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Windsor General Plan: Market Analysis

Prepared for:

Town of Windsor

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EXECUTIVE SUMMARY

This analysis presents market projections for both residential and non-residential growth in Windsor for the period 2015-2040. It has been prepared to help support the development and evaluation of land use alternatives for the Town's General Plan Update.

RESIDENTIAL

Windsor has traditionally been a single family residential market oriented to serving upper income commuter households. While residential growth was severely curtailed during the recession, financing sources are now opening up, particularly for multi-family housing, and job growth is projected to accelerate in the North Bay, stimulating higher levels of residential development in the near future.

The Town's current pipeline of approved and pending residential projects includes about 1,100 units, which is more than half of ABAG's long term 2040 forecast for Windsor. Many of these units are multi-family, indicating pent up demand and some shifts in demographic conditions.

- Limited current market data indicates that vacancy rates are much lower for multi-family units in Windsor and the overall vacancy rate lower than the County average.
- Recently demographic trends show an increase in households with no children or less than one parent, signaling an increasing demand for multi-family housing. Future demographic projections for Sonoma County show a significant increase in the senior population, further indicating increasing demand for multi-family housing.

Despite the current demand for multi-family development, ADE expects overall long term housing demand to favor single family development over the long term. ADE has developed a range of residential development scenarios, with ABAG as the low growth scenario and two additional scenarios reflecting anticipated higher growth levels.

NON-RESIDENTIAL DEVELOPMENT

Windsor households have relatively high incomes compared to the rest of Sonoma County. It is estimated that Windsor households spend about \$155.8 million per year on retail goods and services, not including automotive vehicle and fuel sales. The City's sales tax audit consultants estimate that Windsor loses a portion of these sales to surrounding cities. If these sales could be recaptured, it would stimulate development of an additional 291,000 sq.ft. of retail development. Based on ADE's residential growth scenarios, additional future retail development could support 118,000 to 234,000 sq.ft. of retail development, equal to 11 to 22 acres. Other projected employment growth in Windsor would support demand for:

- 10 acres of office development
- 20 acres of industrial development, including construction industries
- 25 acres of visitor serving uses including lodging and restaurants
- 24 acres of institutional uses including medical and education facilities.

RESIDENTIAL MARKET ANALYSIS

OVERVIEW

The town of Windsor was traditionally a family-oriented bedroom community with single-family detached housing until the recent surge of higher density multi-family development proposals. The residential market analysis evaluates Windsor's current housing market conditions, market performance, and potential for future residential development based on population and employment trends and real estate market support. Specifically, the analysis reviews the town's general demographic trends, including population and household growth based on ABAG projections, and current residential real estate market matrices with average asking rent per unit and rent per sq. ft., average sales price, average sq. ft. per unit, and vacancy rates. In addition, the analysis evaluates the town's residents' and workers' general demographic characteristics, and their commute patterns to determine the changes in percentage of residents who live and work in Windsor over the past decade, between 2003 and 2013.

ADE has contacted local residential brokers and local economic development contacts for the Chamber of Commerce and uses secondary real estate market data sources such as brokerage reports, REIS, and Co-Star to evaluate residential market conditions. Data for construction and permit review pipelines are from the town's Community Development Department project list. Additional data sources for general demographic conditions are from the U.S. Census and OnTheMap.

DEMOGRAPHIC CHARACTERISTICS

Windsor had steady population growth until 2007, when housing growth dropped to half the previous year. Since then, growth has been sporadic, with three out of the seven years between 2007 and 2014 showing virtually no growth. By 2014, Windsor had an estimated population of 27,104.

Windsor has traditionally been a bedroom community with the majority of residents living in single-family detached housing. Between 2000 and 2010, there was a shift in the working age population, with a declining proportion in the 25-44 year age group and an increase in the 45-64 year old group. Seniors 65+ did not grow much during this period but there has been an increase in the proportion of residents over 65 years old in the past several years. The number of residents 65 years and older grew from 2,932 in 2010 to 3,332 in 2013, an increase from 10.9 percent of the population to 12.4 percent.¹ As discussed later in the report, the State Department of Finance is projecting increasing proportion of seniors throughout Sonoma County.

The 2000 to 2010 period also saw significant increases in the number of households with married couples but no children. This could reflect the age shift as children moves out of homes with older parents. However, there were also similar increases in households with unrelated individuals and

¹ U.S. Census and American Census Survey, 2010 and 2013, ADE.

single parents with children, which signals a shift in household composition for younger age groups as well.

COMMUTE PATTERNS

The majority of the residents work outside of Windsor, and only a small percentage of residents live and work in Windsor. Windsor's major industries include the wine industry, education, healthcare, and some retail and consumer goods industries. In 2003, approximately 10.1 percent of the town's residents worked in Windsor, which increased slightly to 11.1 percent in 2013 (**Table 1**).

In 2013, approximately 29.3 percent of residents worked within ten minutes of Windsor in Santa Rosa, which is a slight decrease from 33.3 percent in 2003. The trend more recently is for Windsor residents to work increasingly in cities south of Santa Rosa, with a small but steady 5.5 percent commuting north to Healdsburg.

TABLE 1 — WINDSOR RESIDENTS — PLACE OF WORK

CITIES	2003		2013	
Santa Rosa	3,238	33.9%	2,863	29.3%
Windsor	967	10.1%	1,088	11.1%
Healdsburg	529	5.5%	542	5.5%
San Francisco	247	2.6%	318	3.3%
Petaluma	305	3.2%	292	3.0%
Rohnert Park	343	3.6%	218	2.2%
Larkfield-Wikiup (CDP)	121	1.3%	152	1.6%
San Rafael	133	1.4%	141	1.4%
Novato	89	0.9%	137	1.4%
Napa	55	0.6%	112	1.1%
All other	3,532	36.9%	3,917	40.1%

Source: Onthemap.com, ADE, 2015

As shown in **Table 2**, the in-commute to Windsor comes mainly from the Santa Rosa area, as well as from the north.

TABLE 2 — WINDSOR WORKERS — PLACE OF RESIDENCE

CITIES	2003		2013	
Santa Rosa	1,139	24.6%	1,291	23.4%
Windsor	967	20.9%	1,088	19.7%
Healdsburg	231	5.0%	176	3.2%
Rohnert Park	160	3.5%	175	3.2%
Larkfield-Wikiup (CDP)	161	3.5%	162	2.9%
Petaluma	79	1.7%	104	1.9%
Cloverdale	127	2.7%	96	1.7%
Napa	19	0.4%	84	1.5%
San Jose	39	0.8%	48	0.9%
Roseland	31	0.7%	38	0.7%

San Francisco	29	0.6%	30	0.5%
Sacramento	22	0.5%	38	0.7%
All other	1,632	35.1%	2,183	39.7%

Source: Onthemap.com, ADE, 2015

ADE compared the annual rates of job growth in cities where residents worked between 2003 and 2013 (using OnTheMap data) to ABAG's future projections for these same locations between 2010 and 2040. The job growth projections in the cities of Santa Rosa, Petaluma, Rohnert Park, Napa, and Novato show faster annual growth rates between 2010 and 2040 compared to 2003 and 2013. According to ABAG's job growth projections, Santa Rosa is expected to grow at 1.07 percent in the future, which is a very positive increase compared to the declining rate of -0.85 percent between 2003 and 2013. This translates to an additional 28,480 jobs by 2040. Napa is expected to grow at a projected growth rate of 0.91 percent compared to 0.83 percent in the past. The cities of Rohnert Park and Petaluma are both expected to grow at a faster rate in the future, at 1.11 percent and 0.99 percent, respectively. This is healthy compared to the declining rates between 2003-2013, at -2.61 percent and -0.57 percent, respectively.

