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# HAYWARD RETAIL ANALYSIS

*DRAFT* REPORT

Prepared for  
CITY OF HAYWARD

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## EXECUTIVE SUMMARY

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- The City of Hayward's retail businesses and service providers have historically served a customer base that extends well beyond the city boundaries. The surrounding communities have underprovided on the retail side, leaving Hayward to benefit from the unmet demand in those communities. With the economic downturn, Hayward has seen significant changes to its retail base over the past decade, and this presents challenges and opportunities moving forward.
- As part of the data gathering for this study, ADE distributed a survey to 500 local businesses that provide consumer-focused goods and services. The survey found that Hayward's primary business climate strengths centered on its central location, transportation connections, low costs for business space, ethnic diversity, and general business climate.
- When asked about Hayward's weaknesses as a place to do business, the two most frequently mentioned negatives include blight/maintenance of public areas and business vacancies. The other prominently mentioned weaknesses for Hayward include local business regulations, local government solving problems, lack of exposure/profile, general business climate, and quality of life.
- When asked about actions that Hayward can take to improve the business climate, promoting the City's image was cited by 59 percent of business respondents. Other prominently mentioned actions for improving Hayward's business climate include clean-up and maintenance of public areas, permit assistance, more sensitivity to needs of ethnic minority business owners, and better informing businesses about public projects and services.
- Taxable sales in Hayward showed a decline during the recession, but have had a strong recovery over the last two years. Transportation-related sectors, such as automobile sales, showed the steepest decline. In addition, over the past decade, Hayward's taxable sales have seen a broad shift towards the Hesperian Blvd. corridor and away from Mission Blvd.
- Most retail store categories in Hayward show significant net capture of regional sales, as they attract spending from customers living in neighboring communities. While Hayward can potentially attract more regional spending, its most immediate unmet spending demand is with those retail categories that show retail leakage. The categories that have sufficient retail leakage to support additional stores in Hayward include family clothing stores, grocery stores, restaurants, specialty retail stores (gift stores, sporting goods, florists, music, office supplies, and jewelry), furniture stores, and electronics/appliance stores.
- The City of Hayward identified several catalyst sites that have been prioritized as having the best potential for retail and other development opportunities. The sites that have the best potential for matching with the retail categories with high unmet demand include the Downtown bank and Green Shutter buildings (restaurant uses), former Auto Row sites (grocery store and restaurants), Harder Road and Carlos Bee sites (specialty retail), airport

retail parcels (furniture store, electronics/appliance store, restaurants), and the Southland Mall area (all uses with unmet demand).

- It should be noted that the City is moving towards implementing a form-based code. This code allows for considerable flexibility with situating different uses in Hayward's commercial areas. Many of these catalyst sites will likely need to use this flexibility to accommodate a variety of different land uses -- including housing, light industrial uses, and office spaces -- because at any given time, some of these other types of uses could have greater market potential than retail uses.

# 1. RETAIL MARKET ANALYSIS

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Hayward benefits from a broad and substantial base of retail stores and service providers. The city has a very large and diverse range of shopping districts and retail centers that serve a large population that extends well beyond the city limits. This has put the city in a position where much of its retail support comes through attracting household spending from a large market area that includes the surrounding unincorporated communities to the north and east of Hayward, as well as residents living south of the city. While most of Hayward's retail categories show a net capture of regional retail sales, some retail segments continue to show leakage as Hayward residents travel to other communities to meet their retail needs in these specific niches. While it constitutes a shortcoming by Hayward's retail base, retail leakage also represents opportunities to recapture retail sales that Hayward currently loses.

In recent years, Hayward has seen significant changes to its retail base, as the City government has made investments to the downtown area and attracted new retail development. Concurrently, other corridors and retail categories have seen sales declines and vulnerabilities as other communities compete with Hayward for retail spending.

This analysis will look at how Hayward has fared in recent years, and identify areas where existing retail sales leakage can potentially be resituated into support for new stores in Hayward. In addition, the analysis looks at how the retail sales trends have differed between different areas within Hayward. The last section will describe some potential opportunity sites, and analyze the reuse options for some of the key sites.

## 1.1 DEMOGRAPHIC TRENDS

### POPULATION

The support for retail stores largely comes from population and income (with some additional demand from visitors, commuters, and other local businesses), which is the primary generator of household spending demand. For Hayward, its retail base benefits from having a sizable population base nearby. The city itself has over 147,000 residents, while surrounding communities in unincorporated Alameda County (such as Castro Valley, Cherryland, and San Lorenzo) and the Tri-City area (Union City, Newark, and Fremont) contribute additional population to the market area.

While Hayward has a substantial population to support its retail stores, this population has not grown much over the past decade. As shown in Table 1-1, Hayward's population only grew by 5.1 percent since 2000. This is below the average (6.1 percent) for Alameda County as a whole, Fremont, Union City, and the unincorporated portions of Alameda County. However, over the last two years, the population has grown by nearly as much as it had over the entire previous decade.

**TABLE 1-1  
POPULATION TREND FOR HAYWARD AND ALAMEDA COUNTY, 2000 TO 2012**

<b>Alameda County Population</b>	<b>2000</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2000 to 2012 Growth Rate</b>
Alameda	72,259	73,812	74,052	74,640	3.3%
Albany	16,444	18,539	18,345	18,488	12.4%
Berkeley	102,743	112,580	113,925	114,821	11.8%
Dublin	30,023	46,036	46,207	46,785	55.8%
Emeryville	6,882	10,080	10,110	10,200	48.2%
Fremont	203,413	214,089	215,391	217,700	7.0%
<b>Hayward</b>	<b>140,030</b>	<b>144,186</b>	<b>145,101</b>	<b>147,113</b>	5.1%
Livermore	73,464	80,968	81,547	82,400	12.2%
Newark	42,471	42,573	42,700	43,041	1.3%
Oakland	399,566	390,724	392,333	395,341	-1.1%
Piedmont	10,952	10,667	10,710	10,807	-1.3%
Pleasanton	63,654	70,285	70,537	71,269	12.0%
San Leandro	79,452	84,950	85,364	86,053	8.3%
Union City	66,869	69,516	69,746	70,646	5.6%
Unincorporated Alameda County	135,717	141,266	141,688	142,833	5.2%
<b>Alameda County Total</b>	<b>1,443,939</b>	<b>1,510,271</b>	<b>1,517,756</b>	<b>1,532,137</b>	6.1%

*Source: ADE, Inc.; data from California Department of Finance.*

## LOCAL INCOME

In 2011, Hayward had an average (median) household income of about \$56,332, along with an aggregate household income of nearly \$3.2 billion (Table 1-2). The average income in Hayward is about on par with the statewide average (\$57,287) and below the average for Alameda County (\$67,558). The distribution of income shows no significant concentrations in any single income grouping. A very similar percentage of households earn more than \$100,000 annually as those earning below \$25,000, so the income distribution in Hayward is very broad and diverse across many different groups.

