

Memorandum

To: Marc Fontes, Executive Director, San Benito County Economic Development Corporation

From: Matt Kowta, Managing Principal

Date: 1-20-2021

Re: San Benito County Data from Hollister General Plan Update Market Demand Analysis Report

The purpose of this memo is to highlight information contained in the Market Demand Analysis for the Hollister General Plan Update project that is generally indicative of economic conditions in the broader San Benito County area. The Market Demand Analysis is based on data that depict pre-COVID-19 conditions, which was the only data available at the time the research was completed. Therefore, the report also includes a section that qualitatively addresses the potential short- and long-term impacts of the coronavirus pandemic on the City of Hollister's growth and market opportunities.

The following is a quick overview of data contained in the Hollister GPU Market Demand Analysis background report that represents economic conditions specifically in San Benito County and/or data for the City of Hollister that is largely indicative of the countywide conditions, because most of the activity in question happens to be in Hollister. This information may be useful to the San Benito County EDC and other local organizations, businesses, and stakeholders.

Table references below tie back to the table numbering in the Market Demand Analysis (11-12-2020) which is attached to this memo.

- Table 8 includes jobs by industry for the County (2013 and 2019)
- Table 10 identifies major employers within the County (2019)
- Because Hollister is the County's dominant retail hub and most of the county's population lives in Hollister, the retail activity in Table 11, and the leakage assessment in Table 12 are mostly indicative of conditions in San Benito County as a whole; however, if one factors in the additional population in San Juan Bautista and scattered in the unincorporated areas that likely does a lot of its shopping in Hollister, the leakage estimated in Table 12 for the City of Hollister would understate the countywide leakage.

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- Real estate market summaries in Tables 17, 18, 19, and 20 are largely indicative of the San Benito County markets as a whole, even though they only include data for the City of Hollister, because most of the countywide market activity in these non-residential sectors is concentrated in Hollister. Note that agricultural activity is the exception, and this is an important economic activity for the county as a whole.
- Tables 21 and 22 combined represent the publicly identified planned and proposed residential projects in San Benito County as of November 2020, with the exception of projects that may be planned and proposed in the City of San Juan Bautista.
- Table 23 includes publicly identified planned and proposed non-residential projects in Hollister and the rest of San Benito County as of November 2020, except projects that may be planned and proposed within the City of San Juan Bautista.
- Table 24 contains population and housing unit forecasts based on AMBAG projections for both the City of Hollister and the immediately surrounding unincorporated area. This likely represents the majority of the population growth potential in San Benito County through 2040, with the exception of growth that could occur in the City of San Juan Bautista and in more other unincorporated areas further from Hollister.
- Because Hollister is the County's most dominant employment center, Table 25 represents the vast majority of the employment growth that would be expected within San Benito County; however, it should be noted that to the extent that there is employment growth in the City of San Juan Bautista, and/or agricultural production, ag-related businesses, or other resource-based employment growth forecasted for elsewhere in the county (outside of the City of Hollister), Table 25 does not include such growth.

The other tables in the Market Demand Analysis not mentioned above tend to be more specific to population, housing, and household demographics in in the City of Hollister, or for the larger AMBAG region. Because Hollister represents so much of San Benito County, the data can be expected to be indicative of countywide conditions; however, please note that when considering this study as a guide to countywide trends, there will likely still be some important differences in conditions between Hollister itself and in the county's more rural areas.

bae urban economics

Market Demand Analysis

Prepared for the City of Hollister

November 12, 2020

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INTRODUCTION

Purpose of Study

In support of the City of Hollister General Plan Update, BAE Urban Economics, in partnership with PlaceWorks and the City of Hollister, has prepared this Market Demand Analysis to provide an overview of the existing demographic and economic conditions, local real estate market conditions and trends, and economic opportunities and challenges facing the city. The analysis also projects the future growth potential that may be anticipated through the General Plan time horizon of 2040. Based on a range of growth scenarios, this study estimates the anticipated demand for various residential and non-residential land use types.

This study is based on data that depicts pre-COVID-19 conditions, which is the only currently available data. Therefore, the report also includes a section addressing the potential short- and long-term impacts of the coronavirus pandemic on the city's growth and market opportunities.

Geographic Definitions

While the market analysis predominantly evaluates conditions and trends primarily in the City of Hollister, the analysis also examines conditions in several additional geographic areas:

- At the highest level, the analysis considers data for California as a whole, to place local conditions in a statewide context.
- The analysis also includes data for a three-county region, called the “AMBAG Region” which corresponds to the region under the jurisdiction of the Association of Monterey Bay Area Governments (AMBAG). It consists of San Benito, Monterey, and Santa Cruz Counties. This geography is used for purposes of comparison with the City of Hollister, rather than San Benito County, because Hollister represents such a large portion of countywide population and employment; thus, comparisons with the County would not demonstrate unique demographic and economic conditions in the city.
- In some cases, data are unavailable for the City of Hollister. In these cases, San Benito County data provide a representation of characteristics within the City of Hollister.
- The Unincorporated Hollister Area represents the area within close proximity to the Hollister City Limits that is under the jurisdiction of San Benito County.
- The Greater Hollister Area is the combination of the City of Hollister and the Unincorporated Hollister Area, also called the Planning Area, as shown in Appendix A-2.
- For the purposes of describing real estate market conditions by sector, the analysis examines data for the Mid-AMBAG Submarket, which provides a more granular context of the AMBAG Region by its exclusion of the two major cities of Santa Cruz and Monterey. This area is an aggregation of Zip Codes in Watsonville, San Juan Bautista, Moss Landing, Freedom, Castroville, Aromas, Seaside, Marina, and Salinas.

- Another geography for the real estate market conditions analysis is the Gilroy-Morgan Hill Submarket. As its name suggests, this geography combines the City of Gilroy and the City of Morgan Hill, which are the two jurisdictions in southern Santa Clara County closest to the City of Hollister. This helps to provide insight into any excess demand from the South Bay Area market that may influence demand within the City of Hollister.

For maps of these study areas, please refer to Appendix A.

DEMOGRAPHIC CHARACTERISTICS

The following section presents historic population, household, and housing characteristics and trends in the City of Hollister, the AMBAG Region, and the State of California, providing the demographic context for the General Plan Update. This section draws primarily from Esri Business Analyst, which is a private vendor of demographic, economic, and housing estimates, and from the U.S. Census Bureau. In addition to current estimates, the following analysis also presents data from 2010 to identify important demographic trends within the city and region.

Population and Household Trends

The City of Hollister population grew rapidly over the past decade, reaching roughly 39,241 total residents by 2019, a 12.3 percent increase over the 2010 population. As shown in Table 1 below, this growth significantly outpaced that of the AMBAG Region and California as a whole, which grew 5.1 percent and 6.9 percent, respectively. Similarly, the total households within the city increased by roughly 12 percent since 2010, reaching 11,048 households in 2019. Over the same time period, total households within the AMBAG Region and California grew more slowly, at just 4.1 percent and 6.1 percent, respectively.

Based on stakeholder interviews¹, it appears that one likely reason for the relatively robust recent growth in the City of Hollister is accommodating pent-up demand from the building moratorium imposed by the Central Coast Regional Water Quality Control Board and the subsequent Great Recession. After significant damage to the City's Water Reclamation Facility that polluted the San Benito riverbed, the moratorium prevented new sewage connections in Hollister starting in 2002. This largely halted residential and commercial growth in the city until the moratorium was lifted in 2008. Despite the lifting of the moratorium, broader economic conditions during the Great Recession led to very limited increases in the Hollister population and household totals between 2008 and 2011. Given the limited growth between 2002 and 2011, the recent growth may be driven by a lack of housing production during the preceding decade.

With similar population and household growth rates within each respective geographic area between 2010 and 2019, average household sizes remained relatively consistent over that time period. As seen below in Table 1, households within the City of Hollister are significantly larger relative to the AMBAG Region and California, with an average household size of about 3.54, compared to just under three persons per household in both the region and State.

¹ The list of stakeholders interviewed is shown in Appendix B.

Table 1: Population and Household Trends, 2010 and 2019

Population	2010	2019	% Change 2010-2019
City of Hollister	34,928	39,241	12.3%
AMBAG Region (a)	732,708	770,425	5.1%
California	37,253,956	39,813,541	6.9%

Households	2010	2019	% Change 2010-2019
City of Hollister	9,860	11,048	12.0%
AMBAG Region (a)	237,106	246,835	4.1%
California	12,577,498	13,339,357	6.1%

Average Household Size	2010	2019
City of Hollister	3.53	3.54
AMBAG Region (a)	2.96	2.99
California	2.90	2.92

Note:

(a) AMBAG Region consists of Monterey, San Benito, and Santa Cruz Counties.

Sources: Esri Business Analyst, 2020; BAE, 2020.

Household Composition

The City of Hollister is predominantly made up of family households, which are defined as a household of two or more related individuals. As illustrated in Table 2, approximately 82.3 percent of all Hollister households are families, compared to 68.2 percent in the AMBAG Region and 68.7 percent in California. The proportion of family and non-family households has also remained relatively constant between 2010 and 2019. This is consistent with the average household sizes discussed previously, as family households are typically larger than non-family households.

Table 2: Household Type, 2010 and 2019

City of Hollister	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Family Households	8,131	82.5%	9,091	82.3%	11.8%
Non-Family Households	1,729	17.5%	1,957	17.7%	13.2%
Total Households	9,860	100%	11,048	100%	12.0%

AMBAG Region	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Family Households	161,678	68.2%	168,424	68.2%	4.2%
Non-Family Households	75,428	31.8%	78,411	31.8%	4.0%
Total Households	237,106	100%	246,835	100%	4.1%

California	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Family Households	8,642,473	68.7%	9,162,700	68.7%	6.0%
Non-Family Households	3,935,025	31.3%	4,176,657	31.3%	6.1%
Total Households	12,577,498	100%	13,339,357	100%	6.1%

Sources: Esri Business Analyst, 2020; BAE, 2020.

Resident Age Characteristics

According to Esri, the City of Hollister contains a somewhat younger population relative to the AMBAG Region and California. As reported in Table 3, the current median age in Hollister is approximately 32.0 years, which is moderately younger than the median AMBAG region (35.3 years) and California (36.3 years). The City of Hollister contains a notably higher percentage of children under the age of 18, which represent roughly 28.2 percent of the overall population, compared to roughly 23 percent in the AMBAG region and California. The city also contains a somewhat lower concentration of older residents, or those above the age of 55, which account for just 20.4 percent of Hollister residents. Since 2010, all three geographies saw an increase in the concentration of older residents, corresponding with the large baby boomer cohort.

Despite the city's relatively low median age, residents between the age of 55 and 64 accounted for the largest increase in Hollister's population between 2010 and 2019. These residents are nearing the age of retirement and may drive demand for senior-specific services and housing within the city as they continue to age during the General Plan time horizon, but it is likely that demand from families will continue to be a major driver of demand for housing, retail, and services.

Table 3: Age Distribution, 2010 and 2019

City of Hollister	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Under 18	11,076	31.7%	11,083	28.2%	0.1%
18-24	3,545	10.1%	4,070	10.4%	14.8%
25-34	4,883	14.0%	6,240	15.9%	27.8%
35-44	5,044	14.4%	5,084	13.0%	0.8%
45-54	4,853	13.9%	4,761	12.1%	-1.9%
55-64	2,950	8.4%	4,188	10.7%	42.0%
65 or older	2,577	7.4%	3,814	9.7%	48.0%
Total Population	34,928	100%	39,240	100%	12.3%
Median Age	30.9		32.0		

AMBAG Region	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Under 18	182,497	24.9%	178,980	23.2%	-1.9%
18-24	87,625	12.0%	84,271	10.9%	-3.8%
25-34	102,757	14.0%	118,455	15.4%	15.3%
35-44	95,516	13.0%	95,587	12.4%	0.1%
45-54	100,280	13.7%	89,882	11.7%	-10.4%
55-64	85,093	11.6%	93,216	12.1%	9.5%
65 or older	78,940	10.8%	110,034	14.3%	39.4%
Total Population	732,708	100%	770,425	100%	5.1%
Median Age	34.3		35.3		

California	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Under 18	9,295,040	25.0%	9,125,894	22.9%	-1.8%
18-24	3,922,951	10.5%	3,893,394	9.8%	-0.8%
25-34	5,317,877	14.3%	6,161,912	15.5%	15.9%
35-44	5,182,710	13.9%	5,180,001	13.0%	-0.1%
45-54	5,252,371	14.1%	4,926,507	12.4%	-6.2%
55-64	4,036,493	10.8%	4,790,360	12.0%	18.7%
65 or older	4,246,514	11.4%	5,735,473	14.4%	35.1%
Total Population	37,253,956	100%	39,813,541	100%	6.9%
Median Age	35.2		36.3		

Sources: Esri Business Analyst, 2020; BAE, 2020.

Race and Ethnicity

Esri data indicate that Hollister and the AMBAG Region contain a significantly higher share of Hispanic and Latino residents relative to the State as a whole. As shown in Table 4, Hispanics account for the largest racial and ethnic subgroup in Hollister, making up 69.2 percent of the population in the city and 50.8 percent in the AMBAG Region. Of the Non-Hispanic population, White residents account for the largest share within the city and region. In contrast, California's Hispanic population only comprises 39.7 percent of the total population, with non-Hispanic Whites accounting for the most prominent racial subgroup at 60.3 percent. Other minority groups in Hollister represent relatively small proportions of the total, with Asians at 2.6 percent, two or more races at 1.7 percent, and all else at less than one percent each.

Table 4: Race and Ethnicity, 2010 and 2019

City of Hollister	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Hispanic/Latino (a)	22,965	65.7%	27,146	69.2%	18.2%
Not Hispanic/Latino	11,963	34.3%	12,094	30.8%	1.1%
White	10,163	29.1%	9,811	25.0%	-3.5%
Black/African American	247	0.7%	364	0.9%	47.4%
Native American	118	0.3%	127	0.3%	7.6%
Asian	824	2.4%	1,023	2.6%	24.2%
Native Hawaiian/Pacific Islander	38	0.1%	73	0.2%	92.1%
Other	38	0.1%	41	0.1%	7.9%
Two or More Races	535	1.5%	655	1.7%	22.4%
Total Population (b)	34,928	100%	39,240	100%	12.3%

AMBAG Region	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Hispanic/Latino (a)	345,281	47.1%	391,374	50.8%	13.3%
Not Hispanic/Latino	387,427	52.9%	379,051	49.2%	-2.2%
White	313,986	42.9%	300,099	39.0%	-4.4%
Black/African American	13,959	1.9%	13,986	1.8%	0.2%
Native American	2,570	0.4%	2,489	0.3%	-3.2%
Asian	35,733	4.9%	38,569	5.0%	7.9%
Native Hawaiian/Pacific Islander	2,225	0.3%	2,415	0.3%	8.5%
Other	1,420	0.2%	1,339	0.2%	-5.7%
Two or More Races	17,534	2.4%	20,154	2.6%	14.9%
Total Population	732,708	100%	770,425	100%	5.1%

California	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Hispanic/Latino (a)	14,013,719	37.6%	15,803,869	39.7%	12.8%
Not Hispanic/Latino	23,240,237	62.4%	24,009,672	60.3%	3.3%
White	14,956,253	40.1%	14,400,397	36.2%	-3.7%
Black/African American	2,163,804	5.8%	2,190,594	5.5%	1.2%
Native American	162,250	0.4%	158,913	0.4%	-2.1%
Asian	4,775,070	12.8%	5,843,373	14.7%	22.4%
Native Hawaiian/Pacific Islander	128,577	0.3%	141,440	0.4%	10.0%
Other	85,587	0.2%	84,517	0.2%	-1.3%
Two or More Races	968,696	2.6%	1,190,438	3.0%	22.9%
Total Population	37,253,956	100%	39,813,541	100%	6.9%

Notes:

(a) Includes all races for those of Hispanic/Latino background.

(b) Totals may not match other tables due to independent rounding.

Sources: Esri Business Analyst, 2020; BAE, 2020.

Educational Attainment

As shown in Table 5, City of Hollister residents, on average, have lower levels of educational attainment compared to their AMBAG Region and statewide counterparts. The difference is most prominent in the percentage of the city's population with Bachelor's degrees or higher, at 16.9 percent. In the AMBAG Region and California, roughly 31 and 34 percent of residents have Bachelor's degrees or higher. In addition, the city and AMBAG Region have higher proportions of residents with less than a 9th grade education at 15.3 and 14.0 percent, respectively, compared to 9.0 percent statewide. However, the data indicate that the percentage of city residents with a high school education or higher is roughly equivalent to

residents in the region and State. This is due to a higher concentration of Hollister residents with some college experience or associate degrees relative to residents in the AMBAG Region and California.

Table 5: Educational Attainment, 2019

Educational Attainment	City of Hollister		AMBAG Region		California	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	3,689	15.3%	71,183	14.0%	2,398,105	9.0%
9th to 12th Grade, No Diploma	1,786	7.4%	35,189	6.9%	1,945,226	7.3%
High School Graduate (incl. Equivalency)	6,392	26.5%	98,071	19.3%	5,581,158	20.8%
Some College, No Degree	5,901	24.5%	101,387	20.0%	5,626,754	21.0%
Associate Degree	2,239	9.3%	43,104	8.5%	2,081,852	7.8%
Bachelor's Degree	2,915	12.1%	95,288	18.8%	5,720,791	21.4%
Graduate/Professional Degree	1,166	4.8%	62,952	12.4%	3,440,367	12.8%
Total Population 25+ (a)	24,088	100%	507,174	100%	26,794,253	100%
Population 25+ High School Graduate (incl. Equivalency) or Higher (%)	77.3%		79.0%		83.8%	
Population 25+ with Bachelor's Degree or Higher (%)	16.9%		31.2%		34.2%	

Note:

(a) Totals may not match other tables due to independent rounding.

Sources: Esri Business Analyst, 2020; BAE, 2020.

Household Income Distribution

Hollister households present similar median incomes as households in the AMBAG Region and California. As seen in Table 6, the City of Hollister's median household income of \$70,969 is comparable to the \$76,626 and \$74,520 medians in the AMBAG Region and California, respectively. Households with incomes between \$50,000 and \$149,999 account for the largest concentration of households in all three geographies. However, the city has a smaller percentage of households earning more than \$200,000 compared to households in the AMBAG Region and California. As noted above, even though median household incomes are similar amongst the geographies, there are significant differences between the per capita incomes. While annual per capita incomes in the AMBAG Region and California are comparable, per capita incomes in the City of Hollister are roughly \$10,000 lower, driven by the larger household sizes within the City of Hollister. The lower per capita incomes in the city likely result in less discretionary spending potential to support retail and other businesses.

Table 6: Household Income, 2019

Income Category	City of Hollister		AMBAG Region		California	
	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	740	6.7%	19,704	8.0%	1,195,175	9.0%
\$15,000-\$24,999	934	8.5%	16,489	6.7%	1,011,098	7.6%
\$25,000-\$34,999	776	7.0%	16,421	6.7%	976,751	7.3%
\$35,000-\$49,999	1,351	12.2%	25,071	10.2%	1,412,271	10.6%
\$50,000-\$74,999	1,954	17.7%	42,801	17.3%	2,103,288	15.8%
\$75,000-\$99,999	1,754	15.9%	34,113	13.8%	1,651,612	12.4%
\$100,000-\$149,999	1,994	18.1%	42,671	17.3%	2,247,933	16.9%
\$150,000-\$199,999	982	8.9%	22,321	9.0%	1,169,916	8.8%
\$200,000 or more	562	5.1%	27,241	11.0%	1,571,098	11.8%
Total Households (a)	11,047	100%	246,832	100%	13,339,142	100%
Median HH Income	\$70,969		\$76,626		\$74,520	
Per Capita Income	\$24,601		\$34,100		\$35,730	

Note:

(a) Totals may not match other tables due to independent rounding.

Sources: Esri Business Analyst, 2020; BAE, 2020.

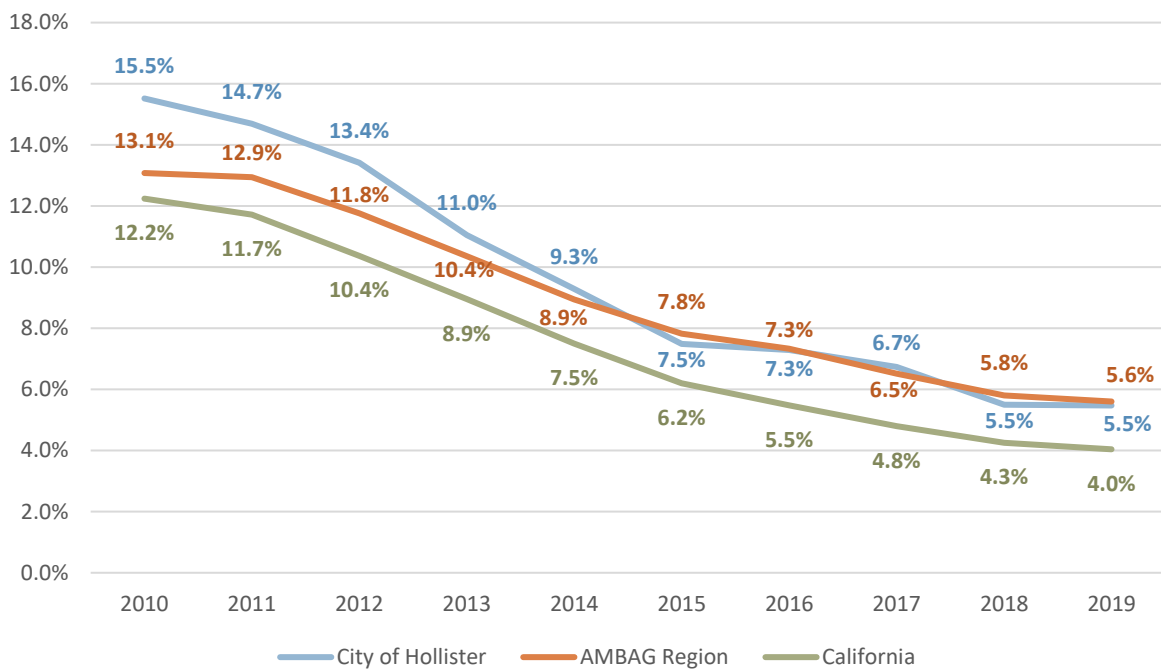
ECONOMIC CONDITIONS

This section summarizes current economic conditions in the City of Hollister and the comparison geographies. In addition to the geographies used in the previous section, this analysis also includes San Benito County, as some sources only provide data at the county level. This section draws on data from a number of sources, including data published by Esri, the California Employment Development Department (EDD), the US Bureau of Labor Statistics (BLS), the California Department of Tax and Fee Administration (CDTFA), and the US Census Bureau Longitudinal Employer-Household Dynamics (LEHD).