Windsor is expected to add 2,150 jobs by 2040, but the job growth indicates a slightly slower pace compared to the past. In 2010 to 2040, ABAG projected the town's future jobs growth to be 1.09 percent compared to 1.75 percent in the past. On the other hand, other cities including Cloverdale, San Francisco, and Healdsburg, exhibit slightly declining job growth rates. Cloverdale is expected to add an additional 9,860 jobs by 2040, at projected 1.25 percent compared to 2.85 percent in the past. San Francisco is projected to grow at 0.97 percent compared to 2.62 percent, adding approximately 190,780 jobs by 2040, Healdsburg is expected to add an additional 1,770 jobs, but the growth rate is projected to be slower, at 0.81 percent compared to 1.11 percent in the past. Overall, the cities where residents work have faster projected job growth rates, which indicate an overall healthy regional employment market in the future. This, in turn, translates to projected higher demand for housing units in Windsor as the job growth rates increase in cities where residents work, and as the number of regional and local jobs continue to increase. The projected faster growth rates in these cities between 2010 and 2040 compared to 2003 to 2013 translate to a strong demand for employment opportunities and associated housing needs **(Table 3)**.

TABLE 3 — WINDSOR — PLACE OF WORK JOB PROJECTIONS

CITIES	ONTHEMAP - PRIMARY JOBS				ABAG			
	2003	2013	CAGR*	CHANGE	2010	2040	CAGR*	CHANGE
Santa Rosa	67,797	62,262	-0.85%	-5,535	75,460	103,940	1.07%	28,480
Windsor	4,636	5,513	1.75%	877	5,610	7,760	1.09%	2,150
Healdsburg	4,673	5,220	1.11%	547	6,440	8,210	0.81%	1,770
Rohnert Park	12,515	9,607	-2.61%	-2,908	11,730	16,320	1.11%	4,590
Larkfield-Wikiup (CDP)	1,411	1,520	0.75%	109	n/a	n/a	n/a	n/a
Petaluma	23,139	21,862	-0.57%	-1,277	28,830	38,690	0.99%	9,860
Cloverdale	1,092	1,447	2.85%	355	1,570	2,270	1.24%	700
Napa	24,663	26,795	0.83%	2,132	33,950	44,520	0.91%	10,570
San Jose	316,843	353,713	1.11%	36,870	377,140	524,510	1.11%	147,370
Roseland	961	993	0.33%	32	n/a	n/a	n/a	n/a
San Francisco	450,733	584,008	2.62%	133,275	568,720	759,500	0.97%	190,780
Sacramento	202,203	279,077	3.27%	76,874	n/a	n/a	n/a	n/a
Novato	18,664	19,333	0.35%	669	20,890	24,390	0.52%	3,500

Source: Onthemap.com, ABAG, ADE, 2015; CAGR = Compound Annual Growth Rate.

RESIDENTIAL UNIT CHARACTERISTICS

The majority of the residential market in Windsor is comprised of single-family detached homes², with 7,579 units comprising 78.7 percent of the total housing stock in Windsor based on the State Department of Finance (DOF) January 1, 2015 figures. This is a slight decrease compared to 79.3 percent in 2010. In Sonoma County, approximately 68.5 percent are single-family detached homes. Windsor has approximately 10.2 percent more single-family detached homes compared to the County.³

In general, median home prices in Windsor are slightly less than that in adjacent cities, especially locations south of Windsor. ADE interviewed local brokers and researched real estate market reports to determine the following general characteristics of these housing units.

MULTI-FAMILY

According to DOF, Windsor has 859 multi-family units, not counting 561 attached single family units and 635 mobile homes. Market data on the multi-family housing stock in Windsor is not readily available. However, Windsor has two notable higher density multi-family residential buildings that are

² ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015. ADE phone interview with Thomas Lawrence of the Chamber of Commerce, August 27th, 2015. Co-star portfolio strategy multifamily residential market analysis, June 29th, 2015.

³ Department of Finance Housing Unit Types, Sept 1st 2015, ADE.

tracked by CoStar data systems⁴, including: 1) Redwood Royale on 9001 Conde Lane and 2) Winter Creek Village on 421 Winter Creek Lane.

- Redwood Royale was built in 1985 and has 81 units. The building has an average sq. footage of 450 for a studio and 800 for 2 bedrooms. The average asking rent is \$1,277 per unit or \$2.81 per sq. ft.
- Winter Creek Village is a newer building constructed in 2003. The building has 41 units, with an average of 1,000 sq. ft. for 2 bedrooms and 1,296 sq. ft. for 3+ bedrooms. The average asking rent for two bedrooms is \$1,073, or \$1.07 per sq. ft., and \$1,248 for 3+ bedrooms, or \$0.96 per sq. ft.

Based on data from these developments, CoStar estimates that the town's average vacancy rate as of August 2015 is approximately 1.6 percent for multi-family apartment units.⁵

In general, Windsor's average asking rent is lower than Santa Rosa's.⁶ The town's average asking rent per multi-family unit ranges from approximately \$1,200 to \$1,800 per month.⁷ The average asking rent is \$1,247, or \$2.20 per sq. ft. as of June 2015. Typical rent per unit is \$1,277 (\$2.83 per sq. ft.) for a studio, \$1,199 (\$1.15 per sq. ft.) for a 2 bedroom, and \$1,188 (\$0.96 per sq. ft.) for a 3+ bedroom multi-family apartment unit.

The town's median sale price for multi-family units increased steadily in the past ten years.⁸ The median price is higher than that of Santa Rosa and Sonoma County, at \$132,702 compared to \$132,905 and \$124,167, respectively. There were three apartment transactions in Windsor, with the most recent one in 2015. The apartment on 9940 Starr Road has 11 units and was sold for \$3.15 million. The average price per unit for this transaction is \$286,364. The previous two transactions occurred in 2006 and 2007 for 6657 Tandy Lane (32 units) and 9001 Conde Lane (81 units), respectively. 6657 Tandy Lane was sold for \$165,625 per unit and 9001 Conde Lane was refinanced and valued at \$88,889 per unit.⁹

SINGLE FAMILY

Comprising the majority of Windsor's residential housing stock, the low-density single-family detached homes range between 1,400 sq. ft. and 4,000 sq. ft. in size.¹⁰

⁴ Co-star portfolio strategy multifamily residential market analysis, June 29th, 2015.

⁵ Co-star portfolio strategy multifamily residential market analysis, June 29th, 2015.

⁶ Co-star portfolio strategy multifamily residential market analysis, June 29th, 2015.

⁷ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015.

⁸ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015.

⁹ Co-star portfolio strategy multifamily residential market analysis, June 29th, 2015.

¹⁰ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015.

While a majority of the residential units in Windsor are low-density single-family for-sale homes, there are single detached residential homes for rent. The average rent is approximately \$2,000 for a typical single-family detached unit.¹¹

The average vacancy rate for all residential units, including single detached residential homes and multifamily residential units is 6.0 percent in 2015¹², according to the Department of Finance. Windsor's average vacancy rates had historically been lower than the County, at 6.0 to 6.1 percent compared to 8.9 to 9.2 percent, respectively.

The median sale price ranges from \$450,000 to \$550,000 for single-family detached homes¹³, with an average of \$485,000 per unit. Windsor also has few homes priced over \$1 million¹⁴. The typical asking price per sq. ft. is approximately \$302/sq. ft. for an average home ranging between 2,000 and 4,000 sq. ft.¹⁵

EXISTING AND PROPOSED PIPELINE

The town is currently reviewing an additional 478 apartment units, in addition to the 387 residential attached units located at Bell Village at the East side of Old Redwood Highway between Joe Rodota Street and Windsor Road. Approximately 80-90 single-family detached units at Victoria Oaks are currently under review, which include six "duets" at the Northwest corner of Hembree Lane and Victoria Lane located north of Wal-Mart¹⁶.

Other selected single-family and multi-family residential projects currently under review and/or waiting for permit approval include:

- Windsor Mill – 400 units at Windsor Mill located west of the railroad to the south of Old Downtown, which include a mix of 360 rental townhomes and stacked flats.
- Richardson Street Mixed Use – 30 apartments on Old Redwood Highway at Richardson Street as part of a mixed-use project. Residential 2- and 3-bedroom apartment units are located on the three stories above the ground floor retail and commercial spaces.
- Estposti Place – 35 market rate residential rental units located at the Northwest Corner of Old Redwood Highway and Kendall Way are currently awaiting approval for a building permit.

¹¹ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015.

¹² Department of Finance Housing Unit Types, Sept 1st 2015, ADE.

¹³ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015. ADE phone interview with Thomas Lawrence of the Chamber of Commerce, August 27th, 2015.

¹⁴ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015.