**TABLE 1-2  
ANNUAL INCOME DISTRIBUTION OF HAYWARD HOUSEHOLDS, 2011**

<b>Income Range</b>	<b>Percent of Total Households</b>
Less than \$10,000	7.7%
\$10,000 to \$14,999	6.0%
\$15,000 to \$19,999	3.0%
\$20,000 to \$24,999	5.9%
\$25,000 to \$29,999	4.6%
\$30,000 to \$34,999	6.4%
\$35,000 to \$39,999	3.2%
\$40,000 to \$44,999	5.0%
\$45,000 to \$49,999	2.6%
\$50,000 to \$59,999	8.5%
\$60,000 to \$74,999	13.8%
\$75,000 to \$99,999	12.3%
\$100,000 to \$124,999	9.6%
\$125,000 to \$149,999	3.6%
\$150,000 to \$199,999	4.3%
\$200,000 or more	3.4%
<b>Median Household Income</b>	<b>\$56,332</b>
<b>Aggregate Household Income</b>	<b>\$3,152,390,800</b>

*Source: ADE, Inc.; data from American Community Survey 2011 sample.*

*Notes: The American Community Survey replaces the demographic data formerly collected during the decennial U.S. Census of Population. The ACS is collected on an annual basis, and the data in this table reflects the one-year sample from 2011. ACS data also includes larger three- and five-year sample data.*

## 1.2 HAYWARD TAXABLE SALES TRENDS

Over the past decade, Hayward's taxable sales have seen some year-over-year fluctuations, but in the end the taxable sales totals for 2011/12 (July 2011 to June 2012) did not change significantly from 2003/04 (Table 1-3). The major shift during this time period occurred when the taxable sales declined by 12.9 percent between 2007/08 to 2008/09, coinciding with the start of the Great Recession. More recently, Hayward has seen a significant rebound in taxable sales, with year-over-year growth of 10.1 percent in 2011/12.

It should be noted that taxable sales in Hayward include much more than just retail store sales, as Hayward's high concentration of industrial businesses generates significant sales tax receipts from business-to-business and other point-of-sale transactions that are not directed towards household consumers. The sections below look at the trends for the different types of taxable sales at a more detailed level.

The categories generally oriented towards consumers – general retail, food products, and transportation -- are referred to as “retail” business categories.

**TABLE 1-3**  
**HAYWARD TAXABLE SALES TREND, 2003/04 TO**  
**2011/12 (JULY TO JUNE)**

<b>Annual Taxable Sales</b>	<b>Hayward Total</b>	<b>Year-Over-Year Change</b>
2003/04	\$2,582,836,800	n/a
2004/05	\$2,514,522,800	-2.6%
2005/06	\$2,582,220,700	2.7%
2006/07	\$2,647,510,300	2.5%
2007/08	\$2,669,474,100	0.8%
2008/09	\$2,324,912,000	-12.9%
2009/10	\$2,242,071,400	-3.6%
2010/11	\$2,296,267,200	2.4%
2011/12	\$2,527,149,900	10.1%

*Source: ADE, Inc.; data from MuniServices LLC*

### GENERAL RETAIL TAXABLE SALES

The taxable sales from retail stores in Hayward totaled about \$567 million in 2011/12 (Table 1-4). This represents about 22.4 percent of the total taxable sales in Hayward. The general retail taxable sales category includes broad business groupings such as apparel stores, general merchandise stores (including department and discount stores), furniture and home furnishings stores, drug stores, recreation products, and specialty retail stores.

In general, retail store sales in Hayward largely saw steady growth over the past decade, with the retail sector growing its share of overall taxable sales from 19.0 percent in 2003/04 to a peak of 23.8 percent in 2010/11. The recessionary slow down for general retail stores occurred in 2007/08 and 2008/09. The sector showed a significant rebound in 2010/11 and continued to show growth in 2011/12.

**TABLE 1-4  
HAYWARD TAXABLE SALES TREND FROM GENERAL RETAIL  
BUSINESSES, 2003/04 TO 2011/12 (JULY TO JUNE)**

<b>Annual Taxable Sales</b>	<b>General Retail Taxable Sales</b>	<b>Year-Over- Year Change</b>	<b>Percent of Total Hayward Taxable Sales</b>
2003/04	\$490,177,900	n/a	19.0%
2004/05	\$503,964,400	2.8%	20.0%
2005/06	\$519,382,000	3.1%	20.1%
2006/07	\$545,883,700	5.1%	20.6%
2007/08	\$517,047,900	-5.3%	19.4%
2008/09	\$492,398,200	-4.8%	21.2%
2009/10	\$494,212,700	0.4%	22.0%
2010/11	\$547,054,400	10.7%	23.8%
2011/12	\$566,991,000	3.6%	22.4%

*Source: ADE, Inc.; data from MuniServices LLC*

## TRANSPORTATION TAXABLE SALES

The transportation category includes several distinct business categories such as gas stations, new car dealerships, used car dealerships, other vehicle sales, auto parts, and taxable sales from vehicle repair shops. This category generated about \$551 million in 2011/12, with a 21.8 percent share of the total taxable sales in Hayward (Table 1-5). This category is highly concentrated in Hayward as the taxable sales for transportation businesses were roughly the same as the retail store category.

However, the general trend for the transportation category has showed a significant sales decline since 2003/04 when the taxable sales totaled nearly \$725 million and constituted 28.1 percent of the total taxable sales in Hayward. Yet, the sales in this category have actually recovered since 2008/09, although sales remain far short of where they were in 2003/04. This reflects some conflicting trends within the broader transportation business category. First, Hayward has seen a broad decline in its once flourishing auto dealership sales. Since 2003/04, new car dealership sales in Hayward have declined by more than 60 percent. Concurrently, rising fuel prices led to sales increases by gas stations of nearly 50 percent.

