



ECONOMIC DEVELOPMENT MONTHLY UPDATE

The Launch of a New Head of Household Business Attraction Campaign

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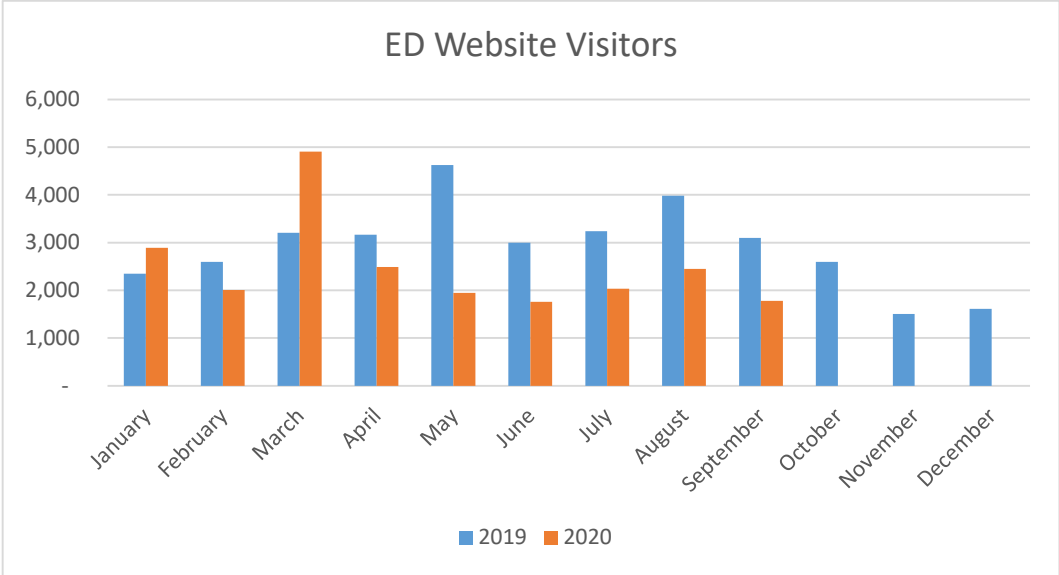
Last month, Tracy Economic Development team designed an email marketing campaign targeting Bay Area businesses. The campaign is a proactive effort to capitalize on a regional business trend of moving eastward as part of consolidation, operating cost reduction and accommodation of emerging social distancing and telecommuting work requirements. The team acquired a targeted database with more than 5,000 Bay Area business contacts ranging from 20 to 10,000 employees with more than 20% in manufacturing. Other business categories include business services, engineering and accounting, finance, insurance, real estate and health. To date, nearly 4,300 call-to-action communications were successfully delivered with a click rate of 10.5% (public agencies typically average between 9.5% and 10%). Economic Development team is working on a quarterly business attraction newsletter to be used as a follow up perception management and promotional tool aimed at the wider Bay Area stakeholder community. Combined with other marketing and advertising efforts, this initiative is designed to position Tracy as the premier destination for doing business in the Northern California Megaregion.

Upscales Catering Ribbon-Cutting

On September 24, 2020, a vibrant, masked, and socially-distanced crowd gathered at the Shops at Northgate Village (former Tracy Outlets) to celebrate a ribbon cutting ceremony for Upscales Catering. Led by its passionate owners Kim and Tony, Upscales Catering offers a new twist on southern cuisine and has moved from Concord, where it established a loyal following. The owners are following the broader regional employment and population migration out of the Bay Area, betting on Tracy community support, rapid build-out of the North East Industrial Specific Plan and the freeway visibility of the shopping center as a hedge against COVID-induced uncertainty.

The business is the newest tenant at the Shops at Northgate Village Shopping Center and is an important step in the continued success of the shopping center. The City is excited to see the emergence of a food cluster in Northeast Tracy and welcomes Upscales Catering to our community.





