

Economic Setting

Summary of Findings

Overall Finding

Located at the southern edge of the City, the 14.6-square-mile Project Area includes portions of the City and unincorporated County. The Project Area's boundaries-- State Highway 41, State Highway 99, and Adams Avenue—are major transportation corridors that have helped the area become a node for industrial distribution uses. [insert additional narrative about scattered residential uses and limited infrastructure capacity on south side of Project Area.]

Individual Findings

Finding 1: There are nearly 300 businesses within the Project Area, including a large number of Manufacturing, Construction, Wholesale, and Transportation/Warehousing enterprises. Instead of being concentrated in a particular sector, businesses in most of these industries appear to be spread across multiple sectors. For example, Manufacturing companies produce metal, trucking, packaging, and printing products. There is a similar level of variation for Construction and Wholesale businesses. Within the Transportation/Warehousing industry, however, there is a large concentration of long-distance trucking freight businesses; given the superior transportation access provided by the Reverse Triangle to many other areas of the state, these businesses may benefit from serving clients inside and outside the Project Area.

Finding 2: More than 40 percent of the Project Area's 11,000 jobs are concentrated in the Manufacturing industry, with Retail Trade providing another 28 percent of local jobs. Top employers include Taylor Communications (a printing company), Amazon, Ulta, and Mission Foods; these four companies alone account for more than half of Project Area jobs. [Isabel to insert anecdotal findings from interviews]

Finding 3: The Project Area has approximately 10.3 million sq. ft. of industrial space, which accounts for about 16 percent of the City's industrial inventory. Industrial space has been constructed over time and includes Class A, Class B, and Class C product. More than half of existing inventory is contained within about 150 Class C buildings constructed as far back as the 1960's and as recently as the early 2000's; about half of this space is characterized as warehouse, while nearly 30 percent is characterized as Service and more than 10 percent as Distribution space. Class B space accounts for almost 20 percent of Project Area industrial inventory; this space is spread across about 45 buildings constructed mostly in the early 1990's, mid-2000's, and between 2013 and 2018. There are only 8 Class A buildings in the Project Area—these spaces are classified as Distribution (50 percent) or Warehouse (50 percent) and were built in 2008 or 2018.

Finding 4: In recent years, the Project Area has experienced significant growth and improvement in the industrial sub-market. Since 2010, the Project Area has experienced industrial inventory growth of about 35 percent, rental rate increases of about 10 percent, and strong occupancy rates in the range of 90-92 percent. During 2018, the Project Area experienced several

prominent industrial leases and sales, including 30 lease agreements and four property sales. [Isabel to insert anecdotal findings from interviews]

Finding 5: While the Project Area remains an ideal location for industrial development, additional new industrial development appears to be on hold in the near-term and the Project Area may experience increased competition from other sub-markets. At this time, there are no proposed development projects in the County portion of the Project Area. According to interviews with local stakeholders, additional infrastructure investment, particularly at Highway 99 and the railroad tracks crossing North Avenue east of the Project Area, would be needed to accommodate the next wave of industrial development. In the meantime, new development may be more attracted to areas that have large, shovel-ready industrial tracts ready that can more easily accommodate new industrial development, such as Visalia. *Pending data from City.*

Finding 6: The Project Area also has a small residential community with approximately 3,600 people and 1,200 residential units. This community is slightly older, more diverse, and earns lower incomes than the City as a whole, although residents there are more likely to be employed compared to the City overall. The Project Area has a greater share of persons 45-74 years old, a concentration of minority residents, and a larger proportion of people of Hispanic origin compared to Fresno as a whole. The average household income (\$65,000) is also about \$5,000 lower than the City average. More than one-third of employed residents work in Agriculture/Mining, which is a much larger concentration than Fresno as a whole (6 percent).

Finding 7: The lack of traditional retail and office development in the Project Area is consistent with the relatively small number of residents. Local population drives demand for local-serving brick-and-mortar retail and office space. The Project Area is located between two rural communities: Malaga (with a population of about 1,000) and Easton (with a population of about 2,000). Combined, these communities have a small amount of local-serving retail, such as convenience stores, small grocery stores/markets, and bank services. For community and regional retail goods and services, existing centers in Fresno, Fowler, and Selma can be accessed within a 15-20 minute drive. [Isabel working to expand this evaluation to include local-serving retail.]

Interview Take Away's

Interviews Conducted To Date

- Terry Hirschfield, Orange Center School District, August 2019
- Lupe Perez and Kelly Trevino, City of Fresno, July 19, 2019
- Jim Anderson, Malaga County Water District, July 8, 2019
- Ethan Smith, SIOR, CCIM, June 24, 2019
- Leland Parnagian, Fowler Packing, June 21, 2019
- Eric Wickland, Ulta, June 17, 2019
- *1-2 additional interviews requested through Manufacturer's Alliance*

Key Observations from Interviewees

- Project Area is strong location for distribution because of transportation access *and* available workforce.
- Regional competitor cities for distribution include Salt Lake City, Visalia, Fresno, Reno. Fresno is a less expensive place to set up shop for businesses that have to be in California. Locally, competitor cities include Selma, Hanford, Visalia, Fowler, Madera, as well as some other parts of Fresno (SW Fresno or near airport).
- That being said, industrial development opportunities are increasingly limited between Central and North. As a result, Visalia's competitive position is growing.
- Southern portion of Project Area could be attractive for more industrial development IF utilities can be provided. No sewer or water south of Central and west of Maple.
- Major Transportation Nodes causing concern include:
 - interchange at North Avenue (would like to accelerate this project)
 - otherwise, North Ave and Central Ave handle traffic well.
 - North Avenue users get a bit squeezed. Is ultimately buildout only one lane each direction? Is this a collector?
 - Just east of the triangle area, the North Avenue crossing at the railroad is a huge choke point in need of a solution.
 - Pinch points are Central Avenue, next stop is American. Infrastructure at interchanges is very important, increasing capacity at interchange. East, Orange, Cedar, and Cherry connections at Central and American are really important.
 - High priority area would include to Cherry Market and into that neighborhood.
 - Getting to 99 is really important. Prioritize on/off of 99. Then prioritize surface streets with most opportunity for future industrial development; some streets are too chopped up already.
- Orange Center Elementary School has 350 students, including pre school. K-8 school with pre school.
 - Majority of students ride the bus. District provides busing. Students driven in if they have inter-district transfers.
 - Very limited number of students walk because there are no sidewalks and/or access.