**TABLE 1-5  
HAYWARD TAXABLE SALES TREND FROM TRANSPORTATION  
BUSINESSES, 2003/04 TO 2011/12 (JULY TO JUNE)**

<b>Annual Taxable Sales</b>	<b>Transportation Taxable Sales</b>	<b>Year- Over- Year Change</b>	<b>Percent of Total Hayward Taxable Sales</b>
2003/04	\$724,541,400	n/a	28.1%
2004/05	\$647,781,200	-10.6%	25.8%
2005/06	\$668,224,800	3.2%	25.9%
2006/07	\$666,978,100	-0.2%	25.2%
2007/08	\$655,501,700	-1.7%	24.6%
2008/09	\$485,001,700	-26.0%	20.9%
2009/10	\$516,772,000	6.6%	23.0%
2010/11	\$555,302,500	7.5%	24.2%
2011/12	\$550,507,100	-0.9%	21.8%

*Source: ADE, Inc.; data from MuniServices LLC*

## FOOD PRODUCTS TAXABLE SALES

Businesses in the food products category include a combination of grocery stores (both supermarkets and convenience stores), specialty food stores, full service restaurants, bars, and fast food restaurants. In 2011/12, the taxable sales in this category totaled \$278 million, which represents about 11.0 percent of Hayward's total taxable sales (Table 1-6). It should be noted that grocery stores generate a significant proportion of their sales from non-taxable food items, so the actual retail sales total in this category is considerably higher.

Over the past decade, food product sales generally showed an upward trend. Even during the peak recession years, food product taxable sales did not show significant declines, and in fact increased its share of total taxable sales in Hayward. Most of the growth in this category occurred with restaurants, but grocery stores also showed steady growth during this period.

**TABLE 1-6**  
**HAYWARD TAXABLE SALES TREND FROM FOOD PRODUCTS**  
**BUSINESSES, 2003/04 TO 2011/12 (JULY TO JUNE)**

<b>Annual Taxable Sales</b>	<b>Food Products Taxable Sales</b>	<b>Year-Over-Year Change</b>	<b>Percent of Total Hayward Taxable Sales</b>
2003/04	\$216,166,400	n/a	8.4%
2004/05	\$232,708,800	7.7%	9.3%
2005/06	\$235,647,700	1.3%	9.1%
2006/07	\$258,800,100	9.8%	9.8%
2007/08	\$260,181,700	0.5%	9.7%
2008/09	\$264,528,700	1.7%	11.4%
2009/10	\$262,101,300	-0.9%	11.7%
2010/11	\$255,905,500	-2.4%	11.1%
2011/12	\$278,397,100	8.8%	11.0%

*Source: ADE, Inc.; data from MuniServices LLC*

## NON-RETAIL TAXABLE SALES

Taxable sales in the non-retail categories generally focus on business-to-business transactions and construction-oriented businesses. Specific business categories in this broad group include heavy industry, light industry, leasing, chemical products, and building materials wholesale. This category accounted for \$1.1 billion in taxable sales in 2011/12 (Table 1-7). Hayward is unusual in that nearly 45 percent of its taxable sales come from non-retail transactions. Statewide, about 31.5 percent of the total taxable sales come from non-retail sources. Clearly, Hayward's municipal revenues benefit from its high concentration of industrial activity.

Since 2003/04, Hayward has seen significant declines in taxable sales from non-retail businesses. However, 2011/12 saw the category bounce back with a 20.6 percent year-over-year taxable sales increase, and a full sales recovery to 2004/05 levels.

**TABLE 1-7  
HAYWARD TAXABLE SALES TREND FROM NON-RETAIL BUSINESSES,  
2003/04 TO 2011/12 (JULY TO JUNE)**

<b>Annual Taxable Sales</b>	<b>Non-Retail Taxable Sales</b>	<b>Year-Over-Year Change</b>	<b>Percent of Total Hayward Taxable Sales</b>
2003/04	\$1,151,951,100	n/a	44.6%
2004/05	\$1,130,068,400	-1.9%	44.9%
2005/06	\$1,158,966,200	2.6%	44.9%
2006/07	\$1,175,848,400	1.5%	44.4%
2007/08	\$1,236,742,800	5.2%	46.3%
2008/09	\$1,082,983,400	-12.4%	46.6%
2009/10	\$968,985,400	-10.5%	43.2%
2010/11	\$938,004,800	-3.2%	40.8%
2011/12	\$1,131,254,700	20.6%	44.8%

*Source: ADE, Inc.; data from MuniServices LLC*

### REGIONAL SALES TAX (GROSS AND PER CAPITA) COMPARISON

Hayward has the third largest population among incorporated cities in Alameda County (behind Oakland and Fremont). As shown in Table 1-8, the city's sales tax receipts also rank third in the county, with about \$27.6 million in sales tax during the period between October 2011 and September 2012.

However, when the sales tax receipts are calculated on a per capita basis relative to the population, Hayward's \$187 in sales tax per capita rank seventh among incorporated cities in Alameda County. Hayward's per capita sales tax receipts are above the Alameda County average, and generally fare better than the unincorporated areas and Tri-City communities (except for Newark).

Most of the communities north of Hayward are unincorporated, and the six unincorporated communities large enough to be classified as Census Defined Places in Alameda County (Ashland, Castro Valley, Cherryland, Fairview, San Lorenzo, and Sunol) all either border Hayward or are located nearby. This is important because the average per capita sales tax receipts for unincorporated Alameda County comes out to only \$59, which serves as a strong indicator that Hayward's retail base attracts significant spending from those communities.