Community Recovery Survey Results

Amazon’s Local Employment Creation

The City of Tracy has been working on a Community Recovery Workplan and has just closed a public survey that solicited input from residents and businesses. Nearly 250 residents, employees and business owners participated in the survey with 70% favorably reflecting on the City’s planning efforts, and 67.5% praising the City for timely COVID-19 related updates for the community. The City has recently launched a COVID-19 newsletter designed to increase local information and awareness and to slow the spread of the virus. [Subscribe to the newsletter here.](#)

Amazon announced creation of 1,100 jobs in Tracy over the holidays. Amazon’s September announcement was part of the addition of 100,000 new jobs and opening of 100 new buildings across the nation over the holidays. Amazon has already made a substantial investment in Tracy, recognizing the City’s strategic location, infrastructure capacity and business-friendly political environment. The new jobs will have a starting pay of \$15.75 per hour with full benefits beginning on the first day of employment. [Click here for more information.](#)

I-205/Lammers Road/Eleventh Street Interchange Project Update

With total estimated cost of about \$70 million, the City of Tracy has been working with Caltrans on the new Interstate 205 interchange at Lammers Road and Eleventh Street. The new roadway segment would extend Lammers Road south from Byron Road, north of a proposed extension of Grant Line Road, and would cross Interstate 205 with a grade-separated interchange, extending south to the existing intersection of Lammers Road/Eleventh Street in the City of Tracy.

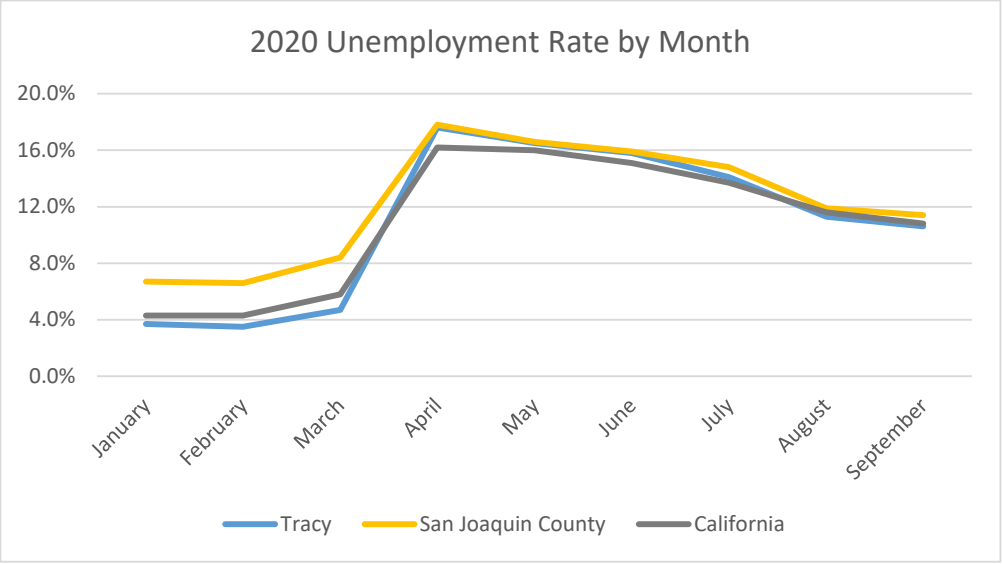
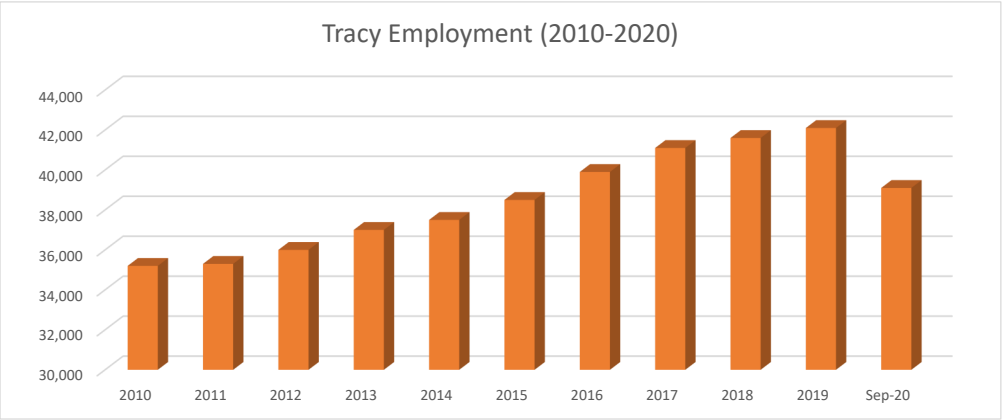
The proposed project would provide a new connection to Interstate 205 to serve the increase in forecasted traffic. The Lammers Road interchange would improve accessibility to Interstate 205, thereby reducing motorist dependency and congestion, at the adjacent interchanges at Eleventh Street, Naglee and Grant Line Roads. Additionally, the interchange would improve regional mobility. The City is currently working on the grant application for a share of the funding. This project is developed through a partnership between the City of Tracy, the San Joaquin Council of Governments (SJCOG) and the California Department of Transportation (Caltrans). For more information visit the project [website](#).

