

**DRAFT**

**ECONOMIC DEVELOPMENT  
ISSUES PAPER  
FOR  
CITY OF CALABASAS**

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# TABLE OF CONTENTS

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I.	INTRODUCTION.....	1
II.	EXECUTIVE SUMMARY .....	2
	A. The Calabasas Economic Setting .....	2
	B. Land Use Demand Implications.....	3
III.	EMPLOYMENT AND REAL ESTATE TRENDS .....	5
	A. The San Fernando Valley Context .....	5
	B. Calabasas and Cities to the West .....	8
	C. Employment in Calabasas.....	8
	D. Place-of-Residence Employment .....	10
	E. Projected Employment Growth.....	17
	F. Real Estate Trends.....	18
	G. General Competitiveness .....	18
	H. Factors Influencing Future Capture of Employment Activities .....	20
	APPENDIX A: OFFICE DEMAND CALCULATIONS	

## I. INTRODUCTION

This paper discusses a range of issues related to the economic development potentials of the City of Calabasas. In particular, the paper focuses on two major topics:

1. The potentials for increasing local employment opportunities consistent with the high skill and income levels associated with the City's resident workforce; and
2. The related potentials for future office development in the City.

An analysis of the City's retail development potentials is provided as a separate document.

The information provided here is intended to provide a starting point for defining potential economic development priorities and policies as part of the City's General Plan update process. As it relates to both office and retail development, one of the key factors affecting the City's future development potentials is the availability of developable land. Most of the City's remaining undeveloped land is likely to be preserved as protected open space. Thus, any new development would predominantly involve intensification and/or redevelopment of existing commercial properties. The next phase of the General Plan process will include a more in-depth analysis of the financial feasibility of intensifying existing development areas (including an evaluation of the feasibility of higher-density mixed-use development).

Given that the Calabasas economy does not operate in a vacuum, issues and opportunities identified in this paper are presented in the context of the larger San Fernando Valley region of which the City is a part. In this regard, the study identifies the factors that make Calabasas unique within the larger region.

It should be noted that there is often a wide "gap" between a community's development *potentials* and the actual amount of development it is successful in attracting. The most successful communities, in addition to being attractive from market and locational perspectives, tend to have proactive economic development programs to attract desired types of firms and land uses. If, as part of the General Plan update process, selected economic development activities are identified as community priorities, specific policy and program recommendations in support of those activities will be developed at a later stage of the planning process.

## II. EXECUTIVE SUMMARY

### A. The Calabasas Economic Setting

The City's unique economic setting can be characterized as follows:

- Calabasas, although tied to the economy of the San Fernando Valley (SFV), differs from both the SFV and Los Angeles County in having noticeably higher proportions of resident-workers in, especially, Professional, Scientific, & Technical Services, and also in Information, Finance & Insurance, Real Estate, Educational Services, and Health Care. These sectors are strongly associated with the “knowledge economy.”
- The majority of the industries in which Calabasas *residents* are employed, and which together make up 65 percent of their jobs, are projected to experience growth in employment greater than the average growth in Los Angeles County for all industries. From the standpoint of jobs *hosted* by the City, Wholesale Trade, which has a low projected growth rate, has over 3 times as many employees working in Calabasas as employees in the industry who reside in the City.
- In Calabasas, 10,252 Calabasas residents were employed in 2000, and the City is host to a slightly greater number of jobs, so that the estimated jobs-to-resident-worker ratio is about 1.12 to 1.
- Given that Calabasas is a small city, there is a somewhat surprising compatibility between the jobs-by-industry that Calabasas residents hold and the jobs-by-industry that exist in Calabasas. Generalizing from the data, there are more manufacturing, wholesaling, administrative, and food service jobs in Calabasas than residents to fill those jobs, and not enough jobs in real estate, health care, and other services for residents. Other sectors are in relative balance with the resident-worker base. Of course, this does not necessarily mean that Calabasas residents are filling Calabasas-based jobs.
- Calabasas resident-workers have a disproportionate burden of long commutes, compared to the other cities and areas, with 33 percent having a commute of 40 or more minutes. However, counting the sizable work-at-home group, another 38 percent of Calabasas commuters still have less than a 20-minute commute.
- Calabasas is the regional leader for self-employed workers, with an astonishing 27 percent of employed workers in this category – almost twice the percentage of self-employed in the SFV, and three times the California average. Less than one-quarter of these self-employed are working at home (and some people working at home are of course not self-employed). The work-at-home contingent is most likely to be “importing” dollars into the economy, just as any local employer providing goods and services for consumers (mainly) outside the city is

doing. The high percentage of self-employed and home-based workers is likely due to a combination of factors. First, as an affluent community, Calabasas will be home to many residents who have the means to pursue independent economic ventures. Second, as a desirable place to live, Calabasas can attract “footloose” entrepreneurs, and employees, whose place of work is not closely integrated with specific geographic determinants.

- The City’s concentration of homes in upper price brackets, while ensuring its exclusivity, also constitutes a constraint on economic development (in that it effectively limits the growth of the local workforce, making it an impractical location for some types of firms).
- The real estate market in the San Fernando Valley, for both industrial and office, is currently very strong. With low vacancies, high sales prices and rents, as well as a low level of sales and leasing activity, it is among the tightest markets in the Los Angeles Basin.

## **B. Land Use Demand Implications**

A number of conditions exist in Calabasas which are generally associated with strong demand for professional office space and high-quality business park facilities. These include:

- A high proportion of residents who are self-employed;
- An affluent, highly educated resident population with a high propensity for employment in “knowledge” industries (all of these factors are strong indicators of a community’s propensity for entrepreneurialism);
- An existing base of jobs in the Information and Professional Services industries, and a decidedly upscale image;
- A large proportion of residents who currently have long commutes, again suggesting that there is an untapped “pool” of highly skilled workers who are either prospective entrepreneurs or would be attractive employees for other firms that may locate in the area.

### ***Potential Demand for New Office Development***

TNDG estimates that the existing inventory of office space in Calabasas is approximately 1.7 million square feet. This represents approximately 13% of the total inventory in the West San Fernando Valley and 7% of the inventory for the entire San Fernando Valley.

The quantitative analysis summarized in Appendix A of this paper is based on a countywide office demand forecast prepared by Torto Wheaton Research (TWR) – a

nationally respected real estate analysis firm affiliated with CB Richard Ellis. TWR forecasts countywide demand for new office space of approximately 19.7 million square feet over the next five years. TNDG projects that the West San Fernando Valley can capture approximately 15% of this countywide demand. This is higher than the West Valley's historic share of countywide office development (6.9%), but is conservative compared to the West Valley's share of recently completed office construction (17.4%).

In order to define an "order of magnitude" range of potential office demand in the City of Calabasas, TNDG assumed that the City could capture between 10% and 13% of total West Valley demand over the next five years. The higher capture rate (13%) is equivalent to the City's historic capture of West Valley demand. Given the limited availability of developable land in the City, even the lower projection may be impractical at this time. However, the range is provided here to provide the planning team a sense of the amount of demand that could potentially be accommodated under an "intensification/redevelopment" scenario.

Applying the above range of capture rates to total projected demand in the West Valley, TNDG estimates potential office space demand in Calabasas at approximately 300,000 to 400,000 square feet over the next five years. This is a preliminary range that will be refined during the next stages of the General Plan update process.

### III. EMPLOYMENT AND REAL ESTATE TRENDS

#### A. The San Fernando Valley Context

Calabasas is part of the San Fernando Valley in both a geographic and economic sense. Economic conditions in the SFV, which are somewhat distinct from conditions in Los Angeles County as a whole, affect the options for Calabasas.