**TABLE 1-8  
TOTAL AND PER CAPITA SALES TAX RECEIPTS, HAYWARD AND  
ALAMEDA COUNTY (OCTOBER 2011 TO SEPTEMBER 2012)**

<b>City</b>	<b>Sales Tax Receipts (Oct. 11 to Sept. 12)</b>	<b>Per Capita Sales Tax</b>
Emeryville	\$7,212,113	\$707.07
Dublin	\$15,367,200	\$328.46
Livermore	\$22,027,468	\$267.32
Pleasanton	\$18,061,272	\$253.42
San Leandro	\$20,769,981	\$241.36
Newark	\$8,773,966	\$203.85
<b>Hayward</b>	<b>\$27,568,387</b>	<b>\$187.40</b>
Fremont	\$32,016,289	\$147.07
Berkeley	\$15,265,212	\$132.95
Union City	\$8,207,684	\$116.18
Albany	\$2,133,114	\$115.38
Oakland	\$44,183,300	\$111.76
Alameda	\$6,517,397	\$87.32
Piedmont	\$149,568	\$13.84
Unincorporated Alameda County	\$8,453,877	\$59.19
<b>Alameda County Total</b>	<b>\$236,706,828</b>	<b>\$154.49</b>

*Source: ADE, Inc.; data from MuniServices LLC, and California Department of Finance.*

*Notes: Sales tax receipts only include the allocation that goes to the City of Hayward. Per capita calculations are based on the population estimate for January 2012 by the California Department of Finance.*

### 1.3 RETAIL LEAKAGE

Retail leakage occurs when existing household demand for specific retail store types is not met by local stores in that category, and those shoppers go to stores located outside of their local market area instead. This happens when local stores do not meet the needs of shoppers, whether that results from an insufficient quantity of stores in a particular category, or existing stores otherwise not sufficiently attracting spending from local shoppers. Concurrently, net capture occurs when retail stores (within a specific category) attract shoppers from neighboring communities, and the store sales exceed the local demand.

Retail leakage represents both a shortcoming and an opportunity, because the unmet retail demand that currently goes elsewhere can potentially be recaptured within a local market area by establishing new stores (or expanding existing businesses) that do a better job at capturing household spending. In general, if the leakage in a particular retail category is high enough, then it can potentially support a discrete retail store of that type.

In order to estimate the retail leakage, the analysis relied on the sales tax capture and gap analysis tracking data that MuniServices provides to the City of Hayward. This data source is confidential and the retail leakage analysis does not report any raw numbers that might disclose sales for individual businesses.

The MuniServices report estimates the retail capture and unmet demand by comparing the actual sales tax receipts for each business category with the potential sales tax. The potential sales tax uses the Bay Area region's buying patterns as the benchmark.

Taken as a whole, Hayward's retail sales exceed the local demand. Using data from MuniServices and Claritas, the consumer-driven business categories currently capture about 65 percent more taxable sales than would be expected based on the combined income from all Hayward households. This indicates that Hayward likely serves as a net retail provider to the surrounding communities, as evidenced by the low per capita sales tax receipts generated in unincorporated Alameda County.

However, while Hayward has a strong net capture of regional retail sales, there are also specific retail categories in which the existing store sales do not meet the existing demand. These store categories that have retail leakage are shown in Table 1-9. Generally, the store categories with retail leakage are concentrated in the apparel, specialty retail, and food groups.

In order to identify the potential for new store attraction or expansion, the analysis first calculated the actual sales potential that includes non-taxable items.<sup>1</sup> The calculation then compared the sales potential with the average sales per store for each retail leakage category. Table 1-9 shows the number of supportable establishments within each category. Many store categories do not have sufficient levels of leakage/unmet demand to support the revenue level for an average retail store. The unmet demand for these categories could potentially be met by either establishing smaller scale

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<sup>1</sup> The estimate for sales from non-taxable items comes from the U.S. Economic Census data for source of sales by merchandise line category. Non-taxable items in California include groceries and other non-prepared food items, and prescription medications.

stores or through expanding and upgrading existing stores. The sections below discuss each retail group in more detail.

**TABLE 1-9  
SUMMARY OF POTENTIAL NEW STORE ATTRACTION/EXPANSION  
SUPPORTABLE BY EXISTING RETAIL LEAKAGE (2<sup>ND</sup> QUARTER, 2012)**

<b>Retail Group</b>	<b>New Stores Supportable by Existing Leakage</b>
<b>Apparel Store Group</b>	2.4
Women's Apparel	0.6
Men's Apparel	0.9
Family Clothing	1.0
Shoe Stores	**
<b>General Merchandise Group</b>	**
Department Stores	**
Other General Merchandise	**
Drug & Proprietary Stores	**
<b>Specialty Retail Group</b>	21.4
Gifts & Novelties	4.5
Sporting Goods	3.3
Florists	3.2
Photographic Equipment	**
Records & Music	2.1
Books & Stationery	**
Office Supplies/Computer Equipment	5.5
Jewelry	2.8
Misc. Specialty Retail	**
<b>Food, Eating and Drinking Group</b>	6.5
Grocery Stores	2.4
Specialty Food Stores	**
Liquor Stores	**
Eating Places	4.1
<b>Building Materials and Home Furnishings Group</b>	8.8
Furniture & Home Furnishings	5.3
Household Appliances & Electronics	3.3
Used Merchandise	**
Nurseries & Garden Supply Stores	**
Lumber & Other Building Materials	**
Home Centers and Hardware Stores	0.3
Paint & Wallpaper	**
<b>Automotive Group</b>	**
New Cars & RVs	**
Used Car Dealers	**
Gasoline Service Stations	**
Mobile Homes & Trailers	**
Auto Parts & Accessories	**
Other Vehicles	**

Source: ADE, Inc.; data from MuniServices LLC, and U.S. Economic Census.

Notes: Categories marked with asterisks ("\*\*") have a net capture of taxable sales. The retail leakage from taxable sales was modified to include an estimate of non-taxable item sales for each retail category. The new store support divides the retail leakage by the average sales per establishment within each retail store category.

## **APPAREL STORE GROUP**

Because of existing concentrations of apparel stores in areas such as Southland Mall, Hayward has a strong base of apparel stores. However, compared to regional trends, Hayward has a slight unmet need in most apparel store categories. The only apparel store category in which the retail leakage is large enough to support a full establishment is family apparel.

With women's apparel and men's apparel, the retail leakage will not support an average establishment in those categories. Considering the existing concentration of apparel stores in Hayward, this demand could also potentially be met by expanding or resituating existing establishments to better respond to customer demand.

## **GENERAL MERCHANDISE GROUP**

Hayward does not have any retail leakage in general merchandise, and in fact, has a net attraction that exceeds the local demand by 148 percent. This category is one of Hayward's strongest regional concentrations, as it includes a diverse mix of traditional department store, discount store, warehouse club, and variety store establishments. While general merchandise stores clearly attract significant spending from outside of Hayward, it also has the potential to limit the retail expansion opportunities for retailers in other store categories.