¹⁵ ADE interview with Coldwell Banker residential broker (260 Mission Boulevard, Santa Rosa office), August 19th, 2015. ADE phone interview with Thomas Lawrence of the Chamber of Commerce, August 27th, 2015.

¹⁶ Town of Windsor Community Development Department, May 26th, 2015.

- Building R and S of Town Green Village – 13 live/work units and five mixed-use units with ground floor retail and 2-story residential townhomes above, located at the southeast corner of Johnson Street and Bell Road, are awaiting approval for building permits.
- Los Amigos Subdivision – seven lots on 280 Arata Lane for six new and one existing single-family detached homes are currently being reviewed by the Planning Department.
- The Oaks – 39 multi-family units as part of a mixed-use infill project located on 6122 Old Redwood Highway are currently being reviewed by the Planning Department.

RESIDENTIAL MARKET PROJECTIONS

Windsor has been a primarily single-family detached housing development with few multi-family residential developments until recent years. For seven to eight years, there has been very little single-family detached housing development, but more recently multi-family residential development proposals have surged. Discussions with commercial brokers and developers indicate that lack of financing has hindered residential development, but now multi-family financing is more readily available. Windsor has had a slower rate of residential growth over the past five years than the County as a whole. Some brokers cite higher development costs in Windsor as one cause, but comparable data are readily available to document this assertion.

According to ABAG, there will be approximately 33,600 residents in Windsor in 2040 compared to 26,787 in 2010. The addition of 6,813 residents translates to a compounded annual growth rate of 0.76 percent over the 30-year period. Household growth is expected to occur at a slightly slower rate of 0.65 percent, adding 1,918 units over the 30 years, bringing the total to 10,880 households in 2040. ABAG projected the growth rate for both population and households to trail slightly behind the County at 0.71 percent and 0.57 percent, respectively. According to the Department of Finance, the age cohort of 65+ years old will continue to increase over the next few decades, between 2020 and 2040, at an increasingly faster growth rate compared to the past. The County's projected second fastest growing age group is the age cohort between 35-64 years old. The increase in retirees is a positive indicator for future higher density residential housing demand (**Table 4**).

TABLE 4 — ABAG PROJECTIONS OF POPULATION AND HOUSEHOLDS FOR WINDSOR, 2010-2040

	2010	2015	2020	2025	2030	2035	2040	CAGR 2010- 2040	GROWTH 2010- 2040
Population									
Windsor	26,787	27,800	28,800	29,900	31,100	32,300	33,600	0.76%	6,813
Sonoma County	483,878	500,500	517,700	535,900	555,300	576,500	598,500	0.71%	114,622
Households									
Windsor	8,962	9,280	9,600	9,900	10,230	10,550	10,880	0.65%	1,918
Sonoma County	185,825	191,530	197,430	203,110	209,080	214,830	220,700	0.57%	34,875

Source: ABAG Projections 2013, ADE, 2015, CAGR = Compound Annual Growth Rate.

However, as noted in the Retail Market Analysis and Strategic Positioning Study, the town's past housing unit growth was higher than ABAG's future household projections.¹⁷ While it is not clear if the past higher growth rates will be sustained over the long term, the town's current development pipeline suggest there is substantial pent-up residential market demand. ADE compared the population and household projections from the Department of Finance, ABAG, and Woods and Poole between 2015 and 2040 to develop alternate assumptions about potential growth in Windsor. The following table shows potential high, medium, and low scenarios for the town's household growth between 2015 and 2040. The high scenario is based on the projections in EPS' report, while the low scenario is based on ABAG's household projections. ADE uses various assumptions to calculate the medium household projection scenario, including market vacancy rate (DOF), person per unit (DOF), and FAR units/acre. ADE estimates the town will grow from 9,056 households in 2015 to 11,817 households in 2040. This translates to an additional 2,761 households, or 382 acres to accommodate future residential housing units.

As noted above, a majority of the town's housing units are single-family homes. One concern with Windsor's low proportion of multi-family housing is whether it is able to meet demand from its own internal growth of both younger and older households, demographic segments that typically are attracted to multi-family housing. The percentage of single-family homes, at 78.7 percent, is about ten percentage points higher than the County average, at 68.5 percent. The town's percentage of single-family homes shows a slight decreasing trend since 2010, at 79.3 percent in 2010 compared to 78.7 percent in 2015. On the other hand, the County's percentage of single-family homes remains relatively stable, at 68.6 percent in 2010 compared to 68.5 percent in 2015. ADE used the weighted average percentages in Windsor (low scenario) and the County (high scenario) to calculate the town's projected demand for multi-family residential units in 2040. In the low scenario, 78.9 percent of single-family detached homes translate to a projected future demand of 1,277 single-family homes and 315 multi-family residential units. In the high scenario, single-family homes account for 68.6 percent of total residential units, or 1,261 single-family homes. The remaining 31.5 percent of multi-family residential units translate to approximately 1,915 units in 2040 (**Table 5** — Town of Windsor Residential Market Projection). Therefore, the difference in the high and low scenarios mainly relates to the increasing market for multi-family development, while the mid-range scenario reflect more balanced growth with higher single family unit demand.

¹⁷ Economic and Planning Systems. *Town of Windsor Retail market Analysis and Strategic Positioning Study*. September 2010.

TABLE 5 — TOWN OF WINDSOR RESIDENTIAL MARKET PROJECTION

	2015	2020	2025	2030	2035	2040	CAGR 2015- 2040	GROWTH 2015- 2040
Households								
High ^[1]	9,056	9,617	10,213	10,846	11,519	12,233	1.21%	3,177
SFR	7,124	6,593	7,001	7,435	7,896	8,385	0.65%	1,261
MFR	1,932	3,025	3,212	3,411	3,623	3,847	2.79%	1,915
Medium ^[2]	9,056	9,551	10,073	10,624	11,204	11,817	1.07%	2,761
SFR	7,124	7,044	7,429	7,835	8,263	8,715	0.81%	1,590
MFR	1,932	2,507	2,644	2,789	2,941	3,102	1.91%	1,170
Low ^[3]	9,056	9,354	9,662	9,980	10,309	10,648	0.65%	1,592
SFR	7,124	7,380	7,623	7,874	8,134	8,401	0.66%	1,277
MFR	1,932	1,974	2,039	2,106	2,175	2,247	0.61%	315
Acreages ^[4]								
High	1,381	1,401	1,488	1,580	1,678	1,782	1.03%	402
SFR	1,187	1,099	1,167	1,239	1,316	1,398	0.65%	210
MFR	193	302	321	341	362	385	2.79%	192
Medium	1,381	1,425	1,503	1,585	1,671	1,763	0.98%	382
SFR	1,187	1,174	1,238	1,306	1,377	1,452	0.81%	265
MFR	193	251	264	279	294	310	1.91%	117
Low	1,381	1,427	1,474	1,523	1,573	1,625	0.65%	244
SFR	1,187	1,230	1,271	1,312	1,356	1,400	0.66%	213
MFR	193	197	204	211	218	225	0.61%	32

Source: City of Windsor, ABAG, EPS, ADE, August 2015

**Vacancy rate = 1.6% from Co-Star for Multifamily as of 2015; Weighted average frp, 2010-15 is 6% from DOF. 6% is used for conservative assumption.

*** Department of Finance weighted average for population CAGR 5 years increment growth between 2005-2015= 1.12%

**** Department of Finance Persons Per Household (PPH) = 2.99 weighted average 2010-2015

^[1] Projection based on EPS Town of Windsor Retail Market Analysis and Strategic Positioning Study Sept 2010. SFR accounts for 78.68% based on DOF 2015 Countywide Housing Unit percentage allocation.

^[2] Projection based on DOF 2005-2015 Population CAGR of 1.12%, and current residential market vacancy rate of 6% from DOF weighted average 2010-2015. PPH is 2.99. SFR accounts for 73.75% of total Housing Units.

^[3] Projection based on ABAG Town of Windsor Households Projection. SFR accounts for 68.6% of total Housing Units based on DOF Windsor housing unit types estimates.

^[4] City's FAR assumptions: Estate residential = 0.2-3 DU/AC; Low-Medium Density = 3-6 DU/AC; Medium-Density Residential - 5-8 DU/AC; Medium-High Density = 8-12 DU/AC; High Density = 12-16 DU/AC; Compact Residential = 12-32 Units/Acre. ADE uses 6 DU/AC for SFR and 10 DU/AC for MFR.

