TABLE OF CONTENTS

ECONOMIC DEVELOPMENT DIVISION_______________________________________ 3
  Mission_________________________________________________________________________ 3
  Strategic Highlights _____________________________________________________________ 3
QUARTERLY SALES TAX SUMMARY______________________________________________ 4
LABOR MARKET____________________________________________________________________ 6
COMMERCIAL REAL ESTATE ACTIVITY___________________________________________ 7
  Changes in Downtown Area Businesses__________________________________________ 7
  Downtown Vitality (special events report & new public art)________________________ 8
  Downtown Use Patterns ________________________________________________________ 11
  Real Estate Trends and Indicators________________________________________________ 12
HOUSING DATA SUMMARY______________________________________________________ 14

Contact Information:

  Email: EconomicDevelopment@ssrcity.org
  Planning and Zoning information: Planning@ssrcity.org
  Division Tel.: (707) 543-3080
  Websites: https://ssrcity.org/PED
            https://ssrcity.org/Biz
            http://OutThereSR.org
  Business Tax Certificates: https://SantaRosa.hdlgov.com
ECONOMIC DEVELOPMENT DIVISION

Economic & Community Vibrancy – Council Goal Statement:
Sustain and develop a diverse and thriving economy that benefits Santa Rosa residents and businesses, and contributes to the community’s economic health while preserving historical and cultural integrity.

Economic Development Division Mission
To drive increased systemic transformation in service of prosperity and economic opportunity for all community members.

Core Division Program Areas:
- Business and workforce development
- Assessment and tax increment financing districts
- Arts and culture
- Special projects and initiatives

Strategic Highlights
Through the Economic Development Council Subcommittee, the Division is in the process of updating the City’s Economic Development Strategic Plan. The 3 focus areas are:

1. Economic Vibrancy
   Retain and strengthen the existing business cluster base, and support the growth of emerging clusters, particularly those that contribute and provide income stability and a range of jobs, diversify the economic base, and add revenue to the City of Santa Rosa.

2. Business Climate, Culture, Communication
   Strengthen Santa Rosa’s position and image as a community that fosters innovation and entrepreneurial businesses. Promote unique, innovative programs, services and networks conducive to the needs of these businesses, and market Santa Rosa’s locational assets.

3. Resiliency & Community Investment
   Advance business and workforce resiliency through upstream investments; enable placemaking, place-keeping, and physical improvements to the built environment.
QUARTERLY SALES TAX SUMMARY

Economic Review: sales tax performance for January to March 2023
Source: Avenu/Muniservices

Sales Tax Cash Receipts
In comparing the performance of sales tax cash receipts from the period of January - March 2022 to that of the same period in 2023, California sales tax cash receipts decreased by 0.2%. In contrast, Santa Rosa’s sales tax cash receipts increased by 0.6% from the same quarter last year due to an increase of $4,718,000.00 in taxable sales.

Business Activity
On an annual basis, Santa Rosa’s business activity remains positive and is outperforming the greater San Francisco Bay Area with a year over year increase of 2.2%. In comparing 2023 Quarter 1 with the same period in 2022, however, Santa Rosa saw a 2.1% drop, again outperforming the Bay Area, and about the same as California as a whole.

<table>
<thead>
<tr>
<th>Business Activity</th>
<th>Santa Rosa</th>
<th>S.F. Bay Area</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quarter</td>
<td>Annual</td>
<td>Quarter</td>
</tr>
<tr>
<td>General Retail</td>
<td>-1.0%</td>
<td>2.6%</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Food Products</td>
<td>6.8%</td>
<td>8.0%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Transportation</td>
<td>-1.7%</td>
<td>0.4%</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>-17.6%</td>
<td>-2.4%</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Business To Business</td>
<td>1.6%</td>
<td>1.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>TOTAL LOCAL BUSINESS ACTIVITY</td>
<td>-2.1%</td>
<td>2.2%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>COUNTYWIDE POOL ACTIVITY</td>
<td>2.8%</td>
<td>-0.8%</td>
<td>-2.2%</td>
</tr>
</tbody>
</table>
Sales Tax Performance Analysis by Quarter & Segment

Since the pandemic’s lows, Santa Rosa is experiencing a steady recovery overall, with a positive year over year sales tax performance in Q1 2023.

In reference to the graphic above, this chart shows the changes quarter over quarter and year over year for Quarter 1 2023 compared with Quarter 1 2022 ("QoQ" and "YoY").
LABOR MARKET

Sources: Top employers, occupational groups, job postings, median annual salaries - aggregated by Lightcast. Labor Market information compiled by Lighthouse from the EDD. Job market data is provided on a delayed quarterly basis.

Labor Market Characteristics

The number of unique job postings dipped by around 7% from last quarter, slightly less than the typical 10% decline. This seasonal dip is most pronounced in the tourism and hospitality industries, but also affects other sectors of the economy, such as retail and construction. By July, the number of job postings should start to rebound as businesses prepare for the fall season.