Labor Force Characteristics

Between 2010 and 2019, the City of Hollister and the AMBAG Region have consistently experienced somewhat higher unemployment rates compared to the statewide average. As shown in Figure 1, California's unemployment has remained roughly one percentage point lower than the city and AMBAG Region's unemployment rate since around 2014. As of 2019, the city and AMBAG Region unemployment rates were approximately 5.5 and 5.6 percent respectively, which was above the State's overall rate of 4.0 percent but still relatively healthy. While the impact of the COVID-19 pandemic is not known quantitatively from the available data, the unemployment rate has definitely increased in all three geographies.

Figure 1: Unemployment Rate, 2010-2019



Sources: California Employment Development Department, 2020; BAE, 2020.

Jobs/Residents Balance and Commute Flows

This section identifies where Hollister residents work and the place of residence of employees who work in Hollister. As shown in Table 7, there are fewer jobs in Hollister than there are employed residents, leading to substantial out commuting from the city.

Workers by Place of Residence

Of the 8,361 people with jobs within the City of Hollister, 54.1 percent live within San Benito County, including 38.1 percent of the total who live in the city itself. Following San Benito County, Santa Clara County is the next major place of residence for employees in Hollister, accounting for 10.8 percent of Hollister jobs. Monterey County closely follows Santa Clara County as the third most prominent residence location for Hollister employees, at roughly 9.1 percent, followed by Merced County at 4.6 percent, and Santa Cruz County at 3.3 percent. The remaining 18.0 percent of Hollister workers live in counties with less than 2 percent of the Hollister employment, including other Bay Area and Central Valley counties.

Residents by Place of Work

Due to the proximity to the Silicon Valley and other major job centers in the region, the majority of Hollister residents work outside of the County, spread across a range of work locations. As shown below in Table 7, only 23 percent of Hollister residents work in Hollister, while another 13.7 percent work elsewhere in San Benito County. This indicates that the majority, or 63.2 percent, of Hollister residents work outside of San Benito County. As seen in Table 7, roughly 23.8 percent of total employed residents commute to Santa Clara County, followed by 13.4 percent to Monterey County, and 6.4 percent to Santa Cruz County. The remaining 19.6 percent of employed Hollister residents work in a variety of counties spread across the entire state.

Jobs/Employed Resident Balance

A comparison between the total jobs in the city and the total employed residents living in the city indicates the current ratio of jobs per employed resident is roughly 0.61. Hollister has fewer jobs in the city than employed residents, leading to a significant amount of out-commuting to more job-rich areas. Though not presented in Table 7 below, the AMBAG region contains a ratio of 0.83 jobs per employed resident, leading to a lower amount of out-commuting from the region.

Table 7: Commute Flows, City of Hollister, 2017 (a)

Place of Residence	Workers		Place of Work	Employed Residents	
	Number	Percent		Number	Percent
San Benito County	4,525	54.1%	San Benito County	5,079	36.8%
Hollister city	3,182	38.1%	Hollister city	3,182	23.0%
Ridgemark CDP	253	3.0%	All Other San Benito County	1,897	13.7%
All Other San Benito County	1,090	13.0%	Santa Clara County	3,283	23.8%
Santa Clara County	906	10.8%	Gilroy city	1,072	7.8%
San Jose city	304	3.6%	San Jose city	794	5.7%
Gilroy city	302	3.6%	Morgan Hill city	527	3.8%
Morgan Hill city	96	1.1%	All Other Santa Clara County	890	6.4%
All Other Santa Clara County	204	2.4%	Monterey County	1,847	13.4%
Monterey County	764	9.1%	Salinas city	704	5.1%
Salinas city	362	4.3%	Monterey city	169	1.2%
Prunedale CDP	63	0.8%	Prunedale CDP	120	0.9%
All Other Monterey County	339	4.1%	All Other Monterey County	854	6.2%
Merced County	388	4.6%	Santa Cruz County	884	6.4%
Los Banos city	202	2.4%	Watsonville city	381	2.8%
Santa Cruz County	276	3.3%	Santa Cruz city	141	1.0%
Watsonville city	112	1.3%	Alameda County	437	3.2%
Fresno County	161	1.9%	Fresno County	243	1.8%
Fresno city	65	0.8%	San Mateo County	180	1.3%
Alameda County	139	1.7%	San Francisco County	175	1.3%
Los Angeles County	116	1.4%	San Francisco city	175	1.3%
Stanislaus County	112	1.3%	Los Angeles County	163	1.2%
Contra Costa County	89	1.1%	Sacramento County	149	1.1%
All Other Locations (b)	885	10.6%	All Other Locations (b)	1,373	9.9%
Total Primary Jobs	8,361	100%	Total Primary Jobs	13,813	100%

Note:

(a) Accounts for all primary jobs, which includes both public and private primary jobs.

(b) Includes all other counties with less than one percent of the total workers or employed residents.

Sources: U.S. Census Longitudinal Employer-Household Dynamics (LEHD) via OnTheMap, 2019; BAE, 2020.

Jobs by Industry

Table 8, which is split into two pages, compares the number of jobs by industry in San Benito County with numbers in the AMBAG region and the State. This type of data is not available for the City of Hollister alone, so the data for San Benito County as a whole provide an indication of the types of jobs that are available within the broader area. This probably overrepresents the number of agricultural jobs that would be found within the City Limits, but is otherwise likely a reasonable representation of conditions in the city, recognizing that as the dominant urban area within the county, the countywide employment data are largely a reflection of the jobs within the City of Hollister.

The number of jobs in San Benito County has increased by about 1,806, or 11.9 percent, between 2013 and 2018. This percentage of growth is comparable to growth rates in the AMBAG Region and California as a whole. The dominant industries in the County are manufacturing at 19.6 percent of the total, State and local government at 16.4 percent, and agriculture/forestry/fishing/hunting and mining at 13.5 percent.

One major local change between 2013 and 2018 is the notable decrease in the number of retail trade jobs. Detailed QCEW data that looks at subsectors within industries shows that this decline in retail jobs was largely in the food and beverage store subsector. Though a slight loss in retail jobs has been noticed as a trend nationwide with the emergence of online retailers such as Amazon, some of these job losses in San Benito County appear to be the result of a recategorization of jobs in the QCEW dataset.

Table 8: Jobs by Industry, San Benito County, 2013 and 2018 (Page 1 of 2) (a) (b)

San Benito County	2013		2018		Change 2013-2018	
	Number	Percent	Number	Percent	Number	Percent
Ag/Forestry/Fishing/Hunting and Mining	1,689	11.2%	2,281	13.5%	592	35.1%
Wholesale Trade, Transportation, and Utilities	775	5.1%	794	4.7%	19	2.5%
Retail Trade	2,351	15.5%	1,313	7.7%	(1,038) (c)	-44.2%
Construction	827	5.5%	1,604	9.5%	777	94.0%
Manufacturing	2,665	17.6%	3,326	19.6%	661	24.8%
Information	64	0.4%	69	0.4%	5	7.8%
Finance and Insurance	204	1.3%	217	1.3%	13	6.4%
Real Estate and Rental and Leasing	148	1.0%	133	0.8%	(15)	-10.1%
Professional and Business Services	384	2.5%	287	1.7%	(97)	-25.3%
Administrative and Waste Services	741	4.9%	824	4.9%	83	11.2%
Educational Services	75	0.5%	72	0.4%	(3)	-4.0%
Health Care and Social Assistance	1,018	6.7%	1,235	7.3%	217	21.3%
Arts, Entertainment, and Recreation	261	1.7%	171	1.0%	(90)	-34.5%
Accommodation and Food Services	967	6.4%	1,284	7.6%	317	32.8%
Federal Government	136	0.9%	124	0.7%	(12)	-8.8%
State and Local Government	2,402	15.9%	2,781	16.4%	379	15.8%
Other Services	393	2.6%	428	2.5%	35	8.9%
Unclassified	39	0.3%	3	0.0%	(36)	-92.3%
Total (d)	15,139	100%	16,945	100%	1,806	11.9%

AMBAG Region	2013		2018		Change 2013-2018	
	Number	Percent	Number	Percent	Number	Percent
Ag/Forestry/Fishing/Hunting and Mining	60,075	21.0%	65,293	20.6%	5,218	8.7%
Wholesale Trade, Transportation, and Utilities	14,649	5.1%	15,552	4.9%	903	6.2%
Retail Trade	29,869	10.5%	29,763	9.4%	(106)	-0.4%
Construction	8,449	3.0%	12,455	3.9%	4,006	47.4%
Manufacturing	13,845	4.8%	16,005	5.0%	2,160	15.6%
Information	2,397	0.8%	1,755	0.6%	(642)	-26.8%
Finance and Insurance	4,469	1.6%	4,723	1.5%	254	5.7%
Real Estate and Rental and Leasing	3,216	1.1%	3,643	1.1%	427	13.3%
Professional and Business Services	12,304	4.3%	12,533	3.9%	229	1.9%
Administrative and Waste Services	10,153	3.6%	12,576	4.0%	2,423	23.9%
Educational Services	3,929	1.4%	4,165	1.3%	236	6.0%
Health Care and Social Assistance	29,625	10.4%	33,783	10.6%	4,158	14.0%
Arts, Entertainment, and Recreation	4,577	1.6%	5,206	1.6%	629	13.7%
Accommodation and Food Services	30,534	10.7%	35,921	11.3%	5,387	17.6%
Federal Government	6,163	2.2%	5,757	1.8%	(406)	-6.6%
State and Local Government	42,330	14.8%	48,303	15.2%	5,973	14.1%
Other Services	8,504	3.0%	9,884	3.1%	1,380	16.2%
Unclassified	598	0.2%	94	0.0%	(504)	-84.3%
Total (d)	285,684	100%	317,411	100%	31,727	11.1%

Continued of Next Page -

Sources: Quarterly Census of Employment and Wages (QCEW), US Bureau of Labor Statistics, 2018; BAE, 2020.

Table 8: Jobs by Industry, San Benito County, 2013 and 2018 (Page 2 of 2) (a) (b)

California	2013		2018		Change 2013-2018	
	Number	Percent	Number	Percent	Number	Percent
Ag/Forestry/Fishing/Hunting and Mining	439,588	2.9%	443,541	2.6%	3,953	0.9%
Wholesale Trade, Transportation, and Utilities	1,181,382	7.7%	1,349,010	7.8%	167,628	14.2%
Retail Trade	1,595,278	10.4%	1,683,999	9.7%	88,721	5.6%
Construction	633,981	4.1%	860,278	5.0%	226,297	35.7%
Manufacturing	1,246,297	8.1%	1,320,068	7.6%	73,771	5.9%
Information	443,780	2.9%	525,771	3.0%	81,991	18.5%
Finance and Insurance	522,453	3.4%	541,315	3.1%	18,862	3.6%
Real Estate and Rental and Leasing	257,912	1.7%	294,581	1.7%	36,669	14.2%
Professional and Business Services	1,357,952	8.8%	1,539,229	8.9%	181,277	13.3%
Administrative and Waste Services	978,471	6.4%	1,128,609	6.5%	150,138	15.3%
Educational Services	310,598	2.0%	324,399	1.9%	13,801	4.4%
Health Care and Social Assistance	1,939,288	12.6%	2,324,828	13.4%	385,540	19.9%
Arts, Entertainment, and Recreation	266,028	1.7%	316,124	1.8%	50,096	18.8%
Accommodation and Food Services	1,400,475	9.1%	1,672,626	9.6%	272,151	19.4%
Federal Government	246,156	1.6%	246,205	1.4%	49	0.0%
State and Local Government	2,028,211	13.2%	2,233,641	12.9%	205,430	10.1%
Other Services	482,228	3.1%	541,832	3.1%	59,604	12.4%
Unclassified	48,886	0.3%	9,797	0.1%	(39,089)	-80.0%
Total (d)	15,378,962	100%	17,355,855	100%	1,976,893	12.9%

Notes:

(a) Universe consists of all wage and salary employment by place of work. Does not include self-employed persons not on payroll. Industry classification is not self-reported by individual workers.

(b) Reporting of employment numbers can vary slightly between BLS and LEHD sources, e.g., LEHD aggregates public and private sectors of a given industry into one number whereas BLS does not.

(c) Retail trade job loss may reflect industry recategorization.

(d) Totals may not match sum of parts due to independent rounding and data confidentiality.

Sources: Quarterly Census of Employment and Wages (QCEW), US Bureau of Labor Statistics, 2018; BAE, 2020.

Resident Employment by Occupation

Table 9 shows the occupations of employed residents in Hollister, without regard to where they work. Unlike the data for jobs shown in Table 8, data regarding resident occupations is available at the city level, so it is shown in Table 9. Data for occupations of employed residents is also available for slightly different employment categories than the data for jobs by location, which makes a comparison of Tables 8 and 9 somewhat difficult.

Though Office & Administrative Support and Sales & Sales Related occupations are the most common for employed residents across the three geographies, there are key differences between the city and the comparison geographies.

- First, the percentage of employed residents in Hollister working in Farming/Fishing/Forestry occupations, at 4.6 percent, is relatively low compared to that of the AMBAG Region at 10.0 percent. This is notable considering that San Benito County has a sizeable percentage—about 11.2 percent—of agriculture, forestry, fishing, and hunting jobs within its borders, as mentioned in the jobs by industry section above. This suggests that most of the County's agricultural laborers live in unincorporated portions of San Benito County.

- Second, the data show that the construction/extraction occupation is more prominent among City of Hollister residents compared to the other two geographies. This is likely due to the higher concentration of construction jobs within Hollister and the housing market conditions which are likely more affordable to people employed in the construction/extraction occupations than elsewhere in the AMBAG Region or in California's more urban areas.

Table 9: Employed Residents by Occupation, 2019

Occupation	City of Hollister		AMBAG Region		California	
	Number	Percent	Number	Percent	Number	Percent
Management	1,468	7.6%	35,609	9.3%	1,898,161	10.0%
Business/Financial	681	3.5%	13,565	3.5%	937,035	4.9%
Computer/Mathematical	195	1.0%	8,019	2.1%	618,514	3.3%
Architecture/Engineering	298	1.5%	5,269	1.4%	405,443	2.1%
Life/Physical/Social Science	71	0.4%	4,087	1.1%	194,864	1.0%
Community/Social Service	273	1.4%	5,713	1.5%	307,708	1.6%
Legal	173	0.9%	2,814	0.7%	235,398	1.2%
Education/Training/Library	856	4.4%	24,956	6.5%	1,066,223	5.6%
Arts/Design/Entertainment/Sports/Media	184	1.0%	7,645	2.0%	494,472	2.6%
Healthcare Practitioner/Technician	676	3.5%	17,288	4.5%	963,089	5.1%
Healthcare Support	534	2.8%	7,948	2.1%	370,161	2.0%
Protective Service	586	3.0%	8,267	2.2%	398,490	2.1%
Food Preparation/Serving Related	1,021	5.3%	24,278	6.3%	1,134,596	6.0%
Building/Grounds Cleaning/Maintenance	746	3.9%	16,864	4.4%	779,334	4.1%
Personal Care/Service	750	3.9%	17,137	4.5%	897,101	4.7%
Sales and Sales Related	1,986	10.3%	39,462	10.3%	2,018,522	10.7%
Office/Administrative Support	2,499	13.0%	39,894	10.4%	2,418,277	12.8%
Farming/Fishing/Forestry	895	4.6%	38,187	10.0%	350,748	1.9%
Construction/Extraction	1,700	8.8%	18,896	4.9%	864,036	4.6%
Installation/Maintenance/Repair	1,034	5.4%	9,759	2.5%	572,926	3.0%
Production	1,313	6.8%	15,470	4.0%	928,020	4.9%
Transportation/Material Moving	1,320	6.9%	21,605	5.6%	1,096,322	5.8%
Total Employed Labor Force (a)	19,259	100%	382,732	100%	18,949,440	100%

(a) Totals may not match other tables due to independent rounding and use of different sources for the estimates.

Sources: Esri Business Analyst, 2020; BAE, 2020.

Major Employers

According to the EDD, 20 of the 25 major employers in San Benito County are located in the City of Hollister, though the largest employer, Earthbound Farm², is in San Juan Bautista. The largest employer in the city is R&R Labor, with between 500 and 999 employees. Based on the EDD data, R&R Labor is a labor contractor primarily for agriculture producers. As shown in Table 10, the other major employers in the city include schools, manufacturers, grocers, the waste collection company, protective services, and a hospital. Overall, these major employers can be divided into three categories:

² Earthbound Farm is also referred to as Natural Selection Foods, which is the name that is used in the City of Hollister's Comprehensive Annual Financial Report in 2019.

- Entities providing services to local residents (education, health, waste collection, grocery stores, etc.)
- Agricultural growers, packers and processors, such as Earthbound Farms, San Benito Foods, and the Denise & Filice Packing Company.
- Manufacturers and wholesalers, some of whom have relocated recently to Hollister from more expensive locations in Santa Cruz and Monterey Counties, such as West Marine, Corbin Sparrow, and MC Electronics.

Table 10: Major Employers, San Benito County, 2019

Major Employers in San Benito County	Location	Industry	Employer Size Class
Earthbound Farm	San Juan Bautista	Crop Production	1,000-4,999
R&R Labor	Hollister	Labor Contractors	500-999
Hazel Hawkins Memorial Hospital	Hollister	Hospitals	250-499
Mcelectronics Inc.	Hollister	Manufacturing	250-499
San Benito High School	Hollister	Schools	250-499
True Leaf Farms	San Juan Bautista	Health & Personal Care Stores	250-499
Corbin Sparrow	Hollister	Manufacturing	100-249
Denise & Filice Packing Co	Hollister	Grocery Wholesale	100-249
Nob Hill Foods	Hollister	Grocery Retail	100-249
San Benito Foods	Hollister	Manufacturing	100-249
San Benito Sheriff	Hollister	Sheriff	100-249
Target	Hollister	Department Stores	100-249
Trical Inc.	Hollister	Crop Farming	100-249
West Marine	Hollister	Merchant Wholesale	100-249
Anzar High School	San Juan Bautista	Schools	50-99
Calaveras Elementary School	Hollister	Schools	50-99
Gabilan Hills Elementary School	Hollister	Schools	50-99
Lucky Supermarkets	Hollister	Grocery Retail	50-99
Mabie Northside	Hollister	Hospitals	50-99
Pacific Harvest Seafoods	San Juan Bautista	Manufacturing	50-99
R. O. Hardin Elementary School	Hollister	Schools	50-99
Rancho San Justo Middle School	Hollister	Schools	50-99
Safeway	Hollister	Grocery Retail	50-99
Waste Management	Hollister	Waste Collection	50-99
Willis Construction Co Inc.	San Juan Bautista	Manufacturing	50-99

Sources: California Employment Development Department, 2020; BAE, 2020.

Note: Table is organized in alphabetical order.

Retail Sales and Leakage

Like employment, retail sales are a measure of the strength of a local economy. Stronger retail sales are driven largely by robust retail facilities and relatively high disposable household income.

Taxable Sales Trends

Based on the taxable sales data shown in Table 11 and published by the State of California, per capita spending within the City of Hollister is relatively low compared to the AMBAG Region and California. Among the ten retail sales categories for which data is provided, only food and

beverage stores and gasoline stations have higher sales per capita in Hollister than the comparison geographies. The disparity in spending is especially pronounced in the clothing and clothing accessories category, which makes up only 0.4 percent of Hollister's taxable sales, or about \$37 per capita. By comparison, per capita sales in the same category are significantly higher in the AMBAG Region (\$714 per capita) and the State (\$1,063 per capita). This may be reflective of somewhat lower per capita income in Hollister compared to the region and the State, but it is likely even more indicative of the lack of clothing retailers in the city.

The majority of sales in Hollister are in automobile-related categories, which includes motor vehicle and parts dealers and gasoline stations, although Hollister still appears to have substantial leakage in the gasoline station category. Vehicle and parts sales may be driven by the significant out-commuting to workplaces outside of San Benito County as well as proximity to the Hollister Hills State Vehicular Recreation Area.