CONCLUSION

Overall, Windsor will capitalize on the region's job growth, the steady population and households' growth, and the demand for more multi-family housing units to balance the abundance of single-family residential homes in the future. The county's projected increase in the retiree population is a positive indicator for future demand for higher density multi-residential units, since this age group typically is empty nesters interested in downsizing. In addition, trends showing increases in smaller household types in Windsor and the substantial difference in the proportion of multi-family housing

compared to the County indicate the town's market capacity to capture internal demand for higher density residential as well as capitalizing on countywide demographic trends.

While demographic shifts countywide suggest accelerating demand for senior housing and other multi-family housing, Windsor is anticipated to remain a commuter community. Windsor will capitalize on continued employment growth in the region and ultimately the Smart Train will reinforce this connection to employment centers to the south. The increase in aging population may translate to a demand for market-rate for-sale multi-family residential units rather than rentals, and the market may accommodate the current higher density residential rentals in the pipeline by transitioning them to market-rate for sale housing. Thus, higher density residential units may be a medium-term objective, while single-family detached home development and will remain the long term market focus in the City.

In the low scenario, the ABAG projection of household growth in Windsor is slightly slower compared to that of the County and would require 267 acres of new development. The medium scenario shows a higher growth rate compared to ABAG projections and better reflects current market conditions. The medium growth scenario would support development of 460 acres of residential land by 2040. The high growth scenario would reflect a return to the housing market of ten years ago, which may occur but would be dependent on strong employment growth throughout the North Bay Area.

RETAIL MARKET ANALYSIS

EXISTING CONDITIONS

This analysis evaluates how Windsor's retail sector performs, and identifies areas where existing retail sales leakage can potentially support retail expansion. The analysis also considers how projected household growth would add to existing leakage. In 2010, EPS completed a retail market opportunities analysis for the Town of Windsor. This analysis updates some of the information contained in that study.

In general, the market conditions in Windsor have not significantly changed since 2010, with no major retail developments completed since that time. The findings in this analysis are largely consistent with the findings of the 2010 study. The Bell Village development will include a new retail center when it opens in late-2015, and take advantage of opportunities identified in the 2010 study, such as the existing lack of a high-end grocery store in Windsor.

DEMOGRAPHIC TRENDS

Support for retail stores largely comes from population and income, which is the primary generator of household spending demand. The General Plan Background Report summarized the household population and income trends, as well as the projected future growth, using data from the Association of Bay Area Governments (ABAG), Caltrans, and California State Department of Finance (DOF).

The ABAG projections estimate that Windsor's household count will grow to 10,880 by 2040. This would represent an increase of 1,826 households (20.1 percent) compared to the 2015 household count of 9,054 estimated by the California Department of Finance (DOF). This is a slightly higher rate than the long-term growth projection for Sonoma County, and lower than the projected growth rate for California. ABAG's county population growth projections are higher than the growth projected by the DOF and Caltrans.

LOCAL INCOME

Between 2011 and 2013, Windsor had a median household income of about \$84,182 and an aggregate household income of nearly \$2.0 billion (Table 6). The median income in Windsor is higher than the median for California (\$59,645) and Sonoma County (\$61,479).

The distribution of income shows a high concentration of households earning more than \$100,000, with 39.9 percent of Windsor households in this group. By comparison, about 18.4 percent of Windsor households earn less than \$30,000 annually. This indicates that the community has nearly equally large proportions of higher income households as middle income households that earn between \$30,000 and \$100,000 annually.

TABLE 6 — HOUSEHOLD INCOME, TOWN OF WINDSOR (2011-2013)

INCOME RANGE	HOUSEHOLDS	PERCENT OF TOTAL
Less than \$10,000	217	2.4%
\$10,000 to \$14,999	326	3.6%
\$15,000 to \$19,999	246	2.7%
\$20,000 to \$24,999	387	4.2%
\$25,000 to \$29,999	512	5.6%
\$30,000 to \$34,999	300	3.3%
\$35,000 to \$39,999	296	3.2%
\$40,000 to \$44,999	335	3.6%
\$45,000 to \$49,999	279	3.0%
\$50,000 to \$59,999	425	4.6%
\$60,000 to \$74,999	671	7.3%
\$75,000 to \$99,999	1,528	16.6%
\$100,000 to \$124,999	1,211	13.2%
\$125,000 to \$149,999	1,029	11.2%
\$150,000 to \$199,999	870	9.5%
\$200,000 or more	551	6.0%
Total	9,183	100.0%
Aggregate Income	\$859,570,900	

Source: ADE, Inc.; data from American Community Survey

WINDSOR TAXABLE SALES TRENDS

In recent years, Windsor's taxable sales have seen a full recovery back to the most recent peaks that occurred back in 2007. In 2013, Windsor had a total of \$351.6 million in taxable sales, about 66.4 percent of which came from retail and food service establishments. Since the Great Recession, much of the growth in taxable sales has come from non-retail taxable sales. Non-retail taxable sales come from business-to-business and other point-of-sale transactions that are not directed towards household consumers.

TABLE 7 — TAXABLE SALES TREND, WINDSOR (2007 TO 2013)

TAXABLE SALES BY YEAR (THOUSANDS)	RETAIL AND FOOD SERVICE	TOTAL
2007	\$226,925	\$335,604
2008	\$213,378	\$311,212
2009	\$197,169	\$275,258
2010	\$201,837	\$269,652
2011	\$210,867	\$295,587
2012	\$217,334	\$318,521
2013	\$233,452	\$351,629

Source: ADE, Inc.; data from California Board of Equalization

RETAIL MARKET ANALYSIS

LOCAL RETAIL SPENDING

Local consumer demand is estimated based on the retail spending from Windsor households. As shown in Table 8, the estimated annual retail spending by the households in Windsor totals about \$155.8 million. It should be noted that this total does not include automotive categories, such as vehicle and fuel sales, that typically account for a large portion of household retail spending.¹⁸ In addition, not all of this spending occurs in Windsor because neighboring communities may provide retail offerings not available locally, and because many local residents commute to jobs outside of Windsor. Because of this net out-commute, the analysis did not include commuter spending.

Household spending among Windsor residents is distributed across the full range of retail store categories. The largest retail store spending categories are department/discount stores, restaurants/eating places, and grocery stores. Each of these retail store categories accounts for over \$48 million in household spending.

RETAIL LEAKAGE AND NET CAPTURE

Retail leakage occurs when residents in Windsor's local market area spend money outside the city. Leakage indicates both an existing shortcoming where local retailers do not satisfy existing household demand, as well as an opportunity, because unmet retail demand can create opportunities for local retail expansion. Conversely, those store categories with net capture of regional sales extend their market reach into the surrounding region and contribute to the Windsor economy.

Because the confidential sales tax data was not available for the market analysis, the estimate of retail leakage relies on the 2015 Surplus/Gap Comparison report produced by Hinderliter deLlamas (HdL).¹⁹ The HdL report estimates that the existing retail gap in Windsor would potentially support about 291,000 square feet of retail space, excluding home improvement/hardware stores.²⁰

¹⁸ The automotive categories were excluded from analysis, because the HdL Surplus/Gap Comparison report did not include most of the individual categories.

¹⁹ The HdL report is based on a comparison of per capita taxable sales performance, compared to countywide trends. A gap occurs when the taxable sales per capita in Windsor falls short of categorical sales across the rest of the county.

²⁰ The home improvement/hardware store gap was not included in the totals because a big box establishment in this category already exists and was assigned to a different category. The existing establishment very likely absorbs any demand gap.