Employment Trends



COVID-19-induced unemployment continues to decrease since it peaked in April. By August, the rate was down to 11.3% in the City, a 2.8% decrease from the prior month. Tracy’s unemployment remains slightly below that of the County and the State.*

** Data reported by the California Employment Development Department. Due to the reporting methodology, there is a 2-month lag.*

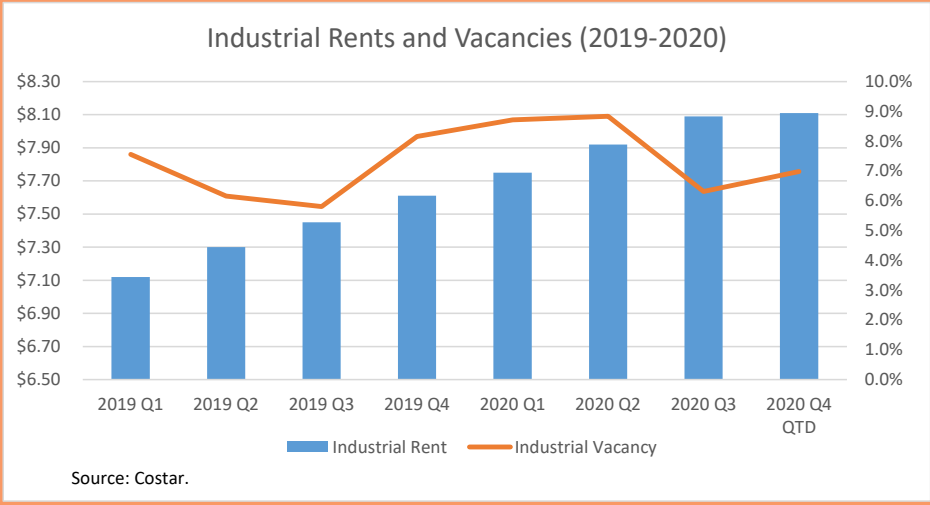


New Development Activity

Item	Sep-20	Sep-19	YTD 2020	YTD 2019
Issued Permits				
Residential	141	276	1,153	1,417
Commercial	11	11	100	123
Completed Buildings				
Residential	27	0	158	156
Commercial	0	0	4	11

Industrial

Industrial space continues to experience strong performance, driven by growth in e-commerce and advanced logistics. Rents have continued increasing in Tracy during the 4th quarter, while vacancies remain low. The City of Tracy Economic Development Team recently published an [article](#) on the reshoring trend, which has contributed to strong industrial space demand.