Table 11: Taxable Sales by Category, 2018

Category	City of Hollister			AMBAG Region			California		
	Number	Percent	Per Capita (a)	Number	Percent	Per Capita (a)	Number	Percent	Per Capita (a)
Motor Vehicle and Parts Dealers	\$74,042,201	18.8%	\$1,894	\$1,536,588,618	12.8%	\$1,970	\$89,696,668,865	12.7%	\$2,257
Furnishings and Appliance Stores	\$8,914,965	2.3%	\$228	\$373,656,270	3.1%	\$479	\$31,099,159,205	4.4%	\$783
Bldg. Matrl. and Garden Equipment	\$29,086,862	7.4%	\$744	\$836,283,074	7.0%	\$1,072	\$39,469,798,311	5.6%	\$993
Food and Beverage Stores	\$37,244,308	9.4%	\$953	\$659,647,810	5.5%	\$846	\$29,697,424,447	4.2%	\$747
Gasoline Stations	\$72,208,608	18.3%	\$1,847	\$992,094,189	8.3%	\$1,272	\$54,302,231,927	7.7%	\$1,366
Clothing and Clothing Accessories	\$1,427,057	0.4%	\$37	\$556,654,635	4.6%	\$714	\$42,233,560,412	6.0%	\$1,063
General Merchandise Stores	\$40,102,027	10.2%	\$1,026	\$886,158,761	7.4%	\$1,136	\$56,416,292,603	8.0%	\$1,420
Food Services and Drinking Places	\$56,460,362	14.3%	\$1,444	\$1,522,778,090	12.7%	\$1,953	\$85,226,196,681	12.1%	\$2,145
Other Retail Group	\$21,081,954	5.3%	\$539	\$1,158,420,926	9.7%	\$1,485	\$61,018,669,056	8.6%	\$1,535
Subtotal, All Retail and Food	\$340,568,344	86.3%	\$8,713	\$8,522,282,373	71.1%	\$10,928	\$489,160,001,507	69.2%	\$12,309
All Other Outlets	\$53,919,079	13.7%	\$1,379	\$3,463,741,915	28.9%	\$4,442	\$217,675,199,118	30.8%	\$5,477
Total, All Outlets	\$394,487,423	100%	\$10,092	\$11,986,024,288	100%	\$15,370	\$706,835,200,625	100%	\$17,786

Note:

(a) Based on 2018 population estimates published by the Department of Finance.

Sources: California Department of Tax and Fee Administration (CDTFA), 2019; California Department of Finance, 2019; BAE, 2020.

Retail Leakage Analysis

Retail leakage compares the volume of retail sales reported in local establishments to expected level of resident retail demand in order to assess the balance of the retail market within a specific geography. High retail leakage (i.e., retail sales volumes are lower than estimated resident demand) signifies areas of imbalance between resident demand and the available retail supply, and can therefore suggest opportunities for additional retail development.

In order to estimate the net balance of trade and hence leakage in the retail sector, BAE analyzed data on retail sales and consumer expenditures from Esri. Though the data are based on 2017 numbers and current conditions have likely fluctuated substantially due to the COVID-19 pandemic, the data illustrate a historic retail trade balance in Hollister compared to the AMBAG Region and California.

As shown in Table 12, Hollister appears to have leakage in every retail category except for building material, garden equipment, and supply stores; food and beverage stores; and motor vehicle and parts dealers. The most significant leakage appears to occur in Clothing and Clothing Accessories Stores. Note that the general merchandise category includes sales from the now-closed K Mart, so leakage in this category is now probably even higher.

While it is not realistic for any community to capture all of its residents' expenditures in every category, the leakage analysis indicates potential opportunities for the City of Hollister to capture additional sales. In particular, the City could address the greatest supply shortages in the clothing and general merchandise store categories:

- The city's population and existing leakage is likely insufficient to support a large-scale store, like Costco or Walmart. However, as the city's population continues to expand, the new spending driven by new residents in conjunction with capturing a portion of existing sales leakage may be sufficient to support a new general merchandise store.
- With regard to clothing and accessory stores, the current leakage may be sufficient to support a medium-size clothing store similar to Ross, Marshalls, or TJ Maxx. In fact, the Hollister Farms Shopping Center, which is currently under construction, proposes to include a TJ Maxx, Ross, and Famous Footwear. If these stores do open at the new shopping center, they will likely capture a large share of resident spending currently occurring outside of the city, as well as the spending driven by new residents as the Hollister population continues to expand.

Table 12: Retail Leakage and Injection, 2017

City of Hollister				
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses
Furniture & Home Furnishings Stores	\$13,817,568	\$827,125	(\$12,990,443)	5
Electronics & Appliance Stores	\$13,890,157	\$3,301,175	(\$10,588,982)	4
Bldg. Matrl., Garden Equip, Supply Stores	\$21,801,117	\$54,470,144	\$32,669,027	28
Food & Beverage Stores	\$61,177,412	\$115,062,759	\$53,885,347	31
Health & Personal Care Stores	\$25,303,842	\$20,069,287	(\$5,234,555)	15
Clothing & Clothing Accessories Stores	\$27,507,350	\$2,337,615	(\$25,169,735)	11
Sport. Goods, Hobby, Book, Music Stores	\$12,225,475	\$5,422,410	(\$6,803,065)	9
General Merchandise Stores	\$63,509,896	\$50,099,565	(\$13,410,331)	7
Miscellaneous Store Retailers	\$13,616,665	\$7,941,855	(\$5,674,810)	19
Non-Store Retailers	\$10,843,461	\$0	(\$10,843,461)	0
Food Service & Drinking Places	\$41,052,152	\$37,246,632	(\$3,805,520)	67
Subtotal, Non-Automotive	\$304,745,095	\$296,778,567	(\$7,966,528)	196
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses
Motor Vehicle and Parts Dealers	\$76,288,442	\$78,768,719	\$2,480,277	22
Gasoline Stations	\$33,723,402	\$13,644,692	(\$20,078,710)	7
Subtotal, Automotive	\$110,011,844	\$92,413,411	(\$17,598,433)	29
Net Balance of Trade	\$414,756,939	\$389,191,978	(\$25,564,961)	225
<i>Categories with Leakage</i>				
AMBAG Region				
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses
Furniture & Home Furnishings Stores	\$364,883,373	\$205,651,112	(\$159,232,261)	225
Electronics & Appliance Stores	\$365,892,374	\$226,187,381	(\$139,704,993)	178
Bldg. Matrl., Garden Equip, Supply Stores	\$589,723,481	\$642,177,355	\$52,453,874	385
Food & Beverage Stores	\$1,592,497,328	\$2,122,257,186	\$529,759,858	684
Health & Personal Care Stores	\$680,494,448	\$578,579,983	(\$101,914,465)	256
Clothing & Clothing Accessories Stores	\$718,966,510	\$582,925,778	(\$136,040,732)	658
Sport. Goods, Hobby, Book, Music Stores	\$315,403,383	\$258,796,614	(\$56,606,769)	306
General Merchandise Stores	\$1,645,682,744	\$1,349,310,511	(\$296,372,233)	149
Miscellaneous Store Retailers	\$364,665,844	\$437,168,981	\$72,503,137	791
Non-Store Retailers	\$292,892,283	\$461,694,953	\$168,802,670	72
Food Service & Drinking Places	\$1,077,600,701	\$1,220,189,647	\$142,588,946	1,715
Subtotal, Non-Automotive	\$8,008,702,469	\$8,084,939,501	\$76,237,032	5,419
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses
Motor Vehicle and Parts Dealers	\$2,012,098,873	\$1,956,993,612	(\$55,105,261)	392
Gasoline Stations	\$863,623,554	\$819,182,163	(\$44,441,391)	166
Subtotal, Automotive	\$2,875,722,427	\$2,776,175,775	(\$99,546,652)	558
Net Balance of Trade	\$10,884,424,896	\$10,861,115,276	(\$23,309,620)	5,977

Note:

(a) Dollar amounts are unadjusted from their 2017 values.

Sources: Esri Business Analyst, 2020; BAE, 2020.

REAL ESTATE MARKET CONDITIONS

This section summarizes current real estate market conditions and trends in Hollister, the AMBAG Region, and California using data published by the US Census Bureau's American Community Survey (ACS) and Zillow, as well as data from private data vendors, including ListSource and CoStar. The analysis also draws from a number of interviews with real estate brokers and other key real estate stakeholders active in the Hollister area.

In addition to the comparison geographies used in the preceding economic conditions analysis, BAE created two additional geographies to assess competitive regional real estate market conditions. The first is the Mid-AMBAG Submarket, which includes the inland AMBAG cities of Watsonville, Salinas, and Prunedale. This geography excludes the Cities of Monterey and Santa Cruz due to the differences in real estate market demand drivers and overall economic characteristics versus the City of Hollister. The second geography is the Gilroy-Morgan Hill Submarket, a combination of the Cities of Gilroy and Morgan Hill, which are the cities in Santa Clara County closest to the City of Hollister. These cities provide greater proximity to the southern Bay Area job centers relative to Hollister, and are likely the regional competitors for residents and businesses looking to live or operate in secondary markets with close proximity to the Bay Area.

Residential Market Overview

The following section summarizes key housing characteristics within the City of Hollister, as well as residential sales prices and rental rate trends within the city.

Housing Stock Characteristics

Table 13 shows that approximately 80 percent of the housing stock in Hollister is single-family units, the majority of which are detached units. This concentration is notably higher than the percentages of single-family units within the AMBAG Region and California, where single-family units account for 71.4 percent and 65.0 percent, respectively. Consistent with this, Hollister contains a relatively low supply of multifamily units, accounting for just 17.2 percent of the total housing stock. Additionally, of the multifamily inventory in Hollister, most are in smaller structures with two to four units, whereas most of the multifamily units in the AMBAG Region and California are in larger complexes with five or more units. This under-supply of multifamily units within Hollister may be excluding certain household types and income levels from finding suitable and affordable housing within the city. In fact, local stakeholders highlighted the significant need for a more diverse housing stock to accommodate varying households, including younger households interested in Hollister and service workers who are currently priced out of the market. Providing a more diverse housing stock may also result in an improved jobs/employed residents balance by providing housing for existing workers who are commuting in from more affordable locations.

Table 13: Units in Structure, 2014-2018

Units in Structure	City of Hollister		AMBAG Region		California	
	Number	Percent	Number	Percent	Number	Percent
Detached Single-Family	8,445	76.1%	171,262	64.5%	8,157,883	57.9%
Attached Single-Family	441	4.0%	18,314	6.9%	991,403	7.0%
2 to 4 Units	1,078	9.7%	23,587	8.9%	1,122,070	8.0%
5 to 19 Units	451	4.1%	24,700	9.3%	1,591,278	11.3%
20 to 49 Units	318	2.9%	7,122	2.7%	691,834	4.9%
50 Units or More	63	0.6%	6,949	2.6%	995,111	7.1%
Mobile Homes	308	2.8%	13,472	5.1%	520,262	3.7%
Boats, RV's, Vans, Other	0	0.0%	257	0.1%	14983	0.1%
Total, All Units	11,104	100%	265,663	100%	14,084,824	100%
% Single Family	80.0%		71.4%		65.0%	
% Multifamily	17.2%		23.5%		31.2%	

Sources: US Census Bureau, 2014-2018 American Community Survey (ACS), Table B25024, 2019; BAE, 2020.

Housing Tenure

Given the higher prevalence of single-family residences in Hollister, owner households account for the majority of households in Hollister. As illustrated in Table 14, approximately 63.1 percent of occupied Hollister residential units are owner-occupied, while owners account for roughly 55 percent in both the AMBAG Region and California. Between 2010 and 2019, both the City of Hollister and the AMBAG Region experienced increases in the proportion of owner households, contrary to California trends, which saw an increase in the concentration of renter households. The local trend may be driven by the existing housing stock and the type of new residential development occurring in the City and region, which is predominantly marketed toward owner households.

Table 14: Occupied Housing Units by Tenure, 2010 and 2019

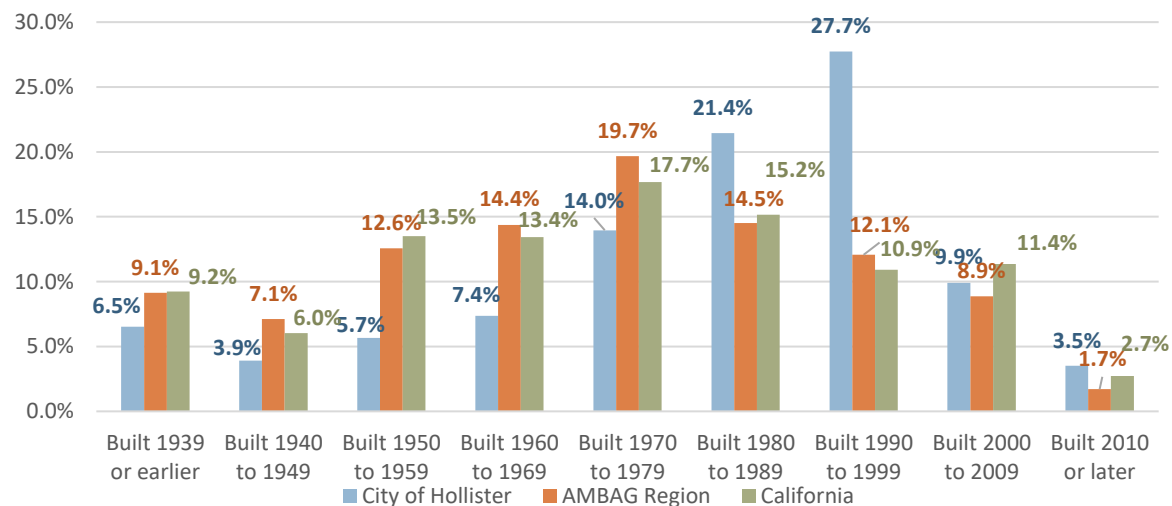
City of Hollister	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Owner-Occupied	6,030	61.2%	6,967	63.1%	15.5%
Renter-Occupied	3,830	38.8%	4,081	36.9%	6.6%
Total Occupied Units	9,860	100%	11,048	100%	12.0%
AMBAG Region	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Owner-Occupied	129,233	54.5%	139,318	56.4%	7.8%
Renter-Occupied	107,873	45.5%	107,517	43.6%	-0.3%
Total Occupied Units	237,106	100%	246,835	100%	4.1%
California	2010		2019		% Change 2010-2019
	Number	Percent	Number	Percent	
Owner-Occupied	7,035,371	55.9%	7,343,978	55.1%	4.4%
Renter-Occupied	5,542,127	44.1%	5,995,379	44.9%	8.2%
Total Occupied Units	12,577,498	100%	13,339,357	100%	6.1%

Sources: Esri Business Analyst, 2020; BAE, 2020.

Year Built

As shown in Figure 2, nearly half of Hollister's housing stock was built between 1980 and 1999, with the 1990s representing the largest proportion of unit deliveries, at roughly 27.7 percent of all Hollister residential units. The spike in development during this time period far outpaced the development in the comparison geographies in any other given time frame. For the AMBAG Region and California, the highest concentration of units by year built is between 1970 and 1979, though these units only make up 19.7 percent and 17.7 percent of their overall housing stock, respectively. Notably, the City of Hollister did not experience much of a decrease in residential development output from 2000 to 2009, which includes the entirety of the development moratorium. This, however, may be due to significant housing construction prior to the moratorium in 2002 and the completion of pending projects already under construction. While the figure suggests there has been limited housing construction since 2010, this is probably not the case because the dataset actually only captures data through 2018, it does not show the entire decade of the 2010s. More recent housing construction data suggest the City of Hollister has seen roughly 315 new residential units delivered in 2018 and 2019, increasing the total housing stock by roughly three percent each year.

Figure 2: Housing Units by Year Built, 2014-2018



Sources: US Census Bureau, 2014-2018 ACS, Table B25034, 2019; BAE, 2020.

Housing Occupancy Status

Based on ACS five-year estimates between 2014 and 2018, Hollister's housing vacancy rate is 3.6 percent, which is notably lower than the AMBAG Region and California vacancy rates of 9.8 percent and 7.9 percent, respectively. Most economists consider a residential vacancy rate of about 5 percent to represent a healthy level of vacancy for a given geography. Hollister is showing signs of a slight undersupply of housing, especially as its vacancy rate has decreased since 2010 when the Region and State saw stagnant or increasing vacancy rates.

Detailed vacancy data from the five-year estimate ACS data for 2006-2010 and 2014-2018 suggest that most of the vacant housing units in Hollister are rented or sold but not currently

occupied, with very few vacant units held for seasonal or occasional use. This differs significantly from the AMBAG Region and California, where units held for occasional or seasonal use account for the largest concentration of vacant units. Because units held for seasonal use are typically located in resort towns and second-home communities, the lower concentration of these units in Hollister is likely a function of the local economy and lack of demand for second homes. The fact that most of Hollister's vacant units have already been sold or rented indicates that the city's functional housing vacancy rate is significantly lower than even the 3.6 percent rate suggests, meaning that it would be difficult for an existing resident to find new housing in Hollister and difficult for an individual or household relocating to Hollister to find housing.

Table 15: Housing Occupancy and Vacancy Status, 2010 and 2014-2018

Occupancy/Vacancy	2010		2014-2018		% Change 2010-2018
	Number	Percent	Number	Percent	
City of Hollister					
Occupied Housing Units	9,860	94.8%	10,700	96.4%	8.5%
Vacant Housing Units	541	5.2%	404	3.6%	-25.3%
Total, All Housing Units	10,401	100%	11,104	100%	6.8%
AMBAG Region					
Occupied Housing Units	237,106	90.7%	239,548	90.2%	1.0%
Vacant Housing Units	24,288	9.3%	26,115	9.8%	7.5%
Total, All Housing Units	261,394	100%	265,663	100%	1.6%
California					
Occupied Housing Units	12,577,498	91.9%	12,965,435	92.1%	3.1%
Vacant Housing Units	1,102,583	8.1%	1,119,389	7.9%	1.5%
Total, All Housing Units	13,680,081	100%	14,084,824	100%	3.0%

Sources: US Census Bureau, 2010 Decennial Census, Table H1; 2014-2018 ACS, Tables B25002 and B25004, 2019; BAE, 2020.

For-Sale Residential Market Conditions

Based on ListSource data, there were roughly 67 fully recorded³ single-family residential sales and eight townhome sales in Hollister during the period from October 2019 to April 2020. With larger household sizes, more family households, and more owner-occupied units in Hollister, the most commonly sold single-family residences were three- and four-bedroom units. During this time period, the average sale price of the single-family units was nearly \$607,000 and the median sale price was about \$545,000. The average cost per living square foot was approximately \$327. During this same time period, the townhomes sold in Hollister cost on average \$380,250 and a median of about \$361,000. The average cost per living square foot was about \$290.

³ Some sales records were missing crucial data points, such as number of bedrooms and square footage, and thus had to be excluded from this analysis.

Table 16: Characteristics of Home Sales by Type, City of Hollister, October 8, 2019 to April 8, 2020 (a)

Single-Family Residences						
Sale Price Range	1 BD	2 BD	3 BD	4+ BD	Total	% Total
Less than \$400,000	1	0	3	0	4	6.0%
\$400,000-\$499,999	0	3	3	3	9	13.4%
\$500,000-\$599,999	0	1	18	10	29	43.3%
\$600,000-\$699,999	0	0	2	10	12	17.9%
\$700,000-799,999	0	0	0	5	5	7.5%
\$800,000-\$999,999	0	0	1	3	4	6.0%
\$1,000,000 or more	0	0	0	4	4	6.0%
Total, SFR Sales	1	4	27	35	67	100%
<i>% of Total</i>	1.5%	6.0%	40.3%	52.2%	100%	
Median Sale Price	\$304,000	\$452,500	\$530,000	\$634,000	\$545,000	
Average Sale Price	\$304,000	\$456,750	\$523,963	\$696,843	\$606,978	
Average Living Area (sq. ft.)	624	1,240	1,549	2,356	1,938	
Average Lot Size (sq. ft.)	1,799	4,947	7,629	45,295	27,058	
Average Price per Living sq. ft.	\$487	\$373	\$351	\$299	\$327	
Townhomes						
Sale Price Range	1 BD	2 BD	3 BD	4+ BD	Total	% Total
Less than \$400,000	0	3	3	0	6	75.0%
\$400,000-\$499,999	0	2	0	0	2	25.0%
\$500,000-\$599,999	0	0	0	0	0	0.0%
\$600,000-\$699,999	0	0	0	0	0	0.0%
\$700,000-799,999	0	0	0	0	0	0.0%
\$800,000-\$999,999	0	0	0	0	0	0.0%
\$1,000,000 or more	0	0	0	0	0	0.0%
Total, Townhome Sales	0	5	3	0	8	100%
<i>% of Total</i>	0.0%	62.5%	37.5%	0.0%	100%	
Median Sale Price	n.a.	\$348,000	\$363,000	n.a.	\$361,000	
Average Sale Price	n.a.	\$389,000	\$365,667	n.a.	\$380,250	
Average Living Area (sq. ft.)	n.a.	1,413	1,202	n.a.	1,334	
Average Lot Size (sq. ft.)	n.a.	1,810	1,079	n.a.	1,536	
Average Price per Living sq. ft.	n.a.	\$280	\$305	n.a.	\$290	

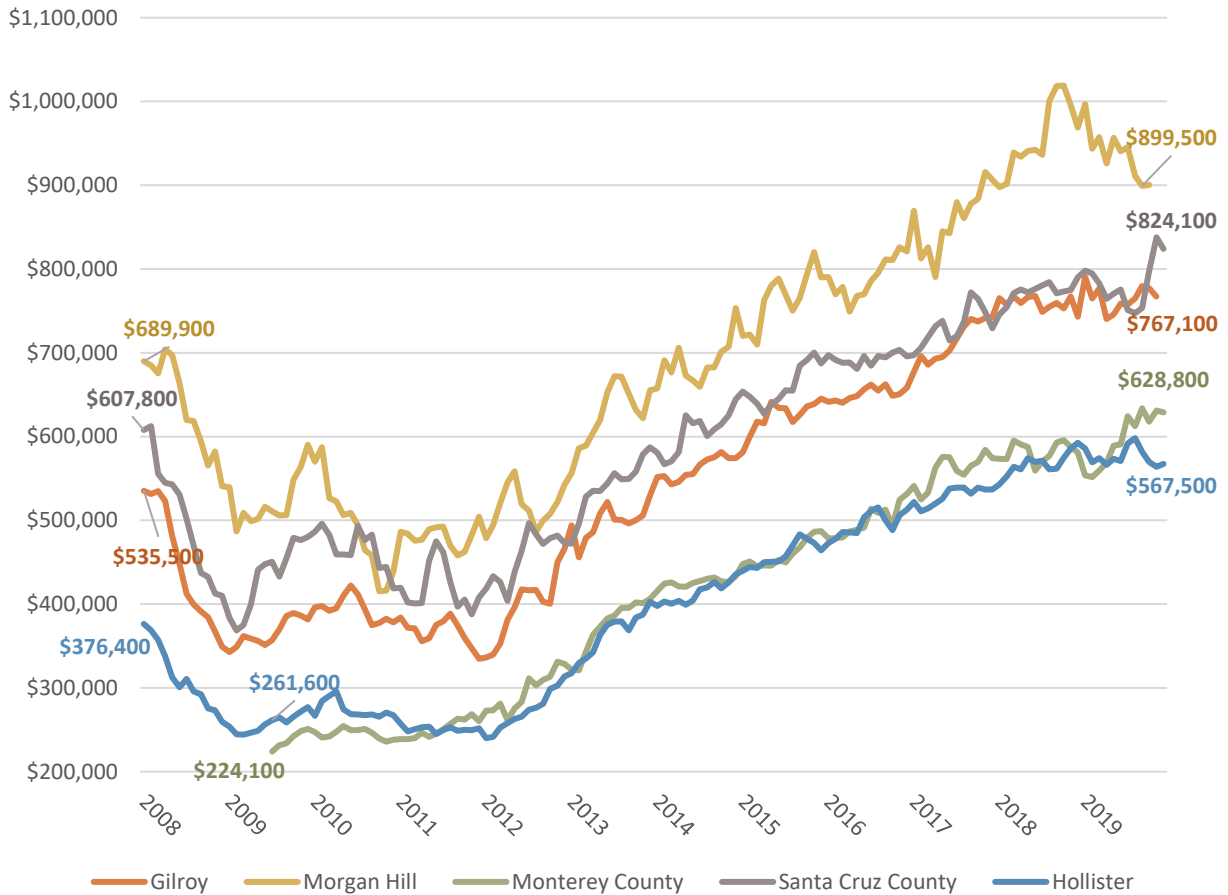
Note:

(a) Does not include mobile home, duplex, triplex, multifamily residence, and PUD sales due to insufficient information.