Conditions affecting employment activities in the San Fernando Valley have changed along with the fortunes of Southern California generally, and in response to the changing demographic make-up of the Valley. SFV employment levels fell sharply in the early 1990's, as part of the greater region's recession. Employment levels then leveled off, with even slight decreases in some years, from 1999 through 2003, again in response to recessionary pressures throughout Greater Los Angeles. Since then, employment growth has been occurring at rates greater than population growth, which has averaged less than 1 percent since 2003. *The 2006/2007 San Fernando Valley Economic Report* states that the SFV, even by 2000, was a "balanced community" in that the number of jobs located in the SFV was roughly equal to the number of employed residents. (The report acknowledges that many workers are nevertheless cross-commuting between the SFV and other parts of the L.A. basin.)

Changes over time in employment levels have varied among industry categories. Although overall employment increased by 4 percent in the SFV for 2003 to 2005, Manufacturing employment declined in the SFV during this period (see Table 1). However, the rate of decline was slightly lower than Los Angeles County's. These manufacturing declines mirror the national trend, although the national rate of decline was less than half of the rates in the SFV.

Employment in the SFV declined by more than 1 percent, either from 2003 to 2004, or 2004 to 2005, in other major industry categories including Agriculture, Finance & Insurance, Private Educational Services, Utilities, and Personal, Repair, & other Services. Among 85 *detailed* industry categories, employment declines occurred in 30, for the period 2004 to 2005. The data indicate that the SFV is a somewhat volatile economic base and labor market.

Calabasas residents have a disproportionate burden of long commutes, compared to the other cities and areas. To some extent, this is inevitable, given their relatively remote location within the overall metro region. Counting the work-at-home group, 38 percent of Calabasas commuters still have less than a 20-minute commute, but 33 percent have a commute of 40 or more minutes.

**Table 1: Trends in Manufacturing Employment**

	2003	2005	03-05 diff	% diff 03-05
<b>San Fernando Valley</b>				
Total private sector employment	667,400	694,041	26,641	3.99%
Manuf	79,258	75,320	(3,938)	-4.97%
As % of total private	11.9%	10.9%		
Non-Durable	28,619	26,635	(1,984)	-6.93%
Durable	50,671	48,684	(1,987)	-3.92%
<b>Los Angeles-Long Beach-Glendale</b>				
Total private sector employment	3,383,700	3,440,500	56,800	1.68%
Manuf	500,000	471,700	(28,300)	-5.66%
As % of total private	14.8%	13.7%		
Non-Durable	223,800	208,300	(15,500)	-6.93%
Durable	276,200	263,400	(12,800)	-4.63%
<b>USA</b>				
Total private sector employment	108,416,000	111,899,000	3,483,000	3.21%
Manuf	14,510,000	14,226,000	(284,000)	-1.96%
As % of total private	13.4%	12.7%		
Non-Durable	5,547,000	5,272,000	(275,000)	-4.96%
Durable	8,963,000	8,955,000	(8,000)	-0.09%

Sources: The 2006/2007 San Fernando Valley Economic Report; BLS Detailed tables from <http://www.bls.gov/sae/home.htm>; TNDG

Besides the declining manufacturing base, other national economic trends influence the evolution of the SFV economy. The current growth of the Information industry is a widely discussed phenomenon, and this topic is addressed in a SFV context in Joel Kotkin's paper on *The Midopolis in the Digital Economy*. Kotkin summarizes the growth of this sector, which includes industries that are the "heart and soul" of the SFV such as motion picture and software production, telecommunications, and data processing. From the standpoint of economic development, the needs of the Information industry differ in important ways from traditional "industry location" theory. Places that offer the skilled Information workers a high quality of life have the strongest locational advantages.

In this context, Kotkin identifies two distinct challenges faced by the SFV in the competition for Information industries. First, older, more "urban" neighboring communities are becoming more attractive for Information firms. As a "classic suburb," the SFV lacks urban panache, yet it has a number of traditional "urban problems" such as overstressed schools, pockets of poverty, crime, etc. There are only a few "real cities" in the SFV – distinct places that could help provide the focus for an urban renaissance. The second competitive threat comes from new urban regions (in Southern California and elsewhere in the U.S) that seem almost to have captured the formula for attracting this "rising technological elite," in Kotkin's words. Kotkin also identifies a number of positive competitive conditions for the SFV, including an existing resident base of skilled workers, relevant physical infrastructure, an increasingly central location in the L.A. basin as outer regions grow, and a strong likelihood to retain its economic and racial/ethnic diversity.

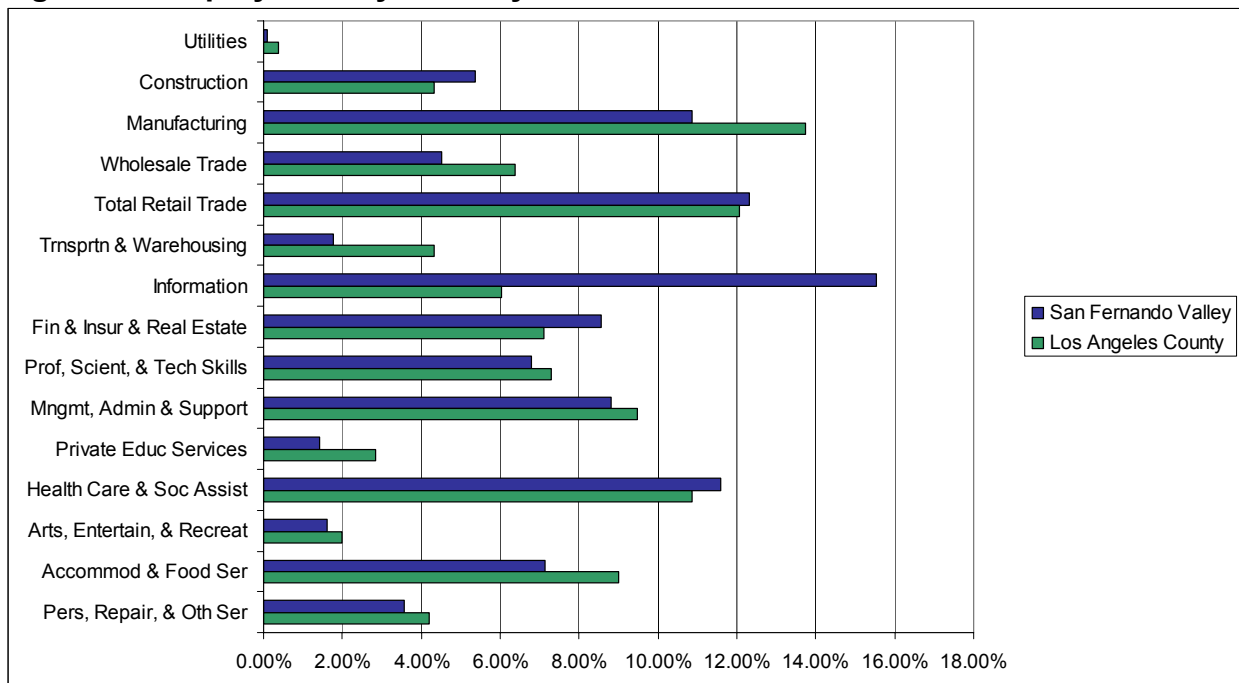
Shares of employment by sector for the SFV, compared to Los Angeles County, are shown on Table 2 and Figure 1. The data underscore that the SFV has a strong focus in Information industries, which include publishing (including software publishing), motion picture & sound recording industries, telecommunications, internet service providers, and data processing, hosting, & related services.

