).

<sup>3</sup> Straightline projection from Claritas 2011 population estimate.

<sup>4</sup> Estimated as a percentage of per capital income to adjusted for income differences between state and city.

<sup>5</sup> Estimated to include Food Max, International Food Mart and other small stores.

<sup>6</sup> Estimated to include Walgreen's and other small stores.

**TABLE 14.**  
**ESTIMATED RESIDUAL RETAIL SALES POTENTIALLY AVAILABLE TO SUBJECT SITE (2006, 2016) - REGIONAL TRADE AREA**  
**SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA**  
**HAYWARD, CA**

	Estimated 2006 CA Retail Sales <sup>1</sup>		Estimated Regional (5-Mi.) TA Resident Expenditure Potential <sup>5</sup>		Estimated 2006 Sales in Regional Trade Area <sup>6</sup>	Residual Reg. Retail Sales Potential Available	Target Sales/SF	Estimated Additional Retail SF Supportable
	Per Capita	% PCI	Per Capita	Est. Total RTA Potential				
<b>2006</b>								
Est. 2006 Population				299,501				
Est. 2006 Per Capita Income <sup>2,3</sup>	\$27,000	100%	\$26,000					
<b>COMPARISON RETAIL</b>								
Apparel	\$509	2%	\$491	\$146,938,000	\$81,434,000	\$65,504,000	\$325	202,000 SF
General Merchandise	\$1,377	5%	\$1,326	\$397,245,000	\$288,442,000	\$108,803,000	\$325	335,000 SF
Specialty Retail	\$1,426	5%	\$1,373	\$411,289,000	\$413,553,000 <sup>7</sup>	(\$2,264,000)	\$350	0 SF
Home Furnishings & Appliances	\$473	2%	\$456	\$136,545,000	\$127,424,000	\$9,121,000	\$350	26,000 SF
<b>TOTAL COMPARISON RETAIL</b>	<b>\$3,786</b>	<b>14%</b>	<b>\$3,646</b>	<b>\$1,092,017,000</b>	<b>\$910,853,000</b>	<b>\$181,164,000</b>	<b>\$322</b>	<b>563,000 SF</b>
<b>EATING &amp; DRINKING</b>	\$1,264	5%	\$1,217	\$364,457,000	\$223,947,000	\$140,510,000	\$400	351,000 SF
<b>BUILDING MATERIALS</b>	\$984	4%	\$948	\$283,885,000	\$262,801,000	\$21,084,000	\$350	60,000 SF
<b>2016</b>								
Est. 2016 Population <sup>4</sup>				314,000				
Est. 2016 Per Capita Income <sup>3</sup>	\$30,000	100%	\$29,000					
<b>COMPARISON RETAIL</b>								
Apparel	\$570	2%	\$547	\$163,892,000	\$81,434,000	\$82,458,000	\$325	254,000 SF
General Merchandise	\$1,530	5%	\$1,479	\$443,081,000	\$288,442,000 <sup>8</sup>	\$154,639,000	\$325	476,000 SF
Specialty Retail	\$1,580	5%	\$1,532	\$458,745,000	\$425,553,000 <sup>7,8</sup>	\$33,192,000	\$350	95,000 SF
Home Furnishings & Appliances	\$530	2%	\$509	\$152,300,000	\$127,424,000	\$24,876,000	\$350	71,000 SF
<b>TOTAL COMPARISON RETAIL</b>	<b>\$4,210</b>	<b>14%</b>	<b>\$4,067</b>	<b>\$1,218,018,000</b>	<b>\$922,853,000</b>	<b>\$295,165,000</b>	<b>\$329</b>	<b>896,000 SF</b>
<b>EATING &amp; DRINKING</b>	\$1,400	5%	\$1,357	\$406,510,000	\$223,947,000	\$182,563,000	\$400	456,000 SF
<b>BUILDING MATERIALS</b>	\$1,090	4%	\$1,057	\$316,642,000	\$262,801,000	\$53,841,000	\$350	154,000 SF

<sup>1</sup> Based on 2005 SBE sales estimate, unadjusted.

<sup>2</sup> Based on 2005 ACS data for the State and Claritas data for the 5-Mile Trade Area.

<sup>3</sup> Adjusted at 1% per year for real income growth.

<sup>4</sup> Straightline projection from Claritas 2011 population estimate.

<sup>5</sup> Estimated as a percentage of per capita income to adjusted for income differences between state and city.

<sup>6</sup> For the purpose of this analysis, assumes to equal approximately the 2005 taxable sales of Hayward and Union City, which generally falls within the 5-mile radius of the regional trade area defined + 10% allowance for sales of retail auto strip along Hesperian in San Lorenzo. Non-escalated.

<sup>7</sup> Adjusted for 33,000 sq.ft. Circuit City and 140,840 sq.ft. Target in Hayward in 2006 (assuming annualized sale).

<sup>8</sup> Adjusted for Circuit City and Target in Hayward in 2006 and approximately 40,000 s.f. of other retail in Union City between 2006 and 2016.

**TABLE 15.  
PROJECTED HOUSEHOLD TRENDS  
SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
HAYWARD, CA**

	<u>2000</u>	<u>Est. 2005</u>	<u>Proj. 2010</u>	<u>2015</u>	<u>2020</u>	<u>2000-2005 Change</u>		<u>2005-2015 Change</u>	
						<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
City of Hayward	44,809	46,380	47,780	49,670	51,190	1,571	4%	3,290	7%
City of Union City	18,633	19,650	20,660	21,590	22,780	1,017	5%	1,940	10%
<b>Total Alameda County</b>	<b>523,366</b>	<b>542,540</b>	<b>564,780</b>	<b>590,880</b>	<b>618,870</b>	<b>19,174</b>	<b>4%</b>	<b>48,340</b>	<b>9%</b>
<i>Hayward as % of County</i>	8.6%	8.5%	8.5%	8.4%	8.3%	8.2%		6.8%	
<b>Total Bay Region</b>	<b>2,466,020</b>	<b>2,582,980</b>	<b>2,697,600</b>	<b>2,818,610</b>	<b>2,940,630</b>	<b>116,960</b>	<b>5%</b>	<b>235,630</b>	<b>9%</b>
<i>Hayward as % Bay Region</i>	1.8%	1.8%	1.8%	1.8%	1.7%	1.3%		1.4%	

Source: ABAG Projections 2005.