TABLE 8 — HOUSEHOLD RETAIL SPENDING AND SQUARE FOOTAGE DEMAND (2015 ESTIMATE)

RETAIL GROUP (WITHOUT AUTOMOTIVE)	2015 HOUSEHOLD SPENDING	2015 EXISTING SF GAP
Total	\$155,759,677	291,000
Apparel Store Group	\$10,383,545	48,000
Women's Apparel	\$2,769,698	8,000
Men's Apparel	\$762,129	2,000
Family Clothing	\$4,835,817	24,000
Shoe Stores	\$2,015,901	14,000
General Merchandise Group	\$43,255,847	65,000
Department and Discount Stores	\$21,249,884	46,000
Discount Stores	\$13,453,179	
Department Stores	\$7,796,547	46,000
Other General Merchandise	\$12,655,763	14,000
Drug & Proprietary Stores	\$9,350,200	5,000
Specialty Retail Group	\$13,938,013	87,000
Gifts & Novelties	\$944,997	12,000
Sporting Goods	\$1,564,841	18,000
Florists	\$361,819	1,000
Photographic Equipment	\$185,946	
Records & Music	\$703,558	2,000
Books & Stationery	\$1,682,941	6,000
Office Supplies/Computer Equipment	\$2,034,925	0
Jewelry	\$1,466,850	1,000
Misc. Specialty Retail	\$4,992,134	47,000
Food, Eating and Drinking Group	\$65,509,026	35,000
Grocery Stores	\$29,528,366	22,000
Specialty Food Stores	\$838,303	
Liquor Stores	\$1,441,821	
Eating Places	\$33,700,536	13,000
Full-Service Restaurants	\$18,263,663	7,000
Other Eating Places	\$16,537,735	6,000
Building Materials and Home Furnishings Group	\$22,673,246	56,000
Furniture & Home Furnishings	\$6,747,595	39,000
Household Appliances & Electronics	\$4,721,629	11,000
Used Merchandise	\$440,257	
Nurseries & Garden Supply Stores	\$2,128,605	
Lumber & Other Building Materials	\$5,253,034	
Home Centers and Hardware Stores	\$3,100,085	
Paint & Wallpaper	\$282,041	6,000

NET CAPTURE OF REGIONAL SALES

Windsor shows a significant net capture of regional sales in only two retail categories – discount department stores and lumber/building materials. It should be noted that the merchandise offerings for these two store types cross over into multiple categories, and likely absorb a portion of the sales that would normally go towards other retail store types.

RETAIL LEAKAGE AND ATTRACTION OPPORTUNITIES

The retail categories with the largest square footage gaps in Windsor cover a wide variety of different store types. Every major retail group has a gap of at least 35,000 square feet.²¹

The categories in which the sales leakages in Windsor are large enough to support at least 5,000 square feet of space include:

- Women's apparel
- Family clothing
- Shoe stores
- Department stores
- Other general merchandise stores
- Drug stores
- Gifts and novelties
- Sporting goods
- Books and stationery
- Miscellaneous specialty retail
- Grocery stores
- Liquor stores
- Eating places
- Furniture and home furnishings
- Household appliances and electronics
- Paint and wallpaper

While the leakage in some of these categories is likely large enough to support attracting new retail establishments, the potential for retail attraction needs to consider existing and potential regional competition. The gap in taxable sales can also be met through sales expansion or renovation of existing retail stores.

²¹ The HdL report bases the square footage gap on the average sales per square foot for different retail store categories, compiled from statewide data.

In addition, the HdL leakage study is contingent on whether retail stores in Windsor can achieve per capita taxable sales performance comparable to other similar stores in Sonoma County. The existing outcommute of workers and lack of visitor-serving amenities compared to other locations in Sonoma County potentially limit the extent to which retail stores in Windsor attract retail spending to the same extent as other locations within the county.

For general merchandise stores, Windsor has a Walmart store but lacks other general merchandise stores such as traditional department stores and warehouse clubs. Existing stores in Santa Rosa would limit the potential for attracting large-scale stores of this type to Windsor. However, opportunities might exist for smaller scale dollar/variety stores.

For grocery stores, the 2010 retail market analysis identified a need for a high-end grocery store in Windsor. The existing gap of 22,000 square feet would be consistent with this type of operation. The opening of the Bell Village shopping center later in 2015 will include a high-end grocery store, and potentially support other store types with existing market gaps, such as those in the specialty store categories.

The 2010 retail store identified apparel stores one of the recommended retail attraction targets, and the 2015 HdL leakage study supports this conclusion. Family clothing stores have an especially large square footage gap with 24,000 square feet. However, competition from the two regional malls located in Santa Rosa would potentially absorb some of the spending potential from apparel stores.

Other large sales leakages occur with furniture/home furnishings and appliance/electronics stores. These types of stores are often supported by residential growth, and can occupy large format spaces. The parcels along Shiloh Road would be suitable to accommodating these types of stores, if opportunities become available.

PROJECTION OF FUTURE DEMAND GROWTH

In order to project future market demand, ADE used the three growth scenarios (High, Medium, and Low) found in the Residential Market Projection. The household projections estimate the incremental retail demand growth through 2040.²² The projections show an incremental household growth that ranges between 1,600 and 3,175 new households between 2015 and 2040, based on data from the California Department of Finance, ABAG, and the 2010 Retail Market Analysis and Strategic Positioning Study from EPS.

The addition of 1,600 households under the Low Scenario would increase the household retail spending by \$27.5 million (excluding automotive businesses), while the High Scenario would result in a \$54.6 million increase, as shown in Table 9. This would add between 117,952 and 234,062 square feet of potential demand for retail space, as shown in Table 10. As with the existing retail gap, some

²² While the current retail leakage in Windsor have been estimated by Hinderleiter DeLlomas for the City, future retail demand projections are based on ADE's retail demand model which incorporates detailed consumer spending patterns by household income categories developed by the Bureau of Labor Statistics and converted by ADE to retail store type categories.

of this square footage potential would not necessarily create sufficient demand for new retail establishments.

TABLE 9 — HOUSEHOLD RETAIL SPENDING (2040 PROJECTION)

RETAIL GROUP (WITHOUT AUTOMOTIVE)	2040 SF DEMAND GROWTH (LOW)	2040 SF DEMAND GROWTH (MEDIUM)	2040 SF DEMAND GROWTH (HIGH)
Total	117,952	203,394	234,062
Apparel Store Group	5,964	10,284	11,835
Women's Apparel	1,305	2,251	2,590
Men's Apparel	599	1,032	1,188
Family Clothing	2,279	3,930	4,522
Shoe Stores	1,781	3,071	3,535
General Merchandise Group	34,959	60,282	69,372
Department and Discount Stores	7,873	13,576	15,623
Discount Stores			
Department Stores	7,873	13,576	15,623
Other General Merchandise	22,365	38,566	44,380
Drug & Proprietary Stores	4,721	8,141	9,368
Specialty Retail Group	12,035	20,753	23,882
Gifts & Novelties	1,113	1,920	2,209
Sporting Goods	1,229	2,119	2,439
Florists	426	735	846
Photographic Equipment			
Records & Music	622	1,072	1,234
Books & Stationery	1,487	2,564	2,951
Office Supplies/Computer Equipment	1,598	2,756	3,172
Jewelry	518	894	1,029
Misc. Specialty Retail	5,041	8,693	10,003
Food, Eating and Drinking Group	56,312	97,104	111,745
Grocery Stores	46,676	80,487	92,623
Supermarkets	45,387	78,264	90,065
Convenience Stores	1,289	2,223	2,558
Specialty Food Stores			
Liquor Stores			
Eating Places	9,636	16,616	19,122
Full-Service Restaurants	3,791	6,537	7,523
Other Eating Places	5,845	10,079	11,599
Building Materials and Home Furnishings Group	8,682	14,971	17,228
Furniture & Home Furnishings	6,814	11,750	13,521
Household Appliances & Electronics	1,669	2,878	3,312
Used Merchandise			
Nurseries & Garden Supply Stores			
Lumber & Other Building Materials			
Home Centers and Hardware Stores			
Paint & Wallpaper	199	344	396

Source: ADE, Inc.; data from Hinderliter deLlamos Companies, ABAG, EPS, CA DOF, American Community Survey, Bureau of Labor Statistics, and Economic Census.