**Table 2: Employment by Industry**

	San Fernando Valley	Los Angeles County
Utilities	0.10%	0.37%
Construction	5.38%	4.33%
Manufacturing	10.87%	13.72%
Wholesale Trade	4.53%	6.38%
Total Retail Trade	12.31%	12.06%
Trnsprtn & Warehousing	1.77%	4.34%
Information	15.54%	6.04%
Fin & Insur & Real Estate	8.56%	7.10%
Prof, Scient, & Tech Skills	6.79%	7.30%
Mngmt, Admin & Support	8.80%	9.46%
Private Educ Services	1.41%	2.83%
Health Care & Soc Assist	11.59%	10.88%
Arts, Entertain, & Recreat	1.62%	1.98%
Accommod & Food Ser	7.15%	9.01%
Pers, Repair, & Oth Ser	3.57%	4.20%
Total	100.00%	100.00%

Sources: The 2006/2007 San Fernando Valley Economic Report; U.S. Dept. of Labor, Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings Series.

**Figure 1: Employment by Industry**



In absolute numbers, the balance of the County (subtracting SFV figures from the County total) has approximately the same number of Information workers as the SFV, but Information is a much smaller proportion of the total workforce. The SFV also exceeds the County's proportion of workers in Finance, Insurance & Real Estate, Health Care, and Construction.

## **B. Calabasas and Cities to the West**

The development potential of Calabasas is also influenced by communities to the west, beyond the San Fernando Valley, including neighboring Agoura Hills, with the same population as Calabasas, and Thousand Oaks, a much larger city with 128,000 people.<sup>1</sup> Neither of these communities can be considered "nodes of employment," as they both have a slightly lower ratio of population to employment than Calabasas, using (although this is a rough measure) data from the 2002 Economic Census. The employment mix for the three communities is similar for major "basic" employment categories such as Manufacturing and Information, but Calabasas has a considerably higher proportion of employment in Wholesale Trade.

## **C. Employment in Calabasas**

Other data sources are available to provide insight into the (place-of-work) employment in the City of Calabasas. For this report, we have included data from the Economic Census of 2002, and the San Fernando Valley IndustryGuide. Economic Census data are shown on Table 3. The table has some data gaps due to the constraints on data reporting, intended to protect the confidentiality of data for any individual firm, which often apply to small geographic areas. Overall, however, the data present a fairly comprehensive picture of Calabasas jobs.<sup>2</sup> The data do not include non-employee firms, and also tend to exclude other small businesses. Public-sector employment and agricultural activities are excluded. The entries in **bold** represent the major sector categories, for which the data are generally complete. The Employees columns on the far right side of the table are divided into two parts: the left-most columns have the data for the major sectors, and the two right-most columns for selected sub-categories of the major categories, where data were available and the sub-category added useful detail to the analysis.

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<sup>1</sup> 2006 estimate by California DOF.

<sup>2</sup> As with all data of this sort, there is a potential for distortion of the information due to the difficulties of attaching employees to a specific location, for multi-location businesses, and similar challenges. Dollar figures are in 2002 dollars.

**Table 3: Calabasas Economic Census**

2002 NAICS code	2002 NAICS code Name	# establishments	Sls, shps, rcpts, rev (\$1,000)	Annual payroll (\$1,000)	# employees
31-33	<b>Manufacturing</b>	<b>15</b>	<b>471,464</b>	<b>44,325</b>	<b>1,093</b>
42	<b>Wholesale trade</b>	<b>55</b>	<b>923,995</b>	<b>117,641</b>	<b>1,585</b>
44-45	<b>Retail trade</b>	<b>58</b>	<b>316,139</b>	<b>27,034</b>	<b>807</b>
4411	Automobile dealers	4	196,962	11,659	
51	<b>Information</b>	<b>52</b>	<b>N</b>	<b>62,743</b>	<b>917</b>
511	Publishing industries (except Internet)	8	103,282	37,873	
512	Motion picture & sound recording industries	26	N	8,355	
517	Telecommunications	7	N	D	
518	Internet service providers, web search portals, & data proc.	8	33,085	8,814	
5182	Data processing, hosting, & related services	7	D	D	
531	<b>Real estate</b>	<b>59</b>	<b>31,742</b>	<b>7,991</b>	<b>207</b>
54	<b>Professional, scientific, &amp; technical services</b>	<b>239</b>	<b>D</b>	<b>D</b>	<b>1750</b>
54111	Offices of lawyers	61	62,543	28,640	
5412	Accounting, tax preparation, bookkeeping, & payroll svcs.	42	44,748	6,648	
5413	Architectural, engineering, & related svcs.	19	15,402	7,070	
5415	Computer systems design & related svcs.	32	78,155	16,426	
5416	Management, scientific, & technical consulting services	39	19,419	5,194	
5417	Scientific research & development services	7	D	D	
5418	Advertising & related services	18	12,009	3,412	
54191	Marketing research & public opinion polling	3	17,796	8,232	
56	<b>Administrative &amp; support &amp; waste management &amp; remediation service</b>	<b>47</b>	<b>73,940</b>	<b>42,403</b>	<b>1,163</b>
5611	Office administrative services	10	16,867	10,604	
5613	Employment services	8	21,757	15,793	
5614	Business support services	8	25,041	12,967	
5617	Services to buildings & dwellings	7	5,055	1,376	
61	<b>Educational services</b>	<b>9</b>	<b>4,310</b>	<b>1,930</b>	<b>49</b>
62	<b>Health care &amp; social assistance</b>	<b>47</b>	<b>47,379</b>	<b>15,948</b>	<b>625</b>
621	Ambulatory health care services	42	40,411	13,767	
71	<b>Arts, entertainment, &amp; recreation</b>	<b>64</b>	<b>D</b>	<b>D</b>	<b>375</b>
7115	Independent artists, writers, & performers	35	26,092	11,336	
713	Amusement, gambling, & recreation industries	7	10,464	4,024	
72	<b>Accommodation &amp; food services</b>	<b>43</b>	<b>45,529</b>	<b>13,865</b>	<b>1,039</b>
721	Accommodation	2	D	D	
81	<b>Other services (except public administration)</b>	<b>36</b>	<b>16,650</b>	<b>4,728</b>	<b>209</b>
	<b>Totals</b>	<b>1,124</b>			<b>9,819</b>

N = Not Available

D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals.