This is because general merchandise stores carry broad product lines that can attract sales away from more specialized retail stores, especially if they are not sufficiently supplied in Hayward. For example, if apparel stores do not meet retail demand for apparel products, then shoppers can potentially find what they want at a department store or discount store. Given that the degree to which the net capture exceeds local resident demand, it is very likely that the net capture with general merchandise stores consists not only of sales captured from surrounding communities but from above average sales from local residents in specific product categories as well.

## **SPECIALTY RETAIL GROUP**

The specialty retail store category presents a mixed picture for Hayward. As a group, the specialty retail category has the largest number of potential new stores that could be supported by meeting unmet demand. However, as mentioned previously, the unmet demand occurs in many categories where larger general merchandise stores also carry the same product lines. This potentially limits the number of establishments that could actually be attracted to Hayward, given that they would have to compete with established general merchandise stores. In addition, specialty retail stores generally have a lower-than-average sales per store than other types of retail.

## **FOOD, EATING AND DRINKING GROUP**

The retail leakage data shows potential for new grocery stores and restaurants in Hayward. With grocery stores, Hayward has a notable situation in which the supermarket sales capture shows that about 21 percent of the local demand is not currently met. This can potentially support about four new supermarkets in Hayward. However, much of the shortfall with supermarket sales in Hayward is currently met by convenience stores or smaller grocery stores, which significantly reduces the overall unmet demand in grocery stores. Even after accounting for these factors, Hayward can still support at least two new grocery stores. Since grocery stores can be highly specialized by

demography and serve shopping needs more at a neighborhood level, the location of these stores and who they would potentially serve are important considerations.

The analysis also shows a net attraction potential of four new restaurants in Hayward. Here too, Hayward has a more nuanced situation that goes beyond the simple supply and demand numbers. In general, Hayward's has a very large concentration of fast food and limited service eating establishments, with the taxable sales exceeding the local demand by more than 60 percent.

Conversely, Hayward has a much lower concentration of full service restaurants. In fact, if the full service restaurant leakage was analyzed independently from the other eating places, the unmet demand would equal the average sales for more than 40 restaurants. In all likelihood, Hayward would not support this number of new full service restaurants, since much of the unmet demand is already likely met by limited service restaurants. However, this illustrates the degree to which Hayward's restaurant trade is currently dominated by limited service establishments, and could present an opportunity for full service restaurants to fill an existing shortcoming.

## **BUILDING MATERIALS AND HOME FURNISHINGS GROUP**

The business attraction potential in this category is primarily with furniture/home furnishings stores, and appliance and electronics stores. With these types of stores, the existing sales leakage represents about 26 percent of unmet local demand.

With building material stores, such as home centers and hardware stores, Hayward has an abundance of existing establishments with a very high net capture of regional sales. In particular, Hayward has a very strong presence with supplying the construction trade. Even though home centers and hardware stores show some potential for expansion, much of this demand could also be met by other similar existing stores, such as building materials suppliers and paint/wallpaper stores.

## **AUTOMOTIVE GROUP**

The automotive group is one of Hayward's strongest concentrations of retail activity. Even though new car dealerships have had a severe decline in sales that began well before the recession, businesses in this category still retain a slight net capture of regional sales. For Hayward, the sales decline was accompanied by new car dealership closures, which means that dealerships in the city no longer carry many car brands. Because of this, future expansion of sales in this category might need to rely on strengthening the remaining dealerships.

All of the other transportation-related business categories, such as auto supply stores, used car dealerships, and gas stations, continue to attract very high net capture of local sales.

## 1.4 HAYWARD SUBAREA TRENDS AND OPPORTUNITIES

### SUBAREA TAXABLE SALES

The City of Hayward identified several corridors and other concentrations of commercial business activity, as areas of focus for business attraction and other opportunities. These areas are listed below in Table 1-10 and Table 1-11. Since 2008/09 represents the height of the recession, Table 1-11 includes a three-year trend that highlights how different areas have fared during the economic recovery. Within these subareas, the City also identified opportunity sites for retail attraction and other activities. The locations of these sites are shown in the Key Retail Areas map.

Among these subareas, the Hesperian and Central Mission Blvd. corridors, and Southland Mall area generate the highest taxable sales. For general retail, the Hesperian corridor and Southland Mall area make up the greatest taxable sales. In the food-related retail categories, downtown Hayward is the largest taxable sales generator, while Hesperian and the Southland Mall area also each generate more than \$30 million in taxable annual sales. With transportation-related retail, the Central Mission Blvd., with its high concentration of car dealerships, is by far the largest source of taxable sales in Hayward.

The sections below present more detailed overviews of each subarea's taxable sales trends.

**TABLE 1-10**  
**HAYWARD SUBAREA TAXABLE SALES DISTRIBUTION BY CATEGORY, 2011/12**

Hayward Subarea	General Retail	Food Products	Transportation	All Other Taxable Sales	Total Taxable Sales
Hesperian Corridor	\$130,743,900	\$30,099,300	\$28,096,100	\$49,653,600	\$238,592,900
Southland Mall Area	\$167,787,700	\$32,172,900	**	\$13,833,600	\$213,794,200
Central Mission Blvd.	\$1,481,300	\$12,028,300	\$153,041,900	\$3,289,000	\$169,840,500
South Hayward I-880 Retail Area	\$38,407,100	\$10,029,900	\$23,677,700	\$14,099,500	\$86,214,200
Downtown Hayward	\$12,795,500	\$35,587,000	\$21,266,800	\$3,856,900	\$73,506,200
South Hayward BART Area	\$19,392,000	\$10,530,300	\$27,850,300	\$13,111,900	\$70,884,500
Tennyson Corridor	\$12,018,900	\$19,683,400	\$37,948,200	\$116,100	\$69,766,600
Jackson Corridor	\$5,143,400	\$8,701,300	\$39,362,000	\$1,604,100	\$54,810,800
Foothill Corridor	**	\$4,387,900	\$25,004,600	\$3,307,000	\$32,699,500
A Street Corridor	\$991,400	\$12,864,800	\$18,258,100	\$145,300	\$32,259,600