Sources: ListSource, 2020; BAE, 2020.

Figure 3 shows longer-term trends in the median home price using data from Zillow between 2008 and 2019 for Hollister as well as several comparison geographies, including Gilroy and Morgan Hill, and the individual AMBAG counties of Monterey and Santa Cruz. Sale prices in the city are well below the prices for the comparison cities of Gilroy and Morgan Hill, as well as Santa Cruz County. Both Gilroy and Morgan Hill are closer to south Bay Area employment centers, likely driving the higher sale prices. In general, due to the Great Recession, there was a dramatic decrease in Hollister's median sale price between 2008 and 2009, followed by stagnant home prices until 2012. From 2012, the prices increased beyond their previous 2008 levels and continued to grow until around late 2018 to early 2019, when the sale prices began to once again flatten out.

Figure 3: Median Sale Price, 2008 to 2019 Seasonally Adjusted



Sources: Zillow Research Housing Data, 2020; BAE, 2020.

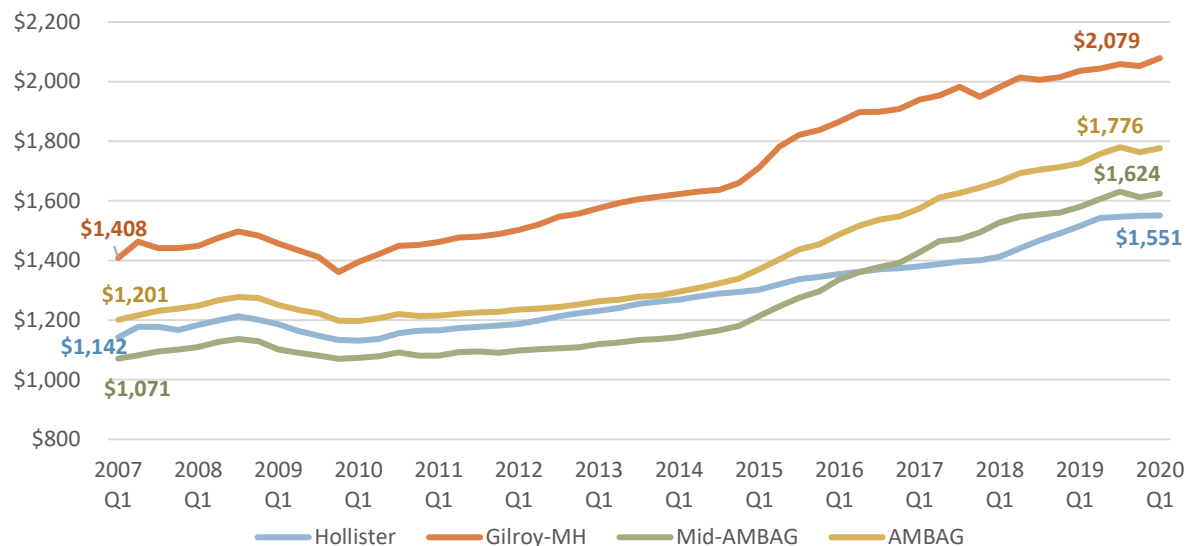
Rental Residential Market Conditions

According to residential rental rate data provided by CoStar, shown in Figure 4, the average rent for a multifamily unit in the City of Hollister is currently lower than competitive submarkets and the AMBAG region as a whole. As seen below, the citywide average rental rate of approximately \$1,550 per month is just below that of the Mid-AMBAG geography, which includes the cities of Watsonville and Salinas, and is over \$200 lower than the AMBAG region as a whole, which includes the more expensive rental markets of Santa Cruz and Monterey. Relative to the southern Bay Area cities of Gilroy and Morgan Hill, the City of Hollister presents a significantly more affordable rental option, with the average rent in the city more than \$500 less expensive than the average in the Gilroy-Morgan Hill submarket. It is worth noting that this data only accounts for multifamily units and therefore does not capture rental rates for single-family homes where rents are likely higher due to the larger unit sizes.

As shown in Table 17 below, the multifamily rental vacancy rate in Hollister is similar to the comparison geographies, all between three and five percent. In terms of new market rate multifamily development, there has been a considerable lack of new construction within

Hollister, with no new deliveries or units under construction between 2019 and 2020. Though there are no units under construction in the Mid-AMBAG Submarket, and only a few units in the AMBAG Region, these areas have experienced negative net absorption through the past year, meaning demand for multifamily residential may be relatively weak. However, the Gilroy-Morgan Hill Submarket has had a positive net absorption of units and a considerable number of units in the pipeline.

Figure 4: Multifamily Asking Rent Per Unit, Q1 2007 to Q1 2020



Sources: CoStar, 2020; BAE, 2020.

Table 17: Multifamily Residential Summary, Q1 2020

	City of Hollister	Mid-AMBAG Submarket	Gilroy-Morgan Hill Submarket	AMBAG Region
Inventory, Q1 2020 (units)	672	15,642	3,066	33,139
% of Units (a)	100%	100%	99%	100%
Average Unit Size (sq. ft.)	885	803	867	758
Vacant Units	26	499	136	1,228
Vacancy Rate	3.9%	3.2%	4.4%	3.7%
Average Rents, Q1 2019 - Q1 2020 (per unit) (a)				
Average Rent, Q1 2019	\$1,516	\$1,580	\$2,036	\$1,726
Average Rent, Q1 2020	\$1,551	\$1,624	\$2,079	\$1,776
% Change Q1 2019 - Q1 2020	2.3%	2.8%	2.1%	2.9%
Net Absorption				
One-Year Net Absorption (units), Q1 2019 - Q1 2020	1	(87)	34	(163)
Ten-Year Net Absorption (units), Q1 2010 - Q1 2020	9	196	191	453
New Deliveries (units), Q1 2019 - Q1 2020	0	0	39	26
Under Construction (units), Q1 2020	0	0	539	54

Notes:

(a) Market-rate units only.

Sources: CoStar, 2020; BAE, 2020.

Retail Real Estate Market Overview

Given the large amount of retail leakage in Hollister discussed earlier in the report and the fairly low retail vacancy rate shown below, Hollister's retail real estate market appears to have opportunities for growth. As shown in Table 18, Hollister has absorbed roughly 140,000 square feet of retail space since 2010, suggesting the demand for retail space over the past decade that was likely a response to the city's robust population growth. Interestingly, over the year 2019, Hollister had a positive absorption of retail space, while the comparison geographies all saw negative absorption, leading to higher vacancy rates or a loss of retail inventory. While the retail market is shifting due to pressure from online retailing, Hollister may be poised to capture some additional retailers driven by population growth, which could be further supported by an improved jobs-employed resident ratio and capturing a portion of the retail spending currently made by existing Hollister residents at retailers outside of the city. Also, the recent departure of K-Mart in Hollister, which occupied roughly 80,000 square feet, presents an opportunity for another retailer to come to the city.

The triple-net retail rent⁴ in Hollister is roughly \$1.09 per square foot, which represents a significant decline from Q1 2019 when the average rent was approximately \$1.54 per square foot. Based on broker input and a further analysis of the available data, the drastic reduction in retail rents appears to be primarily an artifact of the CoStar survey methodology and does not reflect weakening retail demand. Regardless, Hollister retail rents are well below the average rents in the comparison geographies by a significant margin, suggesting Hollister attracts slightly more cost-sensitive retail businesses. CoStar's tracking of projects under construction shows that Hollister also has a significant amount of retail space currently in the pipeline, the majority of which is under construction in the Hollister Farms Shopping Center, which will eventually include roughly 165,500 square feet of new retail space according to data provided by the City and discussed in more detail below. This shopping center will likely capture a large share of the existing retail leakage, especially given the center is currently planned to host a TJ Maxx, Ross, and Famous Footwear, addressing the underserved clothing and accessory stores category. Based on an assumed \$350 sales per square foot estimate for clothing stores, the city can likely support roughly 80,000 square feet of clothing and accessory stores. The Hollister Farms Shopping Center will include three clothing stores occupying roughly 50,000 square feet of space, suggesting this will capture roughly two-thirds of the existing retail leakage in the clothing category.

⁴ A triple net lease agreement requires the lessee or tenant to pay all real estate taxes, building maintenance, and insurance on the property, in addition to rent, utilities and other expenses. The lessee is also typically responsible for maintenance of any common areas. A single or double net lease, on the other hand, is where the lessee pays property taxes or property taxes and insurance, but is not held responsible for maintenance.

Table 18: Retail Market Overview, Q1 2020

Retail Summary	City of Hollister	Gilroy-Morgan Hill Submarket	Mid-AMBAG Submarket	AMBAG Region
Total Inventory (sq. ft.), Q1 2020	2,039,865	7,184,453	15,619,208	32,009,952
Vacant Stock (sq. ft.)	18,753	338,542	345,393	814,018
Vacancy Rate	0.9%	4.7%	2.2%	2.5%
Avg. Asking NNN Rents				
Avg. Asking NNN Rent per sq. ft., Q1 2019	\$1.54	\$1.92	\$1.72	\$1.71
Avg. Asking NNN Rent per sq. ft., Q1 2020	\$1.09	\$1.61	\$1.80	\$1.91
% Change, Q1 2019 - Q1 2020	-29.2%	-16.1%	4.7%	11.7%
Net Absorption				
Net Absorption (sq. ft.), Q1 2010 - Q1 2020	139,183	344,478	569,727	1,265,265
Net Absorption (sq. ft.), Q1 2019 - Q1 2020	6,810	(32,650)	(88,575)	(64,833)
New Deliveries (sq. ft.), Q1 2019 - Q1 2020	11,500	15,000	0	53,163
Under Construction (sq. ft.), Q1 2020	82,533	19,529	9,427	125,918

Sources: CoStar, 2020; BAE, 2020.

Office Real Estate Market Overview

As shown in Table 19, the Hollister office real estate market, with roughly about 692,100 square feet of inventory, has remained relatively stable since 2010. With no deliveries of new space since 2012 and no office space currently under construction, the inventory has been slow to grow, even with a low vacancy rate of 1.3 percent. This is an exceptionally low vacancy rate and provides limited options for local businesses to find expansion space, which could lead successful businesses to decide they need to leave Hollister in order to grow. However, this seems to be a regional trend even outside Hollister, as there are little to no new deliveries or projects under construction in the AMBAG Region.

Across all four study geographies, absorption in the past year has remained positive and vacancy rates have stayed low. This demonstrates a modest demand for office space, which is also reflected by the steadily increasing gross rents in the past year. One notable difference is that the AMBAG Region's vacancy rate is much healthier (but still rather low) at 4.1 percent, whereas the other geographies, including Hollister, are around 1 percent. Additionally, the Gilroy-Morgan Hill Submarket's office rent increased at a much faster pace than the other geographies, reaching almost \$2.00 per square foot. On the other hand, the average office rent in Hollister grew at a slightly more modest rate of 6.1 percent, though the rent has remained significantly lower than that of the other geographies. This situation may create an opportunity for Hollister to position itself as a regional hub for office expansion, if it can work with property owners and developers to more aggressively expand the city's office building supply.

According to local brokers and stakeholders, the majority of the current office demand in Hollister is driven by local service providers, including real estate professionals, law offices,

medical offices, and non-profit organizations. Given the extensive out-commuting of office and technology workers to the South Bay Area, Hollister is not currently home to many large-scale professional and scientific companies. However, the impacts of the COVID-19 pandemic may result in additional demand for small-scale office space within traditionally residential communities, due to an increased prevalence of working from home. This could occur due to a reduced focus on workers physically traveling to large, centralized offices, with companies instead setting up smaller satellite offices closer to worker home locations, thus driving demand for new office space in residential communities. This trend may also increase the demand for co-working spaces to support workers occasionally needing office space for meetings and separation from the home office.

Table 19: Office Market Overview, Q1 2020

Office Summary	City of Hollister	Gilroy-Morgan Hill Submarket	Mid-AMBAG Submarket	AMBAG Region
Total Inventory (sq. ft.), Q1 2020	692,117	1,982,665	6,012,710	16,916,579
Vacant Stock (sq. ft.)	9,304	21,203	76,651	689,492
Vacancy Rate	1.3%	1.1%	1.3%	4.1%
Avg. Asking Gross Rents				
Avg. Asking Gross Rent per sq. ft., Q1 2019	\$1.31	\$1.62	\$1.63	\$1.83
Avg. Asking Gross Rent per sq. ft., Q1 2020	\$1.39	\$1.95	\$1.71	\$2.01
% Change, Q1 2019 - Q1 2020	6.1%	20.4%	4.9%	9.8%
Net Absorption				
Net Absorption (sq. ft.), Q1 2010 - Q1 2020	74,477	154,810	531,445	1,059,495
Net Absorption (sq. ft.), Q1 2019 - Q1 2020	3,493	22,925	81,612	152,314
New Deliveries (sq. ft.), Q1 2019 - Q1 2020	0	0	0	7,124
Under Construction (sq. ft.), Q1 2020	0	0	0	18,248

Sources: CoStar, 2020; BAE, 2020.

Industrial Real Estate Market Overview

As shown in Table 20, the City of Hollister has a total industrial inventory of 3,979,767 square feet across 179 buildings, accounting for the city's largest non-residential land use. The industrial vacancy rate of roughly 7.1 percent is well above the comparison geographies, though still representative of a healthy industrial market. Hollister has seen negative absorption of industrial space since 2010, suggesting weakening demand for industrial space in the city. However, local stakeholders and economic development professionals highlight the competitive advantage of Hollister's industrial inventory and land availability and have a positive outlook for future industrial demand.

The average triple-net industrial rent in Hollister is considerably lower than its surrounding geographies. Though it was similar to the AMBAG Region's rent in Q1 2019, Hollister's rent has since remained unchanged, whereas the AMBAG Region's rent increased by about \$0.22 per square foot from Q1 2019 to Q1 2020. Given the lower costs, easy access to the Hollister

Municipal Airport, and highway transportation access to the Bay Area and Central Valley, Hollister's industrial properties generally are very well-positioned to attract new users. Hollister's wide availability of vacant land, including some relatively large parcels, also adds to the potential appeal for industrial users. As surrounding areas continue to remain relatively expensive with low vacancy rates, Hollister's future industrial growth may benefit from better space availability and lower costs.

Table 20: Industrial Market Overview, Q1 2020

Industrial Summary	City of Hollister	Gilroy-Morgan Hill Submarket	Mid-AMBAG Submarket	AMBAG Region
Total Inventory (sq. ft.), Q1 2020	3,979,767	8,414,759	22,325,724	34,048,338
Vacant Stock (sq. ft.)	283,043	97,419	526,736	1,069,344
Vacancy Rate	7.1%	1.2%	2.4%	3.1%
Avg. Asking NNN Rents				
Avg. Asking NNN Rent per sq. ft., Q1 2019	\$0.74	\$0.94	\$0.99	\$0.73
Avg. Asking NNN Rent per sq. ft., Q1 2020	\$0.71	\$0.89	\$1.09	\$0.95
% Change, Q1 2019 - Q1 2020	-4.1%	-5.3%	10.1%	30.1%
Net Absorption				
Net Absorption (sq. ft.), Q1 2010 - Q1 2020	(230,538)	300,171	1,457,231	2,334,623
Net Absorption (sq. ft.), Q1 2019 - Q1 2020	(20,992)	3,588	(56,291)	(175,550)
New Deliveries (sq. ft.), Q1 2019 - Q1 2020	0	0	34,000	164,400
Under Construction (sq. ft.), Q1 2020	0	1,030,392	64,000	194,400

Sources: CoStar, 2020; BAE, 2020.

Planned and Proposed Development Projects

The following section provides an overview of residential and non-residential projects currently planned or proposed in the City of Hollister. In addition to data specific to Hollister, the analysis also summarizes the residential development projects in unincorporated San Benito County given that the majority of these unincorporated area projects are located in close proximity to the City of Hollister and will drive demand for additional services within the city.

Residential Developments

Based on residential development pipeline data provided by the City of Hollister and shown in Figure 5 and Table 21, there are currently 2,463 housing units in various stages of planning and building within the City Limits. The majority of these units are single-family units (1,970 units). The proportion of multifamily units (493 units) is smaller, and is roughly consistent with the existing unit mix in Hollister.

Most of the units in the development pipeline—about 48.2 percent—are currently under construction. This is driven by four projects with over 150 housing units located throughout the city. Hollister also has a significant inventory of projects seeking building permits, representing roughly 1,080 total housing units. The majority of these units are located in two larger-scale projects along Fairview Road that would build a total of 908 residential units. Multifamily construction is most concentrated in the building permits stage, accounting for 243 units, or roughly half of the multifamily units in the pipeline.

There is an even larger number of units in San Benito County's unincorporated area development pipeline, with the vast majority of these proposed units in the Unincorporated Hollister Area as shown in Figure 7. As shown in Table 22, the County has a total of 3,945 pipeline single-family residences as well as 318 multifamily units. This means that almost 93 percent of the County's development pipeline consists of single-family residences, which could have the effect of further shifting the overall housing supply to include a smaller percentage of multi-family units. All of the multifamily units and about 72.3 percent of single-family units are near the City Limits, resulting in projection of 3,172 new residential units in the Unincorporated Hollister Area.