Source: U.S. Census Bureau, 2002 Economic Census for Calabasas; TNDG

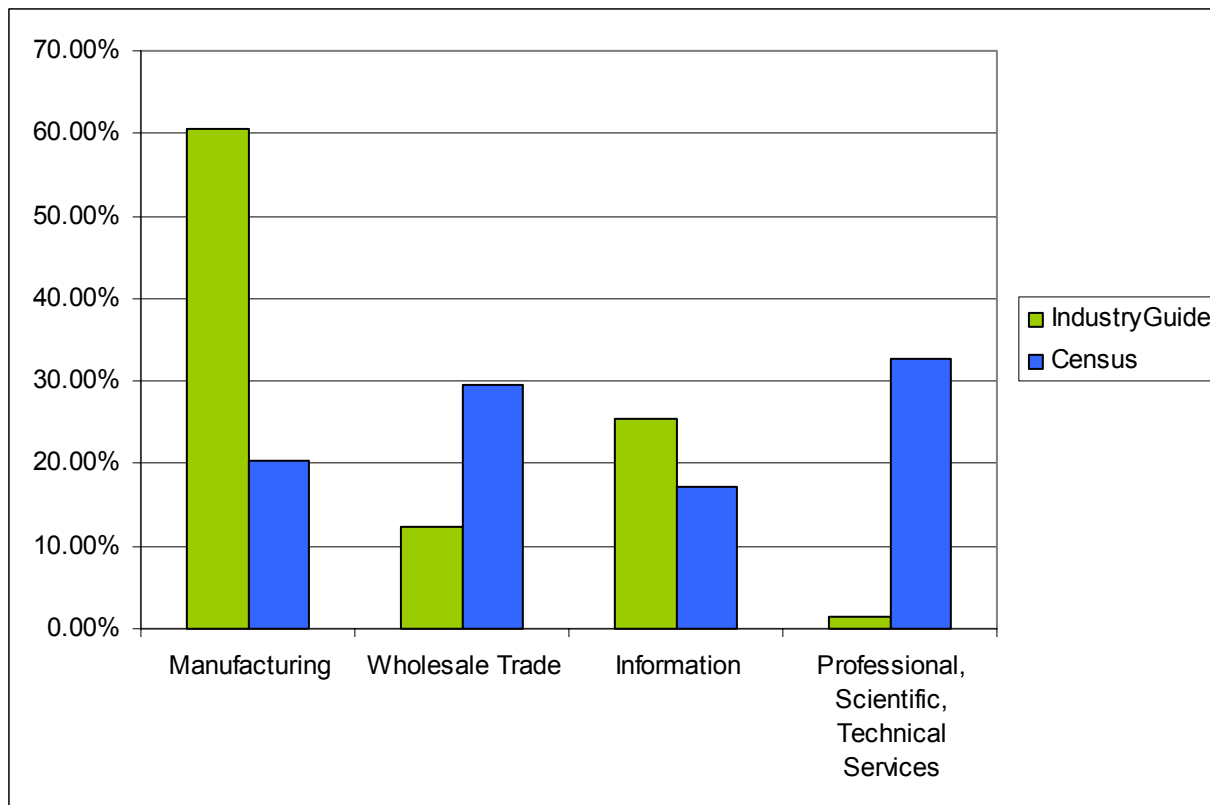
The San Fernando Valley IndustryGuide lists the various industries throughout the SFV broken up into 190 categories. Seventeen of these categories are represented in Calabasas. These data are summarized on Figure 2 for both the IndustryGuide and the 2002 Economic Census of Calabasas, for employment by selected industries.

The Manufacturing industry has a significantly higher percentage of employees in the IndustryGuide data compared to the Census data. Alcatel Interworking, Inc.<sup>3</sup> provides

<sup>3</sup> Manufacturers of switches for telecommunications equipment.

approximately 70% of this figure, and in turn, accounts for approximately 40% of the total Calabasas employment in the IndustryGuide data. The Information industry also has a relatively high percentage, mostly driven by THQ, Inc.'s<sup>4</sup> employment, which makes up approximately 80% of the employment in this category. The data from IndustryGuide indicates a low percentage of the total employed and a low number of employees per establishment in the Professional, Scientific and Technical Services category, whereas the Census data indicates a high percentage of the total employed with a low number of employees per establishment.

**Figure 2: Percentage Employed in Selected Categories**



Sources: U.S. Census Bureau: 2002 Economic Census for Calabasas; TNDG Project Development Company, San Fernando Valley IndustryGuide.

#### **D. Place-of-Residence Employment**

The preceding employment data are all on a place-of-work basis, that is, the actual jobs on the ground. We can use data on employment of the resident population (place-of-residence data) to examine the fit between the jobs that exist in the SFV and Calabasas, and the industries in which the residents are working.

Place-of-residence employment structures for Calabasas, the SFV, and Los Angeles County are shown on Table 4 and Figure 3. The data show that, in comparison to the County as a whole, the SFV has a higher proportion of resident-workers in Information,

<sup>4</sup> Interactive software designers.

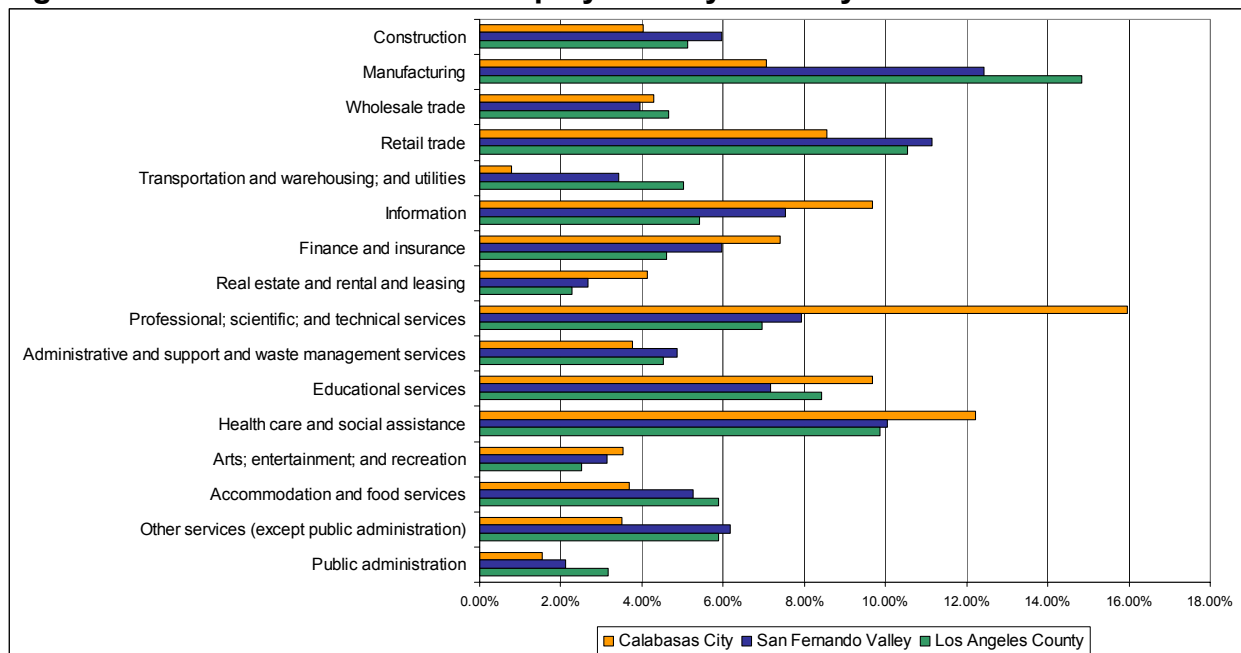
Finance and Insurance, and Professional-Technical Services. Calabasas differs from both the SFV and the County in having noticeably higher proportions of resident-workers in, especially, Professional, Scientific, & Technical Services, and also in Information, Finance & Insurance, Real Estate, Educational Services, and Health Care. A comparatively small proportion of Calabasas residents work in Manufacturing and in (generally and relatively) lower-paying jobs such as Food Service, Retail, and Transportation.