Source: ADE, Inc.; data from MuniServices LLC

**TABLE 1-11**  
**HAYWARD SUBAREA TAXABLE SALES TREND, 2003/04 TO 2011/12**

Annual Taxable Sales by Hayward Subarea (\$1000)	2003/04	2007/08	2008/09	2009/10	2010/11	2011/12	2008/09 to 2011/12 Percent Change
Tennyson Corridor	\$50,611	\$69,019	\$60,504	\$60,519	\$65,398	\$69,767	15.3%
Hesperian Corridor	\$158,321	\$183,938	\$175,314	\$201,951	\$226,378	\$238,593	36.1%
A Street Corridor	\$28,826	\$36,174	\$28,296	\$27,709	\$28,017	\$32,260	14.0%
Jackson Corridor	\$40,259	\$62,418	\$50,974	\$50,534	\$53,476	\$54,811	7.5%
Central Mission Blvd.	\$363,530	\$256,220	\$158,601	\$138,455	\$153,733	\$169,841	7.1%
South Hayward BART Area	\$78,521	\$64,862	\$64,184	\$58,273	\$64,832	\$70,885	10.4%
Foothill Corridor	\$32,282	\$49,330	\$39,207	\$31,971	\$30,219	\$32,700	-16.6%
South Hayward I-880 Retail Area	\$63,049	\$93,378	\$90,585	\$72,889	\$76,650	\$86,214	-4.8%
Southland Mall Area	\$274,098	\$256,659	\$225,945	\$215,362	\$213,452	\$213,794	-5.4%
Downtown Hayward	\$74,005	\$68,287	\$62,088	\$63,011	\$68,474	\$73,506	18.4%

Source: ADE, Inc.; data from MuniServices LLC



## Tennyson Corridor

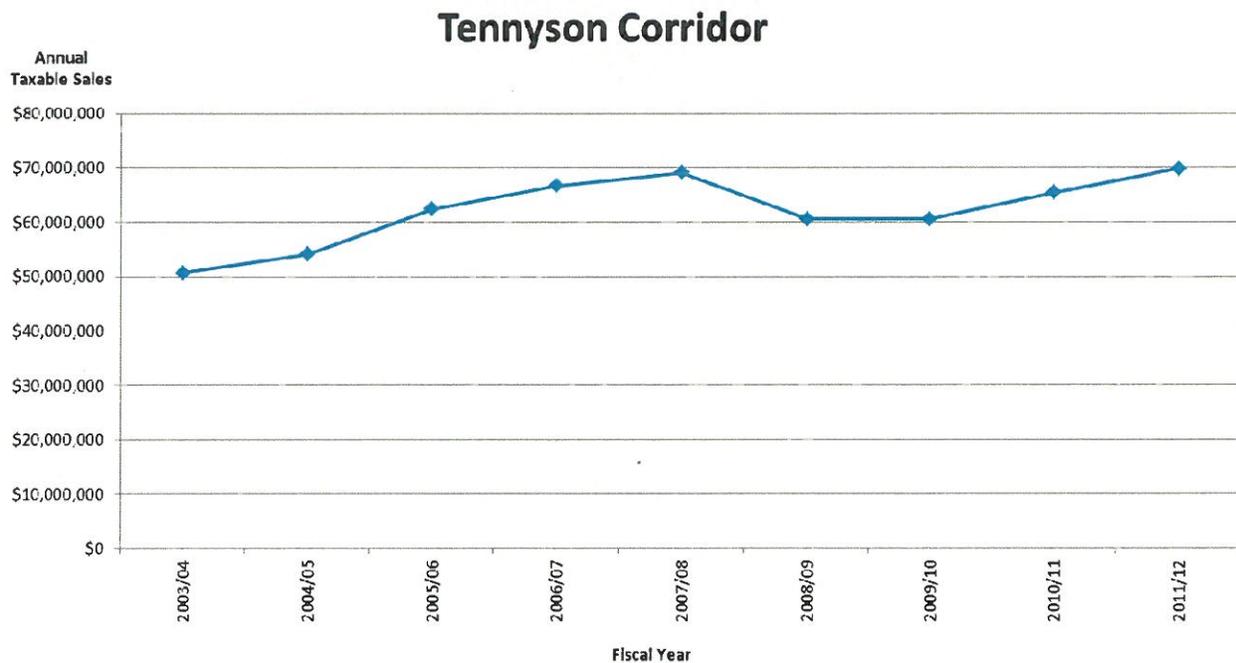
The primary retail area along Tennyson Road begins at I-880 and continues eastward until around Mission Blvd. The latest figures show that the corridor generated about \$69.8 million in taxable sales in 2011/12, and made up about 2.8 percent of total sales in Hayward (Table 1-12). The taxable sales for the Tennyson Corridor have seen a consistent upward trend since 2003/04, except for a downturn due to the recession in 2008/09. Since that brief sales decline, sales for businesses along the Tennyson Corridor have fully recovered to pre-recession levels (Figure 1-1).

**TABLE 1-12  
TAXABLE SALES TREND FOR TENNYSON CORRIDOR,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Tennyson Corridor Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$50,610,700	n/a	2.0%
2004/05	\$54,070,500	6.8%	2.2%
2005/06	\$62,312,500	15.2%	2.4%
2006/07	\$66,656,200	7.0%	2.5%
2007/08	\$69,019,200	3.5%	2.6%
2008/09	\$60,504,100	-12.3%	2.6%
2009/10	\$60,519,000	0.0%	2.7%
2010/11	\$65,397,700	8.1%	2.8%
2011/12	\$69,766,600	6.7%	2.8%

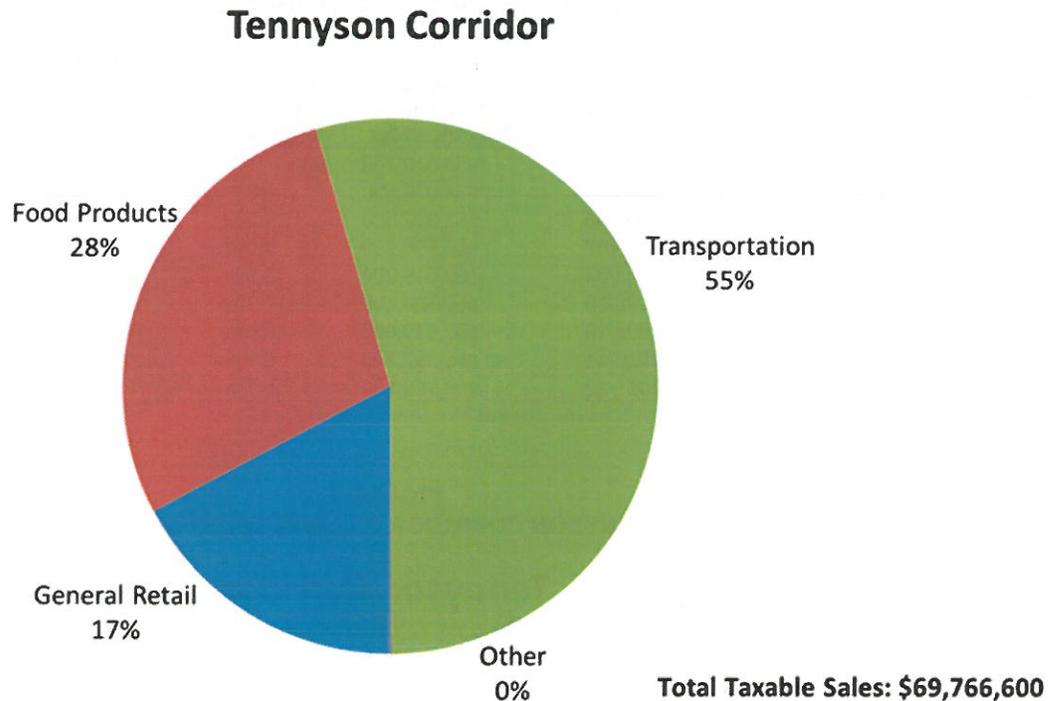
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-1  
TENNYSON CORRIDOR TAXABLE SALES BY YEAR**