TABLE 10 — HOUSEHOLD RETAIL SQUARE FOOTAGE DEMAND (2040 PROJECTIONS)

RETAIL GROUP (WITHOUT AUTOMOTIVE)	2040 SF DEMAND GROWTH (LOW)	2040 SF DEMAND GROWTH (MEDIUM)	2040 SF DEMAND GROWTH (HIGH)
Total	117,952	203,394	234,062
Apparel Store Group	5,964	10,284	11,835
Women's Apparel	1,305	2,251	2,590
Men's Apparel	599	1,032	1,188
Family Clothing	2,279	3,930	4,522
Shoe Stores	1,781	3,071	3,535
General Merchandise Group	34,959	60,282	69,372
Department and Discount Stores	7,873	13,576	15,623
Discount Stores			
Department Stores	7,873	13,576	15,623
Other General Merchandise	22,365	38,566	44,380
Drug & Proprietary Stores	4,721	8,141	9,368
Specialty Retail Group	12,035	20,753	23,882
Gifts & Novelties	1,113	1,920	2,209
Sporting Goods	1,229	2,119	2,439
Florists	426	735	846
Photographic Equipment			
Records & Music	622	1,072	1,234
Books & Stationery	1,487	2,564	2,951
Office Supplies/Computer Equipment	1,598	2,756	3,172
Jewelry	518	894	1,029
Misc. Specialty Retail	5,041	8,693	10,003
Food, Eating and Drinking Group	56,312	97,104	111,745
Grocery Stores	46,676	80,487	92,623
Supermarkets	45,387	78,264	90,065
Convenience Stores	1,289	2,223	2,558
Specialty Food Stores			
Liquor Stores			
Eating Places	9,636	16,616	19,122
Full-Service Restaurants	3,791	6,537	7,523
Other Eating Places	5,845	10,079	11,599
Building Materials and Home Furnishings Group	8,682	14,971	17,228
Furniture & Home Furnishings	6,814	11,750	13,521
Household Appliances & Electronics	1,669	2,878	3,312
Used Merchandise			
Nurseries & Garden Supply Stores			
Lumber & Other Building Materials			
Home Centers and Hardware Stores			
Paint & Wallpaper	199	344	396

Source: ADE, Inc.; data from Hinderliter deLlamas Companies, ABAG, EPS, CA DOF, American Community Survey, Bureau of Labor Statistics, and Economic Census.

Much of the future demand growth would occur in the General Merchandise and Food-related retail groups. With general merchandise stores, the additional demand would likely remain too small to attract a new large format store. However, the added demand could support smaller scale variety stores or drug stores, or could expand sales at existing stores.

With grocery stores and restaurants, the future household growth would potentially support up to 111,745 square feet of new store space. The Bell Village development will likely absorb the short-term retail attraction potential. However, the future growth could support over 90,000 square feet of space for a new grocery store in Windsor under the High growth scenario. In addition, the projected household growth could support up to 19,122 square feet of new restaurant space.

ECONOMIC BASE ANALYSIS

WINDSOR ECONOMIC BASE

This section summarizes the economic base for Windsor, and projects future job growth and potential acreage demand through 2040. The economic base estimates used a combination of long-term employment projections for Windsor and Sonoma County from ABAG and the California Employment Development Department (EDD), as well as recent jobs data for Windsor from the U.S. Department of Commerce's Longitudinal Employer-Household Dynamics database.

As shown in Table 11 and Table 12, Windsor has a diverse job base, with concentrations of employment in industrial, office, institutional, commercial, and visitor-serving activities. With a 2012 employment base of about 5,330 jobs, Windsor has added just over 700 jobs since 2003, with much of the growth coming in commercial and office sectors.

PROJECTED JOB GROWTH

In order to estimate the projected job growth, ADE produced two different growth scenarios. The first scenario used the ABAG job growth rate projections for Windsor. The second scenario used a combination of the ABAG growth rates and the shorter term EDD growth rates for Sonoma County.

As shown in Table 11, the first growth scenario using the ABAG growth rates estimates that the total jobs will increase to 7,289 positions by 2040, with an estimated incremental growth of 1,789 jobs between 2015 and 2040. Under this scenario, the largest job increases occurred in visitor-serving and institutional sectors.

TABLE 11 — PROJECTED WINDSOR JOB GROWTH (ABAG PROJECTIONS)

	2003 JOBS	2012 JOBS	2015 ESTIMATED JOBS	2040 ESTIMATED JOBS	2015 TO 2040 JOB GROWTH	SQUARE FOOTAGE DEMAND	ACREAGE DEMAND
OFFICE	561	804	828	1,056	228	68,393	6.3
Information	16	25	26	32	7	2,012	0.2
Finance and Insurance	97	109	112	143	31	9,288	0.9
Real Estate and Rental and Leasing	79	91	94	120	26	7,754	0.7
Professional, Scientific, and Technical Services	175	347	357	456	99	29,569	2.7
Administration & Support	194	232	239	305	66	19,770	1.8
COMMERCIAL	788	1,118	1,153	1,516	363	158,605	14.6
Retail Trade	563	710	721	818	97	38,815	3.6
Other Services (excluding Public Administration)	225	408	432	698	266	119,791	11.0
INDUSTRIAL	1,361	1,244	1,243	1,234	-9	-6,458	-0.5
Utilities	18	47	47	47	0	-169	0.0
Manufacturing	820	644	643	639	-5	-2,315	-0.2
Wholesale Trade	319	342	342	339	-2	-2,458	-0.2
Transportation and	204	211	211	209	-2	-1,517	-0.1

	2003 JOBS	2012 JOBS	2015 ESTIMATED JOBS	2040 ESTIMATED JOBS	2015 TO 2040 JOB GROWTH	SQUARE FOOTAGE DEMAND	ACREAGE DEMAND
Warehousing							
CONSTRUCTION/AG.	675	392	402	501	99	49,488	4.5
Agriculture, Forestry, Fishing and Hunting	31	23	23	23	0	0	0.0
Construction	644	369	379	478	99	49,488	4.5
INSTITUTIONAL	839	952	1,005	1,578	573	257,899	23.7
Educational Services	575	637	675	1,090	416	187,026	17.2
Health Care and Social Assistance	176	190	201	325	124	55,785	5.1
Public Administration	88	125	129	162	34	15,088	1.4
VISITOR SERVING/ ENTERTAINMENT	401	820	869	1,404	535	274,124	25.2
Arts, Entertainment, and Recreation	53	87	92	149	57	25,544	2.3
Accommodation	5	73	77	125	48	54,818	5.0
Food Service	343	660	699	1,130	431	193,762	17.8
TOTAL	4,625	5,330	5,499	7,289	1,789	802,051	73.7

Source: ADE, Inc.; data from U.S. Department of Commerce LEHD and ABAG

Notes: The baseline employment data for Windsor comes from the LEHD data.

The second growth scenario using both the ABAG and EDD growth projections estimates that the job base in Windsor will increase to 7,955 positions by 2040, with an incremental growth of 2,297 jobs between 2015 and 2040, as shown in Table 12. The EDD projections for Sonoma County were used to estimate the job growth through 2022, because those projections only cover the period between 2012 and 2022. After 2022, the projections used the ABAG growth rates to estimate the remaining employment growth through 2040. Using the EDD growth rates, the estimated job growth for industrial sectors was substantially higher, as the ABAG growth rates project a slight reduction for industrial employment in Windsor. In general, the EDD growth rates were higher than the ABAG projections, and updated more recently in March 2015.

TABLE 12 — PROJECTED WINDSOR JOB GROWTH (EDD AND ABAG PROJECTIONS)

	2003 JOBS	2012 JOBS	2015 EST. JOBS	2022 EST. JOBS	2040 EST. JOBS	2015 TO 2040 JOB GROWTH	SQUARE FOOTAGE DEMAND	ACREAGE DEMAND
OFFICE	561	804	865	1,030	1,227	362	108,629	10.0
Information	16	25	26	29	34	8	2,473	0.2
Finance and Insurance	97	109	112	118	141	29	8,745	0.8
Real Estate and Rental and Leasing	79	91	93	99	118	24	7,301	0.7
Professional, Scientific, and Technical Services	175	347	386	493	588	202	60,673	5.6
Administration & Support	194	232	248	291	346	98	29,437	2.7
COMMERCIAL	788	1,118	1,157	1,255	1,522	364	157,134	14.4
Retail Trade	563	710	734	792	868	134	53,552	4.9
Other Services (excluding Public Administration)	225	408	424	463	654	230	103,583	9.5