**Table 4: Place of Residence – Employment by Industry**

Sector	Calabasas city	San Fernando Valley	Los Angeles County
Construction	4.04%	5.96%	5.13%
Manufacturing	7.05%	12.44%	14.84%
Wholesale trade	4.30%	3.96%	4.66%
Retail trade	8.56%	11.14%	10.53%
Transportation and warehou	0.79%	3.43%	5.02%
Information	9.68%	7.53%	5.40%
Finance and insurance	7.39%	5.96%	4.61%
Real estate and rental and le	4.15%	2.67%	2.28%
Professional; scientific; and	15.95%	7.93%	6.95%
Administrative and support s	3.77%	4.86%	4.51%
Educational services	9.69%	7.16%	8.42%
Health care and social assis	12.22%	10.05%	9.86%
Arts; entertainment; and rec	3.54%	3.13%	2.52%
Accommodation and food se	3.68%	5.26%	5.90%
Other services (except publi	3.50%	6.19%	5.90%
Public administration	1.54%	2.11%	3.16%
<b>Totals</b>	<b>99.84%</b>	<b>99.77%</b>	<b>99.70%</b>

Source: U.S. Census Bureau: 2000 Census of Population and Housing

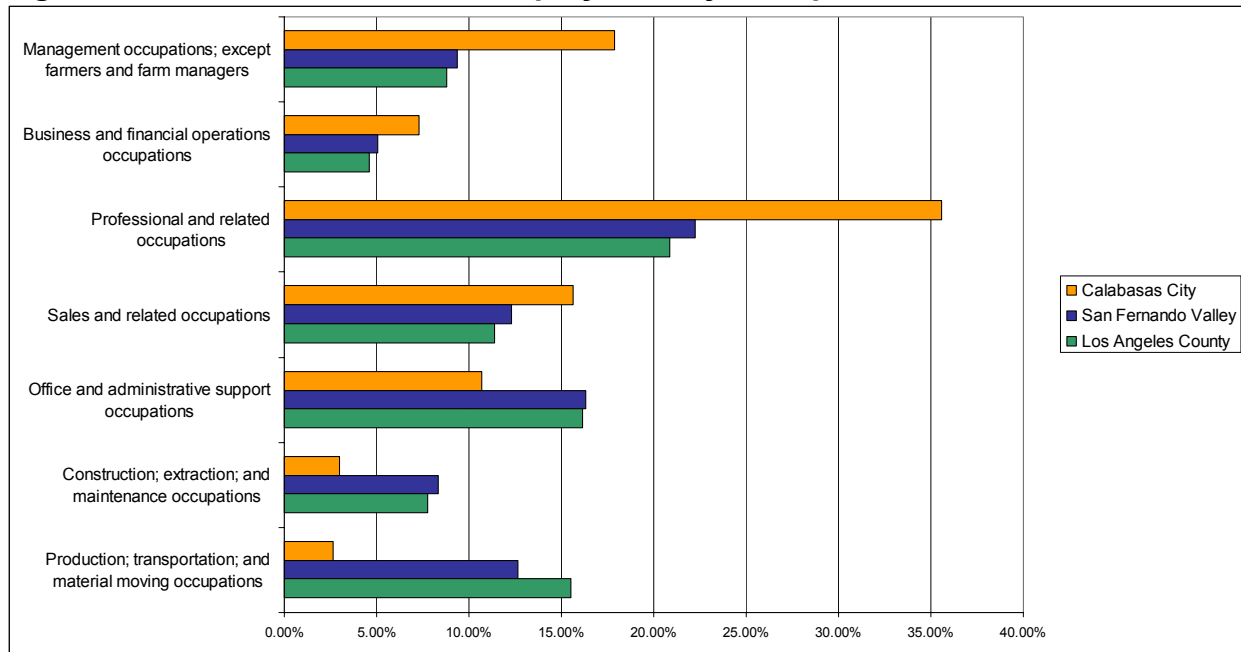
**Figure 3: Place of Residence – Employment by Industry**



Source: U.S. Census Bureau: 2000 Census of Population and Housing

Occupational data by place of residence, on Figure 4, mirror the findings on employment by industry. Professional, Management, and Business/Financial Operations occupations are dominant among Calabasas residents, although Sales & Related Occupations also have a strong showing. While SFV residents and all County residents combined have a fairly similar occupational mix, Calabasas contrasts more sharply with both.

**Figure 4: Place of Residence – Employment by Occupation**



Source: U.S. Census Bureau: 2000 Census of Population and Housing

As one would expect with this type of occupational mix, Calabasas residents have very high education levels compared to the overall SFV. Fifty-eight percent of residents 25 years old and older have a bachelor's degree or higher degree, compared to 27 percent for the SFV and the California average.<sup>5</sup>

Figure 5 indicates that Calabasas is the regional leader for self-employed workers, with an astonishing 27 percent of employed workers in this category – almost twice the percentage of self-employed in the SFV, and 3 times the California average.<sup>6</sup> Less than one-quarter of these self-employed are working at home, however, as the figure indicates. (Some people working at home are of course not self-employed.) In the Census data, self-employed workers are divided into two primary categories: self-employed workers with their own incorporated, or unincorporated, business. In Calabasas, unincorporated businesses are over half of the total (56%).

<sup>5</sup> California State University, Northridge. San Fernando Valley Economic Research Center, 2000 Demographic Summary Table by Region.

<sup>6</sup> *ibid.*

In the absence of an in-depth study of this situation, the high percentage of self-employed and home-based workers is likely due to a combination of factors. First, as an affluent community, Calabasas will be home to many residents who have the means to pursue independent economic ventures. Second, as a desirable place to live, Calabasas can attract “footloose” entrepreneurs, and employees, whose place of work is not closely integrated with specific geographic determinants. Once dubbed “lone eagles” in economic development parlance, these footloose entrepreneurs were in the past decade the subject of considerable interest for rural development specialists. Experts theorized that such people could flock to rural communities, given the flexibility of the Internet, to benefit from an enhanced quality of life. Although some subsequent studies have suggested that such expectations were overblown, at least one place has treated this group as an economic development targeted industry, conducting surveys to learn more about the composition of home-based workers, their preferences and needs, etc. in order to attract more of them.<sup>7</sup>

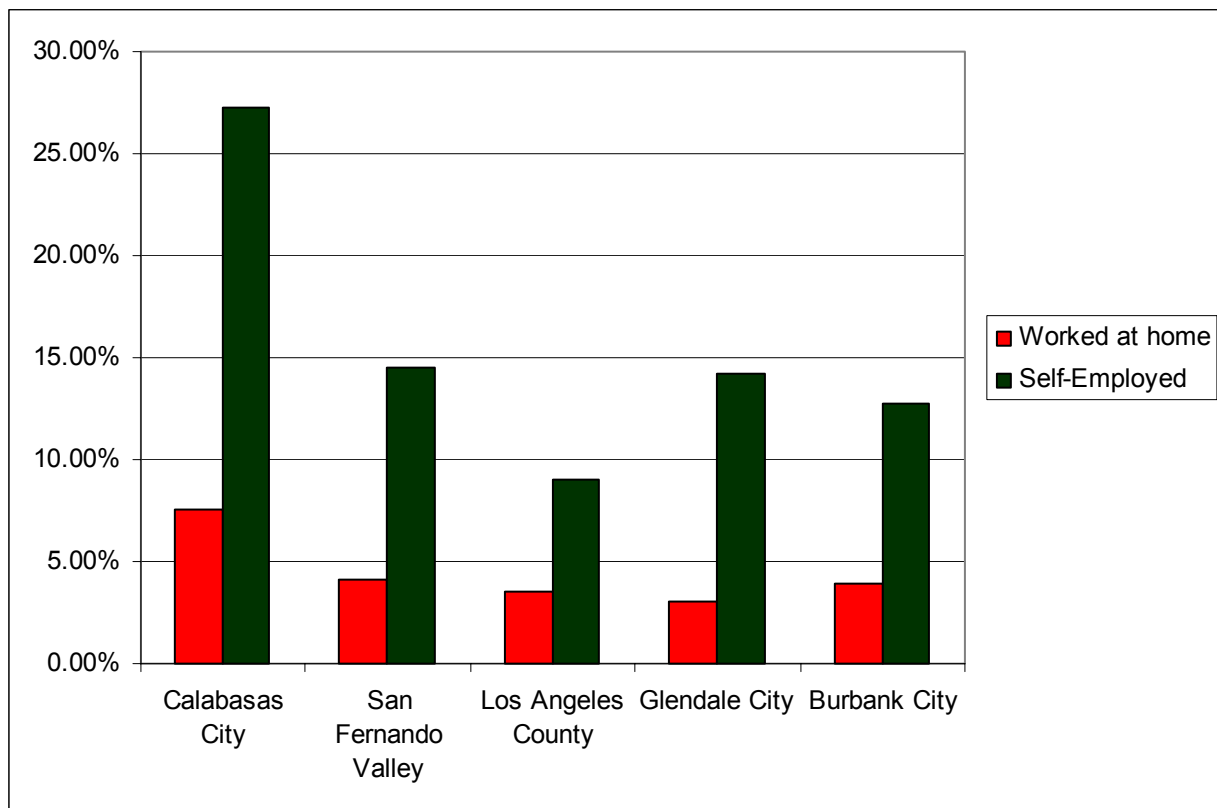
For Calabasas, the fact that the city has roughly twice as many work-at-home residents than Los Angeles County as a whole suggests that the footloose entrepreneur and worker should be taken seriously, recognizing that, at the “threshold” level of affluence represented by being able to afford a residence in Calabasas, these people have substantial earnings, but more importantly, they are most likely to be “importing” dollars into the economy, just as any local employer providing goods and services for consumers (mainly) outside the city is doing. In fact, the footloose entrepreneur/worker is even more valuable to the local economy, because they actually do live, and not just work, in the city (and thereby spend their earnings elsewhere near their place of residence).