Generally, the Tennyson Corridor has numerous neighborhood shopping centers, along with several auto service establishments. More than half of the sales generated by businesses along the corridor come from transportation goods and services, as shown in Figure 1-2. Business-to-business categories and other non-retail businesses account for less than one percent of taxable sales along the corridor, so the Tennyson Corridor has a very strong orientation around consumer-serving categories.

**FIGURE 1-2  
COMPOSITION OF TENNYSON CORRIDOR TAXABLE SALES, 2011/12**



### Hesperian Corridor

The retail area defined as the Hesperian Corridor basically covers the full length of Hesperian Blvd. in Hayward, from the northern boundary to the southern boundary (excluding Southland Mall). Over the past few years, the Hesperian Corridor has emerged into the largest generator of taxable sales in Hayward, as new retail developments have attracted significant spending to the area. In 2011/12, businesses along the corridor accounted for \$239 million in taxable sales, and together account for 9.4 percent of the total taxable sales in Hayward (Table 1-13).

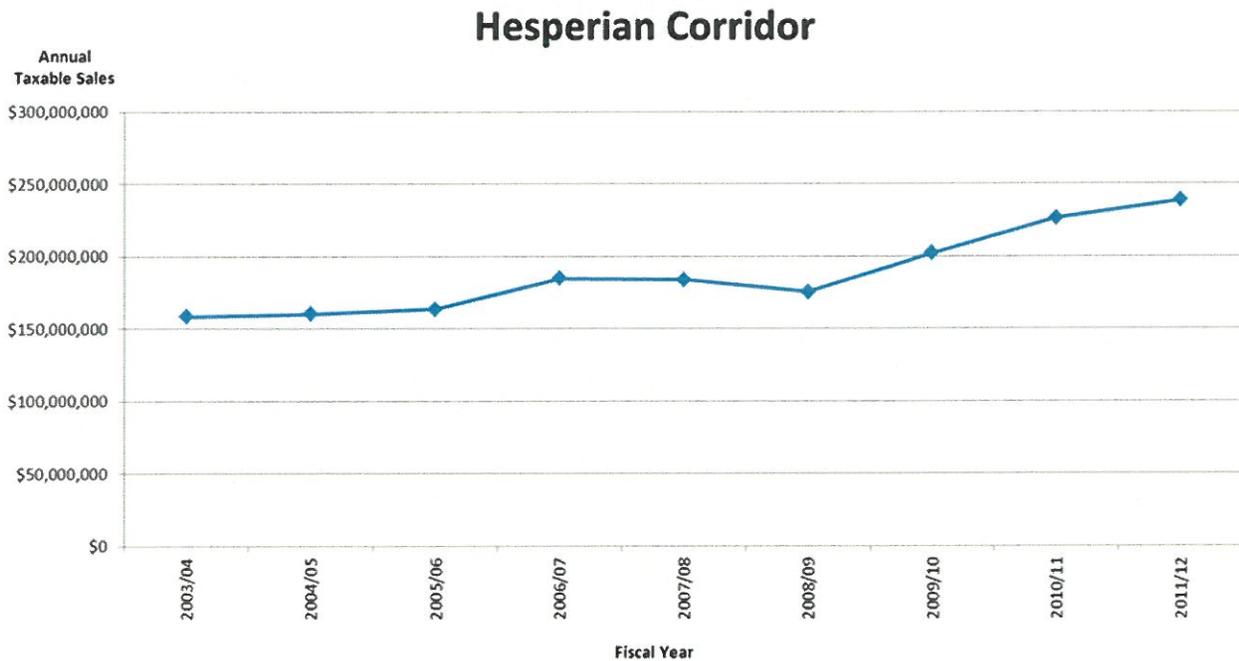
The year-over-year trend shows that the corridor has had a consistent growth trend, except for the recessionary period in 2007/08 and 2008/09 (Figure 1-3). Over the last three years, the Hesperian Corridor has shown very strong taxable sales growth and in 2011/12 surpassed the Southland Mall area in overall taxable sales. It should be noted that the Hesperian Corridor stretches over the full length of Hayward, while Southland Mall is more compactly situated. In addition, the Southland Mall area is directly adjacent to Hesperian Blvd.

**TABLE 1-13  
TAXABLE SALES TREND FOR HESPERIAN CORRIDOR,  
2003/04 TO 2011/12 (JULY TO JUNE)**

<b>Year (July to June)</b>	<b>Hesperian Corridor Taxable Sales</b>	<b>Year-Over-Year Change</b>	<b>Percent of Total Hayward Taxable Sales</b>
2003/04	\$158,320,900	n/a	6.1%
2004/05	\$160,064,400	1.1%	6.4%
2005/06	\$163,368,800	2.1%	6.3%
2006/07	\$184,589,400	13.0%	7.0%
2007/08	\$183,938,300	-0.4%	6.9%
2008/09	\$175,314,100	-4.7%	7.5%
2009/10	\$201,951,000	15.2%	9.0%
2010/11	\$226,377,700	12.1%	9.9%
2011/12	\$238,592,900	5.4%	9.4%

