

bae urban economics

Lakeport Lakefront Revitalization Study
Market Assessment Report

June 27, 2016

bae urban economics

June 27th, 2016

Dan Chance
Associate Planner
City of Lakeport
225 Park Street
Lakeport, CA 95453

Dear Dan:

Enclosed please find the Draft Market Assessment Report for the Lakeport Lakefront Revitalization Plan. We look forward to receiving your comments. In the meantime, please do not hesitate to contact us if you have any questions.

Sincerely,



Matt Kowta, MCP
Principal



Aaron Nousaine, MCRP
Senior Associate

San Francisco

2600 10th St., Suite 300
Berkeley, CA 94710
510.547.9380

Sacramento

803 2nd St., Suite A
Davis, CA 95616
530.750.2195

Los Angeles

706 South Hill St., Suite 1200
Los Angeles, CA 90014
213.471.2666

Washington DC

1400 I St. NW, Suite 350
Washington, DC 20005
202.588.8945

New York City

49 West 27th St., Suite 10W
New York, NY 10001
212.683.4486

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EXECUTIVE SUMMARY

The City of Lakeport commissioned Design Workshop to prepare the Lakeport Lakefront Revitalization Plan (LLRP), with the objective of identifying the best use of underutilized parcels located along and near the City's waterfront on Clear Lake. This report, prepared by BAE Urban Economics, Inc., as subcontractor to Design Workshop, functions as background information for the preparation of the LLRP. It provides information regarding local and regional economic and demographic conditions and trends, real estate market conditions, and growth projections.

Real Estate Development Opportunities

The projected citywide increase in demand for residential units is 100 to 600 new units by 2035. The City would benefit by targeting a portion of the future demand in for higher density residential units on infill sites within the downtown area. Higher density residential units would assist in providing a mixture of affordability levels, while locating the units in the downtown area would help support downtown retailers. The presence of an expanded resident population in the evenings and on weekends will help to enliven the downtown. Lakeport, and the waterfront area is well-positioned within the Lake County residential real estate market, as indicated by comparatively high sales prices and rental rates, and low vacancy rates.

Growth trends and local real estate and lodging professionals indicate a potential need for a boutique lodging facility in order to attract more overnight visitation and continue to support the tourist-serving retail establishments. The potential increase in demand for local lodging rooms ranges up to about 70 new hotel rooms, by 2035. If the lower-end projections prevail, demand may only be sufficient to support two to three small B&B establishments, and on the upper end, demand may be sufficient to support a small boutique hotel. In an aggressive scenario that includes full revitalization of the downtown area, with new shops and restaurants oriented to higher end tourists, along with successful marketing of the larger Clear Lake region as a wine-tourism destination, a boutique waterfront hotel of somewhat more than 70 rooms could be supported, based on capture not only of future growth in demand but also of existing unmet demand for upper end lodging accommodations in the Lake County region. This type of development would be an ideal type of establishment to target in the downtown area given the proximity to various amenities ranging from restaurants and retail to the lakefront as well as the area's seasonal special events.

On a similar note, demand for new resident-serving retail space is limited, potentially supporting an additional 30,000 to 100,000 square feet of retail space citywide, through 2035. However, the current supply of vacant retail space is of adequate quantity to accommodate most of the anticipated increase in demand, meaning that the need for construction of new retail space will be limited. However, adding to the roster of tourist-

serving retail, restaurant, and service establishments is an opportunity to further position Lakeport as a center for tourist activity within Lake County. Specific types of tourist-serving establishments appropriate for the downtown area include specialty retail stores, upscale dining, and arts and entertainment venues.

Finally, based on the current low citywide and countywide office vacancy rates and projected growth in employment, the downtown area is an appropriate location to accommodate a significant portion of the City's future office development, which is estimated at a modest 16,000 square foot net increase by 2035. It is worth noting that the Lake County Courthouse, currently located in downtown Lakeport, is likely relocating elsewhere in the City during the planning period. If the Courthouse becomes vacant, it may open up an opportunity for reuse of the existing structure to accommodate the potential additional demand for office space.

Economic Development Opportunities

The primary economic development opportunities for the City include capturing the feasible retail leakage, though significant retail expansion will likely require successful marketing and promotion to attract additional tourist spending. As noted previously, the City is one of the few concentrations of retail establishments within Lake County, placing the City in a position to attract new retailers and foster collaborations among tourist-serving establishments that can help bolster the tourist economy. Considering the wine industry is a growing draw for Lake County tourists, Lakeport may be able to position itself as the overnight hub for winery and vineyard tourists. The previously mentioned boutique hotel and upscale dining options would help cater to the clientele associated with wine tourism and could help to enhance the impacts associated with other visitor serving activities, such as the many events scheduled throughout the year, like the *Seaplane Splash In*, among others. By attracting Lake County visitors, new downtown Lakeport lodging would increase the proportion of visitors who stay overnight. Per capita expenditures of overnight visitors tend to be significantly higher than per capita expenditures for day visitors, due not only to the lodging expenditures, but also to increased expenditures for food, goods and services, and recreational activities.

Another opportunity for the City of Lakeport to broaden the existing economic base includes targeting certain office-using industries to help support current establishments to expand and encourage new establishments to locate within the City. Based on countywide employment projections, the primary industries to target will include health care and social service providers and professional and business services, as these are the major office-using industries with the most anticipated growth. However, the potential relocation of the Lake County Courthouse represents a potential loss of important weekday office activity, which could discourage recruitment and retention of other office users, such as attorneys, in the downtown area. If possible, the City should work to retain the county offices in the downtown, in order to promote year-round day-time visitation from employees and office patrons within the commercial core, which can help to even out seasonal, tourist-driven fluctuations in demand for retail and food service uses.

INTRODUCTION

The City of Lakeport commissioned Design Workshop to prepare the Lakeport Lakefront Revitalization Plan (LLRP), with the objective of identifying the best use of underutilized parcels located along and near the City's waterfront on Clear Lake. The City wishes to maximize the economic viability of property within the study area, by developing a series of short- and long-term goals for the area's revitalization, and backing those goals with a plan to strengthen the connections between the City's Downtown area and the waterfront, and enhance the commercial and recreational opportunities offered to residents and visitors.

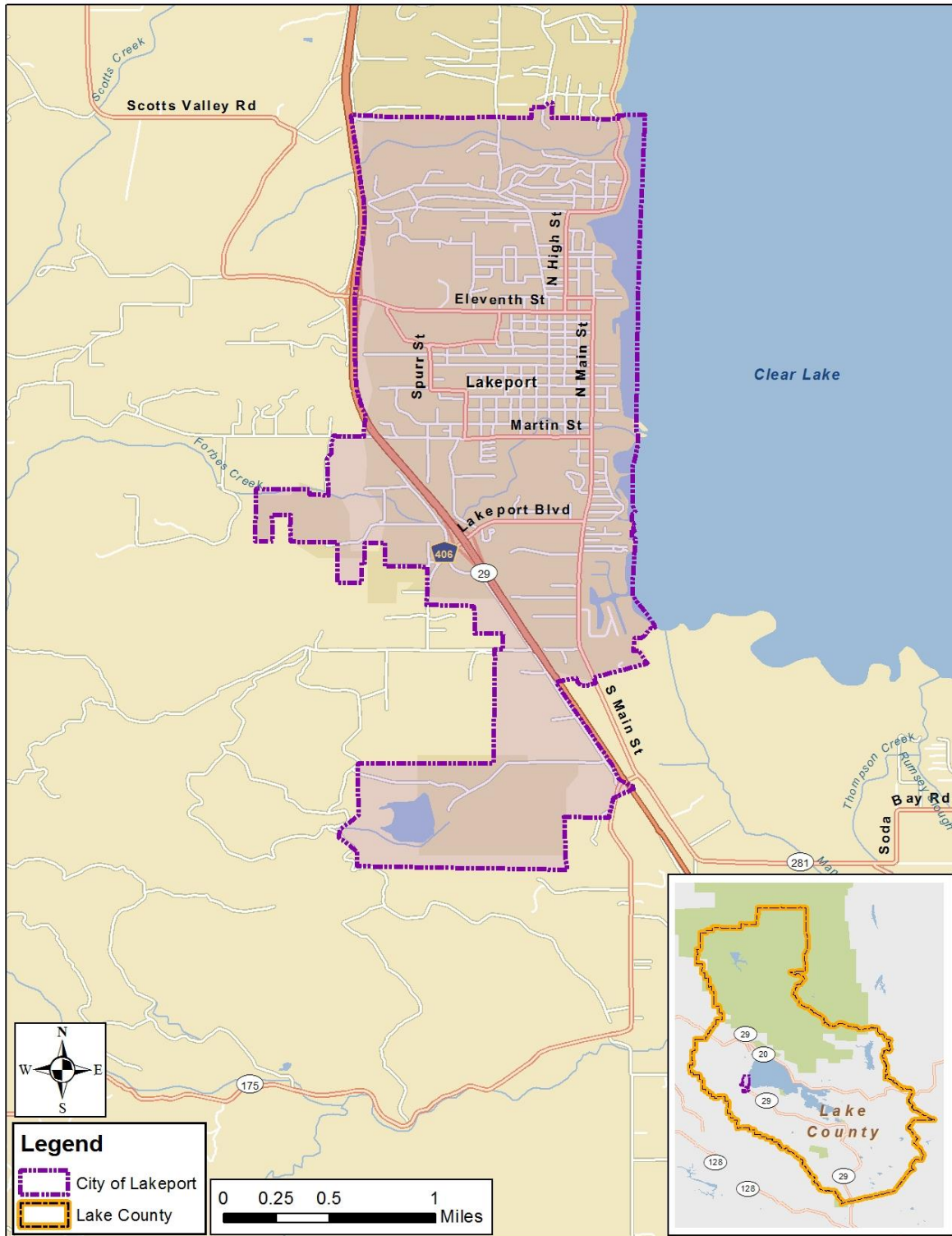
This report, prepared by BAE Urban Economics, Inc. as subcontractor to Design Workshop, functions as background information for the preparation of the LLRP. This report provides information regarding local and regional economic and demographic conditions and trends, real estate market conditions, and growth projections. Planners, policy makers, property owners and developers, and other local stakeholders can use the report's findings to help craft the LLRP to take advantage of market opportunities that will support the plan's goals.

Regional Context

The City of Lakeport is located on the western shore of Clear Lake, a natural lake with over 100 miles of shoreline, located in Lake County, California. Historically, Clear Lake has been known primarily as a destination for water-oriented summer recreation, including boating and fishing, with numerous public boat launches, marinas, and private homes and docks ringing its shore. In more recent decades, Lake County's grape growing and winemaking industries have provided an additional attraction for Clear Lake Visitors. With approximately two miles of lake frontage, and a downtown that extends to within a block of the lake, Lakeport's image is closely tied to the lake.

Lakeport is the County seat of Lake County and the only other incorporated city within the County is Clearlake. As shown in Figure 1, Lakeport is located on Clear Lake's western shore, approximately 26 miles from Clearlake, on the lake's southern end. As shown in Figure 2, Lake County and Lakeport are located just to the north of the nine-county Bay Area region, the largest concentration of population in Northern California. California State Highway 29 connects Lakeport to Napa County and the larger Bay Area to the south, and connection to the west and Highway 101 is via State Highway 175, while connection to Interstate 5 is via State Highway 120. Lakeport is approximately 45 miles from Calistoga, at the north end of the Napa Valley, and one of closest large cities is Santa Rosa, in Sonoma County, about 65 miles away.

Figure 1: City of Lakeport Map



Sources: U.S. Census Bureau, Census Tiger Files, 2016; BAE, 2016.

Figure 2: Lake County Map



Sources: U.S. Census Bureau, Census Tiger Files, 2016; BAE, 2016.

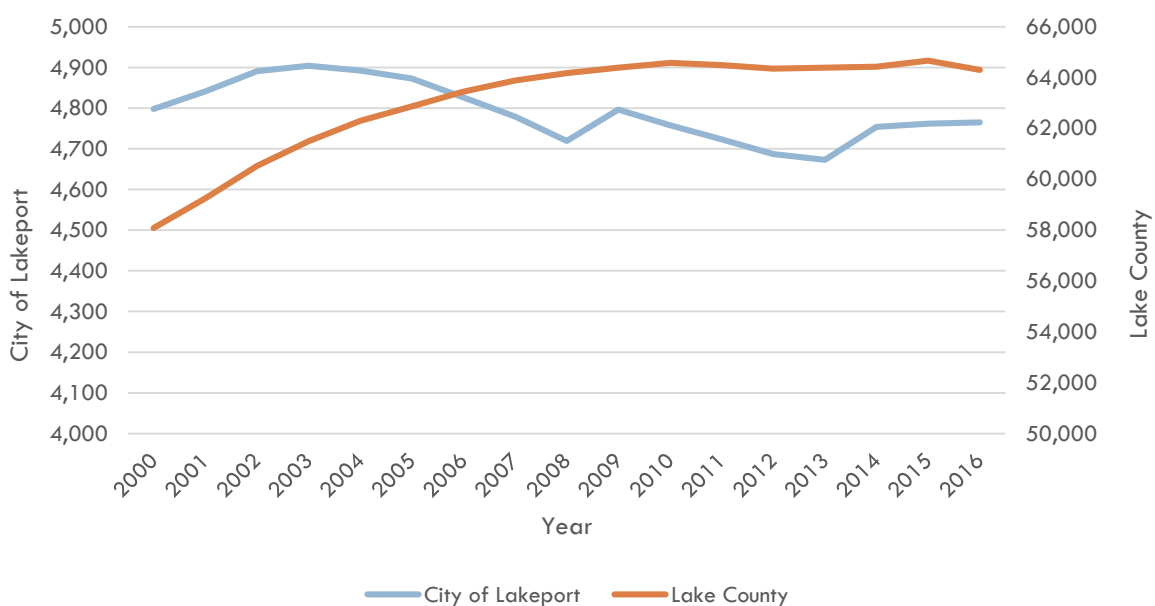
DEMOGRAPHICS TRENDS

The following section provides an overview of existing demographic trends associated with residents of the City of Lakeport, California. For context, this chapter compares and contrasts certain data points for Lakeport with comparable data for Lake County and the State of California. Demographic data for this analysis are drawn from the US Census Bureau (Census), the California Department of Finance (DoF), and Nielsen, a private data vendor.

Population and Household Characteristics

According to the DoF, the population residing within the City of Lakeport remained relatively constant between 2000 and 2016, contrary to countywide and statewide trends. As seen in Figure 3, Lakeport had a resident population of 4,798 in 2000. The population grew slightly to 4,904 residents in 2003, but subsequently declined to 4,719 residents by 2008. Between 2000 and 2010, the population of Lakeport decreased at an average annual rate of 0.1 percent. With the exception of a slight decline between 2012 and 2013, Lakeport's population remained relatively stable since 2010. Juxtaposed with Lakeport's relatively stagnant population growth, Lake County experienced relatively robust population growth between 2000 and 2010, with the post-recession population remaining relatively stable through 2016. For example, there were 58,084 people living in Lake County in 2000, which grew to 64,580 residents by 2010. This equaled an average growth rate of 1.1 percent per year. Population growth countywide levelled off beginning in 2010, with an average annual change between 2010 and 2016 of -0.1 percent.

Figure 3: Population Change, 2000 to 2016



Sources: California Department of Finance, 2016; BAE, 2016.

The available data indicate that while the number of households residing in Lakeport and Lake County remained fairly stable between 2000 and 2010-2014, the composition of those households has changed. For example, Table 1 reports data from the 2000 Census and 2010-2014 American Community Survey (ACS), which indicate that the City of Lakeport added only 34 new households during this period, representing an increase of only 0.1 percent per year. Comparatively, Lake County and California both experienced population and household growth approaching 1.0 percent annually. After accounting for the presence of group quarters populations, the data indicate that the average household size in Lakeport decreased from 2.36 persons to 2.30 persons between 2000 and 2010-2014, while the average household size in Lake County decreased from 2.39 persons to 2.36 persons, which is contrary to the statewide trend of increasing household sizes. While both Lakeport and Lake County experienced decreasing average household sizes, Lakeport simultaneously experienced an increase in the proportion of family households, while the proportion of family households in Lake County decreased. While households in all three areas are more likely to own their own homes rather than rent, renter households became significantly more prevalent between 2000 and 2010-2014, with Lakeport being the most acutely impacted by this trend. For example, 36.9 percent of all households in Lakeport rented their accommodations in 2000. This increased to 46.9 percent between 2010 and 2014, which represents an increase of 10.0 percentage points. By comparison, the proportion of renter households increased by 7.8 percentage points in Lake County as a whole, and just 2.2 percentage points in California.

Resident Age Distribution

The resident populations of the City of Lakeport and Lake County as a whole are notably older than the statewide average. As shown in Table 2, the median age of Lakeport and Lake County residents equaled 46.3 and 45.2 years, respectively, between 2010 and 2014. The statewide median age during this period was 35.6 years. The data indicate that the median age of Lakeport residents increased more rapidly since 2000 than did the median age values for Lake County and California. For example, the median age for Lakeport increased by 5.5 years, from a value of 40.8 years in 2000 to 46.3 years between 2010 and 2014. The median age increased by closer to 2.5 years in Lake County as a whole and 2.3 years in California as a whole.

The City of Lakeport features a small and declining proportion of residents under the age of 18. For example, approximately 24.5 percent of all residents were under the age of 18 in the year 2000, compared to 18.8 percent between 2010 and 2014. Lake County and California experienced similar trends, though the effect was less pronounced. By comparison, the proportion of young adults (age 18-25) in all three study areas is relatively small, but increasing as a proportion of the total population.