Table 21: Residential Planned and Proposed Projects, City of Hollister, 2020

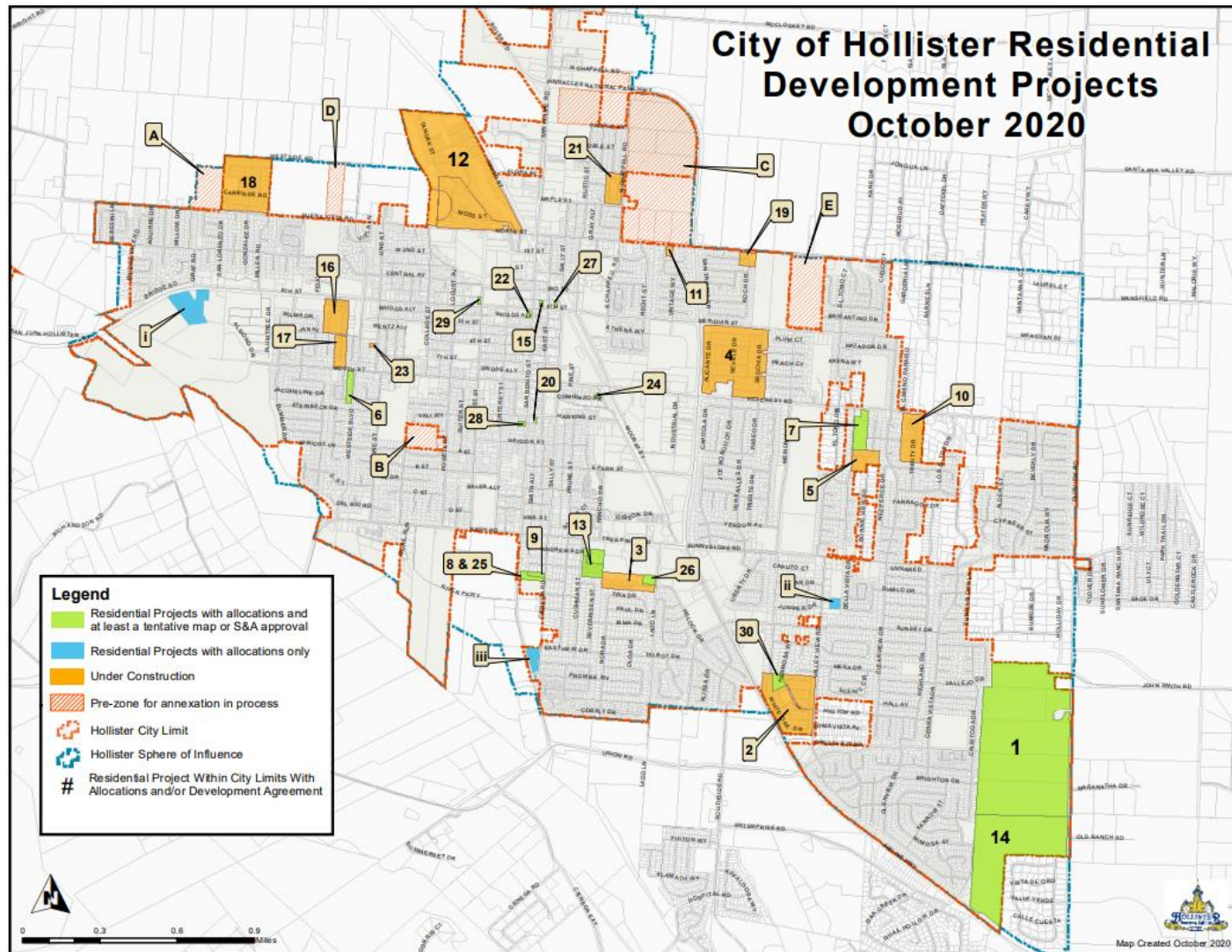
Map ID	Project Name	Project Location	Single-Family Units	Multifamily Units (a)	Total Units
Planning Approvals in Process					
i	Pacific West Communities	San Juan Rd	0	57	57
ii	Pivetti	Valley View Rd & Juniper Dr	24	0	24
iii	NATMAR	Cienega Rd & Promise Wy	11	0	11
8	James Matthews	1650 Cienega Rd	8	0	8
9	Sandra Cross	1640 Cienega Rd	3	0	3
12	Allendale	North St & Buena Vista Rd	0	60	60
15	Lynn Lake	220 4th St	5	0	5
20	221 Hawkins St	221 Hawkins St	3	0	3
24	Maggie Lesende	814 Prospect Ave	0	4	4
27	114 4th St	114 4th St	0	2	2
28	930 San Benito St	930 San Benito St	0	3	3
29	390 West St	390 West St	0	2	2
30	2001 Memorial/Tom King	2001 Memorial Dr	0	16	16
Subtotal, Planning Approvals in Process			54	144	198
Building Permit in Process					
1	West of Fairview	Fairview Rd	567	100	667
6	Farmstead	South St & Westside Blvd	13	0	13
7	Cerro Verde	Hillcrest Rd & El Cerro Dr	19	0	19
13	Los Pnars	1603 & 1605 Cushman St	41	44	85
14	Roberts Ranch	Fairview Rd & Mimosa Rd	192	49	241
22	400 Block	365 4th St, 430 San Benito St	0	22	22
25	Tony Faria	1650 Cienega Rd	4	0	4
26	Ladd Lane Apartments	392 Hillock Dr	0	28	28
Subtotal, Under Construction			836	243	1,079
Under Construction					
2	Silver Oaks/ Twin Oaks	Hwy 25 & Valley View Rd	170	0	170
3	Bella Sera/Ladd Lane Aptm	382 Hillock Dr	0	63	63
4	Cerrato	510 Hillcrest Rd	241	0	241
5	El Cerro	Hillcrest Rd & El Cerro Dr	22	0	22
10	Hillcrest Meadows	Trinity Dr & Sawtooth Dr	49	0	49
11	Falconi Way	491 Santa Ana Rd	3	0	3
12	Allendale	North St & Buena Vista Rd	279	0	279
16	Solorio Park I	1001 4th St	76	0	76
17	Solorio Park II	1040 South St	25	12	37
18	Mirabella II/ Westfield	Buena Vista Rd & Miller Rd	157	26	183
19	Klauer Subdivision	811 Santa Ana Rd	9	3	12
21	Maple Park	Chappell Rd	49	0	49
23	638 Line St	638 Line St	0	2	2
Subtotal, Under Construction			1,080	106	1,186
Total, All Units			1,970	493	2,463

Note:

(a) Multifamily units include rental apartment units as well as for-sale condominium units.

Sources: City of Hollister; BAE, 2020.

Figure 5: City of Hollister Residential Development Projects, 2020



Sources: City of Hollister, 2020.

Table 22: Residential Planned and Proposed Projects, Unincorporated San Benito County, 2020

Project Name	Single-Family Units	Multifamily Units	Total Units	In Hollister Area? (a)
Projected Units				
Lima Specific Plan	1,250	0	1,250	Y
John Wynn	190	0	190	Y
Campisi	23	0	23	Y
Chao Wu	6	0	6	Y
Stotler	20	0	20	Y
Roth	7	0	7	N
Subtotal, Projected Units	1,496	0	1,496	
Building Permit in Process				
Del Web/San Juan Oaks	1,084	0	1,084	N
Brigantino/Sunny Side	200	0	200	Y
Santana Ranch	774	318	1,092	Y
Fay/Bennett	84	0	84	Y
Bluffs at Ridgemark/Promontory	90	0	90	Y
Fairview Corners	217	0	217	Y
Subtotal, Building Permit in Process	2,449	318	2,767	
Total, All Units	3,945	318	4,263	
<i>Total, Units in Hollister Area</i>	<i>2,854</i>	<i>318</i>	<i>3,172</i>	
<i>% of Total, All Units</i>	<i>72.3%</i>	<i>100.0%</i>	<i>74.4%</i>	

Note:

(a) Identifies County projects that are located in close proximity to the City of Hollister.

Sources: San Benito County, 2018; BAE, 2020.

Non-Residential Developments

According to data provided by the City of Hollister and presented in Table 23, there is just over one million square feet of new commercial and industrial space in various stages of planning and development in the city. Of this space, 847,527 square feet is industrial, 19,875 square feet is dedicated office space, 102,732 square feet is retail, and 116,026 square feet is either mixed-use commercial/industrial space or unclassified. Due to missing data for specific projects, these square footages underrepresent the actual square feet in the pipeline. For example, the Clearist Park project on San Felipe Road does not have specific square footages for its proposed buildings, though it is expected to be substantial given that it is proposed on a 207-acre property.

The majority of the non-residential projects in the pipeline are still in the process of receiving local approvals. As shown in Figure 6 and Table 23, projects seeking approvals account for 817,700 square feet of non-residential development, or 75.2 percent of the total industrial and commercial pipeline. There is very little office space in the pipeline, which contains only two office projects and a few mixed-use projects that may contain some office space.

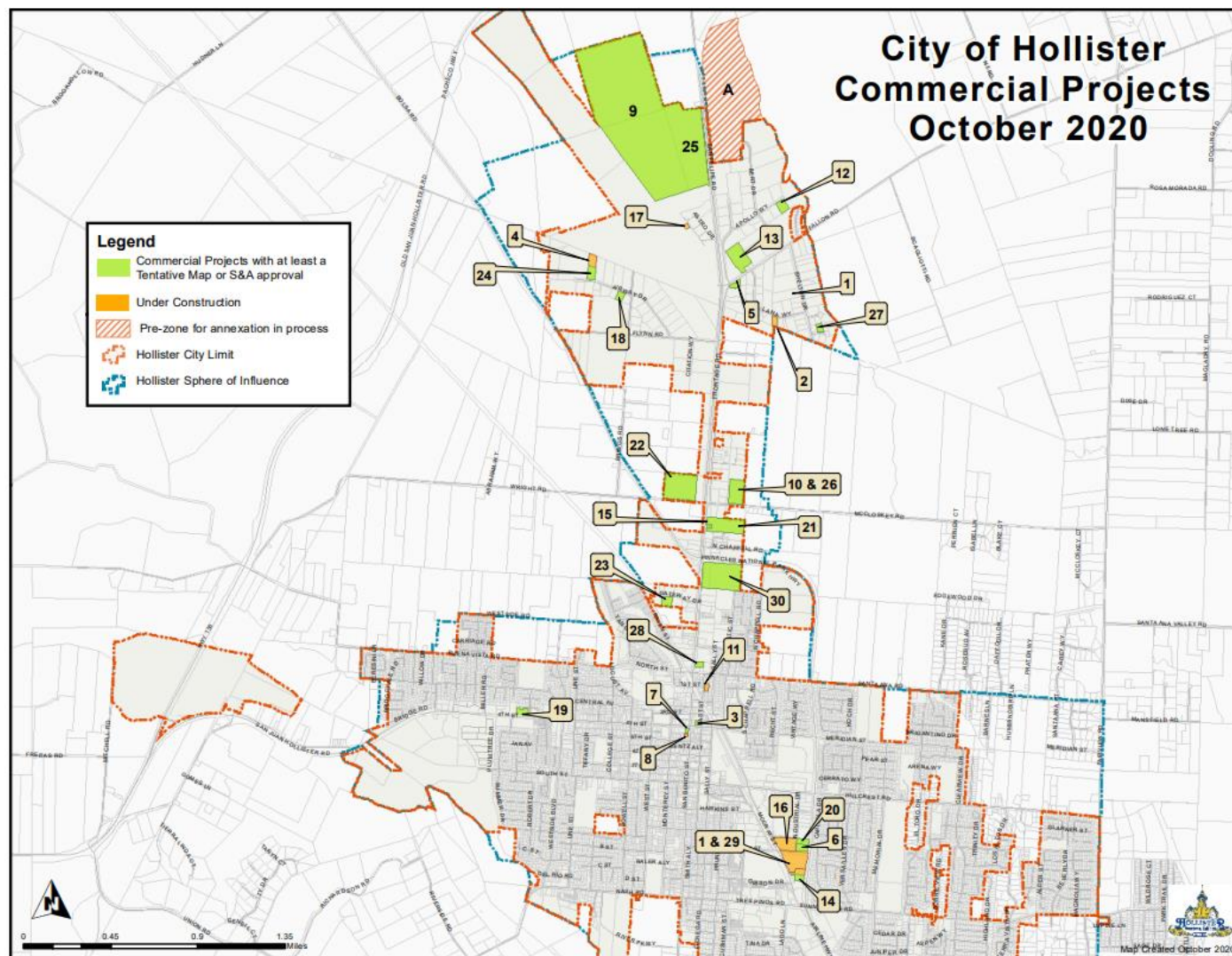
The County had one major non-residential project currently in the pipeline, which is the Strada Verde Innovation Park located on the former Floriani Ranch property on the northern boundary of San Benito County. Approval of this project was recently voted down by San Benito County voters during the November 2020 election, with nearly 60 percent of voters disapproving of the project. The future of this project is currently unclear. However, given that this project is somewhat disconnected from the City of Hollister and currently envisioned specifically for autonomous vehicle testing, it is unlikely to have a major impact on the city if it is delivered as currently envisioned, beyond a potential increase in demand for residential units from employees. However, the Strada Verde Project could bring some benefits to Hollister, particularly if it either increases employment opportunities or includes an additional road connection from Hollister to Highway 101 that would relieve pressure on Highway 25.

Table 23: Non-Residential Planned and Proposed Projects, City of Hollister, 2020

Map ID	Project Address	Building Square Feet				Total
		Industrial	Office	Retail	Mixed/Unclassified	
Planning Approvals in Process						
3	220 4th St	0	0	0	2,183	2,183
5	71 Fallon Rd	19,040	0	0	0	19,040
6	E. Park St	0	0	4,486	0	4,486
7	365 4th St	0	0	0	30,738	30,738
9	San Felipe Rd	Unknown	0	0	0	0
11	57, 67, & 105 East St	3,135	0	0	0	3,135
13	120 Fallon Rd	10,000	0	0	0	10,000
14	1290 E. Park St	0	0	4,331	0	4,331
15	773 San Felipe Rd	0	0	2,400	0	2,400
19	4th St & Felice Dr	0	0	9,100	0	9,100
21	773 San Felipe Rd	220,000	0	0	0	220,000
22	Wright Rd	340,000	0	0	0	340,000
25	San Felipe Rd	151,200	0	0	0	151,200
26	1258 McCloskey Rd	20,000	0	0	0	20,000
27	20 Hamilton Ct	2,250	0	0	0	2,250
28	111 San Felipe Rd	0	0	-1,144	0	-1,144
30	Hwy 25 & San Felipe Rd	0	0	0	Unknown	0
A	4041 San Felipe Rd	Unknown	0	0	0	0
Subtotal, Planning Approvals in Process		765,625	0	19,173	32,921	817,719
Building Permit in Process						
12	365 Apollo Ct	0	0	0	22,800	22,800
18	1920 Airway Dr	13,752	0	0	0	13,752
20	1180 E. Park St	0	0	0	3,900	3,900
23	391 Gateway Drive	0	0	0	56,405	56,405
24	1961 Airway Dr	26,250	0	0	0	26,250
Subtotal, Building Permit in Process		40,002	0	0	83,105	123,107
Under Construction						
8	430,434, 438 San Benito St	0	10,858	0	0	10,858
1	1210 E. Park St	0	0	83,559	0	83,559
2	1590 Lana Way	7,700	0	0	0	7,700
4	1961 Airway Dr	15,000	0	0	0	15,000
16	1100 E. Park St	0	9,017	0	0	9,017
17	220 Skylane Dr	19,200	0	0	0	19,200
Subtotal, Under Construction		41,900	19,875	83,559	0	145,334
Total, All Projects		847,527	19,875	102,732	116,026	1,086,160

Sources: City of Hollister, 2020; BAE, 2020.

Figure 6: City of Hollister Commercial Projects, 2020



Sources: City of Hollister, 2020.

ANTICIPATED GROWTH AND MARKET OPPORTUNITIES

This section summarizes expected residential, commercial, and industrial growth within and around the City of Hollister through the General Plan horizon of 2040, based on:

- A comparison between the future demand and the current pipeline of residential and non-residential projects in the Hollister area; and
- Available vacant sites to accommodate remaining unmet new demand.

At the end of this section, the analysis is used to quantify the adequacy of the land supply to accommodate anticipated growth.

Potential Impacts of COVID-19 on Real Estate Demand

As of the writing of this report, the long-term economic and development impacts from the worldwide COVID-19 pandemic are still unclear. As noted at the outset of this report, all data presented here reflect pre-pandemic conditions, and there is no doubt that most conditions have changed considerably during the pandemic. However, the data sources in this report are not yet available to reflect COVID-19 conditions, and there is also no way to know the lasting effects of the pandemic. Thus, all findings and recommendations in this report will need to be reconsidered over time as the long-term effects of the Novel Coronavirus become clearer.

Stakeholder interviews conducted for this project and additional research regarding COVID-19 highlight some potential implications of COVID-19 for Hollister:

- **Overall Economic Decline.** In general, COVID-19 could trigger a long-term economic downturn, similar to or perhaps even more severe than the Great Recession that began in 2008. The severity and duration of this downturn will largely depend on if and how soon the pandemic ends, the success of government interventions, and on the degree to which people make long-term changes to their lifestyles.
- **Increased Residential Demand.** Regardless of a possible larger economic downturn, Hollister may be poised to experience significant residential demand due to residents in existing urban centers leaving denser areas to find larger, more affordable housing units with more yard space and separation than is available in denser, more expensive areas. This may be particularly true if “work from home” policies in many of the Bay Area’s tech companies are made permanent, which currently seems likely.
- **Decreased Retail Demand and Increased Specialization.** The traditional retail landscape was already undergoing a significant shift away from brick-and-mortar establishments to online shopping even before the pandemic, and this has been exacerbated by consumers’ inability and unwillingness to visit retail stores due to

COVID-19. It is unclear to what extent retail demand will come back if and when the pandemic ends, but the trend toward more limited in-person shopping for day-to-day goods will likely continue, leading to a likely decrease in demand for retail space. Given these trends, businesses will need to continue the existing trend towards experiential retail in order to attract clientele, and even the long-term demand for experiential retail may soften as a result of the virus. In Hollister, however, retail demand may also strengthen due to increases in resident population and the potential increased prevalence of working-from-home. With less out-commuting, residents would be more likely to shop locally, potentially spurring additional demand for retail establishments.

- **Changes in Office Demand.** Even if employees can continue to work from home and residential demand increases in Hollister, employees of Bay Area companies may still require close proximity to a workplace in order to visit the office or attend meetings on an occasional basis. This might suggest that Hollister could also see an increased demand for co-working spaces and satellite offices to accommodate employees from larger companies headquartered in the Bay Area and elsewhere.

More significantly, there may also be a contraction of office users to the traditional urban centers due to a softening in demand and increased availability of space in those central markets. Softening demand is likely to lead to declining rents, making it more affordable for companies to locate in the traditionally high-cost office markets of San Jose, Silicon Valley, Oakland, and San Francisco. If this is the reaction from the office market, Hollister would likely receive little new demand for office space within the city beyond traditional locally-oriented service industries, including real estate, law offices and other professional services firms that work primarily with local small businesses, and medical services.

- **Continued Industrial Demand.** Industrial demand may not be as heavily impacted by COVID-19 as other uses, both because demand for many goods is likely to continue and because many industrial workers operate in large spaces at relatively low employment densities, with natural social distancing in place. Hollister is already somewhat attractive to manufacturers and lab users due to the relative affordability of industrial space combined with proximity to the Bay Area. The COVID-19 pandemic may increase the demand for warehouse and logistics space, particularly that driven by online retailing. Although Hollister is close to major population centers, one critical factor driving logistics demand is traffic and transportation access, which several stakeholders noted as one weakness of the Hollister industrial market. Other industrial users, including manufacturers, labs, and research and development establishments, are primarily influenced by proximity to skilled labor. As the Hollister population continues to expand and the city continues to implement broader economic development initiatives, the city is likely poised to attract new industrial users, in addition to the growth of existing companies.

Population and Housing Unit Forecasts

Due to the uncertainty around future economic and demographic conditions, the consultant team, in consultation with City staff, created a series of three population and housing unit growth scenarios for the General Plan horizon. These projections provide the foundation for residential development and land demand projections, and are based on historic growth and anticipated future demographic and economic trends. The three scenarios are:

- The Baseline Growth Scenario, which leverages regional forecast data produced by AMBAG in 2018.
- The Moderate Growth Scenario, which assumes that average growth trends over the past five years continue through the General Plan horizon.
- The Robust Growth Scenario, which assumes that average growth trends over the past 3 years continue through the General Plan horizon.

Since the City recently instituted a residential growth cap but the State Department of Housing and Community Development has stated that this cap is illegal, both the Moderate Growth Scenario and the Robust Growth Scenario include two different “sub scenarios”: a scenario with the residential growth cap in place and a scenario without the residential growth cap.

Baseline Growth Scenario

Under the Baseline Growth Scenario, the total population within the Greater Hollister Area, defined as the City of Hollister and the Unincorporated Hollister Area, is expected to increase by nearly 12,000 residents through 2040. This population growth would generate demand for an estimated 3,621 new housing units within the Greater Hollister Area through the 2040. Within the City Limits, population would be expected to grow by an estimated 7,288 residents, generating demand for roughly 2,038 housing units within the City Limits through 2040. This anticipated growth amounts to nearly 100 new housing units per year, well below recent annual housing unit deliveries within the city, although similar to longer term trends within the Hollister and well within the residential growth cap recently enacted by the City.

In addition to growth within the city, housing in the Unincorporated Hollister Area is anticipated to be developed at a modest rate, with the population expected to increase by roughly 4,708 residents, generating demand for an estimated 1,583 new housing units within the Unincorporated Hollister Area through 2040.

Moderate Growth Scenario

The Moderate Growth Scenario assumes the population and housing unit growth trends experienced between 2014 and 2019 in each geography will continue through the General Plan horizon. Under this assumption, the entire Greater Hollister Area is projected to experience demand for roughly 6,300 new housing units, including units built within the City of Hollister and in the Unincorporated Hollister Area under the County’s jurisdiction.

Moderate Growth without City Development Cap

Without a residential growth cap, the City of Hollister could accommodate the majority of the growth expected for the Greater Hollister Area under the Moderate Growth Scenario. As shown in Table 24, the City of Hollister would accommodate demand for roughly 4,854 residential units, or 77 percent of the total housing unit demand in the Greater Hollister Area. This amounts to approximately 231 residential units per year within the City Limits. The unincorporated area outside of the City Limits would absorb the remainder of the projected residential unit demand of approximately 1,453 new residential units, or 69 units per year through 2040.

Moderate Growth with City Development Cap

If the City were to maintain a residential growth cap of 159 units per year, the unincorporated area around the City of Hollister would experience an increase in demand for residential units under the Moderate Growth Scenario. Through 2040, the number of residential units within the city would be expected to expand by roughly 3,339 new units assuming the full utilization of the allowable units under the growth cap. The excess demand for residential units within the Hollister area would then shift to the unincorporated areas outside of the City Limits. Under this scenario, the Unincorporated Hollister Area would be expected to experience demand for nearly 3,000 units, or 141 units per year, through 2040.

Robust Growth Scenario

The Robust Growth Scenario assumes the highest rate of growth within the Greater Hollister Area, based on the continuation of the population and housing unit growth trends experienced between 2016 and 2019. Under this scenario, the Greater Hollister Area could experience demand for roughly 8,790 new housing by 2040, or 419 units per year, including units built within the City of Hollister and in the Unincorporated Hollister Area under the County's jurisdiction.

Robust Growth without City Development Cap

Without a local growth cap, the City of Hollister would be expected to accommodate the majority of the new housing demand through 2040, estimated at roughly 6,854 residential units, or 326 units per year. The Unincorporated Hollister Area would accommodate the remainder of the projected residential unit demand of approximately 1,936 new residential units, or 92 units per year, through 2040.