**TABLE 16.  
PROJECTED RESIDENTIAL DEMAND - 2006 to 2016  
SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
HAYWARD, CA**

		<b>Total</b>
<b>City of Hayward Households <sup>1</sup></b>		
	Estimated 2006	46,700 Households
	Projected 2016	50,000 Households
	<i>Increase (2006 to 2016)</i>	<i>3,300 Households</i>
<b>PROJECTED TOTAL GROSS HOUSING DEMAND IN CITY OF HAYWARD</b>		<b>3,300 Units</b>
Plus: Existing Unmet Housing Needs <sup>2</sup>		520 Units
Plus: Vacancy Allowance (for normal market movement) <sup>3</sup>		1,500 Units
	3.0%	
Plus: Housing Replacement <sup>4</sup>		150 Units
<b>PROJECTED TOTAL GROSS HOUSING DEMAND IN CITY OF HAYWARD</b>		<b>5,470 Units</b>
<Less> Total Existing Available Units <sup>5</sup>		(1,580) Units
<Less> Total Projected New Units (2006 - 2016) <sup>6</sup>		(2,697) Units
Total Existing & Projected New Units		(4,277) Units
<b>PROJECTED NET RESIDENTIAL DEMAND IN CITY OF HAYWARD (2006 - 2016)</b>		<b>1,200 Units (rounded)</b>
<b>PROJECTED NET DEMAND AVAILABLE TO SUBJECT SITE (2006 - 2016)</b>		<b>1,200 Units (rounded)</b>

<sup>1</sup> Based on extrapolation of projected household growth from ABAG Projection 2005.

<sup>2</sup> Based on City of Hayward Housing Element, which indicated total projected unit need at 2,835 in 1999-2006, less estimated 2,315 units built between 2000 and beginning of 2006, per major housing project data from City.

<sup>3</sup> Required to permit healthy movement of the housing market.

<sup>4</sup> Estimate based on 1990 to 2000 housing unit demolition data in City's Housing Element. Reflects removal of older and/or deteriorated housing stock from inventory.

<sup>5</sup> Based on 2006 vacancy rate as estimated in Table 2. Summary of Demographic & Economic Characteristics.

<sup>6</sup> Based on data on projects under construction, approved and/or pending from City. Does not include potential additional units not known at this time but which may be developed on vacant and underutilized land in the City (e.g., South Hayward BART Concept Plan area and other infill areas.)

**ATTACHMENT A.  
ILLUSTRATIVE DEVELOPMENT PROGRAM - CONCEPT ALTERNATIVES  
SOR 92 - SPECIFIC PLAN AMENDMENT STUDY AREA  
HAYWARD, CA**

	<b>Office/Flex (BP)</b>		<b>Retail (CR/MU)</b>		<b>Residential (R/MU)</b>		<b>TOTAL Net Developable</b>		
	Land Ac.	Bldg. SF <sup>1</sup>	Land Ac.	Bldg. SF <sup>1</sup>	Land Ac.	No. Units <sup>2</sup>	Land Ac.	No. Units	Bldg. SF
<b>ALTERNATIVE 1.</b> <b>Existing General Plan</b> <i>(No Residential)</i>	53.4 Ac.	1,394,000 SF	3.0 Ac.	39,000 SF	0.0 Ac.	0 Dus	<b>56.4 Ac.</b>	<b>0 Dus</b>	<b>1,433,000 SF</b>
<b>ALTERNATIVE 2.</b> <b>Property Owner's Concept</b> <i>(Includes Residential &amp; Mixed Use)</i>	7.6 Ac.	84,000 SF	15.5 Ac.	160,000 SF	6.4 Ac.	100 Dus			
	12.4 Ac.	228,000 SF	6.0 Ac.	71,050 SF	8.5 Ac.	69 Dus			
	20.1 Ac.	312,000 SF	21.5 Ac.	231,050 SF	14.9 Ac.	169 Dus	<b>56.4 Ac.</b>	<b>169 Dus</b>	<b>543,050 SF</b>
<b>ALTERNATIVE 3.</b> <b>Office/Flex/Retail Alternative</b> <i>(No Residential)</i>			15.5 Ac.	160,000 SF					
			5.9 Ac.	77,050 SF					
	35.0 Ac.	914,000 SF	21.4 Ac.	237,050 SF	0.0 Ac.	0 Dus	<b>56.4 Ac.</b>	<b>0 Dus</b>	<b>1,151,050 SF</b>

<sup>1</sup> Maximum F.A.R. density permitted by city zoning code are .6 for BP and .3 for CR (Alternatives 1 and 3); although a F.A.R. of .24 was used for regional retail in both Alternatives 2 and 3. KMA's research indicates that current products in the Hayward area are typically at a lower density. Developer has assumed a .25 to .42 FAR. for office uses in Alternative 2.

<sup>2</sup> Based approximately on products at Eden Shores East: with unit sizes in the range of 1750 SF to 1950 SF, and density of 8 to 16 units per acre.

**DUE TO THE LENGTH OR COLOR  
OF THE REFERENCED EXHIBIT,  
IT HAS BEEN ATTACHED AS A  
SEPARATE LINK.**