	2003 JOBS	2012 JOBS	2015 EST. JOBS	2022 EST. JOBS	2040 EST. JOBS	2015 TO 2040 JOB GROWTH	SQUARE FOOTAGE DEMAND	ACREAGE DEMAND
INDUSTRIAL	1,361	1,244	1,307	1,473	1,466	158	134,056	10.3
Utilities	18	47	48	52	52	3	1,659	0.1
Manufacturing	820	644	664	713	709	45	22,602	1.7
Wholesale Trade	319	342	377	475	472	95	94,898	7.3
Transportation and Warehousing	204	211	218	234	232	15	14,897	1.1
CONSTRUCTION/AG.	675	392	438	570	669	231	115,459	10.6
Agriculture, Forestry, Fishing and Hunting	31	23	24	25	25	2	855	0.1
Construction	644	369	415	545	644	229	114,604	10.5
INSTITUTIONAL	839	952	1,020	1,199	1,662	642	288,999	26.5
Educational Services	575	637	687	818	1,156	469	211,145	19.4
Health Care and Social Assistance	176	190	205	244	345	140	62,979	5.8
Public Administration	88	125	128	137	161	33	14,875	1.4
VISITOR SERVING/ ENTERTAINMENT	401	820	870	998	1,409	540	277,040	25.4
Arts, Entertainment, and Recreation	53	87	92	106	149	57	25,727	2.4
Accommodation	5	73	78	90	126	49	56,157	5.2
Food Services	343	660	700	802	1,133	434	195,156	17.9
TOTAL	4,625	5,330	5,658	6,525	7,955	2,297	1,081,317	97.2

Source: ADE, Inc.; data from U.S. Department of Commerce LEHD and EDD

Notes: EDD growth factors modified from 2022 onward using the ABAG growth rates.

INDUSTRIAL USES

Windsor has large industrial properties primarily concentrated in the southern end of town. There are also vacant sites in and around the Randal Lewis Business Park. These properties are situated in an area that the Town of Windsor wants to promote as the “Beverage District,” with a focus on wineries and breweries, along with support businesses that serve those industries. The industrial properties located around Shiloh Road include developed and undeveloped parcels in the Airport Business Center, which is adjacent to the Sonoma County Airport. Many of these parcels are outside of the Town of Windsor.

Future employment growth in Windsor differs significantly between the two scenarios. Using the ABAG projections, no industrial employment growth is projected through 2040. Under the EDD growth scenario, Windsor will add 158 jobs through 2040. It should be noted that if the more aggressive EDD employment growth assumptions hold true beyond 2022, then this job growth could go considerably higher. The projected job growth using the EDD scenario will support at least 134,056 square feet of space. Wholesale trade would account for most of the square footage demand (94,898 square feet), with another 22,602 square feet demand for manufacturing uses.

OFFICE USES

Windsor has several small scale office developments located throughout the city. Many of these are concentrated around the Lakewood corridor, while other commercial listings place available office spaces inside of retail centers and mixed use buildings. The two projection scenarios estimate office

demand for between 68,393 and 108,629 square feet through 2040. Additional demand from expanding institutional uses such as educational services and health care would potentially add to this demand.

COMMERCIAL AND OTHER USES

Commercial uses, such as retail and other services, will create demand for around 158,000 square feet of new space through 2040 under both projection scenarios, with 38,815 to 53,552 square feet of demand coming from retail. This demand is based only on the projected job growth. However, it should be noted that the retail analysis estimates an existing gap of 291,000 square feet and projects over 134,600 square feet of incremental demand growth potential through 2040. As noted in the retail market analysis, many of the individual store categories showing a square footage gap are not necessarily realistic business attraction targets. The larger sites for future commercial development are located along Shiloh Road. Other sites are located adjacent to the Town Green.

Visitor-serving uses, such as recreation/entertainment and food service, also create demand for new commercial spaces. These types of uses will create demand for approximately 274,124 to 277,040 square feet of new space through 2040. Much of the demand for visitor-serving spaces comes from the food service uses that also attract spending from local residents. Future potential for hotel developments would also support between 54,818 and 56,157 square feet of space. Sites for food service would likely integrate with various commercial developments, while hotels would typically occupy a standalone development. The Town of Windsor has identified a potential site next to the Town Green for a hotel development, while other sites along Shiloh Road would be well suited to hotel and other visitor-serving uses.

VACANT LAND DEVELOPMENT POTENTIAL

The employment projection scenarios and the resulting square footage demand, would require a total of about 73.7 to 97.2 acres. Much of the land demand would occur in commercial, institutional, and visitor-serving sectors. The office demand in both scenarios is 10.0 acres of land or less, while the EDD employment projection would add 10.3 acres of land demand for industrial uses.

By comparison, the Land Use section of General Plan Background Report estimates a total development capacity (on vacant land) of 590.3 acres in Windsor. Residential uses account for most of the existing development capacity. Mixed-use designations, which could potentially include office and commercial uses, have 51.7 acres of development capacity.

Excluding mixed-use development, non-residential designations have a total of 130.8 acres of development capacity. Commercial designations account for 45.0 acres, while the “general business” designation has a development capacity of 18.5 acres. Light and heavy industrial uses have a combined development capacity of 67.3 acres.

Under both projection scenarios, the existing development capacity exceeds the land demand in the office and industrial categories. For commercial uses, the sufficiency of the development capacity would depend on demand from individual commercial use categories and the extent to which mixed use developments would integrate commercial uses.

CLUSTER ANALYSIS UPDATE

The Town of Windsor completed its most recent Economic Development Strategic Plan (EDSP) in December 2008, and an industry cluster analysis was completed as part of the EDSP. The EDSP cluster analysis provided a localized context to broader industry cluster studies that were completed for the Sonoma County Economic Development Board (SCEDB). This section updates the EDSP cluster analysis using the most current data, and includes a projection of future growth based on countywide cluster forecasts in Moody's Economic Outlook for Sonoma County (2015).

As shown in Table 13, the cluster employment in Windsor grew by less than 100 jobs between 2005 and 2013. Much of this occurred because job losses from the Construction and Green Services negated the large employment gains from the Tourism cluster. Other large employment gains occurred in the Creative Professional Services cluster. The Agriculture, Food, and Wine Cluster gained about 90 jobs between 2005 and 2013, while the Health and Wellness Cluster and Wealth Management Cluster lost employment.²³

TABLE 13 — INDUSTRY CLUSTER TRENDS, WINDSOR (2005 TO 2013)

NAICS CODE	INDUSTRY DESCRIPTION	2005 JOBS	2005 ESTAB.	2013 JOBS	2013 ESTAB.	2004 TO 2013 JOB GROWTH
	Agriculture, Food, and Wine Cluster	58	5	148	6	90
3121	Beverage Manufacturing	58	5	148	6	90
	Technology-Producing Industries	30	2	37	2	7
3345	Electronic Instrument Manufacturing	15	1	35	1	20
3391	Medical Equipment and Supplies Manufacturing	15	1	2	1	-13
	Tourism Cluster	701	50	1,010	56	309
4853	Taxi and Limousine Service	0	0	2	1	2
4884	Support Activities for Road Transportation	14	2	0	0	-14
7131	Amusement Parks and Arcades	7	1	2	1	-5
7139	Other Amusement and Recreation Industries	66	5	91	3	25
7211	Traveler Accommodation	5	2	91	7	86
7221	Full-Service Restaurants	342	25	482	23	140
7222	Limited-Service Eating Places	267	15	340	20	73
	Construction and Green Services Cluster	1,354	146	1,039	117	-315
23	Construction	980	116	685	92	-295
327	Non-Metallic Minerals	189	3	181	2	-8
5617	Services to Buildings and Dwellings	185	27	173	23	-12
	Creative Professional Services Cluster	241	44	394	56	153
5121	Motion Picture and Video Industries	0	0	0	0	0
5331	Lessors of Nonfinancial Intangible	0	0	0	0	0

²³ The 2013 cluster employment update uses the ZIP Code Business Patterns data, which replicates the methodology used in the 2008 Windsor EDSP cluster study. The ZIP Code Business Patterns differ from other data sources in that they use the ZIP code, rather than the municipal boundaries. In addition, this source reports the data using the number of establishments within different employment ranges. This results in job totals that are not precise, and not comparable to other sources.