Robust Growth with City Development Cap

Development inside the city under this sub-scenario would be the same as in the Moderate Growth with City Development Cap sub-scenario, with 159 units per year or 3,339 new units through 2040. The remaining demand for residential units would shift to the unincorporated areas outside of the City Limits, resulting in roughly 5,451 new units in the unincorporated areas around Hollister, or 260 units per year.

Table 24: Population and Housing Unit Forecast by Scenario, 2019 to 2040
(Page 1 of 2)

	Historic Growth (a)		Projected Growth					Total Growth (2019-2040)		Average Annual Growth (2019-2040)	
	2010	2019	2020	2025	2030	2035	2040	Number	Percent	Number	Rate
BASELINE GROWTH SCENARIO (b)											
City of Hollister											
Population	34,928	40,149	40,910	42,781	44,384	45,923	47,437	7,288	18.2%	347	0.80%
Housing Units	10,401	11,573	11,767	12,257	12,726	13,201	13,611	2,038	17.6%	97	0.78%
Unincorporated Hollister Area											
Population	13,570	14,982	15,304	17,097	17,949	18,879	19,690	4,708	31.4%	224	1.31%
Housing Units	4,780	5,175	5,274	5,866	6,161	6,494	6,758	1,583	30.6%	75	1.28%
Greater Hollister Area (c)											
Population	48,498	55,131	56,214	59,877	62,333	64,802	67,127	11,996	21.8%	571	0.94%
Housing Units	15,181	16,748	17,042	18,123	18,888	19,695	20,370	3,621	21.6%	172	0.94%
MODERATE GROWTH SCENARIO (d)											
2a. Without City Growth Cap											
City of Hollister											
Population	34,928	40,149	40,824	44,374	48,233	52,427	56,986	16,837	41.9%	802	1.68%
Housing Units	10,401	11,573	11,768	12,791	13,904	15,113	16,427	4,854	41.9%	231	1.68%
Unincorporated Hollister Area											
Population	13,570	14,982	15,174	16,167	17,226	18,354	19,557	4,574	30.5%	218	1.28%
Housing Units	4,780	5,175	5,236	5,554	5,891	6,249	6,628	1,453	28.1%	69	1.19%
Greater Hollister Area (c)											
Population	48,498	55,131	55,998	60,542	65,459	70,782	76,543	21,412	38.8%	1,020	1.57%
Housing Units	15,181	16,748	17,004	18,345	19,795	21,362	23,056	6,307	37.7%	300	1.53%
2b. With City Growth Cap											
City of Hollister											
Population	34,928	40,149	40,700	43,458	46,215	48,973	51,730	11,581	28.8%	551	1.21%
Housing Units	10,401	11,573	11,732	12,527	13,322	14,117	14,912	3,339	28.9%	159	1.21%
Unincorporated Hollister Area											
Population	13,570	14,982	15,277	16,936	18,927	21,279	24,027	9,045	60.4%	431	2.27%
Housing Units	4,780	5,175	5,272	5,818	6,473	7,245	8,144	2,968	57.4%	141	2.18%
Greater Hollister Area (c)											
Population	48,498	55,131	55,977	60,394	65,142	70,252	75,757	20,626	37.4%	982	1.52%
Housing Units	15,181	16,748	17,004	18,345	19,795	21,362	23,056	6,307	37.7%	300	1.53%

- continued on next page -

Sources: California Department of Finance; Association of Monterey Bay Area Governments; BAE, 2020.

Table 24: Population and Housing Unit Forecast by Scenario, 2019 to 2040
(Page 2 of 2)

	Historic Growth (a)		Projected Growth					Total Growth (2019-2040)		Average Annual Growth (2019-2040)	
	2010	2019	2020	2025	2030	2035	2040	Number	Percent	Number	Rate
ROBUST GROWTH SCENARIO (e)											
3a. Without City Growth Cap											
City of Hollister											
Population	34,928	40,149	40,927	45,048	49,584	54,578	60,073	19,924	49.6%	949	1.94%
Housing Units	10,401	11,573	11,832	13,218	14,766	16,495	18,427	6,854	59.2%	326	2.24%
Unincorporated Hollister Area											
Population	13,570	14,982	15,229	16,526	17,933	19,460	21,116	6,134	40.9%	292	1.65%
Housing Units	4,780	5,175	5,254	5,667	6,113	6,593	7,112	1,936	37.4%	92	1.53%
Greater Hollister Area (c)											
Population	48,498	55,131	56,156	61,574	67,517	74,037	81,190	26,059	47.3%	1,241	1.86%
Housing Units	15,181	16,748	17,086	18,885	20,878	23,088	25,538	8,790	52.5%	419	2.03%
3b. With City Growth Cap											
City of Hollister											
Population	34,928	40,149	40,580	42,694	44,736	46,709	48,615	8,466	21.1%	403	0.92%
Housing Units	10,401	11,573	11,732	12,527	13,322	14,117	14,912	3,339	28.9%	159	1.21%
Unincorporated Hollister Area											
Population	13,570	14,982	15,520	18,540	22,168	26,478	31,553	16,571	110.6%	789	3.61%
Housing Units	4,780	5,175	5,354	6,358	7,556	8,971	10,626	5,451	105.3%	260	3.49%
Greater Hollister Area (c)											
Population	48,498	55,131	56,100	61,234	66,905	73,188	80,168	25,036	45.4%	1,192	1.80%
Housing Units	15,181	16,748	17,086	18,885	20,878	23,088	25,538	8,790	52.5%	419	2.03%

Notes:

- (a) Reflects population and housing unit totals reported by the California Department of Finance.
- (b) Based on population and housing unit projections reported in the 2018 AMBAG Regional Growth Forecast, benchmarked to the 2019 Department of Finance population and housing unit estimates.
- (c) Includes the City of Hollister and Unincorporated Hollister Area.
- (d) Assumes the 2014-2019 population and housing unit growth rates maintain through 2040.
- (e) Assumes the 2016-2019 population and housing unit growth rates maintain through 2040.

Sources: California Department of Finance; Association of Monterey Bay Area Governments; BAE, 2020.

Employment Forecast by Industry and Non-Residential Land Demand

In addition to population and housing demand growth, this section estimates the anticipated job growth by industry within the City of Hollister through the General Plan horizon. To account for potential changes in economic conditions, BAE created a baseline and Robust Growth scenario to provide a range of the possible job growth outcomes within the city. BAE also created a Moderate Growth Scenario, which blends the growth rates projected under the Baseline and Robust Growth Scenario. The analysis leverages job projections published by AMBAG, as well as historic job growth trends published by the EDD.

Based on a review of development proposals in the unincorporated areas around the City of Hollister, the job growth projections assume all employment growth would occur within the City of Hollister. While the County has several residential projects in the pipeline, the development proposals involving job-generating land use types are concentrated within the City Limits.

Baseline Growth Scenario

Under the baseline growth scenario, summarized below in Table 25, the total jobs within the city would increase by roughly 2,335 over the General Plan horizon. Based on AMBAG job projections, the city would contain a total of 16,172 jobs in 2040.

Broken down by industry, the majority of the growth would be within the services industries, which include professional and business services, real estate services, health care, and accommodation and food services. More specifically, the number of services jobs would increase by roughly 1,110 jobs through 2040, an increase of nearly 25 percent. Other industries with significant growth would include public administration (695 new jobs), industrial users (240 new jobs), and retail users (212 new jobs).

Moderate Growth Scenario

Assuming a blended growth rate between the Baseline and Robust scenarios, which accounts for periods of rapid employment growth, similar to those experienced between 2013 and 2018, followed by periods of more modest growth, jobs within Hollister are projected to increase by roughly 3,771 through 2040. This produces a total of roughly 17,608 jobs within Hollister by 2040, representing a 27.3 percent increase. The largest share of the jobs increase is projected in the service industry, accounting for roughly 1,600 new jobs. Public administration jobs account for the second largest increase (1,089 new jobs), followed by retail jobs (450 new jobs) and industrial jobs (425 new jobs).

Robust Growth Scenario

Assuming the 2013 to 2018 five-year employment growth rate of approximately 2.3 percent would continue through 2040, the number of jobs within the City of Hollister would increase by 8,656 total jobs under a Robust Growth Scenario. This represents a 62.6 percent increase over the current jobs base within the city. Similar to the baseline growth scenario, the largest projected job gains would be within service industries, accounting for nearly 3,300 new jobs. Public administration jobs would account for the second largest job gains (2,500 new jobs), followed by retail jobs (1,260 new jobs) and industrial jobs (1,050 new jobs).

Table 25: Employment by Industry Projections, City of Hollister, 2019-2040

City of Hollister	Historic		Projected					2019-2040 Growth		
	2015	2019	2020	2025	2030	2035	2040	Number	Percent	Avg. Annual
Baseline Growth Scenario (a)										
Agriculture	399	401	402	404	405	407	408	7	1.6%	0.1%
Industrial	1,791	1,840	1,852	1,924	1,984	2,032	2,080	240	13.1%	0.6%
Construction	924	940	944	954	973	992	1,011	71	7.6%	0.3%
Retail	2,355	2,467	2,496	2,545	2,593	2,630	2,679	212	8.6%	0.4%
Services (incl self-empl.)	4,086	4,456	4,553	4,828	5,069	5,322	5,565	1,109	24.9%	1.1%
Public	3,528	3,734	3,787	3,953	4,108	4,267	4,429	695	18.6%	0.8%
Total, All Industries	13,083	13,837	14,034	14,608	15,132	15,650	16,172	2,335	16.9%	0.7%
Moderate Growth Scenario (b)										
Agriculture	399	401	401	410	420	432	444	43	10.7%	0.5%
Industrial	1,791	1,840	1,848	1,954	2,059	2,159	2,265	425	23.1%	1.0%
Construction	924	940	942	969	1,010	1,054	1,101	161	17.1%	0.8%
Retail	2,355	2,467	2,490	2,584	2,691	2,795	2,917	450	18.2%	0.8%
Services (incl self-empl.)	4,086	4,456	4,542	4,903	5,261	5,655	6,059	1,604	36.0%	1.5%
Public	3,528	3,734	3,778	4,014	4,264	4,534	4,822	1,089	29.2%	1.2%
Total, All Industries	13,083	13,837	14,001	14,834	15,706	16,630	17,608	3,771	27.3%	1.2%
Robust Growth Scenario (c)										
Agriculture	399	401	406	440	478	521	567	166	41.4%	1.7%
Industrial	1,791	1,840	1,869	2,095	2,341	2,602	2,893	1,053	57.3%	2.2%
Construction	924	940	953	1,039	1,148	1,270	1,406	466	49.6%	1.9%
Retail	2,355	2,467	2,519	2,772	3,060	3,368	3,726	1,259	51.0%	2.0%
Services (incl self-empl.)	4,086	4,456	4,595	5,258	5,981	6,815	7,740	3,285	73.7%	2.7%
Public	3,528	3,734	3,822	4,305	4,847	5,464	6,160	2,426	65.0%	2.4%
Total, All Industries	13,083	13,837	14,165	15,909	17,855	20,041	22,493	8,656	62.6%	2.3%

Notes:

(a) Based on AMBAG employment by industry projections.

(b) Assumes a blended growth rate between the Baseline and Robust Growth Scenarios to account for periods of more rapid job growth, as Hollister experienced between 2013 and 2018.

(c) Assumes the employment growth rate of 2.3 percent experienced between 2013 and 2018 continues through 2040. Distributes jobs by industry based on the AMBAG projections.

Sources: California Employment Development Department; Association of Monterey Bay Area Governments; BAE, 2020.

Office Land Use Demand

Based on expected job growth, the City of Hollister may experience demand for between 500,000 and 1.6 million square feet of new office space. The majority of this projected demand would be driven by the services industry, including professional and business services, real estate services, and finance and insurance, among others. In addition to job growth within the private services sector, public administration employment is projected to drive a modest amount of new demand for office space.

Industrial Land Use Demand

Based on the projected job growth, presented in Table 25, demand for industrial space within the City of Hollister is projected to increase by roughly 280,000 to 1.5 million square feet. The lower estimate assumes job growth in industries typically associated with industrial space is fairly limited through 2040, with just 320 total new industrial jobs. However, the high-end estimate assumes more significant job growth within industrial-demanding industries,

generating increased demand. Under the Robust Growth Scenario, the city could expect demand for nearly 1.5 million square feet of new industrial space. Based on stakeholder interviews conducted as part of this study, attracting and expanding the existing base of industrial jobs is a primary focus of local economic development goals, given Hollister's competitive advantages. As a result, the Robust Growth Scenario may be spurred by new businesses locating in Hollister, and current businesses expanding their footprint in the city.

Table 26: Office and Industrial Land Use Demand, 2019 to 2040

Land Use	Job Growth			Square Feet Per Employee	Net New
	Existing (2019)	Projected (2040)	Net New Jobs		Demand (sq ft) 2019-2040 (a)
Baseline Growth Scenario					
Office (b)	8,189	9,994	1,805	250	496,310
Industrial (c)	3,181	3,499	318	800	279,840
Moderate Growth Scenario					
Office (b)	8,189	10,881	2,692	250	740,368
Industrial (c)	3,181	3,810	629	800	553,270
Robust Growth Scenario					
Office (b)	8,189	13,900	5,711	250	1,570,528
Industrial (c)	3,181	4,867	1,686	800	1,483,342

Notes:

(a) Includes a 10 percent vacancy adjustment

(b) Includes employment in the Services Industry and Public Administration

(c) Includes employment in the Industrial, Agriculture, and Construction industries.

Sources: California EDD; AMBAG; BAE, 2020.

Retail Land Use Demand

Driven by population growth within the City Limits and unincorporated areas, Hollister is projected to experience new demand for between 240,000 square feet and 500,000 square feet of non-automotive retail space, plus an additional 6.5 to 13.6 acres of automotive-related retail land, to accommodate car dealerships and gasoline stations. As shown in Table 27, the projected population growth in the Greater Hollister Area, which will support retail development in the City of Hollister, is projected to increase total citywide taxable sales by between \$105 million and \$227 million, depending on the growth scenario. The majority of this spending will be at non-automotive retail establishments, including food service and drinking places, general merchandise, grocery stores, and hardware stores, among others. The remaining retail spending, will support automotive establishments which require larger sites with smaller building footprints, including gasoline stations and car dealerships. The projections in Table 27 present the non-automotive retail demand in square feet and the automotive demand in supportable acreage.

Table 27: Supportable Retail Square Feet by Growth Scenario, 2019 to 2040

	Population Growth			Total New Taxable Retail Spending (a)			New Supportable Retail Space (b)	
	Existing (2019)	Projected (2040)	Net New Residents	Non-Automotive	Automotive	Total	Non-Automotive (sq. ft.)	Automotive (Acres)
BASELINE GROWTH SCENARIO								
City of Hollister	40,149	47,437	7,288	\$36,229,351	\$27,267,596	\$63,496,947	146,311	3.9
Unincorporated Hollister Area	14,982	19,690	4,708	\$23,402,841	\$17,613,873	\$41,016,714	94,511	2.6
Greater Hollister Area	55,131	67,127	11,996	\$59,632,192	\$44,881,469	\$104,513,661	240,822	6.5
MODERATE GROWTH SCENARIO								
City of Hollister	40,149	56,986	16,837	\$83,700,428	\$62,996,143	\$146,696,571	338,021	9.1
Unincorporated Hollister Area	14,982	19,557	4,574	\$22,739,782	\$17,114,830	\$39,854,612	91,834	2.5
Greater Hollister Area	55,131	76,543	21,412	\$106,440,210	\$80,110,973	\$186,551,183	429,855	11.6
ROBUST GROWTH SCENARIO								
City of Hollister	40,149	60,073	19,924	\$99,047,688	\$74,547,079	\$173,594,767	400,000	10.8
Unincorporated Hollister Area	14,982	21,116	6,134	\$30,493,554	\$22,950,615	\$53,444,169	123,147	3.3
Greater Hollister Area	55,131	81,190	26,059	\$129,541,242	\$97,497,693	\$227,038,936	523,147	14.1

Notes:

(a) Based on the following 2018 Taxable sales per capita in the City of Hollister, according to the CDTFA:

Non-Automotive Sales Automotive/Gasoline Sales:

Non-Automotive Sales: \$4,971 per capita

Automotive/Gasoline Sales: \$3,741 per capita

(b) Includes five percent vacancy assumption.

Sources: California DoF; AMBAG; CDTFA; BAE, 2020.

Land Use Demand Summary

Based on the above analysis, Table 28 summarizes the anticipated residential and non-residential land use demand through the General Plan horizon.

- Under the Baseline Growth Scenario, the City of Hollister may expect demand for 2,038 total new housing units, as well as over one million square feet of new non-residential space.
- Under the Moderate Growth Scenario, the residential demand within the City Limits may range from 3,339 new units under the proposed annual growth cap, to 4,854 units assuming no growth cap. The city is also expected to experience demand for nearly 2 million square feet of commercial and industrial space.
- Under the Robust Growth Scenario, the city may anticipate demand for up to 6,850 total new housing units and nearly 3.6 million square feet of new non-residential space. If the City does implement a residential growth cap of 159 units per year, the residential growth within the city would be limited to 3,339 units through 2040, though the excess residential demand would shift to the County and still generate demand for a similar amount of non-residential space within the City of Hollister.

Table 28: Land Use Demand Summary, City of Hollister, 2019 to 2040

Land Use	Growth Projection Scenario				
	Baseline	Moderate		Robust	
		Without Res Growth Cap (a)	With Res Growth Cap (b)	Without Res Growth Cap (a)	With Res Growth Cap (b)
Residential Units	2,038	4,854	3,339	6,854	3,339
Retail Space					
<i>Non-Auto (Sq. Ft.)</i>	240,822		429,855		523,147
<i>Auto (Acres)</i>	6.5		11.6		14.1
Industrial Square Feet	279,840		553,270		1,483,342
Office Square Feet	496,310		740,368		1,570,528

Notes:

(a) Assumes the City does not implement the proposed annual residential development growth cap.

(b) Assumes the City does implement the proposed annual residential development growth cap of 159 units per year.

Sources: AMBAG; DoF; CDTFA; EDD; BAE, 2020.

Vacant and Underutilized Land Inventory

The following section summarizes the existing inventory of vacant and underutilized sites within the City of Hollister and the Hollister Sphere of Influence (SOI). Based on the inventory of sites, which was provided by PlaceWorks, this section estimates the supportable development capacity of the residential and non-residential sites to accommodate the projected demand, presented in Table 28. The vacant land use inventory does not include vacant land with already approved residential and non-residential projects.

Vacant and Underutilized Sites

As shown in Table 29, Hollister has roughly 472 acres of vacant residential and non-residential land within the city limits. The majority of the vacant acreage (332 total acres) is designated for industrial use. Commercial sites account for another 56 acres of the total vacant inventory, while vacant mixed-use sites account for another 54 acres. The city contains roughly 31 acres of vacant residential sites, the majority of which are designated for low-density residential development.

In addition to vacant sites, the city also contains a significant inventory of underutilized parcels which may be leveraged to address future demand through infill development or redevelopment. Based on the inventory of underutilized sites provided by PlaceWorks, which assumed any site was underutilized if the existing building covered less than 10 percent of the parcel, the City of Hollister contains a total of 257 acres of underutilized sites. The largest share of these sites is designated for industrial use, accounting for approximately 121 acres of underutilized sites. The city also contains roughly 61 acres of underutilized sites currently designated for mixed-use development and 32 acres designated for commercial development. There are 42 acres of underutilized sites designated for residential development, with the majority of those sites designated for low-density residential development.

Vacant and underutilized sites outside the city limits but within the SOI represent an additional inventory of sites that could be annexed into the city limits for future development. As shown in Table 29, the Hollister SOI contains roughly 369 acres of vacant sites. These sites are predominantly designated for industrial and residential development, with 192 acres and 112 acres respectively. The remaining vacant acreage is designated for commercial development (48 acres) and mixed-use development (17 acres).

Table 29: Vacant and Underutilized Sites by Land Use Category, City of Hollister and Hollister Sphere of Influence

Land Use Designation	Parcels within Hollister City Limits		Parcels within Hollister SOI
	Vacant Acres	Underutilized Acres	Vacant Acres
<u>Residential Use</u>			
High Density Residential	10.8	5.1	20.0
Medium Density Residential	0.3	3.8	9.7
Low Density Residential	20.2	33.1	78.0
Residential Estate	0	0	3.9
Total Residential Acres	31.3	42.1	111.6
<u>Commercial Use</u>			
General Commercial	3.2	7.5	0.0
North Gateway Commercial	52.5	24.5	48.0
Total Commercial Acres	55.7	32.0	48.0
<u>Industrial Use</u>			
Industrial	232.0	102.4	192.0
Airport	10.8	0.0	0.0
Airport Support	89.1	18.9	0.0
Total Industrial Acres	331.9	121.4	192.0
<u>Mixed-Use (b)</u>			
Downtown Commercial & Mixed Use	2.0	0.3	0
Mixed Use	38.8	27.1	17.3
West Gateway	12.7	33.8	0
Total Mixed-Use Acres	53.5	61.2	17.3
TOTAL, All Parcels	472.4	256.7	368.8

Sources: City of Hollister; PlaceWorks; BAE, 2020.

Supportable Development Capacity

In order to assess the capacity of the inventory of vacant and underutilized sites to accommodate projected future demand, BAE converted the acreages presented above in Table 29 to residential units and non-residential square feet. To facilitate this conversion, BAE developed a set of buildout density assumptions for all land uses. These include dwelling units per acre (d.u./acre) assumptions for residential development, and floor area ratios (FAR) for non-residential development. These assumptions are shown at the bottom of Table 30.