The City of Lakeport features a lower proportion of working age adults (25-64 years of age) compared to the county and state. As a share of the total population, approximately 51.7 percent of all residents fall into this age category, compared to 52.7 percent in Lake County

and 53.2 percent statewide. However, this age group is growing more rapidly as a share of the total population in Lakeport, compared to the two other areas. For example, the proportion of working age adults increased by 4.1 percentage points in Lakeport, compared to only 2.3 percentage points in Lake County and 1.1 percentage points in California as a whole. This indicates that while the population has not grown particularly rapidly in Lakeport, the pool of working age adults has continued to expand, helping to expand the local labor force.

Lakeport features an above-average proportion of retirement age adults (age 65 and over), compared to the county and the state. Just under 22 percent of all Lakeport residents between 2010 and 2014 were of retirement age, compared to 19.5 percent in Lake County and 12.1 percent statewide. It is notable, however, that the proportion of retirement age adults remained relatively stable between 2000 and 2010-2014, increasing by only 0.7 percentage points during this period, compared to -0.5 percentage points in Lake County and 1.5 percentage points statewide.

Educational Attainment

According to the data reported in Table 3, Lakeport residents have lower levels of educational attainment compared to their countywide and statewide counterparts. An estimated 20.6 percent of Lakeport residents possess a bachelor's degree or higher, which is above the countywide average of 16.2 percent, but well below the statewide average of 31 percent. Commensurately, both the city and county have noticeably higher proportions of residents whose highest level of educational attainment is a high school diploma, some college with no degree, or an associate's degree.

Household Incomes

The estimated 2014 median household incomes in Lakeport and Lake County were nearly 50 percent lower than the broader statewide value. Table 4 shows that in 2014, Lakeport and Lake County had median incomes of \$36,361 and \$35,997 per year, respectively. The statewide median, by comparison, was \$61,489. In nominal terms, the median income in Lakeport grew much more slowly, compared to the county and statewide median income values. For example, the median income in Lakeport grew by approximately 12.8 percent between 1999 and 2010-2014, representing an average annual growth rate of approximately 0.9 percent. The median incomes in Lake County and California, by comparison, grew by 21.5 percent and 29.5 percent, respectively; which represents annual average growth rates of 1.5 and 2.0 percent. However, after adjusting for inflation, the data indicate that the median incomes in all three areas decreased in real terms between 1999 and 2010-2014. Based on the inflation adjusted median incomes estimates, the real purchasing power of the median income in Lakeport decreased by around 20.7 percent, or 1.8 percent per year. This is compared to an inflation adjusted decrease of 14.6 percent, or 1.3 percent per year, in Lake County and 9.0 percent, or 0.7 percent per year, statewide. Thus, the data indicate that not only are household incomes in Lakeport considerably lower than elsewhere in the county and the state, the purchasing power of Lakeport residents is decreasing much more rapidly.

Implications of Demographic Conditions and Trends

The demographic data indicate that the resident population within the City of Lakeport may be unlikely to support robust economic expansion. For example, with stagnant population growth, below average incomes, and below average educational attainment, the earning potential and associated spending power of area residents is limited. However, with above average labor force participation, as is discussed in the following section, and an above average proportion of working age adults, the City of Lakeport could be well positioned to benefit from targeted economic development activities, which could help to bolster the community's ability to support additional growth and development along the Clear Lake waterfront. With relatively low proportions of children and relatively high proportions of seniors, higher density multifamily housing will likely be an attractive residential product type. Without significant economic development, however, the community will likely continue to rely on significant injections of retail demand from visitors and households who live in the unincorporated areas of western Lake County to support the local economy.

Table 1: Population and Household Trends, 2000 and 2010-2014

	2000	2010-2014	Average Annual Change (a)
City of Lakeport			
Population	4,820	4,746	-0.1%
Households	1,967	2,001	0.1%
Average Household Size	2.36	2.30	
Household Type			
Families	62.7%	65.5%	
Non-Families	37.3%	34.5%	
Household Tenure			
Owner	63.1%	53.1%	
Renter	36.9%	46.9%	
Lake County			
Population	58,309	64,209	0.8%
Households	23,974	26,771	0.9%
Average Household Size	2.39	2.36	
Household Type			
Families	64.1%	60.7%	
Non-Families	35.9%	39.3%	
Household Tenure			
Owner	70.6%	62.7%	
Renter	29.4%	37.3%	
State of California			
Population	33,871,648	38,066,920	1.0%
Households	11,502,870	12,617,280	0.8%
Average Household Size	2.87	2.95	
Household Type			
Families	68.9%	68.7%	
Non-Families	31.1%	31.3%	
Household Tenure			
Owner	56.9%	54.8%	
Renter	43.1%	45.2%	

Note:

(a) Average annual change uses 2012 as the midpoint of the 2010-2014 American Community Survey estimate.

Sources: U.S. Census Bureau, Census 2000, Summary File 1, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 2: Age Distribution, 2000 and 2010-2014

Age Distribution	2000		2010-2014	
	Number	Percent	Number	Percent
City of Lakeport				
Under 18	1,181	24.5%	892	18.8%
18-24	334	6.9%	370	7.8%
25-34	480	10.0%	710	15.0%
35-44	712	14.8%	327	6.9%
45-54	606	12.6%	669	14.1%
55-64	494	10.2%	746	15.7%
65-74	447	9.3%	501	10.6%
75-84	375	7.8%	325	6.8%
85 years & over	191	4.0%	206	4.3%
Total, All Ages	4,820	100%	4,746	100%
Median Age	40.8		46.3	
Lake County				
Under 18	14,062	24.1%	13,209	20.6%
18-24	3,503	6.0%	5,029	7.8%
25-34	5,342	9.2%	6,721	10.5%
35-44	8,405	14.4%	6,916	10.8%
45-54	8,904	15.3%	9,211	14.3%
55-64	6,734	11.5%	10,962	17.1%
65-74	6,102	10.5%	7,148	11.1%
75-84	4,075	7.0%	3,497	5.4%
85 years & over	1,182	2.0%	1,516	2.4%
Total, All Ages	58,309	100%	64,209	100%
Median Age	42.7		45.2	
State of California				
Under 18	9,249,829	27.3%	9,212,288	24.2%
18-24	3,366,030	9.9%	3,988,766	10.5%
25-34	5,229,062	15.4%	5,513,196	14.5%
35-44	5,485,341	16.2%	5,175,688	13.6%
45-54	4,331,635	12.8%	5,248,476	13.8%
55-64	2,614,093	7.7%	4,310,599	11.3%
65-74	1,887,823	5.6%	2,553,063	6.7%
75-84	1,282,178	3.8%	1,417,512	3.7%
85 years & over	425,657	1.3%	647,332	1.7%
Total, All Ages	33,871,648	100%	38,066,920	100%
Median Age	33.3		35.6	

Sources: U.S. Census Bureau, Census 2000, Summary File 1, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 3: Educational Attainment of Residents 25 Years and Over, 2000 and 2010-2014

Educational Attainment	2000		2010-2014	
	Number (a)	Percent	Number	Percent
City of Lakeport				
Nursery to 8th grade	241	7.3%	71	2.0%
Some high school, no diploma	410	12.4%	342	9.8%
High school graduate (inc. GED)	736	22.3%	1,039	29.8%
Some college, no degree	1,240	37.5%	951	27.3%
Associate's degree	190	5.7%	365	10.5%
Bachelor's degree	302	9.1%	458	13.1%
Master's degree	121	3.7%	212	6.1%
Professional school degree	59	1.8%	27	0.8%
Doctorate degree	6	0.2%	19	0.5%
Total, Age 25 and Over	3,305	100%	3,484	100%
Lake County				
Nursery to 8th grade	2,565	6.3%	2,406	5.2%
Some high school, no diploma	6,697	16.4%	4,573	9.9%
High school graduate (inc. GED)	12,140	29.8%	13,004	28.3%
Some college, no degree	11,422	28.0%	13,508	29.4%
Associate's degree	3,003	7.4%	5,036	11.0%
Bachelor's degree	3,067	7.5%	4,935	10.7%
Master's degree	1,133	2.8%	1,745	3.8%
Professional school degree	578	1.4%	420	0.9%
Doctorate degree	139	0.3%	344	0.7%
Total, Age 25 and Over	40,744	100%	45,971	100%
State of California				
Nursery to 8th grade	2,441,372	11.5%	2,523,377	10.1%
Some high school, no diploma	2,491,366	11.7%	2,079,609	8.4%
High school graduate (inc. GED)	4,279,772	20.1%	5,153,257	20.7%
Some college, no degree	4,869,460	22.9%	5,465,764	22.0%
Associate's degree	1,515,330	7.1%	1,934,950	7.8%
Bachelor's degree	3,632,789	17.1%	4,870,524	19.6%
Master's degree	1,285,237	6.0%	1,889,640	7.6%
Professional school degree	491,507	2.3%	575,093	2.3%
Doctorate degree	248,956	1.2%	373,652	1.5%
Total, Age 25 and Over	21,255,789	100%	24,865,866	100%

Note:

(a) The percent distribution of educational attainment is from Census 2000, Summary File 3, while the total population 25 years and over is from Census 2000 Summary File 1.

Sources: U.S. Census Bureau, Census 2000, Summary File 1 and Summary File 3, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 4: Household Income Characteristics, 1999 and 2010-2014

Household Income	1999		2010-2014	
	Number (a)	Percent	Number	Percent
City of Lakeport				
Less than \$15,000	465	23.6%	258	12.9%
\$15,000 to \$24,999	293	14.9%	389	19.4%
\$25,000 to \$34,999	296	15.1%	329	16.4%
\$35,000 to \$49,999	362	18.4%	289	14.4%
\$50,000 to \$74,999	312	15.9%	286	14.3%
\$75,000 to \$99,999	95	4.8%	86	4.3%
\$100,000 to \$149,999	134	6.8%	236	11.8%
\$150,000 and above	9	0.5%	128	6.4%
Total, All Households	1,967	100%	2,001	100%
Median Household Income	\$32,226		\$36,361	
Adjusted Median Income (b)	\$45,833		\$36,361	
Lake County				
Less than \$15,000	5,740	23.9%	4,996	18.7%
\$15,000 to \$24,999	4,436	18.5%	4,656	17.4%
\$25,000 to \$34,999	3,643	15.2%	3,455	12.9%
\$35,000 to \$49,999	3,778	15.8%	3,699	13.8%
\$50,000 to \$74,999	3,323	13.9%	4,179	15.6%
\$75,000 to \$99,999	1,746	7.3%	2,488	9.3%
\$100,000 to \$149,999	926	3.9%	2,346	8.8%
\$150,000 and above	382	1.6%	952	3.6%
Total, All Households	23,974	100%	26,771	100%
Median Household Income	\$29,627		\$35,997	
Adjusted Median Income (b)	\$42,136		\$35,997	
State of California				
Less than \$15,000	1,614,585	14.0%	1,377,408	10.9%
\$15,000 to \$24,999	1,317,198	11.5%	1,202,447	9.5%
\$25,000 to \$34,999	1,314,040	11.4%	1,138,708	9.0%
\$35,000 to \$49,999	1,744,573	15.2%	1,531,281	12.1%
\$50,000 to \$74,999	2,201,122	19.1%	2,111,201	16.7%
\$75,000 to \$99,999	1,325,515	11.5%	1,544,981	12.2%
\$100,000 to \$149,999	1,191,670	10.4%	1,881,400	14.9%
\$150,000 and above	794,167	6.9%	1,829,854	14.5%
Total, All Households	11,502,870	100%	12,617,280	100%
Median Household Income	\$47,493		\$61,489	
Adjusted Median Income (b)	\$67,546		\$61,489	

Notes:

(a) The percent distribution of annual household income is from Census 2000, Summary File 3, while the total household estimate is from Census 2000 Summary File 1.

(b) Census 2000 median household income estimates are adjusted to 2014 dollars based on the Consumer Price Index (CPI) for All Urban Consumers in the Western Region of 1.422.

Sources: U.S. Census Bureau, Census 2000, Summary File 1 and Summary File 3, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

ECONOMIC TRENDS

The following section reviews the existing economic conditions in the City of Lakeport and Lake County. Employment data are those published by the California Employment Development Department (EDD) Labor Market Information Division, such as the Current Employment Statistics (CES) data set. This is supplemented with additional information from Nielsen and the 2010-2014 American Community Survey (ACS). Projections of future population and employment growth are those published by the California Department of Transportation (Caltrans) and the EDD.

Labor Force and Unemployment Trends

According to the EDD, an estimated 2,420 Lakeport residents were active members of the labor force in 2015. This represents a labor force participation rate of 50.8 percent, which is notably higher than the countywide rate of 45.1 percent. As reported in Table 5, Lakeport featured 2,290 employed residents in 2015, with 130 unemployed persons, representing an unemployment rate of 5.2 percent. This was nearly two percentage points lower than the countywide rate of 7.7 percent, and 1.0 percentage point lower than the state unemployment rate of 6.2 percent. Between 2010 and 2015, the unemployment rate in Lakeport ranged between 1.0 and 1.7 percentage points lower than the statewide average, while Lake County generally ranged between 1.4 and 2.9 percentage points higher than the statewide average. This generally indicates that while Lake County residents experienced a higher rate of unemployment, the City of Lakeport did not mirror the countywide trend, and benefits from a significantly lower unemployment rate.

Employed Residents by Occupational Category

As shown in Table 6, there are large concentrations of Lakeport residents employed in Office and Administrative Support Occupations (356 residents; 19.1 percent); Management, Business, and Financial Occupations (281 residents; 15.1 percent); Education, Legal, Community Service, Arts, and Media Occupations (207 residents; 11.1 percent); Sales and Related Occupations (169 residents; 9.1 percent); and Farming Fishing, and Forestry Occupations (156 residents; 8.4 percent). The number of residents employed in Management, Business and Financial Occupations increased by 167 residents between 2000 and 2010-2014, or around 9.0 percent. The number of residents employed in Farming, Fishing, and Forestry Occupations also expanded by 136 residents, or 7.3 percent.

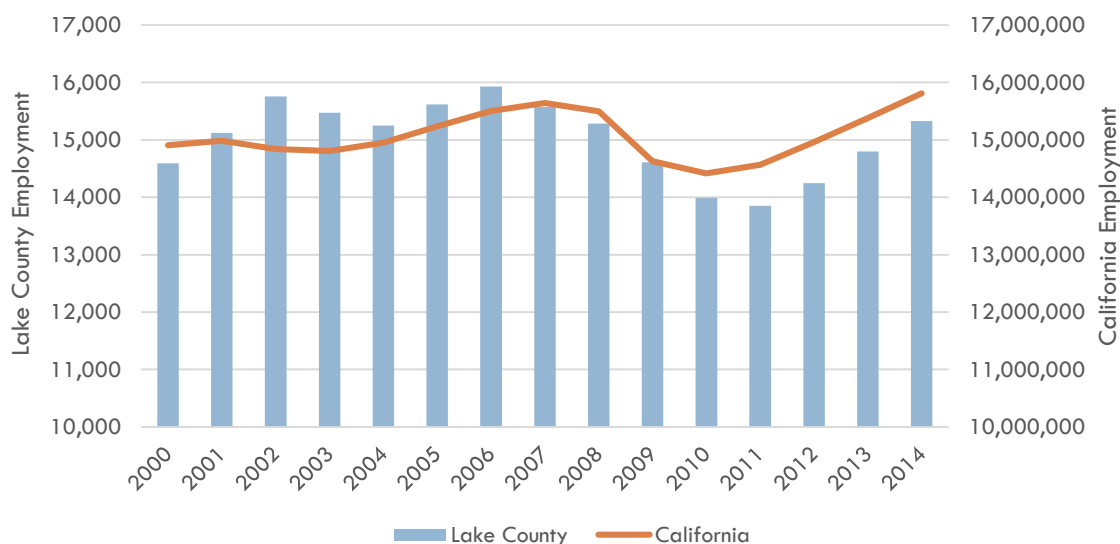
Compared to Lake County, the City of Lakeport features above average concentrations of residents employed in Management, Business, and Financial Occupations; Education, Legal, Community Service, Arts, and Media Occupations; Office and Administrative Support Occupations; and Farming, Fishing, and Forestry Occupations. Compared to EDD, the City of Lakeport also has an above average concentration of residents employed in Healthcare Support Occupations.

The above average proportion of residents employed in the Administrative Support may be due, at least in part, to a concentration of local governmental employees, given that Lakeport is the County seat. Also, the above average proportion of residents employed in agriculture is likely influenced by the expanding wine production within the region. The concentration of residents employed in Healthcare and Support occupations within the City of Lakeport may be due to a high percentage of retirement age residents, as well as the fact that Lakeport is one of the few urban areas within the County, which functions as a center for the provision of health care services within the County.

Jobs by Major Industry Sector

The available data from the EDD and the BLS provide information regarding the total number of jobs, by major industry sector, for Lake County only. Data are subsequently not available for the City of Lakeport itself. As seen in Figure 4, Lake County experienced relatively robust employment levels from 2002 through 2006. The number of jobs in Lake County contracted significantly between 2008 and 2011, due to significant reductions in government spending and domestic spending on travel and leisure activities, which constitute large portions of the County's employment base. Since the onset of the recession, Lake County has been slow to recover, lagging behind the state as a whole in terms of jobs growth and economic recovery.

Figure 4: Total Employment, Lake County and California, 2004 to 2014



Sources: California Employment Development Department, Quarterly Census of Employment and Wages, 2016; BAE, 2016.