The Economic Census provides a conservative indication of the number of employees working within Calabasas. In comparison, the Census of Population reveals the industries in which people living in Calabasas are employed. Comparing the two sets of data reveals which of the selected industries could have a higher concentration of long-distance commuters. For example, Wholesale Trade has 1,585 employees working in Calabasas, whereas only 441 Calabasas residents are employed in the industry. This means that the majority of employees in the industry reside outside of Calabasas, and it is possible that many Calabasas residents employed in the industry also work within the city. The opposite is true with the Educational Services industry. There are only 49 employees working within Calabasas, as opposed to the 993 residents that are employed in the industry. It can be inferred from this that a very small percentage of those employed within the city do not also reside there, and that a very high percentage of Educational Services workers who live in Calabasas must travel outside the city for work.

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<sup>7</sup> For example, the Lone Eagle Research Report, Northeast Oregon Economic Development District, 2005.

**Figure 5: Residents Working at Home and Self-Employed**



Source: U.S. Census Bureau: 2000 Census of Population and Housing

The Economic Census data on Table 5 represent almost 10,000 jobs in 1,124 establishments. From Census of Population data, we know that 10,252 Calabasas residents were employed in 2000, so the City has a jobs-to-resident-worker ratio of about 1.12, assuming that the Economic Census undercounts actual employment by an estimated 15 percent. (This assumption, which we believe to be conservative, is based on studies by TNDG that indicated *non-employer* firms, excluded from the Economic Census, represent 13.6% of total U.S. employment, and the fact that Calabasas has relatively large proportions of “self-employed” and “work at home” workers. Economic Census data for non-employer firms are not available for small cities.)

At the industry level, the industries in which Calabasas residents work compare interestingly with the Economic Census data on Table 5, which shows the jobs that are located within the city. Although the data sets are not directly comparable because of certain exclusions, as discussed above, there is nevertheless a somewhat surprising compatibility, as the shaded cells on Table 5 indicate, between the jobs-by-industry that residents hold and the jobs-by-industry that exist in Calabasas. Generalizing from the data, there are more manufacturing, wholesaling, administrative, and food service jobs in Calabasas than residents to fill those jobs, and not enough jobs in real estate, health care, and other services for residents; but retail, information, professional, and arts, and entertainment jobs are in relative balance with the resident-worker base. Of course, this

does not necessarily mean that Calabasas residents are filling Calabasas-based jobs, and we will discuss this condition in the following paragraphs.

**Table 5: Economic Census Comparison**

2002 NAICS	2002 NAICS code Name	Economic Census		Employees by place of residence (Census of Pop. data)	% by which Calabasas jobs exceed resident wkrs
		# establish-ments	# emp-loyees		
31-33	Manufacturing	15	1,093	723	151%
42	Wholesale trade	55	1,585	441	359%
44-45	Retail trade	58	807	878	92%
51	Information	52	917	992	92%
531	Real estate	59	207	425	49%
54	Professional, scientific, & technical services	239	1750	1635	107%
56	Administrative & support & waste management & remediation service	47	1,163	386	301%
61	Educational services	9	49	993	5%
62	Health care & social assistance	47	625	1253	50%
71	Arts, entertainment, & recreation	64	375	363	103%
72	Accommodation & food services	43	1,039	377	276%
81	Other services (except public administration)	36	209	359	58%
	<b>Totals</b>	724	9,819	8,825	(see note 1)

Note 1. The job totals for the two databases represented on this table can be compared here, but only for the categories listed, which do not include all categories of industries.

Source: U.S. Bureau of the Census: 2002 Economic Census, 2000 Census of Population; TNDG

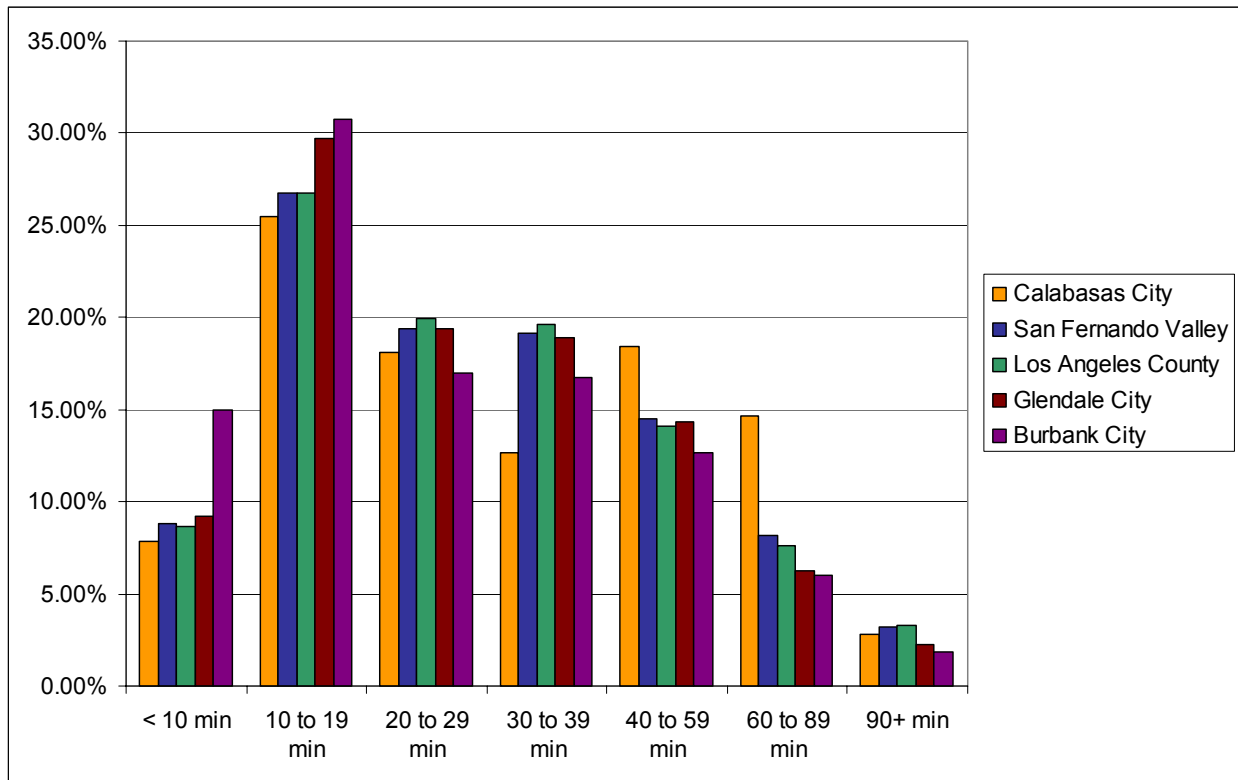
Another measure of the fit between Calabasas residents and Calabasas-based jobs is the cross-commuting that occurs among Calabasas working residents. This information is summarized on Table 6 and Figures 6 and 7. Calabasas residents have a disproportionate burden of long commutes, compared to the other cities and areas. To some extent, this is inevitable, given their relatively remote location within the overall metro region. Counting the work-at-home group, 38 percent of Calabasas commuters still have less than a 20-minute commute, but 33 percent have a commute of 40 or more minutes. The data show that Burbank residents have the lowest commute times.