- There were 17,604 unique job postings from April-June 2023, compared to 18,927 last quarter; the top 3 job postings by occupation were for registered nurses, retail salespersons, and first-line supervisors of retail sales workers.
- 26% of the workforce is nearing retirement (55+) and 42% of the population are millennials (26-44).
- The June 2023 unemployment rate was 3.7%.

Estimated job growth compared with population growth

Comparing job growth with population growth helps to understand the overall health of the economy. If job growth is outpacing population growth, it suggests the economy is expanding and creating new opportunities for workers. Conversely, if population growth is outpacing job growth, it suggests the economy is struggling to keep up with demand for labor. The County’s overall low population growth projections may be a point of focus for regional economic development response in that it may affect workforce availability and business expansion.
COMMERCIAL REAL ESTATE ACTIVITY &  
DOWNTOWN VITALITY

Downtown Restaurant Re-Tenanting Activity

- **Kracken Kitchen** - 1018 Santa Rosa Plaza, Courthouse Square  
  Teaming up with Three Disciples Brewing, this gastropub at the former  
  Two Tread Breweing at the Santa Rosa Plaza is slated to open sometime this  
  summer.

- **Augie’s French** - 535 4th Street, Courthouse Square  
  Coming soon, this will be a casual French bistro located at the former  
  Bollywood space. This is the latest restaurant offering from Mark and Terri  
  Stark.

- **Aroma di Café** - 620 5th Street, Courthouse Square  
  Opening soon, this breakfast and brunch spot is replacing the Mexican  
  restaurant, Mi Ranchito.

- **TBA Beer & Wine Bar** - 501 4th Street, Courthouse Square  
  This yet to be announced beer and wine bar will replace the used clothing  
  store, Intrepid.

- **Red Bird Bakery** - 463 Sebastopol Avenue, SoA District  
  After an extensive remodel of the storefront formerly occupied by Criminal  
  Baking Co., this bakery is now open Wednesdays through Sundays from  
  8am-3pm.

- **19Ten Provisions & Bar** - 115 4th Street, Railroad Square  
  Newly opened and serving upscale artisanal cuisine, this is the newest  
  addition to Sonoma County’s KIN Restaurant Group. Located at the  
  former Jack & Tony’s site.

- **Marla SR Bakery & Cafe** - 208 Davis Street, Railroad Square  
  Originally slated to open in May at the former Miracle Plum site, this 2019 San  
  Francisco transplant will serve sandwiches and salads for lunch in  
  addition to their normal selection of baked goods.

- **The Goose & Fern** - 116 5th Street, Railroad Square  
  A British pub anticipated to open in July at the same location of the former  
  British pub, Toad in the Hole.
Downtown Vitality

SPECIAL EVENTS

Courthouse Square is the primary location of Santa Rosa’s, and often hosts Sonoma County’s largest special events. These activities bolster the appearance of vitality in the Downtown, bringing an influx of customers to the area. In looking at post-COVID recovery and encouraging residents and visitors to rediscover the Downtown core, the following data provides valuable tracking to inform where and how funds allocated to this area are spent, and what programmatic enhancements may be needed.

<table>
<thead>
<tr>
<th>Events Supported or Managed by Metro Chamber</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Large events bringing 1,000 plus attendees</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>• Summer Programming Days - Music/Movies</td>
<td>52</td>
<td>15</td>
</tr>
<tr>
<td>• Winter Programming Days - Skating on the Square and Other Activities</td>
<td>39</td>
<td>19</td>
</tr>
<tr>
<td>• Community Events - External organizations putting on events supported by Chamber staff</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>• Markets - External market organizers putting on event supported by Chamber staff</td>
<td>10</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City issued Special Event Permits</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Community events, misc. (*2023: 29 events to date between Jan-Jun)</td>
<td>5</td>
<td>14</td>
<td>25</td>
<td>29*</td>
</tr>
<tr>
<td>• Open and Out - blanket permit for events and activities ran from April 2020 through 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• As of June 1, 2023, 14 special event permits have been issued; total permit for the year is anticipated to be around 25.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Courthouse Square was one of the only places to have events in Santa Rosa in 2021, and the Chamber worked with the City to coordinated 121 community events and markets in addition to their own seasonal programming and larger events that year, all of which met the public health standards required by the State and County.

The community events in 2021 included smaller ones like fencing demonstrations, workout classes, vaccine clinics and cultural performances. Larger community events returned in 2022 as the smaller ones were able to return to more appropriate (generally indoor) settings as lockdown restrictions changed. A number of market organizers utilized Courthouse Square for the first time in 2021 and took advantage of the free space.
to launch their programming. The number of producers has remained steady year over year, with regular producers like SoCo Market and Pop Tha Trunk adding additional dates.

The coordinated event strategy in 2021 was about consistent, small activations (43 nights of acoustic music!) and bringing the community back together safely while supporting small business. As restrictions lifted, the Chamber coordinated two mid-size events: the Downtown Showdown bartender challenge and an End of Summer Block Party. Larger events - the first Downtown Fall Fun Fest and the return of the Tree Lighting - also took place in 2021. The Chamber set up a synthetic rink for the first time and brought the community Skating on the Square in 2021, regularly activating the Square from Thanksgiving through New Year, including public skate sessions, clinics and performances.