Table 7 shows that Lake County's largest employment sectors include Healthcare and Social Assistance (4,185 jobs; 27.3 percent), Local Government (3,686 jobs; 24.1 percent), Retail

Trade (2,138 jobs; 14 percent) and Natural Resources and Mining (1,121 jobs; 7.3 percent). Industries in Lake County that experienced positive employment growth include natural resources and mining (230 jobs; 7.3 percent increase) and retail trade (110 jobs; 0.5 percent increase). Industries that experienced significant declines include Other services, excluding Public Administration (977 jobs; -12.9 percent), Construction (309 jobs; -5.7 percent), State government (289 jobs; -18.0 percent), Arts, Entertainment and Recreation (136 jobs; -14.9 percent).

While the data indicate that employment in Healthcare and Social Assistance sector doubled from 2,090 in 2004 to 4,185 in 2014, this was partly due to a reclassification of employment by the BLS. This included the reclassification of employment associated with State programs that provide services for the elderly and disabled from Private Households (NAICS 814110) to Services for the Elderly and Persons with Disabilities (NAICS 624120).¹ This reclassification explains much of the decrease in employment in Other Services (NAICS 81) and the dramatic increase in employment in Healthcare and Social Assistance (NAICS 62).

¹ The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. For more information, visit www.census.gov/eos/www/naics/.

Table 5: Labor Force and Unemployment, 2010 to 2015

Year	Labor Force	Employed Residents	Unemployment	Unemployment Rate
City of Lakeport				
2010	2,380	2,130	250	10.5%
2011	2,370	2,130	240	10.1%
2012	2,370	2,160	210	8.8%
2013	2,410	2,230	180	7.5%
2014	2,430	2,280	150	6.1%
2015	2,420	2,290	130	5.2%
Lake County				
2010	29,850	25,340	4,500	15.1%
2011	29,610	25,310	4,300	14.5%
2012	29,560	25,780	3,780	12.8%
2013	29,330	26,130	3,200	10.9%
2014	29,450	26,820	2,630	8.9%
2015	29,140	26,910	2,230	7.7%
State of California				
2010	18,336,300	16,091,900	2,244,300	12.2%
2011	18,415,100	16,258,100	2,157,000	11.7%
2012	18,551,400	16,627,800	1,923,600	10.4%
2013	18,670,100	17,001,000	1,669,000	8.9%
2014	18,827,900	17,418,000	1,409,900	7.5%
2015	18,981,800	17,798,600	1,183,200	6.2%

Sources: California Employment Development Department, 2016; BAE, 2016.

Table 6: Occupational Employment, 2000 and 2010-2014 (Page 1 of 2)

Occupation	2000		2010-2014	
	Number	Percent	Number	Percent
City of Lakeport				
Management, business, and financial occupations	114	6.1%	281	15.1%
Computer, engineering, and science occupations	61	3.2%	65	3.5%
Edu, legal, comm. service, arts, and media occupations	238	12.6%	207	11.1%
Healthcare practitioners and technical occupations	128	6.8%	75	4.0%
Healthcare support occupations	91	4.8%	79	4.2%
Protective service occupations	44	2.3%	53	2.8%
Food preparation and serving related occupations	127	6.7%	92	4.9%
Building and grounds cleaning and maint. occupations	46	2.4%	11	0.6%
Personal care and service occupations	70	3.7%	99	5.3%
Sales and related occupations	199	10.6%	169	9.1%
Office and administrative support occupations	329	17.5%	356	19.1%
Farming, fishing, and forestry occupations	20	1.1%	156	8.4%
Construction and extraction occupations	110	5.8%	37	2.0%
Installation, maintenance, and repair occupations	98	5.2%	68	3.7%
Production occupations	82	4.4%	40	2.1%
Transportation occupations	86	4.6%	58	3.1%
Material moving occupations	40	2.1%	15	0.8%
Total, All Workers	1,883	100%	1,861	100%
Lake County				
Management, business, and financial occupations	2,115	10.3%	2,469	11.1%
Computer, engineering, and science occupations	456	2.2%	782	3.5%
Edu, legal, comm. service, arts, and media occupations	2,018	9.8%	1,921	8.6%
Healthcare practitioners and technical occupations	987	4.8%	800	3.6%
Healthcare support occupations	880	4.3%	809	3.6%
Protective service occupations	536	2.6%	725	3.3%
Food preparation and serving related occupations	1,071	5.2%	932	4.2%
Building and grounds cleaning and maint. occupations	1,040	5.1%	1,179	5.3%
Personal care and service occupations	902	4.4%	2,191	9.8%
Sales and related occupations	1,963	9.6%	1,922	8.6%
Office and administrative support occupations	2,873	14.0%	3,389	15.2%
Farming, fishing, and forestry occupations	520	2.5%	1,081	4.9%
Construction and extraction occupations	1,632	8.0%	1,357	6.1%
Installation, maintenance, and repair occupations	1,193	5.8%	841	3.8%
Production occupations	1,211	5.9%	841	3.8%
Transportation occupations	726	3.5%	762	3.4%
Material moving occupations	380	1.9%	287	1.3%
Total, All Workers	20,503	100%	22,288	100%

- Continued next page -

Sources: U.S. Census Bureau, Census 2000, Summary File 3, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 6: Occupational Employment, 2000 and 2010-2014 (Page 2 of 2)

Occupation	2000		2010-2014	
	Number	Percent	Number	Percent
State of California				
Management, business, and financial occupations	2,145,895	14.6%	2,539,208	15.0%
Computer, engineering, and science occupations	960,491	6.5%	1,047,605	6.2%
Edu, legal, comm. service, arts, and media occupations	1,616,604	11.0%	1,850,953	11.0%
Healthcare practitioners and technical occupations	572,079	3.9%	821,041	4.9%
Healthcare support occupations	248,893	1.7%	340,972	2.0%
Protective service occupations	287,994	2.0%	363,400	2.2%
Food preparation and serving related occupations	652,139	4.4%	940,119	5.6%
Building and grounds cleaning and maint. occupations	531,761	3.6%	744,421	4.4%
Personal care and service occupations	453,087	3.1%	770,520	4.6%
Sales and related occupations	1,672,752	11.4%	1,874,713	11.1%
Office and administrative support occupations	2,266,631	15.4%	2,199,501	13.0%
Farming, fishing, and forestry occupations	196,695	1.3%	279,641	1.7%
Construction and extraction occupations	719,976	4.9%	788,849	4.7%
Installation, maintenance, and repair occupations	519,184	3.5%	481,017	2.8%
Production occupations	1,078,262	7.3%	875,296	5.2%
Transportation occupations	457,525	3.1%	532,418	3.2%
Material moving occupations	338,960	2.3%	440,768	2.6%
Total, All Workers	14,718,928	100%	16,890,442	100%

Sources: U.S. Census Bureau, Census 2000, Summary File 3, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 7: Employment by Industry, Lake County and California, 2004 and 2014

Lake County	2004		2014		Average Annual Change ('04-'14)
	Number	Percent	Number	Percent	
Natural Resources and Mining	891	5.8%	1,121	7.3%	2.3%
Utilities	439	2.9%	410	2.7%	-0.7%
Construction	698	4.6%	389	2.5%	-5.7%
Manufacturing	321	2.1%	312	2.0%	-0.3%
Wholesale Trade	207	1.4%	142	0.9%	-3.7%
Retail Trade	2,028	13.3%	2,138	14.0%	0.5%
Transportation and Warehousing	202	1.3%	148	1.0%	-3.1%
Information	157	1.0%	144	0.9%	-0.9%
Finance and Insurance	246	1.6%	219	1.4%	-1.2%
Real Estate and Rental and Leasing	167	1.1%	171	1.1%	0.2%
Professional and Technical Services	334	2.2%	239	1.6%	-3.3%
Management of Companies and Enterprises	(a)	n.a.	80	0.5%	n.a.
Administrative and Waste Services	(a)	n.a.	314	2.0%	n.a.
Educational Services	60	0.4%	32	0.2%	-6.1%
Health Care and Social Assistance	2,090	13.7%	4,185	27.3%	7.2%
Arts, Entertainment, and Recreation	170	1.1%	34	0.2%	-14.9%
Accommodation and Food Services	1,315	8.6%	1,007	6.6%	-2.6%
Other Services, Ex. Public Admin	1,303	8.5%	326	2.1%	-12.9%
Federal Government	157	1.0%	143	0.9%	-0.9%
State Government	335	2.2%	46	0.3%	-18.0%
Local Government	3,854	25.3%	3,686	24.1%	-0.4%
Unclassified Establishments	0	0.0%	39	0.3%	n.a.
Total, All Industries (b)	15,248	100%	15,325	100%	0.1%

California	2004		2014		Average Annual Change ('04-'14)
	Number	Percent	Number	Percent	
Natural Resources and Mining	391,190	2.6%	444,073	2.8%	1.3%
Utilities	55,960	0.4%	57,627	0.4%	0.3%
Construction	845,747	5.7%	669,766	4.2%	-2.3%
Manufacturing	1,517,533	10.1%	1,264,114	8.0%	-1.8%
Wholesale Trade	650,334	4.3%	709,154	4.5%	0.9%
Retail Trade	1,613,395	10.8%	1,623,371	10.3%	0.1%
Transportation and Warehousing	409,583	2.7%	446,430	2.8%	0.9%
Information	482,608	3.2%	456,992	2.9%	-0.5%
Finance and Insurance	619,396	4.1%	515,504	3.3%	-1.8%
Real Estate and Rental and Leasing	276,460	1.8%	264,129	1.7%	-0.5%
Professional and Technical Services	911,684	6.1%	1,171,165	7.4%	2.5%
Management of Companies and Enterprises	233,847	1.6%	225,792	1.4%	-0.3%
Administrative and Waste Services	936,818	6.3%	1,023,130	6.5%	0.9%
Educational Services	232,470	1.6%	317,066	2.0%	3.2%
Health Care and Social Assistance	1,284,158	8.6%	2,000,372	12.7%	4.5%
Arts, Entertainment, and Recreation	236,527	1.6%	276,312	1.7%	1.6%
Accommodation and Food Services	1,193,122	8.0%	1,471,800	9.3%	2.1%
Other Services, Ex. Public Admin	666,102	4.5%	504,176	3.2%	-2.7%
Federal Government	250,000	1.7%	242,804	1.5%	-0.3%
State Government	439,530	2.9%	441,512	2.8%	0.0%
Local Government	1,653,551	11.1%	1,623,056	10.3%	-0.2%
Unclassified Establishments	53,008	0.4%	60,740	0.4%	1.4%
Total, All Industries (b)	14,953,022	100%	15,809,082	100%	0.6%

Notes:

(a) Data suppressed for confidentiality purposes.

(b) Figures may not sum to totals due to rounding and data suppression.

Sources: California Employment Development Department, Quarterly Census of Employment and Wages, 2016; BAE, 2016.

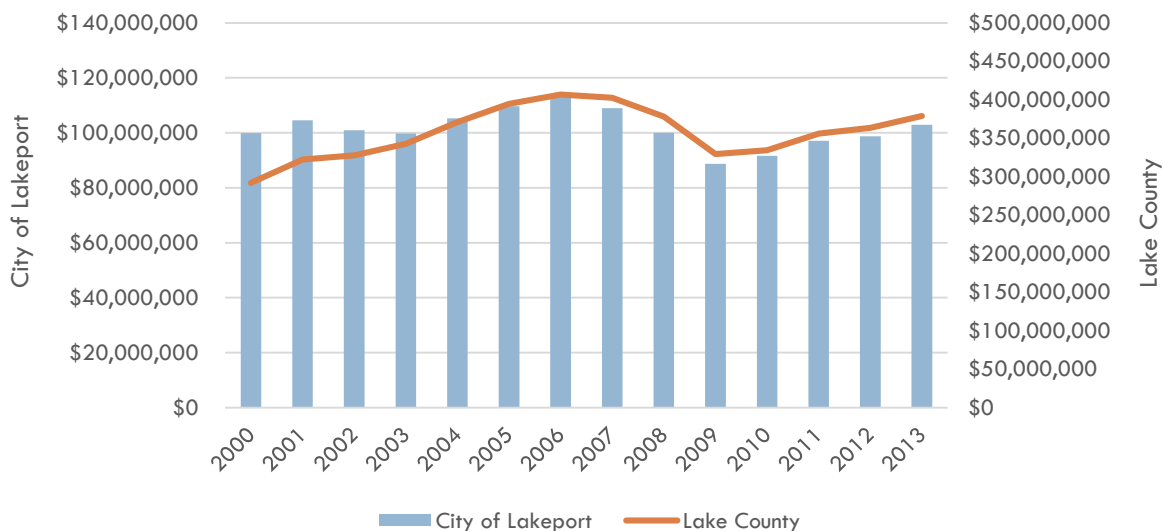
Special Industry Considerations

Given the position of Lakeport as a primary center for retail activity within Lake County, as well as the community's reliance on visitor based spending, the following section summarizes the available data regarding taxable sales and reports the results of a retail leakage analysis. Taxable sales data are those reported by the California State Board of Equalization (SBOE), while the data utilized in the retail leakage analysis were collected from Nielsen, a private data vendor. In addition, the section also evaluates existing trends in the lodging industry based on a survey of existing hotels and private lodging establishments (e.g., bed and breakfasts, etc.), as well as data published by the California Travel and Tourism Commission (CTTC).

Taxable Sales Trends

Figure 5 below demonstrates recent trends in taxable retail sales for both the City of Lakeport and Lake County, as reported by the SBOE. As seen in the figure, Lakeport and Lake County experienced notable increases in taxable retail sales volumes prior to the recession, reaching peak levels in 2006, when the City of Lakeport and Lake County experienced a total of \$113.7 million and \$407.0 million in taxable retail sales, respectively. Both areas then experienced a gradual decline in retail sales between 2006 and 2009. In Lakeport, this equaled a decline of around 22.0 percent, while taxable retail sales in Lake County as a whole declined by closer to 19.0 percent. More recent trends indicate that retail sales volumes in the City and County have slowly rebounded, though both remain below pre-recession levels. As of 2013, the most recent year for which a full year's worth of sales data are available, the City of Lakeport taxable retail sales totaled \$103.0 million, while the County reached \$378.9 million in 2013.

Figure 5: Taxable Retail Sales, City of Lakeport and Lake County, 2000 to 2013



Sources: California State Board of Equalization, 2016; BAE, 2016.

Additional analysis of the SBOE taxable sales data demonstrate Lakeport's role as a regional destination for retail sales. Recognizing that Lakeport residents have comparatively low household incomes, compared to the county and the state, the relatively higher per capita taxable sales estimates identified in Table 8 indicate that Lakeport is capturing a significant amount of sales from non-residents. Where Lake County captured roughly \$5,884 in retail sales per resident in 2013, the City of Lakeport captured \$22,037 in retail sales per resident that same year. For a broader comparison, the per capita sales figure for the State of California in the same year was \$10,545, indicating that the Lake County per capita sales figure is notably below the statewide average, but that the Lakeport figure is more than double the statewide average.

While the SBOE does not publish data that specify the volume of taxable sales by detailed category below the county level, profiling comparable data for the broader Lake County economy provides at least some insight regarding how well certain retail categories are represented within the market, as well as their relative performance. As reported in Table 8, non-retail taxable sales account for approximately 31.2 percent of all Lake County taxable sales, or around \$172.0 million in total sales. Activities included in this category include the sale of products by non-retail industries, such as direct sales from farms, manufacturers, and other producer industries that sell products without the use of retail outlets. The assorted retail and food service sales categories, by comparison, accounted for 68.8 percent of all taxable sales in Lake County, representing \$378.9 million in total sales. The largest sub-sectors in this category include General Merchandise Stores (\$66.3 million; 12.0 percent), Gasoline Stations (\$63.2 million; 11.5 percent), and Food and Beverage Stores (\$61.1 million; 11.1 percent).

In terms of percentage growth between 2009 and 2013, Lake county total retail and food service sales, which exclude non-retail taxable sales, increased by 15 percent. Among the Retail and Food Service sectors, Gasoline Stations had the largest increase, growing by roughly 45.4 percent over that time frame. Growth in this one sub-sector generally drove growth in the aggregate Retail and Food Service sector described above. Excluding Gasoline Stations, growth in the remaining Retail and Food Service sectors equaled roughly 10.4 percent. Based on this average growth, sectors reflecting above average growth include Other Retail (27.5 percent growth),² Food and Beverage Stores (14.7 percent growth), Clothing and Clothing Accessories Stores (13.7 percent growth), Food Service and Drinking Places (13.2 percent growth), Building Materials and Garden Equipment and Supplies (11.7 percent growth), and Motor Vehicles and Parts Dealers (11.0 percent growth). Of these comparatively high-growth retail categories, those that would be most compatible with redevelopment of the Lakeport Lakefront area include Food and Beverage Stores, and Food Service and Drinking Places.

² Includes taxable retail sales that do not fall within any of the other retail sales categories, excluding non-retail sales.