Using these density assumptions, Table 30 shows that the existing vacant acreage within the city limits can support approximately 1,464 residential units, 1.2 million square feet of commercial space, and 5.8 million square feet of industrial space. An additional 1,500 residential units, 2.0 million square feet of industrial space, and 945,000 square feet of commercial space, can be accommodated on underutilized land, bringing the totals to 2,963 residential units, 2.2 million square feet of commercial space, and 7.8 million square feet of industrial space within the city. If the City of Hollister seeks to annex sites from the SOI, the city can accommodate another 941 residential units, 533,000 square feet of commercial space, and 2.5 million square feet of industrial space. The sections below assess the implications of these numbers.

Residential Development Capacity

As noted above, Hollister's vacant and underutilized residential lands can accommodate a total of 2,963 residential units. The majority of the residential unit capacity is located in high-density and mixed-use land use designations, which would not accommodate single-family housing that constitutes the predominant housing product in Hollister today, but which would address a need highlighted by some stakeholders for more affordable housing options in medium- and high-density residential developments. However, it is unclear whether the private sector will build this large number of multifamily units even over the 20-year life of the General Plan, given the low historical production of multifamily units in Hollister.

Given the overall demand for residential development and the historic emphasis on single-family homes, the City should consider whether the land inventory offers sufficient land to accommodate single-family development over the course of the General Plan horizon. It may be desirable to designate and/or annex additional lands that could be developed with single-family homes.

In addition to sites within the city limits, Hollister may also consider annexing land from the SOI. Table 30 also shows that the Hollister SOI can support development of approximately 941 residential units. The majority of this unit capacity is located on vacant parcels designated for high-density and mixed-use developments. This aligns with the existing residential development capacity within city limits, which predominantly includes capacity on high-density and mixed-use sites. While these sites will yield higher unit totals, it runs contrary to historic development trends, which have catered to demand for single-family homes.

Beyond the residential development capacity inside the city limits and the SOI, San Benito County has nearly 2,540 acres of vacant and underutilized residential sites within the Unincorporated Hollister Area. These sites can reasonably accommodate roughly 8,500 new housing units.

Non-Residential Development Capacity

As noted above, the existing vacant and underutilized sites within Hollister can accommodate roughly 2.2 million square feet of commercial space and 7.8 million of industrial space. Sites within the SOI can accommodate another 2.5 million square feet of industrial space and 533,000 square feet of commercial space

In terms of potential for development of new commercial space, the North Gateway Commercial area contains the largest capacity, at roughly 651,000 square feet of commercial space in the city and SOI, assuming a 0.25 FAR. The mixed-use areas also contain a significant share of the future commercial capacity, with approximately 1.4 million square feet combined across the Downtown, Mixed-use, and West Gateway designations. The combined 10.3 million square feet of industrial capacity in the city and SOI is almost exclusively located in the northern portion of the Hollister in close proximity to the airport.

Beyond the existing commercial and industrial capacity within the city limits and SOI, San Benito County also contains nearly 550 acres of vacant and underutilized sites designated for non-residential uses within the Unincorporated Hollister Area. These sites can accommodate development of an estimated 1.2 million square feet of commercial space, and 7.6 million square feet of industrial space.

Table 30: Development Capacity of Vacant and Underutilized Sites, City of Hollister and Hollister SOI

Land Use Designation	Within Hollister City Limits								Hollister Sphere of Influence (SOI)					
	Vacant Parcels			Underutilized Parcels				Total Existing City Capacity		Vacant Parcels				
	Vacant Acres	Supportable Res Units (a)	Supportable Sq Ft (a)	Total Acres	Buildable Acres	Supportable Res Units (a)	Supportable Sq Ft (a)			Gross Acres	Net Acres (b)	Supportable Res Units (a)	Supportable Sq Ft (a)	
<u>Residential Use</u>														
High Density Residential	10.8	269	n.a.	5.1	4.6	116	n.a.	385	0	20.0	15.0	375	n.a.	
Medium Density Residential	0.3	3	n.a.	3.8	3.4	34	n.a.	37	0	9.7	7.3	73	n.a.	
Low Density Residential	20.2	81	n.a.	33.1	29.8	119	n.a.	200	0	78.0	58.5	234	n.a.	
Residential Estate	0.0	0	n.a.	3.9	3.5	1	n.a.	1	0	3.9	2.9	1	n.a.	
<u>Commercial Use</u>														
General Commercial	3.2	n.a.	34,333	7.5	7.3	n.a.	79,915	n.a.	114,248	0.0	0.0	n.a.	0	
North Gateway Commercial	52.5	n.a.	571,699	24.5	23.9	n.a.	259,879	n.a.	831,578	48.0	36.0	n.a.	392,040	
<u>Industrial Use</u>														
Industrial	232.0	n.a.	4,043,114	102.4	98.3	n.a.	1,713,120	n.a.	5,756,235	192.0	144.0	n.a.	2,509,056	
Airport	10.8	n.a.	187,670	0.0	0.0	n.a.	0	n.a.	187,670	0.0	0.0	n.a.	0	
Airport Support	89.1	n.a.	1,552,903	18.9	18.2	n.a.	316,723	n.a.	1,869,627	0.0	0.0	n.a.	0	
<u>Mixed-Use</u>														
Downtown Commercial & Mixed Use	2.0	80	52,454	0.3	0.3	11	7,170	91	59,624	0.0	0.0	0	0	
Mixed Use	38.8	776	422,647	27.1	24.4	542	265,649	1,318	688,296	17.3	13.0	259	141,138	
West Gateway	12.7	254	138,388	33.8	30.4	677	331,595	931	469,983	0.0	0.0	0	0	
TOTAL, All Parcels	472.4	1,464	7,003,208	260.6	244.2	1,500	2,974,052	2,963	9,977,260	368.8	276.6	941	3,042,234	

Notes:

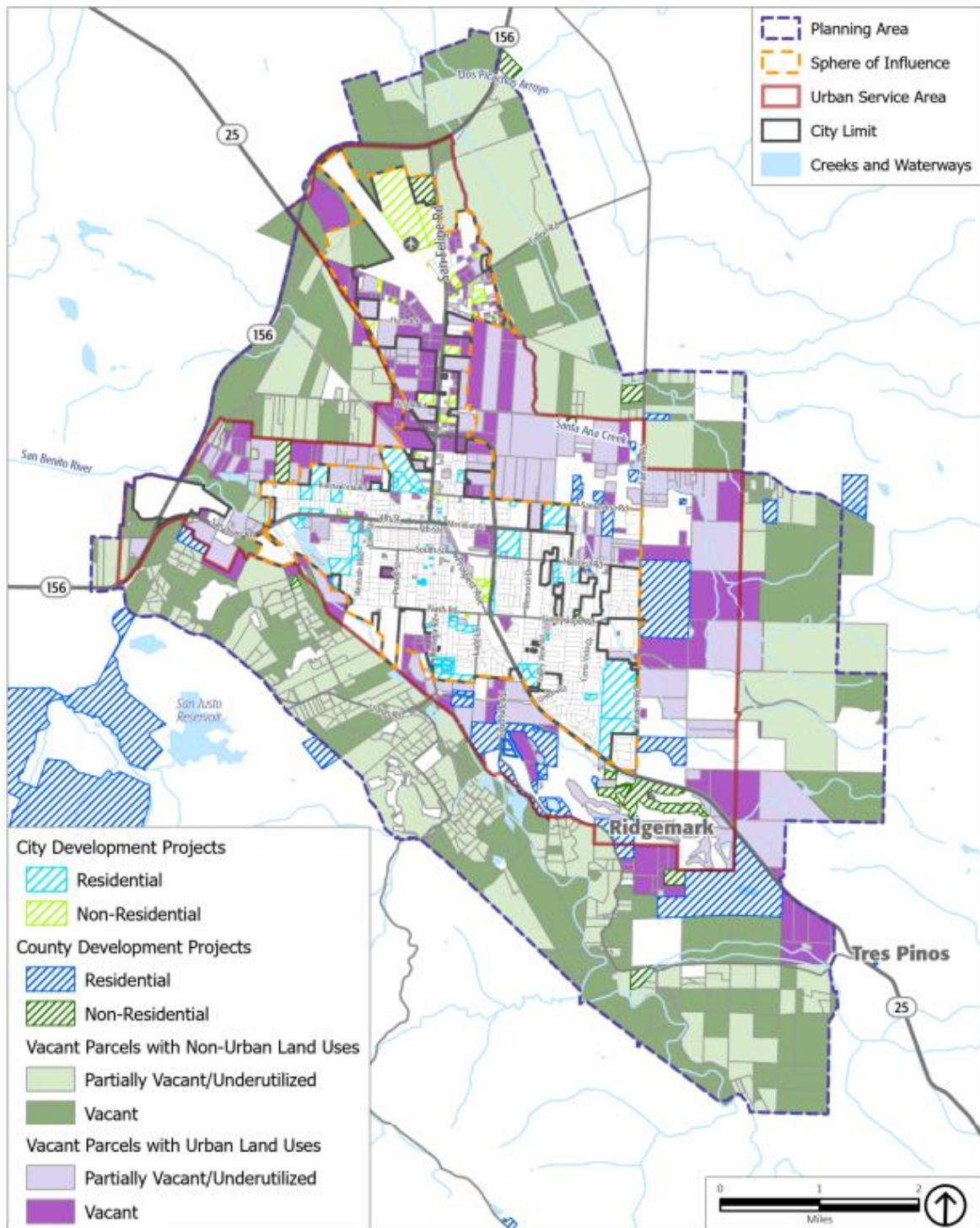
(a) Based on the following buildout assumptions:

<u>Residential</u>	<u>DU/Acre</u>	
High Density Residential	25	
Medium Density Residential	10	
Low Density Residential	4	
Residential Estate	0.2	
<u>Non-Residential</u>	<u>FAR</u>	
Commercial	0.25	
Industrial	0.40	
<u>Mixed-Use</u>	<u>DU/Acre</u>	<u>Commercial FAR</u>
Downtown Commercial & Mixed Use	40	0.6
Mixed Use	20	0.25
West Gateway	20	0.25

(b) BAE adjusted the total gross acreage of parcels in the Hollister SOI as these sites require additional backbone infrastructure that reduces the potential buildout capacity. BAE assumes this necessary infrastructure reduces the buildout capacity by 25 percent of all parcels in the Hollister SOI.

Sources: City of Hollister; PlaceWorks; BAE, 2020.

Figure 7: Vacant and Underutilized Sites



Source: City of Hollister, 2020; ESRI, 2020; PlaceWorks, 2020; San Benito County, 2020; USGS, 2019

Land Supply vs. Future Demand

This section concludes the above analysis of land supply versus demand by calculating whether the City of Hollister has sufficient land to accommodate predicted demand through 2040.

Residential Demand

Table 31 below shows that the City Limits and SOI currently contain sufficient residential development capacity to accommodate projected demand through 2040 under most growth scenarios. Under the Baseline Growth Scenario, the current pipeline of planned and proposed residential projects within the City Limits is sufficient to accommodate the total projected demand of roughly 2,038 units. Under the Modest Growth Scenario, the current pipeline only addresses a portion of the projected demand, though the residential capacity on vacant and underutilized sites within the city and SOI is sufficient to accommodate the remaining projected demand through 2040. Based on the Robust Growth Scenario, however, the City Limits and SOI do not have sufficient development capacity to fully absorb the projected residential demand. As shown in Table 31, the Robust Growth Scenario, assuming no local growth cap, would generate demand for approximately 486 additional residential units beyond the existing capacity. Assuming an average density of seven dwelling units per acre, consistent with the vacant and underutilized sites capacity, the City would need to identify roughly 70 acres of additional residential land to accommodate the Robust Growth Scenario.

Although the above analysis suggests Hollister has adequate capacity to absorb the total residential unit demand under most growth scenarios, it is also worth noting that a large portion of the vacant and underutilized sites are designated for high-density and mixed-use developments. More specifically, single-family homes account for roughly 80 percent of the existing Hollister housing stock, whereas these unit types only account for 14 percent of the projected residential capacity of vacant and underutilized residential sites. This potentially signals a mismatch between development capacity and demand trends which could result in an under supply of single-family residential units to meet future demand. However, it may also be that City of Hollister's existing under supply of higher density developments could signal currently unmet demand for these unit types. Assuming full buildout of the vacant and underutilized sites as currently projected, Hollister's mix of housing types would then more closely mirror the statewide distribution of housing units. Across California, single-family units account for roughly 67 percent of all housing units, notably lower than the existing concentration in Hollister. Assuming the inventory of sites designated for high-density and mixed-use projects within the City of Hollister build out as currently projected, the proportion of single-family units within the city would then equal roughly 66 percent - on par with the statewide average.

The available residential land supply may suggest that the city's future development trends and residential demand will focus on higher density projects. If this trend does not come to fruition, Hollister will likely require additional residential sites to accommodate continuing

demand for a large proportion of new housing in the form of single-family units, which would be more consistent with the city's historic development pattern. For example, if the existing vacant and underutilized sites within the City and SOI build out similar to historic development patterns, with single-family homes accounting for 80 percent of all units, Hollister only has the capacity to support approximately 1,334 new residential units on sites designated for residential development within the city limits and the Sphere of Influence. This assumes that future development on the majority of high-density and mixed-use sites achieve significantly lower densities than expected under the existing zoning. If only 1,334 units are delivered on these sites, the City would then not have sufficient sites to accommodate the residential demand projected in the Moderate and Robust Growth Scenarios, assuming no growth cap. In order to accommodate the remaining demand, the City would need to identify roughly 220 acres of additional residential sites in the Moderate Growth Scenario and roughly 635 acres under the Robust Growth Scenario, the majority of which would be zoned for lower-density single-family homes.

Non-Residential Demand

Also shown in Table 31 below is the balance of future demand and buildout capacity of commercial and industrial sites. As shown in the table, the current pipeline of commercial (i.e., retail and office) projects and the additional development capacity of existing vacant and underutilized commercial sites is sufficient to absorb the retail and office demand projected under the Baseline and Moderate Growth Scenarios. Under the Robust Growth Scenario, however, the city does not currently have sufficient development capacity to absorb the projected commercial demand. This is primarily driven by the projected growth of office-demanding jobs, spurring demand for new office uses throughout the city. Assuming the unmet commercial demand, estimated at roughly 218,000 square feet, is met through new development similar to projects currently in the pipeline, Hollister would need between 12 and 20 additional acres of commercially-zoned land to accommodate the total excess retail and office demand.

Given the city's significant inventory of industrial sites, Hollister has sufficient development capacity to absorb the projected industrial demand under all growth scenarios. Under both the Baseline and Moderate Growth Scenarios, the current pipeline of projects, the majority of which is still in the initial planning phase, contains enough industrial space to accommodate the total demand projected through the 2040. Under the Robust Growth Scenario, Hollister would experience additional demand beyond the projects in the pipeline, thus spurring new development on the city's expansive inventory of vacant and underutilized sites.

Table 31: Surplus/Excess Land Use Demand by Growth Scenario, City of Hollister

Land Use	Growth Projection Scenario				
	Baseline	Moderate		Robust	
		Without	With	Without	With
		Res Growth	Res Growth	Res Growth	Res Growth
	Cap (a)	Cap (b)	Cap (a)	Cap (b)	
Residential (Units)					
Residential Demand (units)	2,038	4,854	3,339	6,854	3,339
Less Residential Pipeline (units)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)
Subtotal, Res. Supply Surplus/Shortfall	(425)	2,391	876	4,391	876
Less Vacant Sites Capacity within City (units)	(2,963)	(2,963)	(2,963)	(2,963)	(2,963)
Subtotal, Res. Supply Surplus/Shortfall	(3,388)	(572)	(2,087)	1,427	(2,087)
Less Vacant Sites Capacity within SOI (units)	(941)	(941)	(941)	(941)	(941)
Total, Res. Supply Surplus/Shortfall	(4,330)	(1,514)	(3,029)	486	(3,029)
Commercial (Square Feet)					
Commercial Demand (sq ft) (c)	737,133	1,170,222		2,093,675	
Less Commercial Pipeline (sq ft)	(122,607)	(122,607)		(122,607)	
Subtotal, Comm. Supply Surplus/Shortfall	614,526	1,047,615		1,971,068	
Less Vacant Sites Capacity within City (sq ft)	(1,219,521)	(1,219,521)		(1,219,521)	
Subtotal, Comm. Supply Surplus/Shortfall	(604,995)	(171,905)		751,547	
Less Vacant Sites Capacity within SOI (sq ft)	(533,178)	(533,178)		(533,178)	
Total, Comm. Supply Surplus/Shortfall	(1,138,173)	(705,083)		218,369	
Industrial (Square Feet)					
Industrial Demand (sq ft)	279,840	553,270		1,483,342	
Less Industrial Pipeline (sq ft)	(847,527)	(847,527)		(847,527)	
Subtotal, Ind. Supply Surplus/Shortfall	(567,687)	(294,257)		635,815	
Less Vacant Sites Capacity within City (sq ft)	(7,813,531)	(7,813,531)		(7,813,531)	
Subtotal, Ind. Supply Surplus/Shortfall	(8,381,218)	(8,107,788)		(7,177,716)	
Less Vacant Sites Capacity within SOI (sq ft)	(2,509,056)	(2,509,056)		(2,509,056)	
Total, Ind. Supply Surplus/Shortfall	(10,890,274)	(10,616,844)		(9,686,772)	

Notes:

- (a) Assumes the City does not implement the proposed annual residential development growth cap.
- (b) Assumes the City does implement the proposed annual residential development growth cap of 159 units per year.
- (c) Includes Retail and Office Demand

Sources: City of Hollister; PlaceWorks; BAE, 2020.

ADDITIONAL ECONOMIC DEVELOPMENT OPPORTUNITIES

The following section profiles specific economic development opportunities that go beyond the anticipate growth and market opportunities described above and that emerged in conversations with City staff and stakeholders.

Industrial Areas

According to stakeholder interviews, industrial areas in Hollister predominantly host manufacturing and laboratory users, with a more limited inventory of construction-related companies. Recently, the City has seen demand for industrial space from the emerging cannabis industry, discussed in more detail below. As noted above, Hollister currently accommodates approximately 4 million square feet of existing industrial space as well as a significant amount of vacant and underutilized sites to accommodate future demand from a range of potential users. These vacant and underutilized sites have capacity to support approximately 8.0 million square feet of industrial space, roughly double the existing inventory. Several stakeholders, including existing industrial businesses, industrial brokers, and economic development professionals, highlighted the Hollister area as a prime location for industrial expansion. Hollister's competitive advantages include the following:

- Hollister offers close proximity to both US 101 and Interstate 5, providing additional access to the San Francisco Bay Area, the Santa Cruz/Monterey Area, the Central Valley and even Southern California. However, several stakeholders noted the existing traffic on local roads and highways as a possible impediment to growth in the Hollister industrial market.
- Industrial rents in the Santa Cruz/Monterey Area, and the Bay Area are much higher than in Hollister – nearly 40 percent higher in the South Bay than in Hollister for similar industrial space. Assuming industrial rents continue to increase in the Santa Cruz/Monterey Area and the Bay Area, price-conscious industrial businesses may look to areas like Hollister for future expansion or relocation.
- Hollister's industrial areas are relatively isolated from other land uses, which may attract a diverse set of industrial users that could pose adjacency issues in other places. Some stakeholders suggested the City should maintain this physical separation between industrial and other users to support economic growth and minimize any potential conflict between residents and future businesses.
- Stakeholders also suggested that the existing Hollister workforce is skilled to support industrial businesses, another potential attractor for new industrial businesses.

Some stakeholders also highlighted the limited transportation capacity of Highway 25 as a potential deterrent for future businesses, especially those with a focus on distribution. That said, most stakeholders expect fairly strong demand for industrial space over the General Plan horizon, primarily driven by the availability of development sites, more affordable rents, and proximity to major population centers, job centers and transportation corridors.

A large driver of the expected growth may well occur in advanced manufacturing and technology companies, with several existing companies like American Casting Company, Kitty Hawk, and Teknova, already located in Hollister. These types of firms are attracted to Hollister given the proximity to the Bay Area, relatively affordable real estate, and access to a skilled labor force. In addition, for an aviation company like Kitty Hawk, access to the airport is a key locational consideration. As discussed below, other companies that wish to use the airport for transportation of high value goods or shuttling employees, which is often the case with technology companies, may also be attracted to Hollister's business parks that provide convenient access to the airport. While these companies are often located in the industrial areas of Hollister, they typically include some ancillary office space to support the manufacturing or research and development processes. This may highlight an opportunity to attract additional technology and manufacturing firms to further support city and regional economic development goals. Finally, stakeholders also noted significant industrial demand from the emerging cannabis industry.

Hollister Municipal Airport

Located in the northern portion of the City of Hollister, the Hollister Municipal Airport is a major asset for existing and future economic development within the city. The City of Hollister has invested heavily in recent upgrades to the runways, storm drainage, and other onsite infrastructure to support aviation and future development. In addition to the aviation capacity of the airport, which in itself supports broader economic development goals within the city, the airport also includes land for commercial and industrial development. A portion of this land already hosts private hangars and industrial space. According to the Airport Director, these industrial spaces are home to various aviation-related businesses, ranging from a flight school and skydiving operator to engine manufacturing and research and development of innovative aircraft technology. The industrial spaces onsite are at full occupancy, with limited turnover over the past decade. In order to abide by Federal Aviation Administration (FAA) regulations and be eligible for FAA grants, businesses operating on airport land must be associated with the aviation industry. While this limits the potential businesses onsite, it also provides an opportunity to focus on attracting aviation-related companies to the area. In addition to existing businesses, the airport also has the capacity to add space for new aviation-related businesses, estimated at upwards of 15 acres of developable land.