**Table 6: Commute Times**

Travel Time to Work	Calabasas City	San Fernando Valley	Los Angeles County	Glendale City	Burbank City
< 10 min	7.86%	8.83%	8.67%	9.23%	14.97%
10 to 19 min	25.49%	26.76%	26.71%	29.69%	30.78%
20 to 29 min	18.14%	19.41%	19.95%	19.35%	16.95%
30 to 39 min	12.64%	19.12%	19.63%	18.87%	16.72%
40 to 59 min	18.40%	14.47%	14.10%	14.32%	12.68%
60 to 89 min	14.64%	8.18%	7.61%	6.27%	6.04%
90+ min	2.84%	3.23%	3.32%	2.27%	1.86%

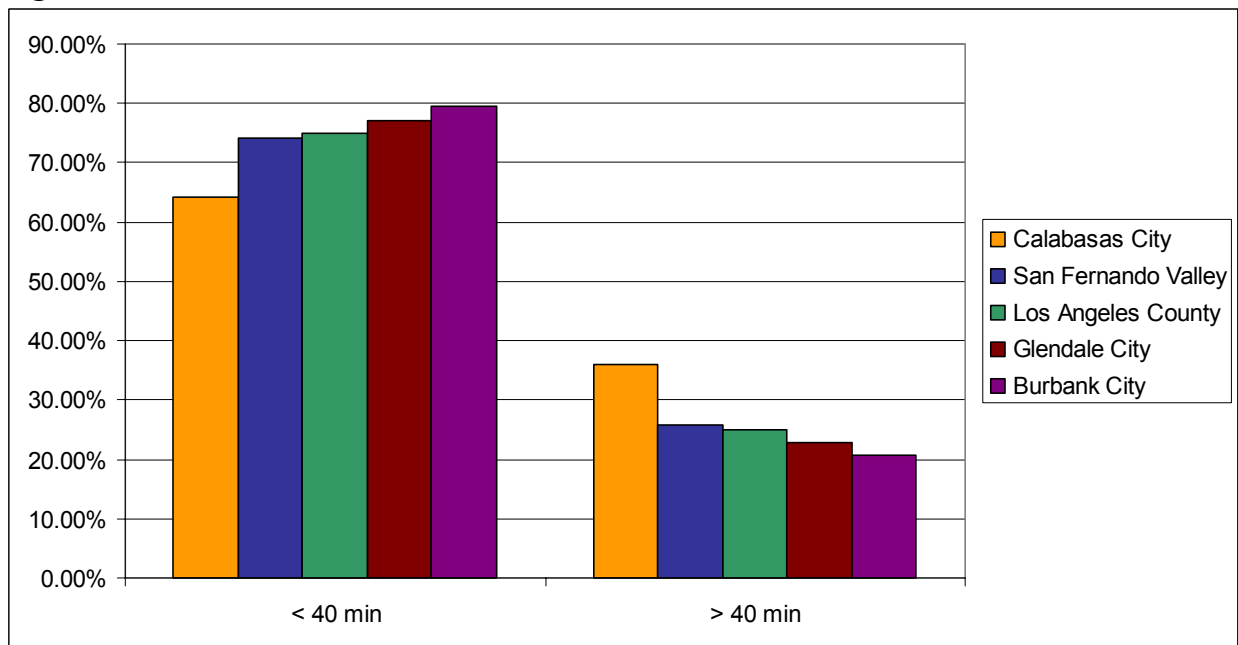
Source: U.S. Census Bureau: 2000 Census of Population and Housing

**Figure 6: Commute Times**



Source: U.S. Census Bureau: 2000 Census of Population and Housing

**Figure 7: Commute Times**



Source: U.S. Census Bureau: 2000 Census of Population and Housing

**Survey-Based Data.** As part of the update of the City’s General Plan, Research Network Ltd. conducted a statistically valid, community-wide survey of Calabasas residents, documented in the report, *Resident Telephone Survey, Calabasas, California*, dated April, 2007. Among other topics, the Survey asked respondents to identify the city or location where each of the full-time wage earners in their household were employed. According to the findings, 25 percent were employed in Calabasas, 16 percent in the Conejo Valley,<sup>8</sup> another 16 percent in West San Fernando Valley,<sup>9</sup> 13 percent in Hollywood and Downtown, and the other 28 percent (such figures are always subject to rounding error) in 7 other designated locations surrounding Calabasas. Including Calabasas, 49 percent work in the SFV.

According to the Census data in Figure 5, we know that 7.5 percent of the Calabasas workforce worked at home in 2000, so approximately 17 percent of Calabasas residents worked at Calabasas workplaces outside their homes.

Since data of the type presented in the Survey do not generally exist for other communities, it is particularly challenging to compare these results with other places. As a proxy for a direct comparison, we compiled “travel time to work” data for 12 other ZIP codes in San Fernando Valley communities surrounding Calabasas. In this sample, 8.8 percent of Calabasas workers had commutes of less than 10 minutes, while workers in the other ZIPs with that travel time interval ranged from 8 to 10-1/2 percent, with the high, at 12.9 percent, in one of the neighboring Woodland Hills ZIPs. From this analysis, and the previous indicators discussed above, we would conclude that Calabasas’ share of local employment is typical for this part of the SFV.

## **E. Projected Employment Growth**

The majority of the industries in which Calabasas *residents* are employed, and which together make up 65 percent of their jobs, are projected to experience growth in employment greater than the average growth in Los Angeles County, for all industries. Manufacturing, in which seven percent of Calabasas residents are employed, is the only industry that is projected to experience a decline in employment.

From the standpoint of jobs *hosted* by the City, Wholesale Trade, which has a low projected growth rate, has over 3 times as many employees working in Calabasas as employees in the industry who reside in the city. The Administrative, Support, and Waste Management Services industry has a strong projected growth rate, and has over 2.7 times as many employees working in the city as workers living there. Educational Services, another high-growth industry, has few employees based in the City, but many residents working in the field

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<sup>8</sup> Conejo Valley includes employment locations in Westlake/Westlake Village, Thousand Oaks, Agoura, Agoura Hills, Simi Valley, Newbury Park, and Moorpark.

<sup>9</sup> West San Fernando Valley includes employment locations in Woodland/Woodland Hills, Tarzana, Sherman Oaks, and Encino.

## F. Real Estate Trends

The real estate market in the San Fernando Valley is very tight. With low vacancies, high sales prices and rents, as well as a low level of sales and leasing activity, it is among the tightest markets in the Los Angeles Basin. This is the case with both the industrial and office markets. Highlights of these conditions<sup>10</sup> include:

### ***Industrial:***

- Vacancy on steady decline; now less than 3%.
- Rents are still relatively stable.
- Sales prices have increased significantly over the past year.
- Low levels of construction; only 275,400 square feet was underway at end of 2006.
- With tight market conditions, net absorption is much lower than the long term average of 4.3 million square feet.