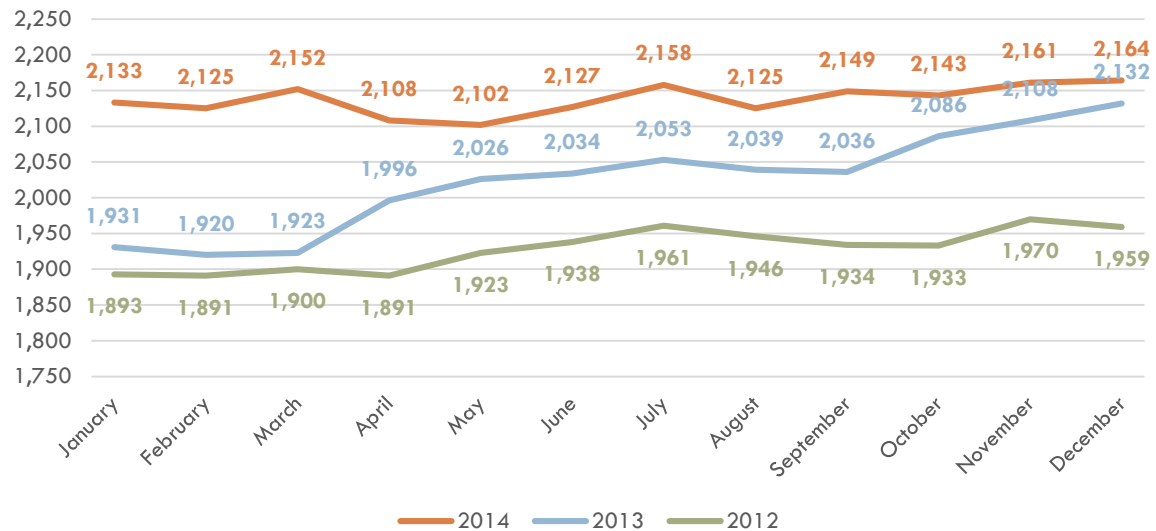
Other categories that may be compatible in a more boutique format may also include Clothing and Clothing Accessories, and Building Materials and Garden Equipment and Supplies.

Seasonality in the Retail Sector

Recognizing the importance of seasonality in the Lakeport and Lake County retail industries, BAE collected additional information regarding taxable sales by quarter, as published by the SBOE. The data represent the only available breakdown of taxable sales on a sub-annual basis and include data for the period from the fourth-quarter of 2013 to the third-quarter of 2014. Based on these data, Lakeport's taxable retail sales were reportedly highest during the fourth-quarter of 2013 and the second quarter of 2014. For example, during the fourth quarter of 2013, taxable retail sales, excluding sales at non-retail outlets, totaled approximately \$27.2 million. The total taxable retail sales volume subsequently declined in the first-quarter of 2014 to \$24.0 million, but rebounded to \$26.2 million as of the second-quarter of 2014. Taxable retail sales then contracted once again to \$25.2 million by the third-quarter of 2014. This pattern is not unusual for the retail industry in general, which usually sees strong sales in the fourth quarter, coinciding with holiday shopping, followed by declines in the first quarter of the following year. This illustrates that, as of the most recent full year for which data are available, taxable retail sales fluctuated by as much as 11.9 percent, or \$3.2 million, between quarters. This poses significant challenges to retailers, who often need to capture significant revenue during the peak seasons, in order to offset significant declines in sales activity during the off-season. It is somewhat unexpected that Lakeport's taxable sales would be relatively low during the third quarter, which should coincide with an influx of visitor spending during the peak summer vacation and recreation period.

In addition to the taxable sales data discussed above, BAE also evaluated total employment in the Retail Trade sector, in order to establish a better month-to-month perspective on seasonal fluctuations in the retail sector. Figure 6 illustrates fluctuations in monthly employment in the Retail Trade Sector in 2012, 2013, and 2014, as reported by the EDD. The figure illustrates the steady growth in employment in the Retail Trade sector through 2012 and 2013, reflecting a recovery in local economic conditions and a resurgence in visitor traffic. As of 2014, employment in the Retail Trade sector levelled off somewhat, showing peaks in March and July, which do not correspond precisely with the quarterly highs in taxable retail sales, discussed above. While both employment and retail sales volumes in the Retail Trade sector in Lake County remain somewhat below pre-recession levels, the industry has likely reached a point of stabilization. Growth in the industry is likely to occur incrementally and is primarily contingent on increased visitor traffic, rather than expanding local resident purchasing power.

Figure 6: Monthly Employment in the Retail Trade Sector, Lake County, 2012 to 2014



Sources: California Employment Development Department, Quarterly Census of Employment and Wages, 2016; BAE, 2016.

Retail Leakage Estimates

In order to assess the net balance of trade in the retail sector, BAE compiled data on retail sales and consumer expenditures from Nielsen, a private data vendor, considering three distinct geographic areas. These include the City of Lakeport and Lake County, as well as a third study area, called the Primary Retail Market Area. BAE defined this latter area in order to capture the retail purchasing behavior associated with households that live in the unincorporated area surrounding Lakeport and on the western end of Clear Lake, who are the most likely to make many of their everyday retail purchases within the City of Lakeport. Based on conversations with City staff and local real estate brokers, the Primary Retail Market Area for Lakeport was defined to include the area extending from the Lakeport city limit to Upper Lake in the north, the communities of Nice and Lucerne in the east, the Lake County line in the west, and the communities of Kelseyville and Buckingham Park to the south. For additional details regarding the definition and extent of the Primary Retail Market Area, please refer to Appendix A.

As reported in Table 11, City of Lakeport residents spent approximately \$77.4 million on retail purchases in 2016. This corresponded with approximately \$180.5 million in retail sales within the City, resulting in an estimated total annual retail sales injection of approximately \$103.1 million. After accounting for the broader population base and additional retail establishments within the Primary Retail Market Area, consumer expenditures increase more than five-fold while retail supply increases three-fold, amounting to a total yearly retail sales injection of \$131.9 million within the Primary Retail Market Area. The third geography, Lake County, also

demonstrates an injection of retail sales, though it is notably more balanced as it relates to total consumer expenditures and retail supply, with an injection of only \$51.7 million in 2016.

The data indicate that there were nine retail categories with leakage within the Primary Retail Market Area in 2016. The industries with leakage include Furniture and Home Furnishings Stores, Electronics and Appliance Stores, Clothing and Clothing Accessories Stores, Sporting Goods, Hobby, Book, and Music Stores, General Merchandise Stores, Miscellaneous Store Retailers, Non-Store Retailers,³ Food Service and Drinking Places, and Gasoline Stations. The balance of trade for these specific sectors represented a gross leakage of \$105.0 million. While it is not realistic for any community to capture 100 percent of its residents' expenditures, the leakage analysis indicates potential opportunities for the City of Lakeport, and more specifically in the lakefront area, to capture additional sales, because the City currently functions as a primary retail hub within Lake County. In particular, the lakefront area may be able to target additional establishments within the Food Service and Drinking Places category, as well as in Clothing and Clothing Accessories Stores and Sporting Goods, Hobby, Book, and Music Stores. It is worth noting, however, that given the small population base within Lake County, some of the previously mentioned sales categories may be included within purchases made at general merchandise establishments. More specifically, between the Wal-Mart in Clearlake and the Kmart in Lakeport, resident expenditures at these establishments may be overstating the lack of clothing and clothing accessories and sporting goods, hobby, book and music, as those sales would be included in the general merchandise category, where Wal-Mart and Kmart are classified.

By applying sales per square foot estimates published by the Urban Land Institute (ULI), BAE estimates that the leakage identified in Table 11 within the Primary Market Area could potentially support up to 220,000 square feet of additional retail floor area, and one to two additional gasoline stations. Of the categories indicating the potential for additional supportable square footage, the most significant opportunity as it relates to the lakefront area is in the Food Service and Drinking Places category, which notes the potential for an additional 38,000 square feet of additional supportable space. Table 11 also indicates potential for roughly 100,000 square feet of space in the General Merchandise Store category, but a significant portion of this leakage may be captured currently in the Wal-Mart, located nearby, but outside of the Primary Retail Market Area.

³ Industries in the Nonstore Retailers subsector retail merchandise using methods, such as the broadcasting of infomercials, the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls and distribution through vending machines. Establishments in this subsector include mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stalls (e.g., street vendors, except food). Establishments engaged in the direct sale (i.e., nonstore) of products, such as home heating oil dealers and newspaper delivery service providers are included in this subsector.

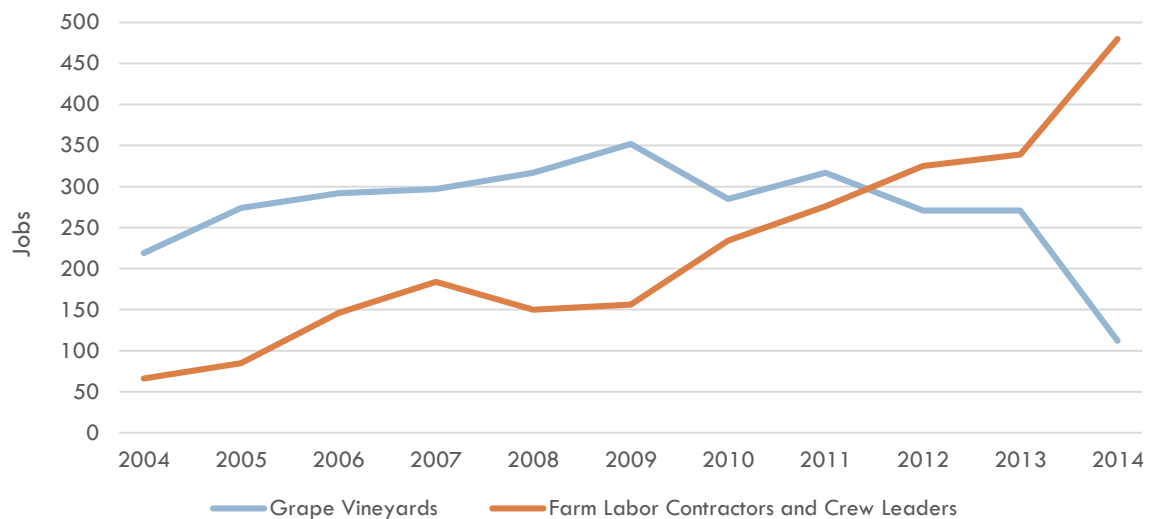
Trends in the Wine Industry

Recognizing the importance of the growing wine industry in Lake County, Table 12 reports the total consumer expenditure and retail supply in the Food and Beverage Stores category, broken out by sub-category. The purpose of this is to illustrate the substantial injection within the Beer, Wine, and Liquor Stores category within the Primary Retail Market Area and Lake County. This sub-sector generally includes retailers focused on the sale of packaged alcoholic beverages, such as canned beer, and bottles of wine or liquor,⁴ which generally corresponds with how wine tasting rooms are categorized, since their primary function is not the consumption of wine, but rather the retail distribution of packaged wine. Within the Primary Retail Market Area, total expected consumer expenditures in this category were equal to \$2.8 million in 2016, with a total retail supply of \$139.5 million, resulting in a net injection of \$124.5 million. Countywide, total consumer expenditures in this category were equal to \$39.2 million in 2016, with a total retail supply of \$279.0 million, resulting in a net injection of \$239.7 million.

Table 13 reports total employment figures for the Natural Resources and Mining Industry, which includes all agricultural employment, as well as employment figures for Grape Vineyards and Farm Labor Contractors and Crew Leaders. According to these data, employment among Grape Vineyards has historically accounted for between 200 and 300 jobs in Lake County between 2004 and 2014, which represented between 20 and 30 percent of all farm employment. Since 2013, there appears to be a shift in the nature of farm labor in the wine industry, as the number of jobs provided by Grape Vineyards has declined, corresponding to an increase in the number of jobs provided in the Farm Labor Contractors and Crew Leaders category. This trend is illustrated in Figure 7, below. Note that this latter category may underrepresent the labor associated with wine grape production, as farm labor contractors often facilitate the movement of labor between counties (e.g., workers from Napa working in Lake County); therefore, the employment associated with laborers working with labor contractors may be counted in other areas. When combined, the data indicate that employment associated with wine grape production in Lake County is stable and increasing.

⁴ This industry comprises establishments primarily engaged in retailing packaged alcoholic beverages, such as ale, beer, wine, and liquor.

Figure 7: Total Employment, Grape Vineyards and Farm Labor Contractors, 2004 to 2014



Sources: California Employment Development Department, Quarterly Census of Employment and Wages, 2016; BAE, 2016.

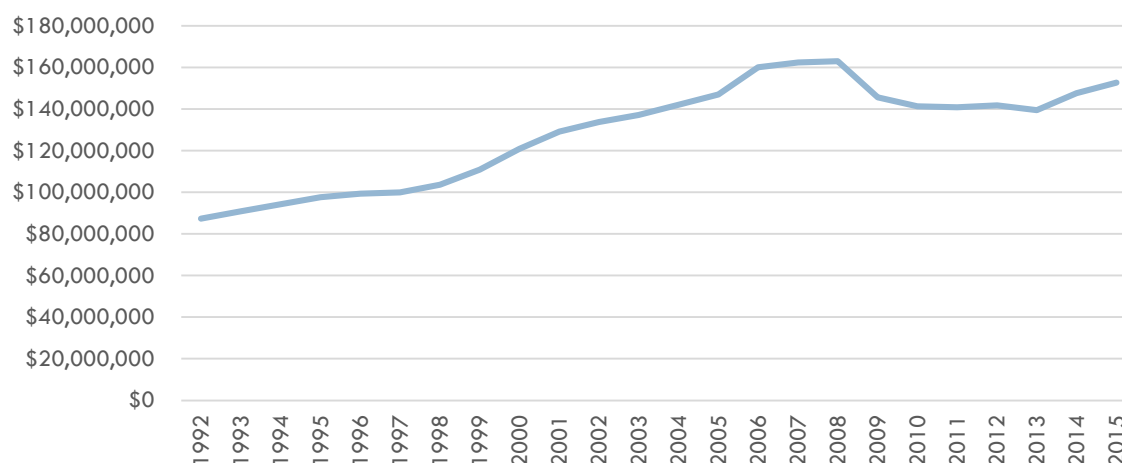
In addition to data regarding employment associated with wine grape production, Table 13 also reports the total value of wine grape production in thousands of dollars. The data indicate that the value of wine grapes grown in Lake County can vary considerably from year-to-year, but that the overall trend indicates a stable and expanding industry. For example, Lake County produced an average of \$43.0 million in wine grapes between 2004 and 2014, with a minimum of value of \$31.8 million recorded in 2004 and a maximum of \$61.3 million recorded in 2013. In 2014, the most recent year for which data are available, the total value of wine grape production in Lake County was approximately \$58.9 million.

Trends in Visitor Spending

Table 14 summarizes data reported by the CTTC in the annual *California Travel Impacts by County, 1992-2015p* report, published in April of 2016. The data indicates that visitor spending in Lake County steadily increased between 1992 and 2008, when it peaked at \$163.0 million. Between 2000 and 2008, visitor spending increased by 34.9 percent, or around 3.8 percent per year, representing an increase of \$42.2 million per year in spending. With the onset of the recession in 2008, spending declined, reaching a low in 2013 of \$139.4 million. Between 2008 and 2013, visitor spending declined by 14.5 percent, or roughly 3.1 percent per year. As of 2014, visitor spending began to increase reaching a recorded high of \$152.7 million in 2015, the last year for which data are available. The 2015 value represents the highest value since the 2008 peak and the third highest in the study period, indicating visitor spending is nearing pre-recession levels.

According to the CTTC, visitor spending accounts for approximately 11.5 percent of total taxable sales in Lake County. The available data regarding the disposition of visitor spending indicates that an estimated 30.5 percent of the dollars spent by visitors in 2015 went to Food Service establishments, which represents a total of \$4.6 million in annual spending. Accommodations were the second largest spending category, accounting for 20.6 percent of total visitor spending, or around \$3.1 million. Both of these categories have maintained a fairly consistent share of total visitor spending since 2010. The third largest visitor spending category was Arts, Entertainment and Recreation, which accounted for 16.2 percent of all visitor spending, or around \$2.5 million. While the proportion of total visitor spending in this category has remained fairly stable since 2010, it represents a notable decrease since 2000, when 18.9 percent of total visitor spending was captured within this category. Retail Sales account for the last major spending category, with the exception of Food Stores, accounting for 15.6 percent of all visitor spending, which equals roughly \$2.4 million in annual spending.

Figure 8: Visitor Spending, Lake County, 1992 to 2015



Sources: California Travel and Tourism Commission, 2016; BAE, 2016.

Visitor Accommodations

To assess the existing market for lodging in Lakeport, BAE conducted interviews with area lodging establishments and conducted an evaluation of Transient Occupancy Tax (TOT) receipts, and average annual room revenues. BAE also researched some of the area's cultural, historic, and recreational amenities that act as destinations for area visitors.

As of May 2016, there were five lodging facilities in operation within the Study Area featuring a total of 146 rooms. All of the hotel operators contacted for this study identified declining annual visitation totals and overall weak demand for hotel rooms on the Lakeport waterfront, despite high levels of occupancy during key periods. Interviews with local hotel and motel operators near the waterfront in Lakeport indicated that tourist visitation is primarily driven by

seasonal cultural and recreational activities such as boating, fishing, and other water activities at Clear Lake. Major cultural activities include the Lake County Fair, Lake County Rodeo, Kelseyville Pear Festival, and winetasting at nearby wineries, as well as key weekend events in Lakeport, like the *Clear Lake Seaplane Splash In*. The primary markets for tourists are the San Francisco Bay Area and greater Sacramento region.