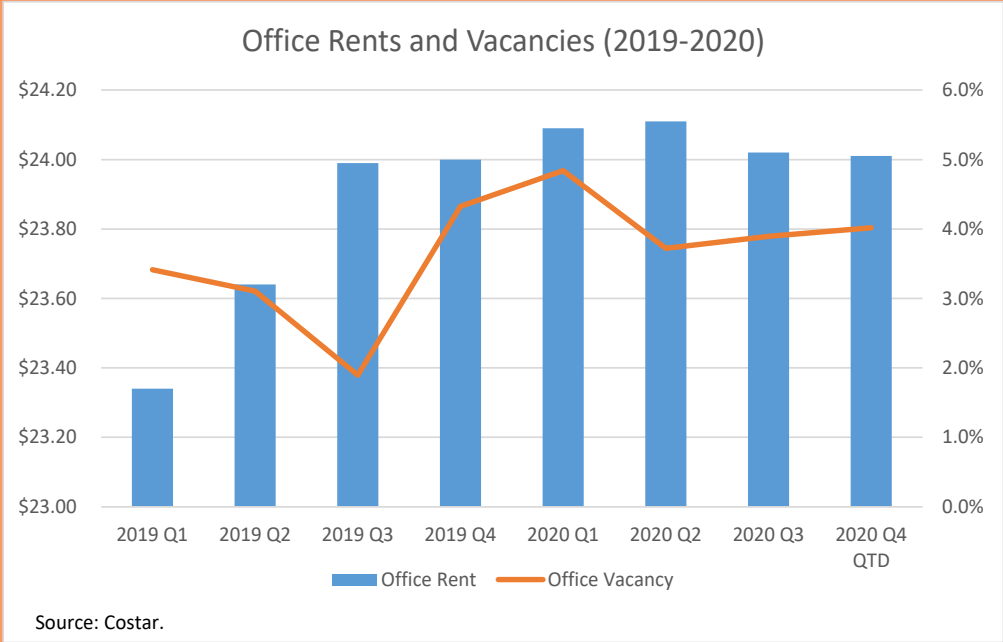


New Development Activity (continued)



Office

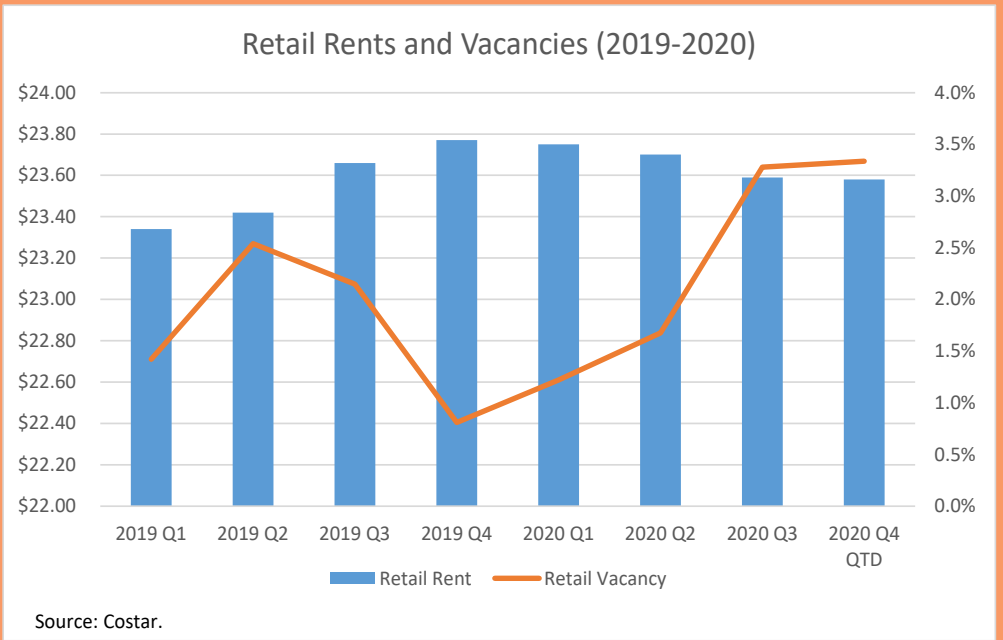
Although the office market in Tracy is largely local serving, rents and vacancies remain stable. Prologis plans to break ground on its first office building in its global portfolio this month, making the 35,000 square foot building Tracy’s first new office construction in over 15 years. Despite the weakening of the regional office market in 2020, Prologis’s ability to lease up their space will be an important indicator of the Tracy office market’s depth.



Retail

COVID-19 has expedited the decline of many retail sectors, particularly in mall and big box categories, with multiple store closures and chain bankruptcies across the nation. Tracy rents have been decreasing since 2019 with vacancies on the rise. The recent closure of JC Penney and Sears at West Valley Mall has contributed to the vacancy increase.

Although the retail sector is struggling, several new businesses have recently opened in Downtown Tracy, including Hella Pie Pizza Co. and L’aube Boutique. New retail was approved at the International Park of Commerce last week; the 10,000 square foot multi-tenant building will be the first retail development in the business park. The City of Tracy Economic Development team continues to explore options to strengthen the local retail sector, attract new tenants, and help existing businesses survive COVID-induced regulations, while encouraging residents to “Shop Local.”



Contact Us:

Michael Nimon
Economic Development Manager
(209) 831-6493
michael.nimon@cityoftracy.org

Barbara Harb
Economic Development Analyst
(209) 831-6491
barbara.harb@cityoftracy.org

www.thinkinsidethetriangle.com