NAICS CODE	INDUSTRY DESCRIPTION	2005 JOBS	2005 ESTAB.	2013 JOBS	2013 ESTAB.	2004 TO 2013 JOB GROWTH
	Assets					
5411	Legal Services	9	3	8	4	-1
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	25	6	31	13	6
5413	Architectural, Engineering, and Related Services	73	10	89	10	16
5414	Specialized Design Services	4	2	4	2	0
5415	Computer Systems Design and Related Services	29	7	8	4	-21
5416	Management, Scientific, and Technical Consulting Services	54	5	48	15	-6
5417	Scientific Research and Development Services	2	1	0	0	-2
5418	Advertising, Public Relations, and Related Services	2	1	2	1	0
5419	Other Professional, Scientific, and Technical Services	34	7	204	7	170
7113	Promoters of Performing Arts, Sports, and Similar Events	0	0	0	0	0
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	2	1	0	0	-2
7115	Independent Artists, Writers, and Performers	7	1	0	0	-7
	Health and Wellness Cluster	274	48	204	35	-70
621	Ambulatory Health Care Services	125	24	104	20	-21
622	Hospitals	0	0	0	0	0
623	Nursing and Residential Care Facilities	61	8	62	6	1
8121	Personal Care Services	88	16	38	9	-50
	Wealth Management Cluster	115	22	30	15	-85
5211	Monetary Authorities-Central Bank	0	0	0	0	0
5222	Nondepository Credit Intermediation	13	3	2	1	-11
5223	Activities Related to Credit Intermediation	26	8	6	3	-20
5231	Securities and Commodity Contracts Intermediation and Brokerage	4	2	4	2	0
5232	Securities and Commodity Exchanges	0	0	0	0	0
5239	Other Financial Investment Activities	5	2	6	3	1
5251	Insurance and Employee Benefit Funds	0	0	0	0	0
5312	Offices of Real Estate Agents and Brokers	67	7	12	6	-55
	Total	2,773	317	2,862	287	89

Source: ADE, Inc.; data from County Business Patterns and Sonoma County Economic Development Board

Notes: County Business Patterns data includes ZIP code 95492. Because the job count estimates come from the establishment data using ranges of employment, the figures are not precise and might not match other sources.

CLUSTER EMPLOYMENT GROWTH PROJECTION

The Moody's economic outlook includes projections of countywide employment through 2019, and these projections include specific growth factors for the industry clusters in Sonoma County. Using the Moody's growth rates, and assuming that the trend will extend through 2040, the industry cluster employment in Windsor would potentially gain up to 1,595 jobs through 2040. The largest gains would

occur in the Tourism and Construction and Green Services clusters, each of which would add more than 500 new jobs.

TABLE 14 — CLUSTER EMPLOYMENT GROWTH, WINDSOR (2015 ESTIMATE AND 2040 PROJECTION)

INDUSTRY DESCRIPTION	2005 JOBS ESTIMATE	2013 JOB ESTIMATE	2015 JOB PROJECTION	2040 PROJECTION	2015 TO 2040 JOB GROWTH	PROJECTED GROWTH RATE
Agriculture, Food, and Wine Cluster	58	148	149	165	16	0.4%
Technology-Producing Industries	30	37	38	52	14	1.3%
Tourism	701	1,010	1,049	1,679	630	1.9%
Construction and Green Services	1,354	1,039	1,075	1,638	563	1.7%
Creative Professional Services	241	394	404	558	154	1.3%
Health and Wellness	274	204	216	430	214	2.8%
Wealth Management	115	30	30	33	3	0.4%
Total Cluster Employment	2,773	2,862	2,961	4,556	1,595	

Source: ADE, Inc.; data from County Business Patterns, Sonoma County

Economic Development Board, and Moody's Analytics.

Notes: County Business Patterns data includes ZIP code 95492. Because the job count estimates come from the establishment data using ranges of employment, the figures are not precise and might not match other sources.

The Moody's analytics cluster projections were used to estimate the cluster growth rates for Windsor. These projections are based on a five-year outlook between 2014 and 2019.

REAL ESTATE MARKET TRENDS

REAL ESTATE MARKET OVERVIEW

The Town of Windsor is part of the “North Corridor” commercial real estate market that also includes the Airport area and Healdsburg. Recent trends have seen continued improvement in the market conditions. According to data compiled by Keegan & Coppin Company, office lease rates range from \$1.70 to \$1.95 per square foot for Class A spaces, and from \$1.35 to \$1.50 for Class B spaces.²⁴ Industrial lease rates range from \$0.75 to \$1.00 per square foot for higher quality industrial spaces, and \$0.60 to \$0.70 for older warehouse spaces. The market area has also seen increased transaction and construction activity with industrial and office spaces.

INDUSTRIAL AND OFFICE VACANCY TRENDS

In general, the North Corridor market has a much larger inventory of industrial spaces than office spaces. In addition, the industrial space has a much lower amount of available vacant space. Going back to Quarter 1 of 2013, the vacancy rate for industrial spaces averaged 10.5 percent with an available inventory of nearly 600,000 square feet. By Quarter 2 of 2014, the vacancy rate had declined to 3.2 percent with only 185,209 square feet of vacant industrial space. The vacancy rate and vacant spaces increased in the last half of 2014. But, as of Quarter 2 of 2015, the vacancy rate still remained low at 3.8 percent.

TABLE 15 — INDUSTRIAL AND OFFICE VACANCY TRENDS, NORTH CORRIDOR AREA (Q1 2013 TO Q2 2015)

TIME PERIOD	INDUSTRIAL			OFFICE		
	TOTAL SPACE (SQ.FT.)	VACANT (SQ.FT.)	VACANCY RATE	TOTAL SPACE (SQ.FT.)	VACANT (SQ.FT.)	VACANCY RATE
Q1 2013	5,705,801	597,041	10.5%	2,141,938	370,932	17.3%
Q2 2013	5,705,801	495,586	8.7%	2,154,211	351,745	16.3%
Q3 2013	5,705,801	340,076	6.0%	2,154,211	344,998	16.0%
Q4 2013	5,705,801	315,728	5.5%	2,154,211	353,858	16.4%
Q1 2014	5,705,686	292,066	5.1%	2,112,450	338,437	16.0%
Q2 2014	5,705,686	185,209	3.2%	2,111,758	334,941	15.9%
Q3 2014	5,705,686	297,037	5.2%	2,111,758	326,897	15.5%
Q4 2014	5,705,686	285,271	5.0%	2,111,758	330,958	15.7%
Q1 2015	5,607,732	260,499	4.6%	2,138,016	337,832	15.8%
Q2 2015	5,607,732	213,863	3.8%	2,138,016	323,762	15.1%

Source: ADE, Inc.; data from Keegan & Coppin Company, Inc.

Note: North Corridor market area includes the Airport area, Windsor, and Healdsburg

For the office market, the vacancy rate has seen a slow and steady decline since Quarter 1 of 2013. The total office space in the North Corridor market has remained around 2.1 million square feet, while

²⁴ Keegan & Coppin Company, Inc.; Commercial Real Estate Forecast, 2015, North Corridor/Windsor Overview.

the vacancies have generally stayed above 330,000 square feet. The vacancy rate in Quarter 1 of 2013 averaged 17.3 percent, and this declined to 15.1 percent by Quarter 2 of 2015.

RETAIL MARKET VACANCY

For the retail spaces, the available data for Sonoma County reports the vacancies for Windsor as part of the “Other” Sonoma County market area. This market area covers all areas within the county located outside of Santa Rosa, Petaluma, and Rohnert Park. The most recent vacancy report for the retail market shows a total gross leasable area (GLA) of over 3.9 million square feet, with only 110,295 square feet of available space and a 2.8 percent vacancy rate. While this would point to an impacted market with limited space availability, it should be noted that the each of the three largest shopping centers in Windsor (Shiloh Center, Lakewood Shopping Center, and Lakewood Village) had multiple vacancies during site visits in July 2015.

TABLE 16 — RETAIL VACANCY, OTHER SONOMA COUNTY (Q2 2015)

RETAIL	TOTAL GROSS LEASABLE AREA (Sq.Ft.)	VACANCY (Sq.Ft.)	VACANCY RATE	PLANNED BUILDINGS
Q2 2015	3,929,487	110,295	2.8%	46,400

Source: ADE, Inc.; data from Keegan & Coppin Company, Inc.

Note: Other Sonoma County market area includes all areas outside of Petaluma, Santa Rosa, and Rohnert Park.