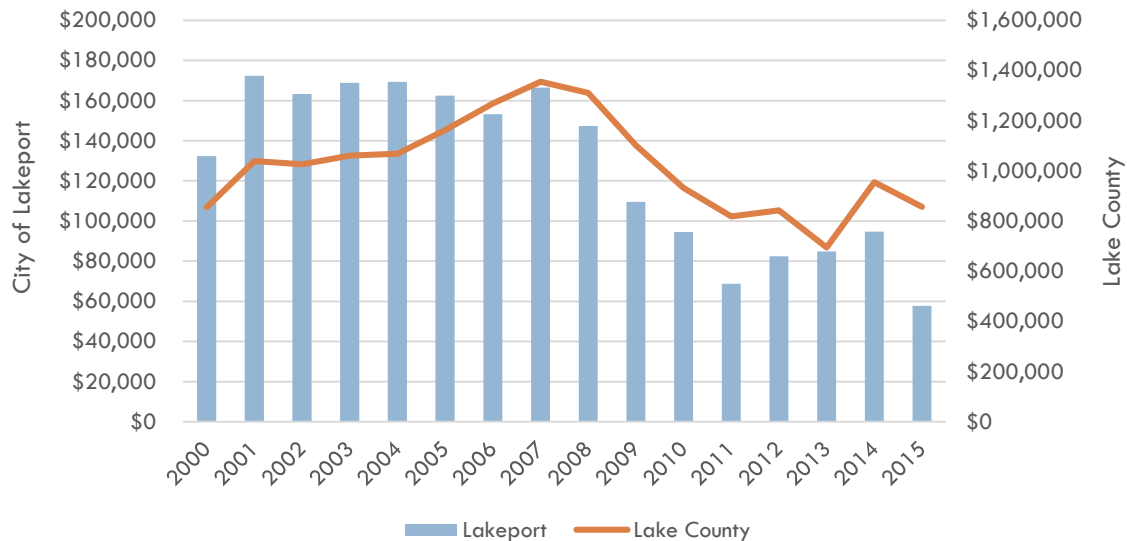
Hotel operators indicated that demand for lodging in Lakeport was severely impacted by the economic recession, as well as the closing of Konocti Resort & Spa, which was a major tourist destination located near Kelseyville. The resort, which featured a marina, spa, and outdoor amphitheater, drew in thousands of visitors to Lake County hotels and businesses each year until its closing in 2009. Before its closure, the resort was known as the largest concert venue on the North Coast, hosting nearly 100 events per year in the 5,000-seat outdoor amphitheater and 1,000-seat indoor concert hall.

Local hotel and motel operators also reported that the local lodging market is highly impacted by seasonality, with wide fluctuations in overnight visitation between the summer and winter seasons. The owner of English Inn, an upscale bed and breakfast reported, for example, that visitation has declined such that they cease operation on weekends from November to May.

Transient Occupancy Tax Trends

The data on Transient Occupancy Tax (TOT) receipts published by the CTTC indicate that even before the recession in 2008, Lakeport consistently underperformed compared to other parts of Lake County and, where other parts of Lake County more successfully rebounded from the recent recession, Lakeport has continued to struggle. As shown in Table 15, between 2000 and 2004, Lakeport's TOT receipts generally tracked with Clearlake and unincorporated areas of Lake County. Between 2004 and 2007, prior to the onset of the recession, TOT receipts in Lakeport generally held stable, while receipts countywide continued to increase at a moderate pace. With the onset of the recession in 2008, TOT receipts in both areas began to decline. Where countywide receipts reached a low in 2013 at \$694,300, rebounding to \$856,500 by 2015. While Lakeport experienced tepid growth in TOT revenues between 2011 and 2014, the available data indicate a notable decline between 2014 and 2015, with receipts decreasing from \$94,800 to an all-time low of \$57,700 in 2015. This represents a year-over-year decrease of 39 percent. One possible explanation for this is the Valley Fire, which in September 2015 burned more than 70,000 acres in Lake County and more than likely deterred visitors from the area. Another explanation provided by local real estate brokers is that some operators converted hotels to monthly rentals, thereby avoiding TOT payments. With only five lodging establishments in the Study Area, the impact of removing even a limited number of hotel rooms collecting TOT is potentially quite significant.

Figure 9: Transient Occupancy Tax Receipts, 2000 to 2015



Sources: California Travel and Tourism Commission, 2016; BAE, 2016.

Implications of Economic Conditions and Trends

Growth in local employment is driven by service industries, with relatively little growth in private office-based sectors or sectors that create strong demand for industrial space. This means that the primary demand for office space comes from government, medical, and social services tenants. With this limited base of demand, growth in demand for standard professional office space will be modest; however, demographic and economic conditions and trends indicate a potential need for more medical office space due to the expanding population and the aging of the population.

The City of Lakeport functions as a retail hub within the broader Lake County region. This is evident from both the high per capita retail sales figures published by the SBOE, but also from the lack of any significant leakage within the retail sales categories at the city level. Though the below-average incomes associated with Lakeport residents limit the potential retail expansion that may be supported by the existing population, the City may be able to capture some additional sales from residents located within the unincorporated area to the northwest of the lake, which is consistent with existing retail shopping patterns.

In addition to demand from regional residents, the City of Lakeport operates as a tourist destination and may have the opportunity to capture a larger portion of visitor spending by attracting more regional visitors into the lakefront area. One area that may specifically target additional visitor spending would be an increase in overnight visitation, something that has been missing since the closure of the Konocti Resort and Spa, a major generator of tourist activity within the County. Overnight visitors tend to spend more money at local

establishments, meaning that if the City could increase the number of overnight visitors, it will help inject additional expenditures into local retailers, restaurants, and service establishments.

Existing lodging establishments have struggled to recover from the recession, and face low occupancy rates and declining revenue; however, visitor-attraction related to the vineyards, wineries, and tasting rooms is an opportunity as the Lake County wine industry grows and gains prominence. Stiff competition from established nearby wine tourism destinations, such as Sonoma and Napa Counties, will require Lakeport and Lake County as a whole to differentiate the local experience from what the competitors offer. Promotion of the lakefront setting and water-related activities to complement winetasting and winery visits should be a part of that effort.

Many of Lake County's visitors may come to Lakeport for the day, but spend the night (and their money) in locations such as Napa and Sonoma, because there is relatively little boutique or upscale lodging in Lakeport and Lake County. Lakeport is well situated on Clear Lake for waterfront development (something that Napa and Sonoma are not as well-known for) and upscale lodging is a natural fit with waterfront locations; thus, development of a small boutique hotel should be considered for the Lakeport waterfront. In order to make a potential waterfront boutique hotel more viable, the LLRP should also seek to attract new upscale restaurants and specialty retail and services, as these will be attractions for hotel patrons.

Table 8: Historic Taxable Sales, Lakeport and Lake County, 2000 to 2013**City of Lakeport**

Year	Total Retail and Food Services		All Other Outlets		Total All Outlets	
	Total Sales	Per Capita (a)	Total Sales	Per Capita (a)	Total Sales	Per Capita (a)
2000	\$99,930,000	\$20,827	\$7,597,000	\$1,583	\$107,527,000	\$22,411
2001	\$104,571,000	\$21,601	\$8,014,000	\$1,655	\$112,585,000	\$23,257
2002	\$100,945,000	\$20,639	\$7,433,000	\$1,520	\$108,378,000	\$22,159
2003	\$99,813,000	\$20,353	\$11,113,000	\$2,266	\$110,926,000	\$22,619
2004	\$105,201,000	\$21,505	\$11,698,000	\$2,391	\$116,899,000	\$23,896
2005	\$109,726,000	\$22,517	\$12,730,000	\$2,612	\$122,456,000	\$25,129
2006	\$113,735,000	\$23,567	\$13,617,000	\$2,822	\$127,352,000	\$26,389
2007	\$108,929,000	\$22,793	\$14,530,000	\$3,040	\$123,459,000	\$25,834
2008	\$100,035,000	\$21,198	\$12,213,000	\$2,588	\$112,248,000	\$23,786
2009	\$88,694,260	\$18,493	\$11,597,674	\$2,418	\$100,291,934	\$20,912
2010	\$91,618,933	\$19,256	\$11,952,010	\$2,512	\$103,570,943	\$21,768
2011	\$97,091,714	\$20,557	\$11,281,893	\$2,389	\$108,373,607	\$22,946
2012	\$98,762,380	\$21,072	\$11,717,088	\$2,500	\$110,479,468	\$23,571
2013	\$102,980,836	\$22,037	\$10,900,494	\$2,333	\$113,881,330	\$24,370

Lake County

Year	Total Retail and Food Services		All Other Outlets		Total All Outlets	
	Total Sales	Per Capita (a)	Total Sales	Per Capita (a)	Total Sales	Per Capita (a)
2000	\$291,944,000	\$5,026	\$117,208,000	\$2,018	\$409,152,000	\$7,044
2001	\$322,631,000	\$5,444	\$118,914,000	\$2,007	\$441,545,000	\$7,451
2002	\$327,824,000	\$5,416	\$116,893,000	\$1,931	\$444,717,000	\$7,348
2003	\$342,839,000	\$5,575	\$116,330,000	\$1,892	\$459,169,000	\$7,467
2004	\$371,297,000	\$5,959	\$136,343,000	\$2,188	\$507,640,000	\$8,147
2005	\$394,726,000	\$6,278	\$144,416,000	\$2,297	\$539,142,000	\$8,576
2006	\$406,967,000	\$6,414	\$159,384,000	\$2,512	\$566,351,000	\$8,926
2007	\$402,658,000	\$6,302	\$167,803,000	\$2,626	\$570,461,000	\$8,929
2008	\$378,070,251	\$5,891	\$194,404,152	\$3,029	\$572,474,403	\$8,920
2009	\$329,530,433	\$5,118	\$134,186,095	\$2,084	\$463,716,528	\$7,202
2010	\$334,678,541	\$5,182	\$129,598,843	\$2,007	\$464,277,384	\$7,189
2011	\$356,369,192	\$5,526	\$154,629,993	\$2,398	\$510,999,185	\$7,924
2012	\$363,743,050	\$5,653	\$161,434,502	\$2,509	\$525,177,552	\$8,162
2013	\$378,893,464	\$5,884	\$172,149,337	\$2,674	\$551,042,801	\$8,558

Note:

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

Sources: California State Board of Equalization, 2016; California Department of Finance, 2016; BAE, 2016.

Table 9: Taxable Sales by Category, Lake County, 2009 to 2013

Sales Category	2009		2010		2011	
	All Sales	Per Capita (a)	All Sales	Per Capita (a)	All Sales	Per Capita (a)
Motor Vehicle and Parts Dealers	\$34,629,157	\$537.85	\$34,110,537	\$528.19	\$35,724,418	\$553.94
Home Furnishings and Appliance Stores	\$13,480,611	\$209.38	\$12,093,431	\$187.26	\$13,052,049	\$202.39
Bldg. Matrl. and Garden Equip. and Supplies	\$40,933,266	\$635.77	\$37,178,534	\$575.70	\$42,868,241	\$664.72
Food and Beverage Stores	\$53,280,378	\$827.54	\$55,447,140	\$858.58	\$58,688,254	\$910.02
Gasoline Stations	\$43,443,927	\$674.76	\$55,113,598	\$853.42	\$61,890,879	\$959.68
Clothing and Clothing Accessories Stores	\$3,329,552	\$51.71	\$2,743,071	\$42.48	\$2,747,351	\$42.60
General Merchandise Stores	\$67,539,945	\$1,049.02	\$66,252,196	\$1,025.89	\$64,848,681	\$1,005.55
Food Services and Drinking Places	\$40,180,311	\$624.07	\$39,902,445	\$617.88	\$42,210,779	\$654.52
Other Retail Group	\$32,713,286	\$508.10	\$31,837,589	\$492.99	\$34,338,540	\$532.45
Total Retail and Food Services	\$329,530,433 \$286,086,506	\$5,118.20	\$334,678,541	\$5,182.39	\$356,369,192	\$5,525.87
All Other Outlets	\$134,186,095	\$2,084.15	\$129,598,843	\$2,006.80	\$154,629,993	\$2,397.70
Total All Outlets	\$463,716,528	\$7,202.36	\$464,277,384	\$7,189.18	\$510,999,185	\$7,923.57

Sales Category	2012		2013		Percent Growth (2009-2013)	
	All Sales	Per Capita (a)	All Sales	Per Capita (a)	Total Grow th	Annual Grow th
Motor Vehicle and Parts Dealers	\$37,715,915	\$586.13	\$38,452,526	\$597.19	11.0%	2.7%
Home Furnishings and Appliance Stores	\$11,016,769	\$171.21	\$13,113,174	\$203.66	-2.7%	-0.7%
Bldg. Matrl. and Garden Equip. and Supplies	\$46,440,773	\$721.72	\$45,719,757	\$710.06	11.7%	2.8%
Food and Beverage Stores	\$58,613,674	\$910.90	\$61,133,583	\$949.44	14.7%	3.5%
Gasoline Stations	\$62,431,822	\$970.24	\$63,188,633	\$981.36	45.4%	9.8%
Clothing and Clothing Accessories Stores	\$3,241,073	\$50.37	\$3,786,380	\$58.80	13.7%	3.3%
General Merchandise Stores	\$64,628,362	\$1,004.37	\$66,293,875	\$1,029.58	-1.8%	-0.5%
Food Services and Drinking Places	\$43,893,869	\$682.14	\$45,489,445	\$706.48	13.2%	3.2%
Other Retail Group	\$35,760,793	\$555.75	\$41,716,091	\$647.88	27.5%	6.3%
Total Retail and Food Services	\$363,743,050	\$5,652.84	\$378,893,464 \$315,704,831	\$5,884.44	15.0% 10.4%	3.6%
All Other Outlets	\$161,434,502	\$2,508.81	\$172,149,337	\$2,673.58	28.3%	6.4%
Total All Outlets	\$525,177,552	\$8,161.65	\$551,042,801	\$8,558.03	18.8%	4.4%

Note:

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

Sources: California State Board of Equalization, 2016; California Department of Finance, 2016; BAE, 2016.

Table 10: Taxable Sales by Quarter, City of Lakeport and Lake County, Q4 2013 to Q3 2014

City of Lakeport								
Sales Category	Fourth Quarter, 2013		First Quarter, 2014		Second Quarter, 2014		Third Quarter, 2014	
	All Sales	Per Capita (a)	All Sales	Per Capita (a)	All Sales	Per Capita (a)	All Sales	Per Capita (a)
Retail and Food Service Sales	\$27,192,196	\$5,819	\$23,963,334	\$5,041	\$26,209,855	\$5,513	\$25,188,336	\$5,298
All Other Outlets	\$2,732,817	\$585	\$2,496,537	\$525	\$3,073,307	\$646	\$2,761,120	\$581
Total All Outlets	\$29,925,013	\$6,404	\$26,459,871	\$5,566	\$29,283,162	\$6,160	\$27,949,456	\$5,879

Lake County								
Sales Category	Fourth Quarter, 2013		First Quarter, 2014		Second Quarter, 2014		Third Quarter, 2014	
	All Sales	Per Capita (a)	All Sales	Per Capita (a)	All Sales	Per Capita (a)	All Sales	Per Capita (a)
Retail and Food Service Sales	\$98,438,000	\$1,529	\$87,561,094	\$1,359	\$100,745,734	\$1,564	\$96,496,984	\$1,498
All Other Outlets	\$52,667,612	\$818	\$35,478,710	\$551	\$41,393,001	\$642	\$39,820,802	\$618
Total All Outlets	\$151,105,612	\$2,347	\$123,039,804	\$1,910	\$142,138,735	\$2,206	\$136,317,786	\$2,116

Note:

(a) Based on 2013 and 2014 population estimates published by the Department of Finance.

Sources: California State Board of Equalization, 2016; California Department of Finance, 2016; BAE, 2016.

Table 11: Retail Leakage and Injection, 2016 (Page 1 of 3)

City of Lakeport					
Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/SF (a)	Supportable Square Feet (b)
Furniture and Home Furnishings Stores	\$1,458,902	\$2,376,836	\$917,934	\$209	n.a.
Electronics and Appliance Stores	\$1,298,620	\$2,734,356	\$1,435,736	\$302	n.a.
Building Material, Garden Equip Stores	\$8,180,546	\$19,768,700	\$11,588,154	\$389	n.a.
Food and Beverage Stores	\$10,612,307	\$42,939,092	\$32,326,785	\$412	n.a.
Health and Personal Care Stores	\$4,274,841	\$35,229,250	\$30,954,409	\$429	n.a.
Clothing and Clothing Accessories Stores	\$3,222,530	\$8,561,522	\$5,338,992	\$233	n.a.
Sporting Goods, Hobby, Book, Music Stores	\$1,221,074	\$778,444	(\$442,630)	\$220	2,013
General Merchandise Stores	\$8,895,175	\$8,587,058	(\$308,117)	\$375 (c)	822
Miscellaneous Store Retailers	\$2,100,946	\$6,144,737	\$4,043,791	\$248	n.a.
Non-Store Retailers	\$6,800,286	\$5,847,851	(\$952,435)	n.a.	n.a.
Food Service and Drinking Places	\$8,605,069	\$12,633,899	\$4,028,830	\$314	n.a.
Subtotal, Non-Automotive	\$56,670,296	\$145,601,745	\$88,931,449		2,835
Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/Acre (d)	Supportable Acreage (d)
Motor Vehicle and Parts Dealers	\$14,879,289	\$28,011,451	\$13,132,162	\$12,634,000	n.a.
Gasoline Stations	\$5,872,446	\$6,923,451	\$1,051,005	\$5,806,423	n.a.
Subtotal, Automotive	\$20,751,735	\$34,934,902	\$14,183,167		0
Net Balance of Trade	\$77,422,031	\$180,536,647	\$103,114,616		
Categories with Leakage	\$16,916,535	\$15,213,353	(\$1,703,182)		

- Continued on next page -

Sources: Nielsen, 2016; Urban Land Institute, 2008; California State Board of Equalization, 2015; BAE, 2016.