One unique aspect of the Hollister Municipal Airport is its "through-the-fence" access, which allows privately-owned land adjacent to the airport access to the airport runways and taxiways. This can be an attractive attribute for nearby properties, according to industrial developers and

landowners in northern Hollister. While no existing businesses have taken advantage of this access, one developer is currently marketing nearby sites to businesses with an interest in airport access. This access is attractive to businesses for several reasons, ranging from passenger and goods transportation to aviation testing capabilities, similar to the inventory of existing businesses on airport land. Given the significant amount of developable land around the airport, the airport will likely be a key ingredient in the continued economic development within the city and the broader San Benito County area.

Downtown Hollister

Downtown Hollister is a traditional small-town downtown area that has experienced a “hollowing out” due to competitive convenience retail concentrations elsewhere in the city. According to various stakeholders, the downtown area used to be the center of retail activity for San Benito County. However, the area has evolved away from retail to primarily resident-based office uses, including lawyers, real estate professionals, and medical offices. Retail and commercial businesses have been drawn out of Downtown as newer auto-oriented convenience retail centers have been built in closer proximity to new residential subdivisions. Office users have since filled the vacant spaces left behind, often finding rents cheaper in downtown than other office locations in Hollister. While some office users are ideal in a downtown area, several stakeholders suggested downtown needs to return to retail and dining opportunities to create a more vibrant core area.

Recently, there has been interest in new development in Downtown, most notably the 400 Block project, which would include a standalone commercial component plus a mixed-use building with ground-floor retail space and residential units above. Although the 400 Block project was delayed for several months, construction on the standalone commercial component began in September 2020, with the mixed-use building projected to begin construction in 2021. This may signal a growing demand for downtown living and shopping opportunities in the near future.

In order to support future development and economic development within the Downtown, the City would need to address several challenges:

- **Earthquake Safety.** The Downtown was devastated by the Loma Prieta earthquake of 1989, leaving Downtown as a fragment of its former self. This challenge still faces the City, with the minimal level of new development or investment in existing properties in Downtown due at least partially to earthquake concerns. To assist with new projects, stakeholders recommended the City provide a clear overview of the necessary steps to promote seismic safety in rehabilitation and new development projects.
- **Aging Infrastructure.** The Downtown lacks adequate water and sewer infrastructure to serve intensive new development, as discussed during interviews with local stakeholders, and also lacks the streetscape amenities now common in other revitalized downtown areas. To make the Downtown more attractive to new developers and users, the City could collaborate with the Hollister Downtown

Association to identify necessary infrastructure improvements, and could also invest in new capital projects such as street bulb-outs, pedestrian infrastructure, signage, public art, and improved lighting.

- **Prevalence of Ground Floor Office Users.** As noted above, the Downtown today accommodates a large number of ground floor office users, typically operating from 9 a.m. to 5 p.m. Monday through Friday. However, these ground-floor spaces are often closed during the evenings and weekends, which minimizes Downtown activity and vibrancy at those times. The City could consider adopting ground-floor use restrictions or incentives to help retail and restaurant businesses occupy Downtown ground floor spaces that are currently vacant or may turn over in the future.

Tourism

With an estimated 210,000 tourists visiting Pinnacles National Park and Hollister Hills State Vehicular Recreation Area (SVRA) annually, the city is well positioned to capture significant tourism spending. Currently, however, it appears that Hollister captures relatively little business from these visitors, for a variety of reasons.

First, most routes from the Monterey and San Francisco Bay Areas, the Central Valley, and Southern California to the National Park and the SVRA do not actually pass through Hollister. Local stakeholders recognized that the majority of tourists visiting the regional attractions pass through the region without stopping in Hollister, highlighting the need to attract travelers into the city from Highways 25 and 156. Although new commercial development in Hollister along Highway 25 may help capture retail spending from travelers, local stakeholders recommended the Downtown as a focal point for promotion of tourism. This would allow the Downtown to appeal to a broader population base and foster a unique experience for travelers.

This also suggests that the retail mix in the Downtown might be changed and enhanced. To most effectively address the opportunity offered by tourists headed to the National Park and SVRA, the Downtown could increase its focus on outdoor- and vehicle-oriented merchandise, especially items associated with the Pinnacles National Park and Hollister Hills. It could also add additional dining, bars, entertainment, recreation, and cultural attractions to draw in additional tourism spending.

Several stakeholders also suggested the possibility of enhancing Downtown Hollister as a destination unto itself, particularly through the creation of more destination-style events. These events, including concerts, festivals, parades, and art walks, could attract residents from Hollister and surrounding communities, as well as visitors to the National Park and SVRA and tourists who would come to the events themselves, thereby increasing broader recognition of Hollister as a tourist destination.

Given Hollister's location and concentration on agriculture, Hollister may be particularly well positioned to capitalize on the "farm-to-fork concept," in which local agricultural produce is highlighted through events and partnerships with local restaurants. Such events and dining experiences would not only capture spending from locals and tourists, but would also highlight local vendors and agriculture producers that make Hollister a unique destination. By creating a unique visitor experience, Hollister would be better positioned to increase its capture of spending by existing travelers and to attract new tourists to the city.

Cannabis

Following the approval of Proposition 64 in 2016, which legalized the recreational use of cannabis in California, cities across the state saw interest from cannabis cultivation facilities, value-add manufacturers, dispensaries, and distributors. Interviews with several stakeholders indicated that Hollister has experienced this same interest, with as many as 50 applications for various cannabis-related businesses over the past several years. In terms of dispensaries, the City Council approved just two of the ten applicants for permits to operate within the city. One facility is currently in operation and the other facility is under construction.

Given the inventory of industrial space, the city has also seen a significant amount of demand for value-add cannabis manufacturing facilities. According to the City's Cannabis Affairs Manager, the city has five fully-operational cannabis manufacturing facilities, the majority of which are located in the northern portion of the city near the Hollister Municipal Airport. On the outskirts of the city (in the unincorporated County, there are also several cultivation facilities). The City's Cannabis Affairs Manager highlighted Hollister's geographic location as the prime driver of demand for cannabis production space in Hollister. Hollister's proximity to the Bay Area and Central Valley and its location along major highways provide access to a large population. In addition, the City has generally been accepting of the cannabis industry, specifically hiring a Cannabis Affairs Manager who acts as a point-person for any interest in operating in the city. This staff member can help find physical space and execute the requisite steps to ensure all of the necessary permits are acquired.

Hollister seems to be poised to continue as an attractive location for the cannabis industry, mostly on the cultivation, manufacturing, and distribution side. The relative isolation of the industrial areas minimizes conflicts between residents and the cannabis industry, while the city has a skilled labor force to help grow the industry. Although outdoor cultivation is not currently allowed in the city, the climate is ideal for cultivation, which could help attract additional businesses interested in all facets of cannabis growing, manufacturing, and distribution.

Cannabis is a particularly attractive industry for the city government due to the taxation structure. Most operations pay 5 percent of gross sales to the City as a special tax, in addition to standard sales taxes and property taxes, creating an additional revenue stream for the City.

Agriculture

Agriculture is the third largest industry in San Benito County, accounting for approximately 13.5 percent of all county jobs, with an increase of roughly 35 percent between 2013 and 2018, which was the second largest growth of any industry in the county. Of the total \$353 million in countywide gross agricultural sales in 2018, roughly 70 percent were vegetable and row crop products, highlighting the region's focus on lettuce, spinach, and other vegetables. San Benito County sits in between two fairly prominent agriculture regions, the Central Valley and the Salinas Valley, suggesting the regional infrastructure is in place to support continued agricultural expansion in the San Benito region. If the region's agricultural production continues to grow, the City of Hollister is well suited to capture growth in associated industries. More specifically, the city's industrial area has sufficient capacity to accommodate value-added food manufacturing businesses, like San Benito Foods, that capitalize on the increase in production.

Another method to connect Hollister's economic development with the regional agriculture industry would be to better incorporate local produce into the Hollister identity. This could include expanded farmers markets, regional fairs like Gilroy's garlic festival, and regional "farm-to-fork" events.

SUMMARY OF FINDINGS

This section summarizes the primary findings from the Market Demand Analysis. This includes a summary of key demographic and economic trends as well as real estate market conditions and growth forecasts.

Demographic and Economic Conditions

- Hollister has experienced fairly robust residential growth over the past decade, with the population increasing by roughly 12.3 percent, outpacing the region and state.
- While recent job growth was also fairly robust, many Hollister residents commute to jobs outside the city, with roughly 63 percent of employed residents leaving the city for work. The largest shares of these workers are commuting to Santa Clara and Monterey County.
- Part of the reason for the out-commuting is the mismatch between resident occupation types and local jobs. Whereas the largest share of Hollister residents work in office and administrative support occupations, the regional employment by industry is heavily concentrated in manufacturing, public administration, and agriculture. This may signal opportunity to capture office job growth by promoting Hollister's resident occupational profile as evidence of a local workforce that would be attractive to office-based businesses.
- Due likely in part to the extensive out-commuting, Hollister struggles to maximize capturing local resident retail expenditures. This is evident from the lower per-capita retail sales figures as well as the significant retail leakage estimates. Existing retail leakage, combined with anticipated population growth, will make Hollister an attractive target for retail development.

Residential Market

- The existing residential market is heavily concentrated with single-family units, accounting for roughly 80 percent of all units, compared to just 71 percent in the AMBAG region and 65 percent statewide.
- The residential market within Hollister has expanded significantly over the past decade, likely capturing pent-up demand from the prior building moratorium, which lasted from 2002 to 2008.
- Hollister residential sale prices are notably lower than nearby competitive geographies, including the cities of Morgan Hill and Gilroy, likely driving demand for housing in Hollister as housing prices continue to escalate in the Bay Area.
- Hollister has roughly 2,460 additional housing units planned and proposed for development, suggesting a continued expansion of the housing inventory in the near term.
- Residential demand through 2040 is projected to range from approximately 2,038 housing units to 6,854 housing units, depending on the growth scenario.

- Through the existing residential development pipeline and remaining buildout capacity of vacant and underutilized sites in the City Limits and in the SOI, Hollister has adequate residential capacity to support most of the projected growth scenarios. The only scenario that would drive additional demand for residential units beyond the existing capacity is the Robust Growth Scenario, in which the City would need to identify roughly 69 acres of new residential land in addition to the land already designated for residential development within the City Limits and the SOI.
- The findings above assume the future demand for residential units is predominantly located in high-density and mixed-use developments, given that the majority of the Hollister's buildout capacity is designated for these unit types. If the future demand trends do not align with the buildout capacity, additional land may be needed to accommodate the Moderate and Robust Growth Scenarios. For example, assuming lower density single-family homes constitute a greater proportion of the new housing units delivered on existing and future residentially-zoned sites, the City would require roughly 220 additional acres of residential land to accommodate the Moderate Growth Scenario and 636 additional acres of residential land to accommodate the Robust Growth Scenario..

Retail and Office Market

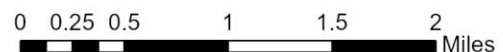
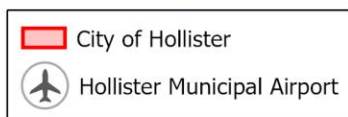
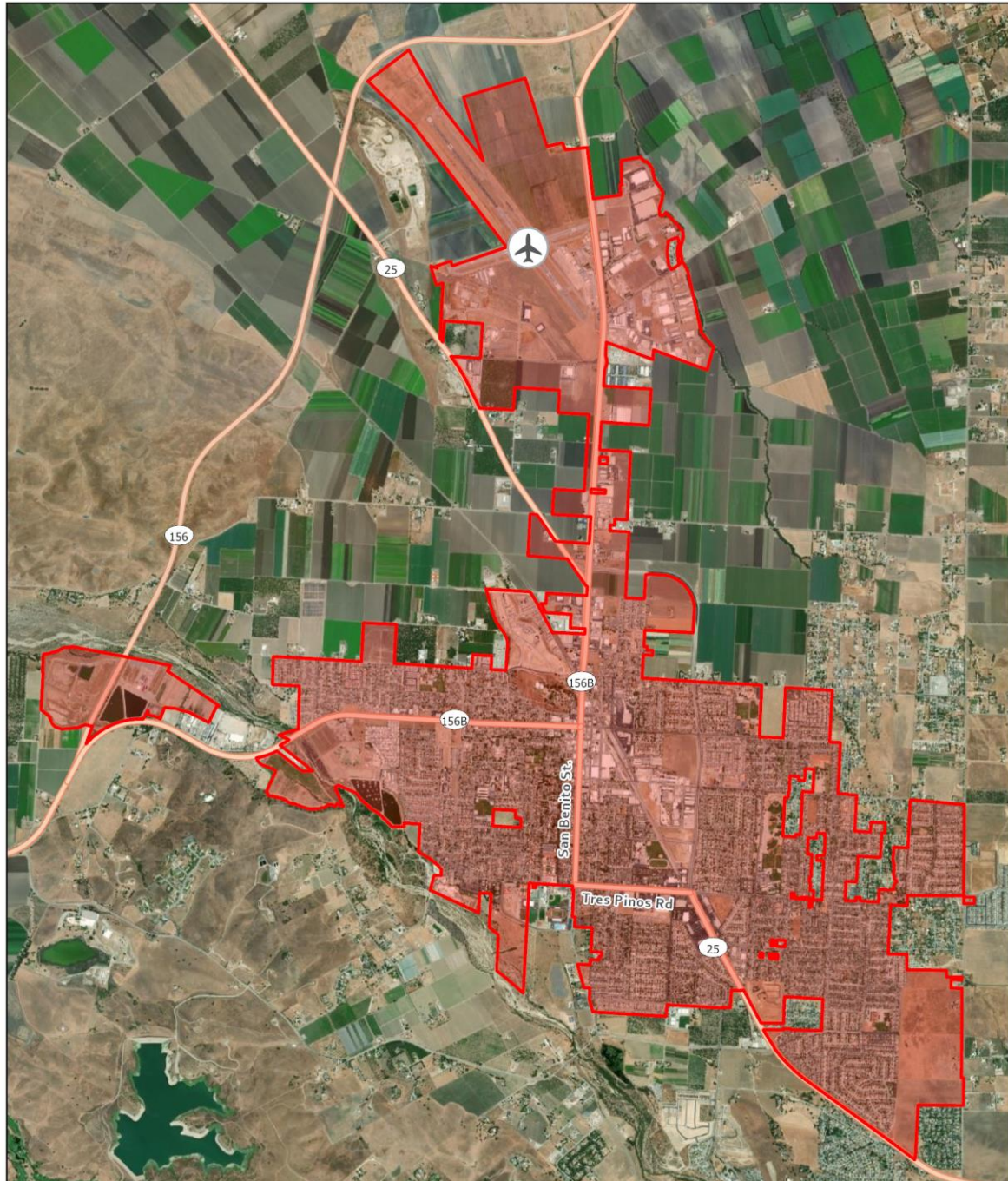
- Hollister has a fairly small inventory of retail space. The existing space achieves high occupancy levels, which suggests that new retail development would capture existing leakage and new demand.
- Retail rents are notably lower in Hollister than in other comparison geographies, suggesting Hollister attracts more cost-sensitive retailers. Hollister does have a few commercial projects under construction, most notably the Hollister Farms Shopping Center, which will accommodate a portion of the existing retail sales leakage and future demand.
- Hollister has a fairly limited inventory of office space, though it has absorbed roughly 75,000 square feet of office space over the past decade. Similar to retail, office rents within Hollister are notably lower than comparison geographies, suggesting Hollister is home to more cost-sensitive office tenants. Relatively low occupancy costs could be a competitive advantage for Hollister in its business recruitment efforts.
- Retail and office demand through 2040 is projected to range from roughly 280,000 square feet to 1.5 million square feet, depending on the growth scenario. Hollister currently has sufficient developable commercial land to accommodate the projected growth under the Baseline and Moderate Growth Scenarios, however the Robust Growth Scenario signals demand for roughly 218,000 square feet of additional retail and office space beyond the existing capacity of commercial sites within the city and SOI. An additional 12 to 20 acres would be needed to accommodate the retail and office demand in the Robust Growth Scenario retail and office demand within the City Limits or the SOI.

Industrial Market

- Hollister has a robust 4 million square feet of industrial building space.
- Industrial rents are roughly 20 percent lower than in competitive geographies, highlighting Hollister's competitive advantage to attract cost-sensitive industrial users.
- Hollister also has several industrial projects in the pipeline, which will add nearly 850,000 square feet of new industrial space.
- Hollister could experience demand for between 280,000 and 1.5 million square feet of new industrial space through the 2040. The city currently has roughly 850,000 square feet of industrial space in the pipeline, the majority of which is still in the initial planning phase. These projects, in addition to the remaining vacant and underutilized sites throughout the city and SOI, is adequate to accommodate the projected future industrial demand.

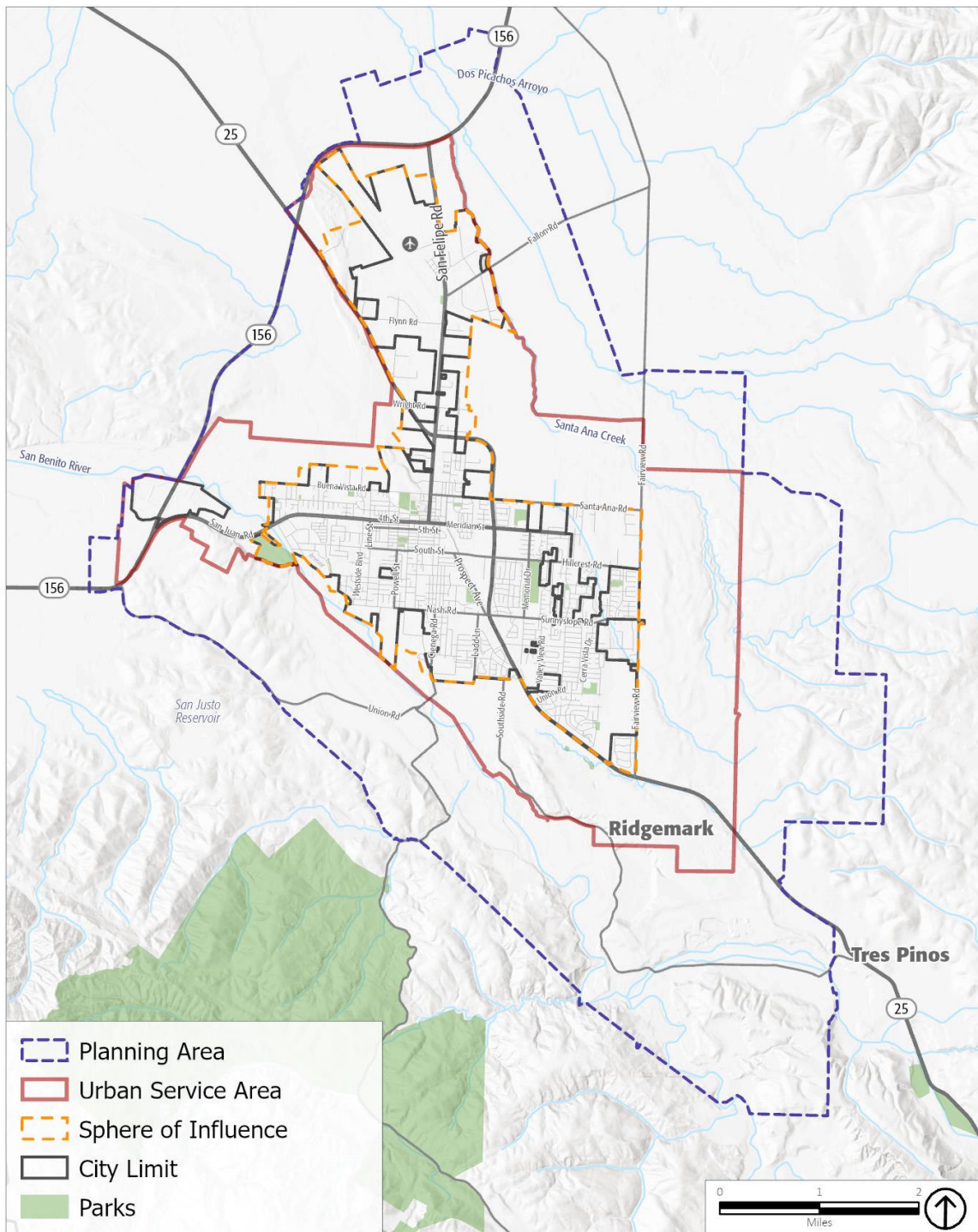
APPENDIX A: GEOGRAPHIC DEFINITIONS

Appendix A-1: City of Hollister



Sources: U.S. Census Bureau; BAE, 2020.

Appendix A-2: Greater Hollister Planning Area



Source: ESRI, 2020; PlaceWorks, 2020; San Benito County, 2020; USGS, 2019

Appendix A-3: Demographic and Economic Conditions Comparison Geographies



Sources: U.S. Census Bureau; BAE, 2020.

Appendix A-4: Real Estate Market Conditions Comparison Geographies



Sources: U.S. Census Bureau; BAE, 2020.

APPENDIX B: STAKEHOLDER INTERVIEW LIST

Cheri Schmidt, Hollister Downtown Association

Corey Shaffer, Hollister Downtown Association

Daniel Recht, Hollister Downtown Association

Donna Haynes, Emergency Vehicle Specialists

Gillian Enz, Steel Solutions, Inc.

Jim Gillio, Central Ag Supply

Karson Klauer, Nino Real Estate

Ken Lindsay, Sierra Pacific Associates Incorporated

Kristina Chavez Wyatt, San Benito County Business Council

Maria Mendez, City of Hollister

Michael Chambless, City of Hollister

Michelle Leonard, San Benito County Chamber of Commerce and Visitors Bureau

Tony LoBue, Dual Pride Properties & Real Estate