### ***Office:***

- Vacancies decreasing more rapidly than industrial, although they are still higher in office.
- Rental rates rising moderately.
- Much higher level of construction compared to industrial.
- Leasing activity far below the long-term average; but net absorption higher than long-term average.

## G. General Competitiveness

Clearly, Calabasas has at least some of the components that would be attractive to “knowledge workers.” The city already hosts a base of jobs in the Information and Professional Services industries, as well as residents who work in these industries, even if some are working outside the city now. Calabasas has a decidedly upscale image. The median household income in Calabasas, from the 2000 Census, was almost twice that of Burbank and of California in total.

Calabasas is an “amenity node,” as this language in the Las Virgenes Gateway Master Plan attests:

*Visually, the [Las Virgenes Gateway] area contains some of the most scenic and diverse topography in the region. Calabasas has always been identified with the beauty of its natural environment: the rolling hills, oak wood-lands, canyons, creeks and wildlife.*

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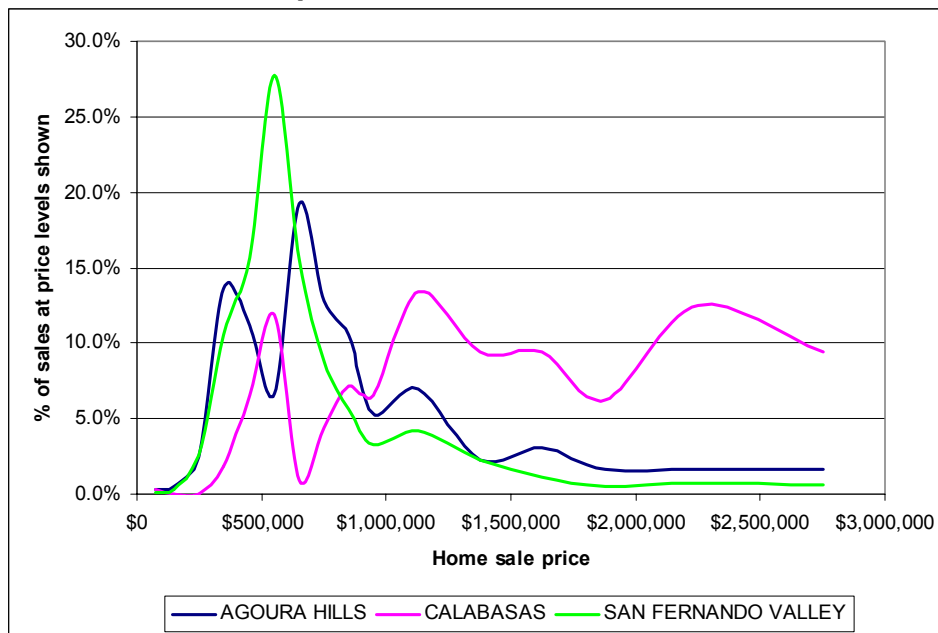
<sup>10</sup> Source: Colliers International: colliers.com/LosAngeles; “Industrial Market Report: Los Angeles Basin: Fourth Quarter 2006;” “Industrial Market Report: San Fernando Valley & Ventura County: Fourth Quarter 2006;” “Office Market Report: Los Angeles Basin: Fourth Quarter 2006;” “Office Market Report: San Fernando Valley & Ventura County: Fourth Quarter 2006”

From the Las Virgenes Road and Ventura Freeway interchange “gateway,” travelers can go to the beaches along the Pacific and the beachfront cities, Pepperdine University, Malibu Creek State Park, and the Santa Monica Mountains. At the Las Virgenes Gateway, the City is promoting development that is compatible with the scenic setting and amenity-gateway status. The City has other amenity-enhancement projects, such as the Creeks Master Plan, to make the community even more attractive and environmentally responsive.

Calabasas has at least one “lifestyle” commercial center, the 200,000 square-foot Commons at Calabasas, which includes specialty fashion stores, a bookstore, and the Williams-Sonoma home furnishings store.

Commensurate with its income levels, home values tend to be high in Calabasas. Median sale prices<sup>11</sup> for homes in 2006, at \$1.15 million, were double that of the West San Fernando Valley, and over 1.5 times the median sale prices in Agoura Hills. Compared to the SFV or even to its neighbor of Agoura Hills, Calabasas has a distribution of home values that would suggest that a limited range of housing options exist in the City (see Figure 8).

**Figure 8. Distribution of existing home sale prices, in recent 12-month period**



Source: TNDG, based on custom report from DataQuick Information Systems

<sup>11</sup> DataQuick website. dqnews.com

## H. Factors Influencing Future Capture of Employment Activities

Calabasas is most likely to be a location of choice rather than of necessity.

The potential for employment-related development in Calabasas is related to the following factors:

- Available buildings or sites, appropriately priced, configured, located, entitled, etc.
- Awareness, by developers, brokers, or end users, of the available properties.
- Perceptions of Calabasas by employers regarding the following:
  - Access to labor pool, which might include all or some occupational categories of the firm, existing and/or new employees; or access to the owners/managers. This perception is influenced by not only the facts about the *residential* distribution of the labor force, but also the current employment pattern within, or close to, the city; i.e. the extent to which the city's economic base includes the firm's industry or cluster.
  - The pattern of economic clusters in the city - as with the above, the more a prospective firm recognizes the presence of compatible neighboring firms, the more inclined they will be to locate in that community. An existing base of cluster-compatible firms provides a presumption that the location is suitable, from many standpoints (including labor pool).
  - The presence or absence of problems, which might include crime, congestion at rush hour and generally, policies that could be incompatible with the operation of the business, the characteristics of the firm's workforce, tax policies that could be specifically onerous to the firm, etc.
  - The presence and accessibility of amenities compatible with the firm's work style, the lifestyles of its workforce, etc.
  - The strategic direction of the community, as expressed in both current policy and in planning and other documents, and the compatibility of this direction and that of the firm's owners/managers.
- Other "image" determinants, of which the quality and spirit of marketing materials is significant, along with the general enthusiasm of those promoting the community.
- Competitive locations in other communities, which are likely to be compared on all of the factors discussed above.

**APPENDIX A: OFFICE DEMAND CALCULATIONS**

**Table A-1 (PRELIMINARY)**  
**Total Inventory of Office Space - Net Rentable Area (000s): 2007 - 2012**  
**Los Angeles County, San Fernando Valley & Calabasas**

**CONSERVATIVE SCENARIO**

<b>Area</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total Inventory Added</b>
Los Angeles County	174,557	176,675	179,714	184,028	189,003	194,236	19,679
W. San Fernando Valley	11,981	12,299	12,755	13,402	14,148	14,933	2,952
Calabasas	1,687	1,719	1,764	1,829	1,904	1,982	295

**AGGRESSIVE SCENARIO**

<b>Area</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total Inventory Added</b>
Los Angeles County	174,557	176,675	179,714	184,028	189,003	194,236	19,679
W. San Fernando Valley	11,981	12,299	12,755	13,402	14,148	14,933	2,952
Calabasas	1,687	1,728	1,788	1,872	1,969	2,071	384

Source: Torto Wheaton Research (TWR); Lee & Associates; The Natelson Dale Group, Inc. (TNDG)

Notes: (1) Both scenarios assume that West SFV captures 15% of countywide growth. This is higher than the West Valley's historic share (6.9%), but still conservative compared to the West Valley's recent share (17.4%)

(2) Conservative scenario assumes that Calabasas captures 10% of West SFV growth.

(3) Aggressive scenario assumes that Calabasas captures 13% of West SFV growth.