Table 11: Retail Leakage and Injection, 2016 (Page 2 of 3)

Primary Retail Market Area (e)

Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/SF (a)	Supportable Square Feet (b)
Furniture and Home Furnishings Stores	\$7,694,756	\$3,155,593	(\$4,539,163)	\$209	21,689
Electronics and Appliance Stores	\$6,866,644	\$5,027,419	(\$1,839,225)	\$302	6,086
Building Material, Garden Equip Stores	\$44,605,096	\$72,838,329	\$28,233,233	\$389	n.a.
Food and Beverage Stores	\$57,664,466	\$241,087,834	\$183,423,368	\$412	n.a.
Health and Personal Care Stores	\$23,461,090	\$47,798,070	\$24,336,980	\$429	n.a.
Clothing and Clothing Accessories Stores	\$17,152,075	\$10,325,096	(\$6,826,979)	\$233	29,341
Sporting Goods, Hobby, Book, Music Stores	\$6,412,174	\$1,817,538	(\$4,594,636)	\$220	20,899
General Merchandise Stores	\$48,385,410	\$10,735,812	(\$37,649,598)	\$375 (c)	100,399
Miscellaneous Store Retailers	\$11,402,693	\$10,495,156	(\$907,537)	\$248	3,666
Non-Store Retailers	\$36,866,608	\$15,431,112	(\$21,435,496)	n.a.	n.a.
Food Service and Drinking Places	\$45,721,566	\$33,704,320	(\$12,017,246)	\$314	38,257
Subtotal, Non-Automotive	\$306,232,578	\$452,416,279	\$146,183,701		220,337
Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/Acre (d)	Supportable Acreage (d)
Motor Vehicle and Parts Dealers	\$76,231,657	\$77,147,069	\$915,412	\$12,634,000	n.a.
Gasoline Stations	\$31,389,268	\$16,231,541	(\$15,157,727)	\$5,806,423	3
Subtotal, Automotive	\$107,620,925	\$93,378,610	(\$14,242,315)		3
Net Balance of Trade	\$413,853,503	\$545,794,889	\$131,941,386		
<i>Categories with Leakage</i>	<i>\$211,891,194</i>	<i>\$106,923,587</i>	<i>(\$104,967,607)</i>		

- Continued on next page -

Sources: Nielsen, 2016; Urban Land Institute, 2008; California State Board of Equalization, 2015; BAE, 2016.

Table 11: Retail Leakage and Injection, 2016 (Page 3 of 3)

Lake County					
Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/SF (a)	Supportable Square Feet (b)
Furniture and Home Furnishings Stores	\$19,855,711	\$5,088,514	(\$14,767,197)	\$209	70,562
Electronics and Appliance Stores	\$17,760,130	\$11,990,492	(\$5,769,638)	\$302	19,092
Building Material, Garden Equip Stores	\$115,683,476	\$124,638,222	\$8,954,746	\$389	n.a.
Food and Beverage Stores	\$151,498,860	\$565,212,188	\$413,713,328	\$412	n.a.
Health and Personal Care Stores	\$60,610,099	\$87,840,356	\$27,230,257	\$429	n.a.
Clothing and Clothing Accessories Stores	\$44,770,440	\$22,096,826	(\$22,673,614)	\$233	97,445
Sporting Goods, Hobby, Book, Music Stores	\$16,737,333	\$3,799,540	(\$12,937,793)	\$220	58,848
General Merchandise Stores	\$126,598,416	\$32,160,026	(\$94,438,390)	\$375 (c)	251,836
Miscellaneous Store Retailers	\$29,817,899	\$26,263,291	(\$3,554,608)	\$248	14,360
Non-Store Retailers	\$96,055,814	\$22,893,687	(\$73,162,127)	n.a.	n.a.
Food Service and Drinking Places	\$118,376,651	\$57,497,365	(\$60,879,286)	\$314	193,809
Subtotal, Non-Automotive	\$797,764,829	\$959,480,507	\$161,715,678		705,953
Retail Category	Consumer Expenditures	Retail Supply	(Leakage)/ Injection	Estimated Sales/Acre (d)	Supportable Acreage (d)
Motor Vehicle and Parts Dealers	\$198,791,813	\$107,285,945	(\$91,505,868)	\$12,634,000	7
Gasoline Stations	\$82,306,295	\$63,769,661	(\$18,536,634)	\$5,806,423	3
Subtotal, Automotive	\$281,098,108	\$171,055,606	(\$110,042,502)		10
Net Balance of Trade	\$1,078,862,937	\$1,130,536,113	\$51,673,176		
<i>Categories with Leakage</i>	<i>\$751,070,502</i>	<i>\$352,845,347</i>	<i>(\$398,225,155)</i>		

Notes:

- (a) Sales per square foot are based on data reported in the *Dollars and Cents of Shopping Centers*, published by the ULI.
- (b) Supportable square footage estimates include a 14 percent non-retail adjustment and a 10 percent vacancy allowance.
- (c) General Merchandise Stores sales per square foot estimate is based on the average sales per square foot reported by major big box general merchandise stores.
- (d) Sales per acre estimates are based on taxable sales per establishment figures derived from data published by the SBOE. The figures assume that an average motor vehicle dealership will range in size between 5.3 and 6.4 acres, while a typical gasoline station would occupy approximately one acre.
- (e) The Primary Retail Market Area is defined 2010 Census Tracts. For a complete listing of the included Census Tracts, please refer to Appendix A.

Sources: Nielsen, 2016; Urban Land Institute, 2008; California State Board of Equalization, 2015; BAE, 2016.

Table 12: Retail Leakage and Injection, Food and Beverage Stores by Sub-Category, 2016

City of Lakeport

Store Type	Consumer Expenditures	Retail Supply	(Leakage)/ Injection
Grocery Stores	\$6,962,441	\$42,155,914	\$35,193,473
Specialty Food Stores	\$879,588	\$783,178	(\$96,410)
Beer, Wine & Liquor Stores	\$2,770,278	\$0	(\$2,770,278)
Total, All Food & Beverage Stores	\$10,612,307	\$42,939,092	\$32,326,785

Primary Retail Market Area

Store Type	Consumer Expenditures	Retail Supply	(Leakage)/ Injection
Grocery Stores	\$37,898,432	\$100,162,482	\$62,264,050
Specialty Food Stores	\$4,785,019	\$1,444,883	(\$3,340,136)
Beer, Wine & Liquor Stores	\$14,981,015	\$139,480,469	\$124,499,454
Total, All Food & Beverage Stores	\$57,664,466	\$241,087,834	\$183,423,368

Lake County

Store Type	Consumer Expenditures	Retail Supply	(Leakage)/ Injection
Grocery Stores	\$99,662,470	\$282,558,759	\$182,896,289
Specialty Food Stores	\$12,607,880	\$3,692,485	(\$8,915,395)
Beer, Wine & Liquor Stores	\$39,228,510	\$278,960,944	\$239,732,434
Total, All Food & Beverage Stores	\$151,498,860	\$565,212,188	\$413,713,328

Sources: Nielsen, 2016; BAE, 2016.

Table 13: Wine Grape Production Value and Related Employment, 2004 to 2014

Industry of Employment	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources and Mining (a)	891	919	998	1,082	1,092	1,161	1,091	1,198	1,165	1,126	1,121
Grape Vineyards	219	274	292	297	317	352	285	317	271	271	112
Farm Labor Contractors and Crew Leaders	66	85	146	184	150	156	234	276	325	339	480
Total Wine Grape Production (in \$000) (b)	\$31,751	\$38,149	\$43,205	\$43,449	\$34,227	\$38,450	\$35,620	\$39,993	\$47,880	\$61,340	\$58,867

Notes:

(a) The Natural Resources and Mining sector includes data for the Agriculture, Forestry, Fishing, and Hunting industry (NAICS 11) and the Mining, Quarrying, and Oil and Gas Extraction industry (NAICS 22). While comparable data is not available for all years, 2014 data indicate that the Agriculture, Forestry, and Fishing industry comprises roughly 95 percent of total employment in the Natural Resources and Mining industry.

(b) As reported by the Lake County Department of Agriculture.

Sources: California Employment Development Department, QCEW, 2016; Lake County Department of Agriculture, dates as noted; BAE, 2016.

Table 14: Visitor Spending, Lake County 1992 to 2015

Year	Lake County
1992	\$87,400,000
1993	\$90,800,000
1994	\$94,200,000
1995	\$97,600,000
1996	\$99,300,000
1997	\$100,000,000
1998	\$103,600,000
1999	\$110,800,000
2000	\$120,800,000
2001	\$129,200,000
2002	\$133,800,000
2003	\$137,100,000
2004	\$142,100,000
2005	\$147,000,000
2006	\$160,000,000
2007	\$162,300,000
2008	\$163,000,000
2009	\$145,600,000
2010	\$141,300,000
2011	\$140,900,000
2012	\$141,800,000
2013	\$139,400,000
2014	\$147,600,000
2015	\$152,700,000

Percent Change	
2000-2015	54.1%

Sources: California Travel and Tourism Commission, 2016; BAE, 2016.

Table 15: Transient Occupancy Tax Receipts, 2000 and 2015

<u>Year</u>	<u>Lakeport</u>	<u>Clearlake</u>	<u>Lake County</u>
2000	\$132,400	\$148,200	\$855,500
2001	\$172,300	\$175,000	\$1,038,800
2002	\$163,200	\$164,400	\$1,026,700
2003	\$168,900	\$158,400	\$1,061,100
2004	\$169,300	\$165,100	\$1,068,600
2005	\$162,500	\$166,400	\$1,162,300
2006	\$153,300	\$181,400	\$1,268,400
2007	\$166,400	\$248,700	\$1,355,900
2008	\$147,300	\$226,300	\$1,310,600
2009	\$109,600	\$186,100	\$1,101,900
2010	\$94,600	\$160,900	\$932,200
2011	\$68,800	\$159,900	\$818,600
2012	\$82,500	\$158,900	\$842,400
2013	\$84,800	\$168,200	\$694,300
2014	\$94,800	\$199,900	\$955,100
2015	\$57,700	\$206,700	\$856,500
Percent Change			
2000-2015	-56.4%	39.5%	0.12%
TOT Tax Rate	10.0%	9.0%	9.0%

Sources: California Travel and Tourism Commission, 2016; BAE, 2016.

Table 16: Lodging Revenues, 2000 to 2015

<u>Year</u>	<u>Lakeport</u>	<u>Clearlake</u>	<u>Lake County</u>
2000	\$1,324,000	\$1,646,667	\$9,358,444.44
2001	\$1,723,000	\$1,944,444	\$11,350,777.78
2002	\$1,632,000	\$1,826,667	\$11,226,444.44
2003	\$1,689,000	\$1,760,000	\$11,602,333.33
2004	\$1,693,000	\$1,834,444	\$11,685,222.22
2005	\$1,625,000	\$1,848,889	\$12,733,888.89
2006	\$1,533,000	\$2,015,556	\$13,923,000.00
2007	\$1,664,000	\$2,763,333	\$14,880,666.67
2008	\$1,473,000	\$2,514,444	\$14,398,555.56
2009	\$1,096,000	\$2,067,778	\$12,121,555.56
2010	\$946,000	\$1,787,778	\$10,252,666.67
2011	\$688,000	\$1,776,667	\$9,019,111.11
2012	\$825,000	\$1,765,556	\$9,268,333.33
2013	\$848,000	\$1,868,889	\$7,620,222.22
2014	\$948,000	\$2,221,111	\$10,506,888.89
2015	\$577,000	\$2,296,667	\$9,452,555.56

Sources: California Travel and Tourism Commission, 2016; BAE, 2016.

REAL ESTATE MARKET CONDITIONS

This section of the report summarizes existing real estate market conditions in Lakeport and Lake County. The data reported in this section were primarily collected from CoStar, a private real estate market data vendor. Additional data regarding the for-sale residential real estate market are from ListSource, another private data vendor that tracks real estate transactions, as well as from the Lake County Board of Realtors. BAE collected data regarding the rental residential real estate market were through a review of current rental listings, as provided by Zillow, CoStar, Apartments.com, Padmapper, and Craigslist. Where possible, BAE collected additional information regarding the primary drivers of demand within each land use category through interviews with real estate brokers and property managers active in the Lakeport and Lake County areas.

Office Market

According to CoStar, there was approximately 4,840 square feet of office space available for lease in Lakeport during the fourth quarter of 2015, resulting in a vacancy rate of 4.7 percent. At that level, Lakeport's citywide office vacancy rate was relatively low, but, as shown in Table 17, that was almost double the exceptionally low countywide average of 2.5 percent.

Approximately 38 percent of Lakeport's existing office space inventory is located within the downtown district, where there is a vacancy rate of only 3.6 percent. The average asking lease rate for office space in Lakeport in fourth quarter 2015 was \$0.67 per square foot, which is 9.5 percent lower than the previous year when the average asking rent was \$0.74.

Comparatively, the average asking office rent in Lake County in fourth quarter of 2015 was \$0.84 per square foot, down 3.4 percent from the \$0.87 asking rate a year prior. Though vacancy remains at a rather low level, the elevated vacancy in Lakeport compared to Lake County as a whole indicates some softness in the market for office space in Lakeport, as do the City's below-average asking lease rates. The relatively high concentration of office space within the downtown district indicates that the area is perceived as a reasonably good location for office development, though the proposed relocation of the County Courthouse and attendant offices would not only result in the addition of significant vacancy within Lakeport's downtown core, but would also represent the withdrawal of the primary anchor tenant from the downtown Lakeport office market. This could likely result in the relocation of other associated office tenants, such as title companies, attorneys, and bail bondsmen, among others, who value proximity to County offices and court facilities. The relatively low office vacancy rates in both the City and the County indicate that increases in office-based employment should translate to the need for new office construction, and Lakeport should be a logical location to capture a significant share of any new office demand, given its existing share of almost 40 percent of the Lake County office market.

Retail Market

CoStar data indicate that during the fourth quarter of 2015 there were approximately 118,574 square feet of vacant retail floor area in Lakeport, resulting in a vacancy rate of 19.7 percent. Citywide, Lakeport's retail vacancy rate was roughly double that of Lake County as a whole, which featured a retail vacancy rate of 8.9 percent. Approximately 10 percent of retail space in Lakeport (58,549 square feet) was located downtown, where there was a vacancy rate of closer to 35 percent. The average asking lease rate for retail space in Lakeport during this timeframe was \$0.78, per square foot, triple-net,⁵ which, as shown by Table 18, was approximately 26 percent higher than a year prior when the asking rents averaged \$0.62. Comparatively, the average asking rent in Lake County in quarter four of 2015 was \$0.79, approximately 32 percent higher than the previous year when the average asking rent was \$0.60. While Lakeport does not have a large amount of retail space within the downtown district, the space that is available faces comparatively high levels of vacancy. Asking prices countywide are increasing slightly, but Lakeport's asking rents are increasing at a slower rate than the county average. No new retail construction occurred in recent years, and what vacant space is available for lease has been slow to absorb. Similar to the office market, the potential relocation of the Lake County Courthouse could have significant impacts on the market for retail real estate in downtown Lakeport. Major office tenants, such as government offices, often generate significant daytime retail demand and foot traffic within the core downtown area. The relocation of the court facilities to elsewhere in Lake County, even on the edge of the Lakeport city limits, could cause a redistribution of retail demand, likely resulting in a shift of retail spending away from the downtown area and the waterfront, which could weaken the City's ability to promote retail redevelopment along the Lakeport waterfront.

Residential Market

Between 2010 and 2014, Lakeport had approximately 2,408 housing units, which accounted for approximately seven percent of all housing units in Lake County. As reported in Table 19, approximately 17.8 percent of all housing units in Lakeport were vacant between 2010 and 2014, with roughly six percent being held vacant for seasonal, recreation, or occasional use. The data indicate that approximately seven percent of all housing units in Lakeport were classified as Other Vacant, which the Census Bureau defines as year-round units which were vacant for reasons other than those other categories. For example, held for occupancy of a caretaker or janitor, held for settlement of an estate, or held for personal reasons of the owner. The remaining 4.8 percent were vacant because they were either for rent or for sale, or had been rented or sold, but had not yet been occupied.

⁵ 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. This is opposed to a single or double net lease, where the lessee pays property taxes or property taxes and insurance, but is not held responsible for maintenance.

For-Sale Residential

Table 20 reports home sales data collected from ListSource, a private data vendor, for the period from May 2015 to May 2016. Based on these records, the median sale price for single-family homes in Lakeport was \$239,000. Of the home sales reported during this period, approximately 53 percent were three-bedroom units, while two-bedrooms accounted for 34 percent. One-bedrooms and four-bedrooms accounted for three percent and 9.7 percent, respectively. Table 21 reports the characteristics of homes other than single-family units sold during the same period, including mobile homes, as well as duplex and triplex units. A total of 34 mobile homes, two duplexes and two triplexes sold during this period. The median sale price for mobile home units sold during this period was \$147,000, while the median sale price for duplex units was \$150,000. The median sale price for triplex units was \$395,000. According to additional reports published by the Lake County Association of Realtors, median residential sales prices in Lakeport have historically remained around 20 to 30 percent above the countywide median. However, as shown in Table 22, the data indicate that for-sale housing prices in Lakeport were around 15 percent higher than the countywide median in 2015.