In 2022 the seasonal programming was larger - shifting from dozens of small acoustic performances to bands on stage drawing hundreds of attendees. Attendance at Movie Nights increased over 2021 when an LED screen was secured, which allowed for earlier start times that appealed to more families. Fall Fun Fest saw attendance double with the addition of a Ferris Wheel on Courthouse Square and the annual Tree Lighting event featured cultural performances representative of the Sonoma County community. 2022 brought the second year of the Skating on the Square, but intense weather hampered the ability for the rink to operate as frequently.

Despite the rain this year, 2023 has already seen 29 events occur, 14 permitted through the City, and the Chamber supporting 10 community events and 5 markets through their annual “blanket event permit”. An additional 4 community events and 15 markets are already scheduled before year end. The Chamber’s 2023 Summer on the Square programming will include 7 concerts and 4 movie nights and plans for Fall Fun Fest and Winter Lights are underway.

Not to be outdone, Railroad Square hosts numerous annual events, including the annual Free Railroad Square Music Festival, the June through August Music in the Air in Railroad Square, a free family fun event on Sundays, and carriage rides and other holiday events and activities in November and December.
NEW DOWNTOWN PUBLIC ART

Unum in Courthouse Square

"Unum" by Blessing Hancock was installed in Courthouse Square in January 2023 and dedicated at a community celebration with the artist.

"Unum", Latin for ‘oneness or together’ places emphasis on innovation, diversity, and engagement as leading values of Santa Rosa, and was approved by the Art in Public Places Committee in December 2020 after an extensive selection process.

Help Each Other Grow

Help Each Other Grow, by Rough Edge Collective founders MJ Lindo-Lawyer and Joshua Lawyer, was installed on the Fifth Street Parking Garage in downtown Santa Rosa in June of 2022. The site-specific mural was selected by a jury panel comprised of downtown residents, downtown businesses, the Art in Public Places Committee, arts professionals, and the City’s Parking Division. It was commissioned the City of Santa Rosa Public Art Program.
WORK & PLAY DOWNTOWN

The following graph was created by Placer.ai, a location data analytics platform that provides insights into who is shopping, living, and/or working in defined areas. The graph references visitors to the Downtown Courthouse Square area over the last 12-month period, with a snapshot of the month of May.

**Downtown Use Patterns** Visitor and employee use of the Downtown between 6 am and 8 pm peaks between 11 am and 2 pm. Looking at Monday-Friday use, Tuesday is the most popular day of the week followed by Wednesday, Thursday, Monday, then Friday.
Real Estate Trends and Indicators

Sources: Keegan & Coppin Company, Inc.

8-QUARTER SONOMA COUNTY VACANCY RATES
Office  |  Retail  |  Industrial

Retail vacancy rates rose slightly given the ongoing recovery of the economy and consumer spending, in addition to the continued rise of online shopping. That said, the retail services sector remains stable for essential retail, and there has been some re-tenant of non-essential services like restaurants and bars. The trendline of the office market, however, is of most concern here as it is with the rest of the nation. The demand for office space continues to decline as more businesses have adopted remote work policies. This has led to an increase in office vacancies, and a decrease in the rent that businesses are willing to pay for it. The number of job postings has been increasing in recent years as the economy recovers, however the growth in job postings has not been as strong as the growth in the availability of office space.

North Bay Market Trends

Retail: The retail market in the North Bay area continues to face challenges overall with the ongoing rise of online shopping and decline in foot traffic in shopping centers. This is exacerbated in downtowns with the decrease in office occupancy. There are some bright spots in some areas that are seeing an increase in demand for grocery stores, restaurants, and other essential retail businesses.

Office: The office market in the North Bay area is also facing challenges as the growth of remote work led to the decline in demand for office space and a continuation of elevated vacancy rates.

Industrial: The industrial market in the North Bay area remains fairly strong; a trend that is expected to continue in the coming years. The growth of the logistics and distribution sector is likely to continue to drive demand for industrial space nation-wide, including in Sonoma County.
HOUSING DATA SUMMARIES

Housing plays a significant role in economic development. Adequate, affordable housing and a variety of housing types is essential for attracting and retaining businesses and workers, and for promoting economic growth. Without this, commuting from areas outside of Santa Rosa and Sonoma County can be costly and time-consuming, making it difficult for businesses to find and retain workers.

To address ongoing unmet local housing needs, and to implement the City’s General Plan Housing Element, the City prepared the Housing Action Plan consisting of 5 program areas:

- Increasing inclusionary affordable housing
- Achieving “affordability by design” in market-rate projects
- Assembling and offering public land for housing development
- Improving development readiness
- Increasing affordable housing investment and partnerships.

Housing Development Progress

Source: SRCity.org/PED