

bae urban economics

**ECONOMIC EVALUATION OF INNOVATION  
PARK PROPOSALS**

City of Davis  
Finance and Budget  
Commission  
7-13-15

# REPORT OVERVIEW

- Innovation Parks as an Economic Development Strategy
- Local Baseline Conditions
- Potential Growth in Local Demand for Business Park/Tech Space
- Potential Employee Housing Demand by 2035 and Buildout
- Internal Demand For Ancillary Retail and Lodging by 2035 and Buildout
- Planning Considerations
- Reallocation of Regional Employment Growth Projections

# INNOVATION PARK SCENARIOS

1. Mace Ranch Innovation Center (MRIC) Alone
2. Davis Innovation Center (Davis IC) Alone
3. Cumulative Scenario
  - MRIC plus Mace Triangle properties
  - Davis IC
  - Nishi Property

# INNOVATION PARK DEVELOPMENT ASSUMPTIONS

Land Use	Davis IC	MRIC	Mace Triangle	Nishi	Cumulative Scenario
Office/Tech Lt. Ind. (Sq. Ft.)	3,680,000	2,394,000	45,901	352,950	<b>6,472,851</b>
Retail (Sq. Ft.)	120,000	100,000	25,155	47,950	<b>293,105</b>
Lodging (Rooms)	200	150	0	0	<b>360</b>
<b>Total Non-Residential (Sq. Ft.) (a)</b>	<b>4,000,000</b>	<b>2,654,000</b>	<b>71,056</b>	<b>409,900</b>	<b>7,125,956</b>
Residential (Units)				650	<b>650</b>

(a) Total non-residential square feet includes 360,000 lodging square feet.

# CUMULATIVE SCENARIO WITHOUT DAVIS IC

Land Use	MRIC	Mace Triangle	Nishi	Cumulative Scenario
Office/Tech Lt. Ind. (Sq. Ft.)	2,394,000	45,901	352,950	<b>2,792,851</b>
Retail (Sq. Ft.)	100,000	25,155	47,950	<b>173,105</b>
Lodging (Rooms)	150	0	0	<b>360</b>
<b>Total Non-Residential (Sq. Ft.) (a)</b>	<b>2,654,000</b>	<b>71,056</b>	<b>409,900</b>	<b>3,125,956</b>
Residential (Units)			650	<b>650</b>

(a) Total non-residential square feet includes 160,000 lodging square feet.

# RESEARCH APPROACH

- Review background materials/literature review
- Local conditions assessment
- Case studies of similar communities
- Interviews with local and regional experts
- Analysis of potential employee expenditures and business-related lodging demand
- Analysis of SACOG growth projections and local residential land supply

# KEY FINDINGS

- UC Davis is a national and international research powerhouse
- University leadership is placing increased emphasis on tech transfer/commercialization and industry partnerships
- A local and regional innovation “ecosystem” is developing
- Davis has significant innovation-driven business activity but has had constraints on business recruitment, expansion, and retention
- Case study communities have historically captured substantially more business growth than Davis

# KEY FINDINGS, MRIC ALONE

- Absorption likely to take about 19 years, resulting in up to about 5,900 new workers by buildout
- Internal demand sufficient to support proposed retail and lodging component
- Workforce housing demand: about 3,763 housing units. (About 45% would prefer to live outside of Davis.)
- Existing land could yield about 1,238 new housing units for MRIC employee households. (Remainder absorbed by households not affiliated with MRIC.)
- Other communities would need to accommodate demand for about 815 new housing units for MRIC employee households that would otherwise prefer to live in Davis.



# KEY FINDINGS, CUMULATIVE SCENARIO (WITHOUT DAVIS IC)

- Absorption over about 21 years, resulting in up to about 7,500 new workers
- Internal demand sufficient to support proposed retail and lodging component
- Workforce housing demand: about 4,829 housing units. Nishi would add 650 housing units
- Other communities would need to accommodate demand for about 1,984 new housing units for MRIC, Mace Triangle, and Nishi employee households that would otherwise prefer to live in Davis