For-Lease Residential

BAE utilized a wide variety of data sources to identify residential units available for lease in June 2016, including Zillow, CoStar, Apartments.com, Padmapper, and Craigslist. Table 23 provides examples of rental housing identified. All available rentals were single-family units. Three units (111 South Lakeview Street, 326 15th Street and 1010 Page Street) had three bedrooms and two bathrooms, with rents ranging from \$1,250 to \$1,700 a month. One unit (124 Lupoyoma Circle) had three bedrooms and one bathroom, with an asking rent of \$1,300 a month. The final available unit (380 20th Street) had two bedrooms and one bathroom and came fully furnished, with an asking rent of \$1,695 a month. Proximity to the waterfront appears to impact the asking rent. For example, of the three available three-bedroom, two-bathroom units, the price per square foot increases the closer the unit is to the waterfront. 111 South Lakeview Street is approximately a third of a mile from the center of the Study Area, and cost \$1.08 per square foot; whereas 1010 Page Drive is approximately one mile from the northern edge of the Study Area and cost \$0.97 per square foot.

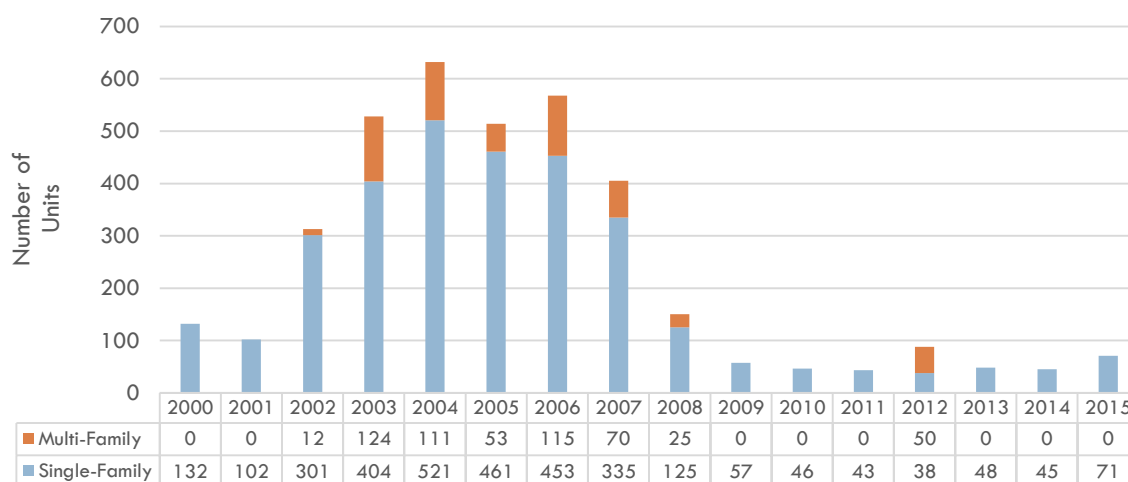
As shown on Table 24, data on multifamily rentals in Lakeport available through CoStar show only 162 units located in Lakeport, which is only eight percent of the total countywide multifamily housing stock. The CoStar data indicate that Lakeport and Lake County have relatively low vacancy rates of 2.5 percent. Low vacancy rates, coupled with the fact that Lakeport's average asking rent is approximately \$325 more than the Lake County average indicates relatively strong demand for rental housing in Lakeport.

Building Permit Trends

According to the available Census data on building permit trends, Lake County experienced somewhat robust housing growth between 2002 and 2007, however, very few of the homes

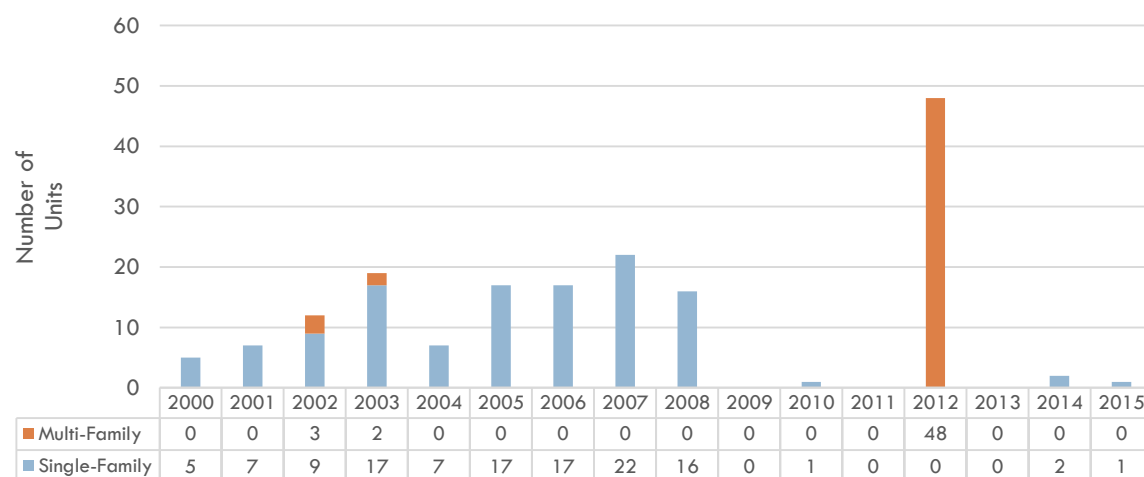
were constructed in Lakeport. As illustrated in Figure 10, during the peak of permit issuance in 2004, building permits for 521 single-family and 111 multifamily units were issued countywide; however, as shown in Figure 11, none of the multifamily units, and only seven of the single family units (1.3 percent) were located in Lakeport. Overall, Lakeport only represented about four percent of countywide single-family development activity since 2000. Despite the evidence suggesting robust demand for rental housing, Lakeport only captured 9.5 percent of multifamily housing units constructed countywide since 2000. The most significant residential construction to occur in Lakeport in recent years includes the 48-unit Bella Vista Senior Apartments that was developed on Martin Street in 2012, as well as another 36-unit senior housing complex that was approved by the City in late 2015.

Figure 10: Building Permits Issued, Lake County, 2000 to 2015



Sources: U.S. Census Bureau, Building Permit Data, 2016; BAE, 2016.

Figure 11: Building Permits Issued, City of Lakeport, 2000 to 2015



Sources: U.S. Census Bureau, Building Permit Data, 2016; BAE, 2016.

Implications of Real Estate Market Conditions

The information presented in this section indicates that Lakeport functions as a destination for retail and office using activities in western Lake County. The City features substantial shares of the countywide stock of retail and office space. With a retail vacancy rate of almost 20 percent in Lakeport and 30 percent in the downtown area, it is likely that the capture of existing retail leakage, or increases in demand for retail, will not necessarily translate into a need for development of new retail space. The possible courthouse relocation could also have an impact on the downtown retail climate, as the presence of the courthouse generates valuable daytime foot traffic and associated demand for retail and food service.

With office vacancy rates in Lakeport and Lake County at significantly low levels, additional employment growth in office using sectors may justify new construction; however, the potential relocation of the Lake County Courthouse poses a threat to the viability of both retail and office development in the downtown area, as proposed relocation of the County Courthouse and attendant offices would represent the withdrawal of the primary anchor tenant from the downtown Lakeport office market. This could result in the relocation of other associated office tenants who value proximity to County offices and court facilities.

The relatively low rents for both office and retail space in Lakeport and Lake County area also likely to pose a barrier to the financial feasibility of new development, although rents appear to be increasing. In the office market, low vacancies are likely to translate into increased rents over a relatively short period of time, barring any significant changes in the local market, such as the relocation of the County Courthouse.

Within Lake County, demand for existing for-sale and rental residential units in Lakeport appears relatively strong. Vacancy rates are relatively low, and the sale prices and rental rates in Lakeport tend to be higher than in the rest of the County as a whole. Although it appears that other communities have captured a greater share of Lake County's residential development than Lakeport in recent years, Lakeport's waterfront appears to be a valued attractive residential amenity, as housing near the lakefront appears to be command comparatively high values relative to similar housing units further away from the lake. This conditions should position the downtown and lakefront area as attractive opportunities for new residential development.

Table 17: Office Market Overview, City of Lakeport and Lake County

Office Market Overview		
	City of Lakeport	Lake County
Summary, Q4 2015		
Inventory	103,143	268,729
Occupied Stock	98,303	261,963
Vacant Stock	4,840	6,766
Vacancy Rate	4.7%	2.5%
Inventory (% of Lake County)	38.4%	
Asking Rents (a)		
Avg Asking Rent (psf), Q4 2014	\$0.74	\$0.87
Avg Asking Rent (psf), Q4 2015	\$0.67	\$0.84
% Change	-9.5%	-3.4%
Net Absorption		
Net Absorption 2010 - 2015	15,160	15,734
Net Absorption, 2015	(140)	2,884

Notes:

(a) Asking rents reflect full service leases.

Sources: CoStar, 2016; BAE, 2016.

Table 18: Retail Market Overview, City of Lakeport and Lake County

Retail Market Overview		
	City of Lakeport	Lake County
Summary, Q4 2015		
Inventory	601,953	1,547,160
Occupied Stock	483,379	1,410,053
Vacant Stock	118,574	137,107
Vacancy Rate	19.7%	8.9%
Inventory (% of Lake County)	38.9%	
Asking Rents (a)		
Avg Asking Rent (psf), Q4 2014	\$0.62	\$0.60
Avg Asking Rent (psf), Q4 2015	\$0.78	\$0.79
% Change	25.8%	31.7%
Net Absorption		
Net Absorption 2010 - 2015	(53,241)	(51,574)
Net Absorption, 2015	(47,810)	(28,610)
New Activity (b)		
New Construction, 2014	-	-
New Construction, 2015	-	18,200

Notes:

(a) Average asking rents reflect NNN leases.

(b) Reflects new construction based on properties tracked by CoStar.

Sources: CoStar, 2016; BAE, 2016.

Table 19: Occupancy and Vacancy Status, City of Lakeport and Lake County, 2000 and 2010-2014

Occupancy Status	City of Lakeport				Lake County			
	2000		2010-2014		2000		2010-2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Occupied Units	1,967	82.2%	2,001	83.1%	23,974	73.7%	26,771	75.3%
Vacant Units	427	17.8%	407	16.9%	8,554	26.3%	8,805	24.7%
For rent	25	1.0%	79	3.3%	810	2.5%	699	2.0%
For sale only	20	0.8%	0	0.0%	732	2.3%	793	2.2%
Rented or sold, not occupied	5	0.2%	0	0.0%	280	0.9%	381	1.1%
For seasonal or occasional use	270	11.3%	149	6.2%	5,479	16.8%	4,968	14.0%
For migrant workers	0	0.0%	0	0.0%	14	0.0%	0	0.0%
Other vacant	107	4.5%	179	7.4%	1,239	3.8%	1,964	5.5%
Total, All Housing Units	2,394	100%	2,408	100%	32,528	100%	35,576	100%

Sources: U.S. Census Bureau, 2000 Census, Summary File 1, 2016; U.S. Census Bureau, 2010-2014 American Community Survey, 2016; BAE, 2016.

Table 20: Single-Family Home Sales, City of Lakeport, May 2015 to May 2016

Sale Price Range	Number of Units Sold (a)					% of Total
	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	Total	
Less than \$100,000	3	1	3	0	7	4.5%
\$100,000-\$199,999	1	26	20	2	49	31.6%
\$200,000-\$299,999	1	14	32	4	51	32.9%
\$300,000-\$399,999	0	7	16	4	27	17.4%
\$400,000-\$499,999	0	4	7	1	12	7.7%
\$500,000-\$599,999	0	1	4	2	7	4.5%
\$600,000 or more	0	0	0	2	2	1.3%
Total	5	53	82	15	155	100%
% of Total	3.2%	34.2%	52.9%	9.7%	100%	
Median Sale Price	\$83,000	\$195,000	\$253,800	\$370,000	\$239,000	
Average Sale Price	\$114,700	\$229,870	\$271,149	\$384,000	\$261,638	
Average Size (sf)	746	1,241	1,696	2,449	1,593	
Average Price/sf	\$154	\$187	\$161	\$154	\$169	

Note:

(a) Consists of all sales of single-family residences between May 1, 2015 and May 1, 2016 in the 95453 zip code.

Sources: ListSource, 2016; BAE, 2016.

Table 21: Other Home Sales, City of Lakeport, May 2015 to May 2016

Sale Price Range	Mobile		
	Home Lots	Duplex	Triplex
Less than \$100,000	7	0	0
\$100,000-\$149,999	10	1	0
\$150,000-\$199,999	7	1	0
\$200,000-\$249,999	2	0	0
\$250,000-\$299,999	5	0	0
\$300,000-\$349,999	1	0	0
\$350,000-\$399,999	1	0	1
\$400,000 or More	1	0	1
Total	34	2	2
Median Sale Price	\$147,000	\$150,000	\$395,000

Note:

(a) Consists of Mobile Home, Duplex, and Triplex sales between May 1, 2015 and May 1, 2016 in the 95453 zip code.

Sources: ListSource, 2016; BAE, 2016.

Table 22: Home Sales Price Trends, City of Lakeport and Lake County, 2006 to May 2016

Year	City of Lakeport		Lake County	
	Number of Sales	Median Sale Price	Number of Sales	Median Sale Price
2006	96	\$360,395	901	\$294,500
2007	86	\$335,000	705	\$260,000
2008	83	\$275,000	685	\$199,000
2009	93	\$200,000	877	\$145,000
2010	118	\$147,500	987	\$120,000
2011	135	\$145,000	1097	\$98,000
2012	152	\$154,950	1143	\$110,000
2013	149	\$170,000	1083	\$132,500
2014	127	\$196,500	970	\$150,000
2015	149	\$236,000	1133	\$190,000
2016 YTD (b)	59	\$244,000	411	\$213,000






Notes:

(a) Data includes sales of all single-family residences, manufactures, and mobile homes.

(b) Represents all sales between January 1, 2016 and May 1, 2016.

Sources: Lake County Association of Realtors, 2016; BAE, 2016.

Table 23: Select Single-Family Rental Properties, City of Lakeport, June 2016

	<u>Property Address</u>	<u>Unit Type</u>	<u>Size (sf)</u>	<u>Rent</u>	<u>\$/sf</u>
	380 20th Street Lakeport, CA 95453	2 BR / 1 Bth	1,200	\$1,695	\$1.41
	111 South Lakeview Street Lakeport, CA 95453	3 BR / 2 Bth	1,200	\$1,300	\$1.08
	326 15th Street Lakeport, CA 95453	3 BR / 2 Bth	1,250	\$1,250	\$1.00
	1010 Page Drive Lakeport, CA 95453	3 BR / 2 Bth	1,751	\$1,700	\$0.97
	124 Lupoyoma Circle Lakeport, CA 95453	3 BR / 1 Bth	1,467	\$1,300	\$0.89

Source: Zillow, 2016; Craigslist, 2016; PadMapper, 2016; BAE, 2016.

Table 24: Multifamily Market Overview, City of Lakeport and Lake County

	<u>Lakeport</u>	<u>Lake County</u>
Total Complexes	9	72
Total Units	162	2,104
Vacant Units	4	52
Vacancy Rate	2.5%	2.5%
Average Unit Size (Sq Ft)	906	858
Average Asking Rent	\$987	\$662
Average Asking Rent/Sq. Ft.	\$0.84	\$0.77

Sources: CoStar, 2016; BAE, 2016.

GROWTH PROJECTIONS

The following section presents a forecast of growth in the number of residents, households, and jobs located within the City of Lakeport and Lake County. The forecast includes a moderate-growth scenario that is based on county-level projections published by the California Department of Transportation (Caltrans) and a high-growth scenario based on county-level projections by the California Department of Finance (DoF). Also included in this section are countywide employment projections developed using regional short-term employment projections published by the EDD and countywide Caltrans long-term projections. Based on these projections, this section aims to contextualize the anticipated regional growth and frame them in terms of opportunities for the lakefront area to capture a share of anticipated growth in real estate demand.

Population and Household Projections

BAE developed the population and household forecast presented in Table 25 based on population and household projections published by Caltrans and DoF. The forecasts for each area are benchmarked to the 2010 Census, and both forecasts assume that Lakeport will maintain its current share of the countywide population and household totals. It is worth noting that these estimates are characterized as moderate- and high-growth scenarios because recent trends indicate stagnant population and household growth in both the City and County, so a low-growth scenario, in which population and household growth continues to remain relatively stagnant, is also a possible alternative scenario.

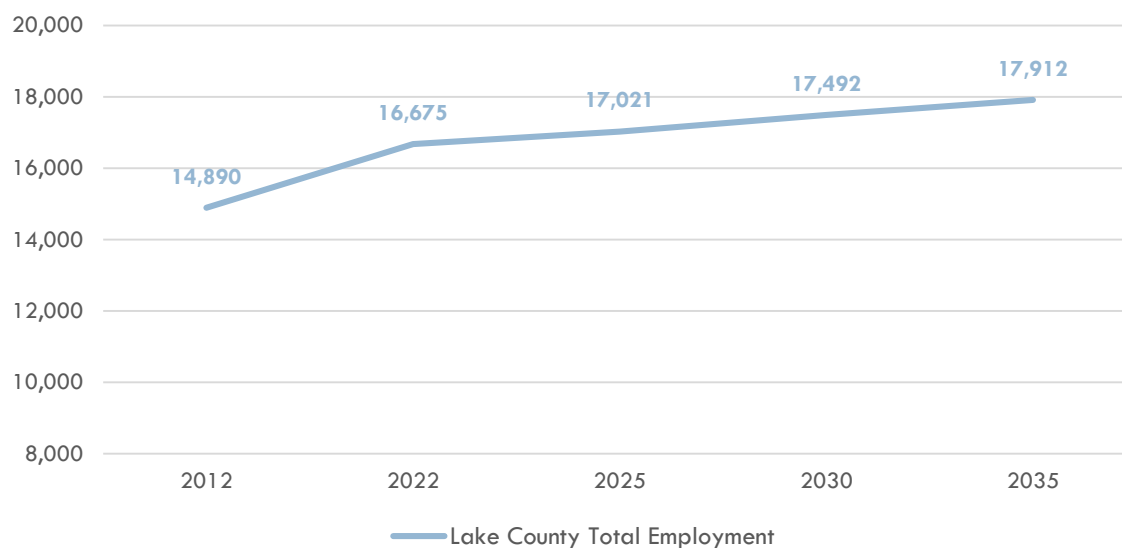
As shown in Table 25, the moderate- and high-growth projections estimate that the City of Lakeport will add between 407 and 1,416 new residents through 2035. Caltrans assumes household growth will increase at a slower rate relative to population, whereas DoF assumes a more rapid expansion in households relative to population. This translates into estimated household growth of between 114 and 766 new households through 2035. Lake County, by comparison, may be expected to add between 5,540 and 19,269 new residents, and between 1,507 and 10,157 new households.

Employment Projections

The EDD produces employment projections for the North Coast Region, which includes Lake, Del Norte, Humboldt, and Mendocino County. Based on these employment projections, assuming Lake County maintains its current share of the North Coast Region employment, the County may expect to gain 1,800 employees between 2012 and 2022. From 2022 through 2035, Caltrans anticipates a slower increase in total employment within Lake County, suggesting an increase of roughly 1,250 jobs from 2022 to 2035. In total, this amounts to roughly 3,025 new jobs within the County, at an annual rate of 0.81 percent per year. While projection data are not available specifically for the City of Lakeport, it is likely that the City will

mirror countywide trends and will capture a significant proportion of countywide employment growth.

Figure 12: Employment Projections, Total All Industries, Lake County, 2012 to 2035



Sources: California Employment Development Department, 2016; California Department of Transportation, Long-Term Socio-Economic Forecasts by County, 2016; BAE, 2016.

Employment Projections by Industry

Table 26 below displays the same employment projections, broken out by industry, as anticipated by the short-term EDD regional projections and long-term countywide Caltrans projections. As seen in the table, all industries, with the exception of manufacturing, are anticipated to experience at least some employment growth. The industries with the largest anticipated growth include Education and Health Services (1,100 new jobs), Government (650 new jobs), Professional and Business Services (315 new jobs), and Agriculture (300 new jobs). With the exception of Agriculture, which is most likely driven by the growing viticulture industry, office-using industries account for the largest proportion of the anticipated growth, which may indicate an increase in demand for office space within the County.

Implications of Growth Projections

The projections discussed above will help outline the possible opportunity areas within the City of Lakeport and the lakefront area, specifically. The anticipated population growth within the City and County will contribute to increasing retail demand, a possible opportunity for new retailers to locate within the lakefront area. More specifically, assuming the amount of occupied retail space per capita will remain constant throughout the planning period, by applying the moderate- and high-growth population growth rates, it is possible that the City will experience demand for between 30,000 and 100,000 square feet of additional retail space. It is worth noting that the additional demand in retail square feet does not necessarily

translate into new development and may be absorbed, to some degree, by the current vacant retail stock.

With regard to residential demand, the anticipated population and household growth will create additional demand for an estimated range of roughly 100 to 600 new housing units. Based on projected employment growth, expanding the current stock of housing units by roughly 350 units would keep pace with the anticipated growth in employment and would ensure that the City can provide adequate housing opportunities for future employees and additional housing development could accommodate increases in retirees and others not in the workforce, and second homeowners and housing units for vacation rentals.

The same employment projections, as previously noted, are heavily weighted towards office-using sectors, which may spur additional demand for office space. Based on the current occupied inventory, the projected demand for office space may reasonably increase by roughly 16,000 square feet. Given the exceptionally low countywide office vacancy rate and the relatively low Lakeport office vacancy rate, this increase in demand could translate directly into the need for new office construction.

BAE projected the potential demand for overnight accommodations using three distinct methods, including a low-, moderate-, and high-growth scenario. The low- and moderate-growth scenarios are tied to projected countywide population growth, as published by the DoF and Caltrans. These projections represent a reasonable lower bound, since visitors to many areas are primarily driven by a desire to visit friends and family. Therefore, additional visitors are likely to be drawn to the area in proportion to local population growth. The high growth scenario is based on the growth rate in visitor spending in Lake County between 2011 and 2012, as reported by the CTTC in the *California Travel Impacts* report. Based on these figures, the City of Lakeport may expect to experience demand sufficient to support around 11 new lodging rooms under the low-growth scenario, 36 new lodging rooms under the moderate-growth scenario, and up to 68 new lodging rooms under the high-growth scenario. If high growth conditions in the City of Lakeport itself are further bolstered by increasing success of the Lake County tourism sector in branding the area as a wine tourism destination, the Lakeport waterfront might be able to support a boutique hotel with more than 68 rooms, based on not only capturing a share of growth, but also capitalizing on currently unmet demand within the County for a higher end lodging facility. Note that some of the projected demand may be absorbed by existing establishments that can accommodate more demand due to currently low occupancy rates, such that the 11 rooms of demand projected under the low-growth scenario may be sufficient to support a limited number of new bed and breakfast establishments, but may be insufficient to support a new hotel or motel property. Likewise, the moderate- and high-growth scenarios should be interpreted with caution. However, due to the relatively low quality of the existing hotel stock, a new higher quality hotel may attract significant demand, though it may also function to pull demand away from some of the City's older lodging establishments.

Table 25: Population and Household Projections, 2015 to 2035

	Historic Growth		Projected Growth (a)					Absolute Growth (2010-2035)	Avg. Annual Growth (2010-2035)
	2000	2010	2015	2020	2025	2030	2035		
Moderate-Growth Scenario (b)									
City of Lakeport									
Population	4,820	4,753	4,783	4,883	5,004	5,104	5,160	407	0.33%
Households	1,967	2,002	2,017	2,042	2,071	2,095	2,116	114	0.22%
Lake County									
Population	58,309	64,665	65,072	66,433	68,083	69,445	70,205	5,540	0.33%
Households	23,974	26,548	26,748	27,083	27,462	27,782	28,055	1,507	0.22%
High-Growth Scenario (c)									
City of Lakeport									
Population	4,820	4,753	4,871	5,201	5,550	5,856	6,169	1,416	1.05%
Households	1,967	2,002	2,071	2,258	2,440	2,594	2,768	766	1.30%
Lake County									
Population	58,309	64,665	66,274	70,758	75,515	79,668	83,934	19,269	1.05%
Households	23,974	26,548	27,469	29,941	32,358	34,402	36,705	10,157	1.30%

Notes:

(a) All projections are benchmarked to the 2010 Census.

(b) The moderate-growth scenario is based on population projections published by the California Department of Transportation and assumes that the population residing within the City of Lakeport will grow at the same rate as the county as a whole.

(c) The high-growth scenario is based on population projections published by the California Department of Finance. The projections assumes that the population residing within the City of Lakeport will grow at the same rate as the county as a whole.

Sources: U.S. Census Bureau, Census 2000, Summary File 1, 2016; U.S. Census Bureau, Census 2010, Summary File 1, 2016; California Department of Transportation, Long-Term Socio-Economic Forecasts by County, 2016; California Department of Finance, Demographic Research Unit, 2016; BAE, 2016.

Table 26: Employment by Industry Projections, 2012 to 2035

Industry	2012	2022	2025	2030	2035	Total Growth	Avg. Annual Growth
Agriculture	1,119	1,347	1,378	1,424	1,463	344	1.2%
Mining, Logging and Construction	360	439	449	442	461	101	1.1%
Manufacturing	270	256	262	269	276	6	0.1%
Wholesale Trade	170	177	188	207	224	54	1.2%
Retail Trade	1,929	2,107	2,140	2,184	2,232	304	0.6%
Transportation, Warehousing & Utilities	590	703	721	744	763	173	1.1%
Information	150	148	151	155	158	8	0.2%
Financial Activities	370	422	429	438	444	74	0.8%
Professional & Business Services	590	748	781	828	872	282	1.7%
Educational & Health Services	3,757	4,299	4,370	4,467	4,542	784	0.8%
Leisure & Hospitality	1,109	1,307	1,333	1,373	1,407	298	1.0%
Other Services	530	543	581	637	681	152	1.1%
Government	3,947	4,178	4,238	4,324	4,389	442	0.5%
Total, All Industries (b)	14,890	16,675	17,021	17,492	17,912	3,022	0.8%

Note:

(a) Employment by industry projections from 2012 to 2022 are based on California Employment Development Department projections, while the employment projections for 2022-2035 are based on the California Department of Transportation long-term socio-economic forecasts.

Sources: California Employment Development Department, 2016; California Department of Transportation, Long-Term Socio-Economic Forecasts by County, 2016; BAE, 2016.

REVITALIZATION OPPORTUNITIES

Based on the previous discussions of existing demographic, economic, and real estate market conditions, this section targets specific revitalization opportunities for the City of Lakeport, but more specifically within the downtown and lakefront areas.

Real Estate Development Opportunities

Based on the projected demand for residential units, the City would benefit by targeting a portion of the future demand for higher density residential development on infill sites within the downtown area. Higher density residential units would assist in providing a mixture of affordability levels, while locating the units in the downtown area would help support downtown retailers and create a resident population to enliven the area during evenings and on weekends. While the population projections estimate an increase in demand for resident serving retail space to support the growing population base, the current supply of vacant retail space seems of adequate quantity to accommodate most of the anticipated demand, meaning that there may be relatively little need for construction of new retail space.

Local real estate and lodging professionals indicated a potential need for a boutique lodging facility in Lakeport in order to attract more overnight visitation and continue to support the tourist-serving retail establishments. This type of development would be an ideal type of establishment to target in the downtown area given the proximity to various attractions ranging from restaurants and retail to the lakefront. On a similar note, while demand for new resident-serving retail development is minimal, adding to the array of tourist-serving establishments is an opportunity to further place Lakeport as a center for tourist activity within Lake County and to revitalize the downtown area. Specific types of tourist-serving establishments ideal for the downtown area include specialty retail stores, upscale dining, and arts and entertainment venues.

Additionally, based on the current office vacancy rate and projected growth in employment, the downtown area may be able to accommodate a portion of the future demand for new office development. It is worth noting that the Lake County Courthouse, currently located in downtown Lakeport, is likely relocating elsewhere in the City during the planning period. If the Courthouse becomes vacant, it may open up an opportunity for a reuse of the existing structure to accommodate the potential additional demand for office space.

Economic Development Opportunities

The primary economic development opportunities for the City include capturing the feasible retail leakage, though significant retail expansion will likely require successful marketing and promotion to attract additional tourist spending. As noted previously, the City is one of the few concentrations of retail establishments within Lake County, placing the City in a position to attract new retailers and foster relationships between local retailers and other tourist-serving

establishments countywide that can help further build the tourist economy by packaging tourist activities to bolster the overall visitor experience. Considering the wine industry is a growing draw for Lake County tourists, Lakeport may be able to position itself as the overnight hub for winery and vineyard tourists. The previously mentioned boutique hotel and upscale dining options would help cater to the clientele associated with wine tourism and could help to enhance the impacts associated with other visitor serving activities, such as the many events scheduled throughout the year, like the *Seaplane Splash In*, among others. By attracting Lake County visitors and encouraging them to stay overnight, Lakeport would experience an increase in local spending. Converting day visitors, who likely do not spend a significant amount of money within the City, into overnight visitors, would translate to increased visitor expenditures and market support for retail and services in the downtown area.

Another opportunity for the City of Lakeport to broaden the existing economic base includes targeting certain office-using industries to help support current establishments to expand and to encourage new establishments to locate within the City. Based on countywide employment projections, the primary industries to target will include health care and social service providers and professional and business services, as these are the major office-using industries with the most anticipated growth. However, the potential relocation of the Lake County Courthouse could pose a significant threat to ongoing retention of existing downtown office users that are tied to the courthouse. If possible, the City should work to retain the county offices in the downtown district, in order to promote year-round day-time visitation within its commercial core, which can help to even out seasonal, tourist-driven, fluctuations in demand for retail and food service uses.

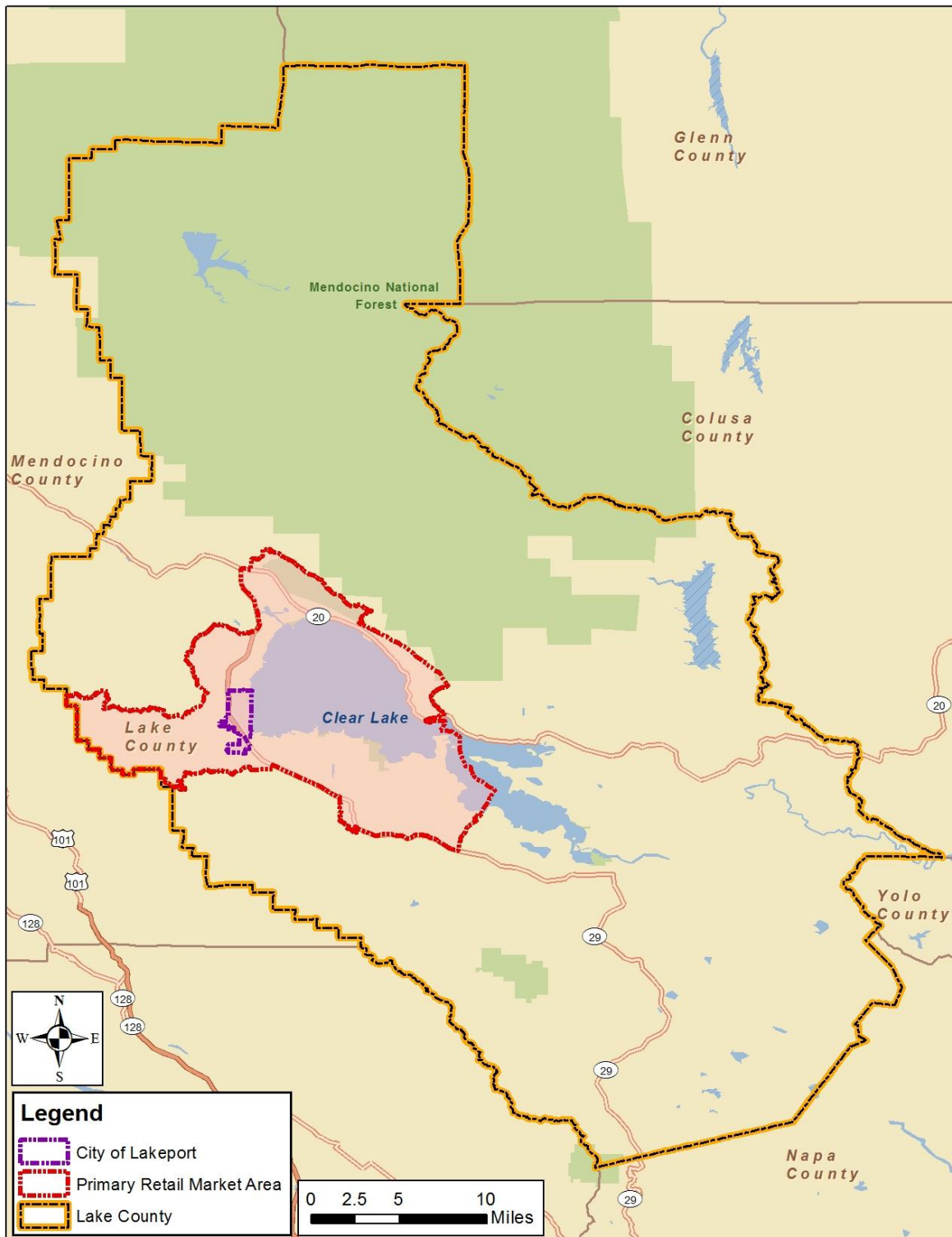
APPENDIX A: PRIMARY MARKET AREA DEFINTION

Appendix A1: Primary Market Area Definition

Block Group ID	Definition
60330001001	Lake County, Census Tract 1, Block Group 1
60330003001	Lake County, Census Tract 3, Block Group 1
60330003002	Lake County, Census Tract 3, Block Group 2
60330004001	Lake County, Census Tract 4, Block Group 1
60330004002	Lake County, Census Tract 4, Block Group 2
60330004003	Lake County, Census Tract 4, Block Group 3
60330004004	Lake County, Census Tract 4, Block Group 4
60330004005	Lake County, Census Tract 4, Block Group 5
60330005011	Lake County, Census Tract 5.01, Block Group 1
60330005012	Lake County, Census Tract 5.01, Block Group 2
60330005021	Lake County, Census Tract 5.02, Block Group 1
60330005022	Lake County, Census Tract 5.02, Block Group 2
60330009002	Lake County, Census Tract 9, Block Group 2
60330009003	Lake County, Census Tract 9, Block Group 3
60330010002	Lake County, Census Tract 10, Block Group 2
60330010003	Lake County, Census Tract 10, Block Group 3
60330010005	Lake County, Census Tract 10, Block Group 5
60330010006	Lake County, Census Tract 10, Block Group 6

Sources: U.S. Census Bureau, Census Tiger Files, 2016; BAE, 2016.

Appendix A2: Primary Retail Market Area Map



Sources: U.S. Census Bureau, Census Tiger Files, 2016; BAE, 2016.