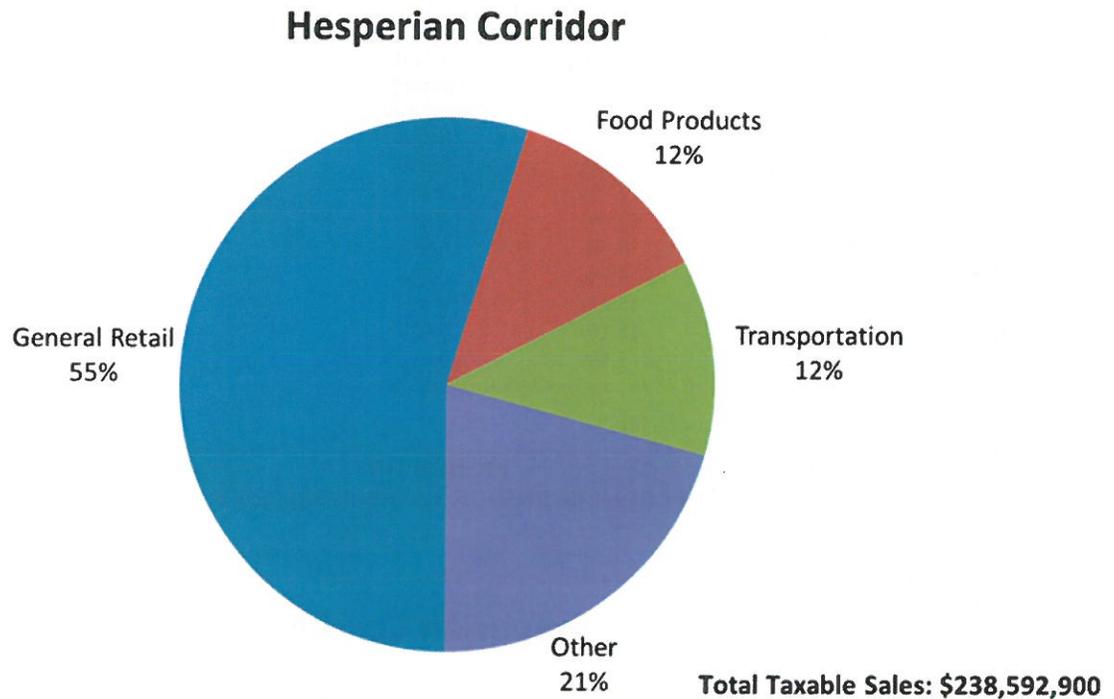
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-3  
HESPERIAN CORRIDOR TAXABLE SALES BY YEAR**



The shopping areas along the Hesperian Corridor consist of some larger scale community level shopping centers, and several neighborhood centers. The corridor also intersects with the regionally-focused Southland Mall. The majority of the taxable sales along Hesperian (55 percent) comes from general retail stores, with food products and transportation each accounting for about 12 percent of the total corridor sales (Figure 1-4).

**FIGURE 1-4  
COMPOSITION OF HESPERIAN CORRIDOR TAXABLE SALES, 2011/12**



### A Street Corridor

The retail area covering the A Street Corridor is defined as the area that extends between Hesperian Blvd. and where downtown Hayward begins. This area has seen some large fluctuations in its taxable sales trends, with sales peaking in 2006/07 with \$36.2 million before falling by nearly 22 percent in 2008/09 as the recession hit (Table 1-14). Sales stagnated until they showed a large rebound in 2011/12, growing by more than 15 percent to \$32.3 million (Figure 1-5). A Street accounts for about 1.3 percent of Hayward’s total taxable sales, and this has remained fairly consistent for much of the past decade.

**TABLE 1-14  
TAXABLE SALES TREND FOR A STREET CORRIDOR,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	A Street Corridor Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$28,825,900	n/a	1.1%
2004/05	\$28,885,000	0.2%	1.1%
2005/06	\$34,340,200	18.9%	1.3%
2006/07	\$35,283,700	2.7%	1.3%
2007/08	\$36,173,700	2.5%	1.4%
2008/09	\$28,296,400	-21.8%	1.2%
2009/10	\$27,708,600	-2.1%	1.2%
2010/11	\$28,016,500	1.1%	1.2%
2011/12	\$32,259,600	15.1%	1.3%

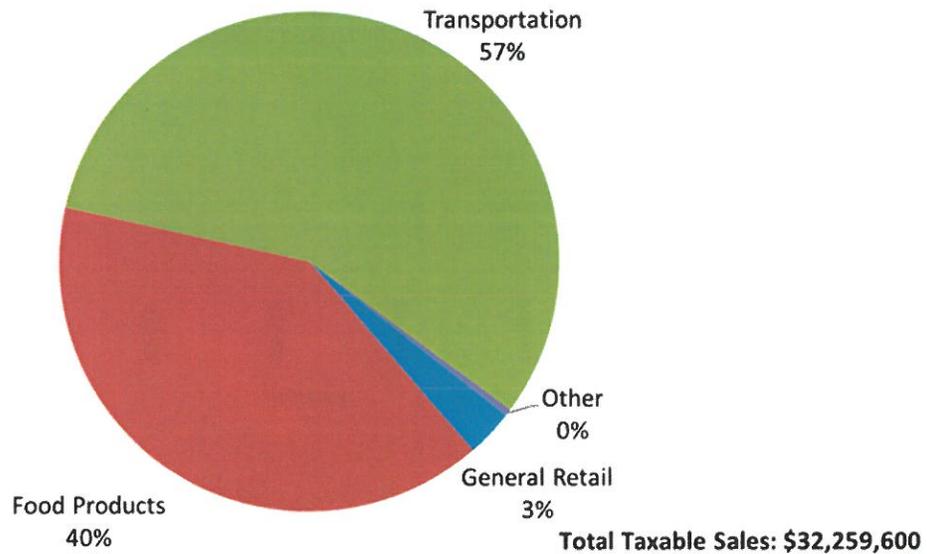
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-5  
A STREET CORRIDOR TAXABLE SALES BY YEAR**



The A Street Corridor primarily consists of small neighborhood centers and self-contained commercial buildings. About 97 percent of the total taxable sales along this portion of A Street consists of food and transportation related businesses (Figure 1-6). The corridor has very little in the way of general retail or business-to-business establishments.

**FIGURE 1-6  
COMPOSITION OF HESPERIAN CORRIDOR TAXABLE SALES, 2011/12  
A Street Corridor**



## Jackson Corridor

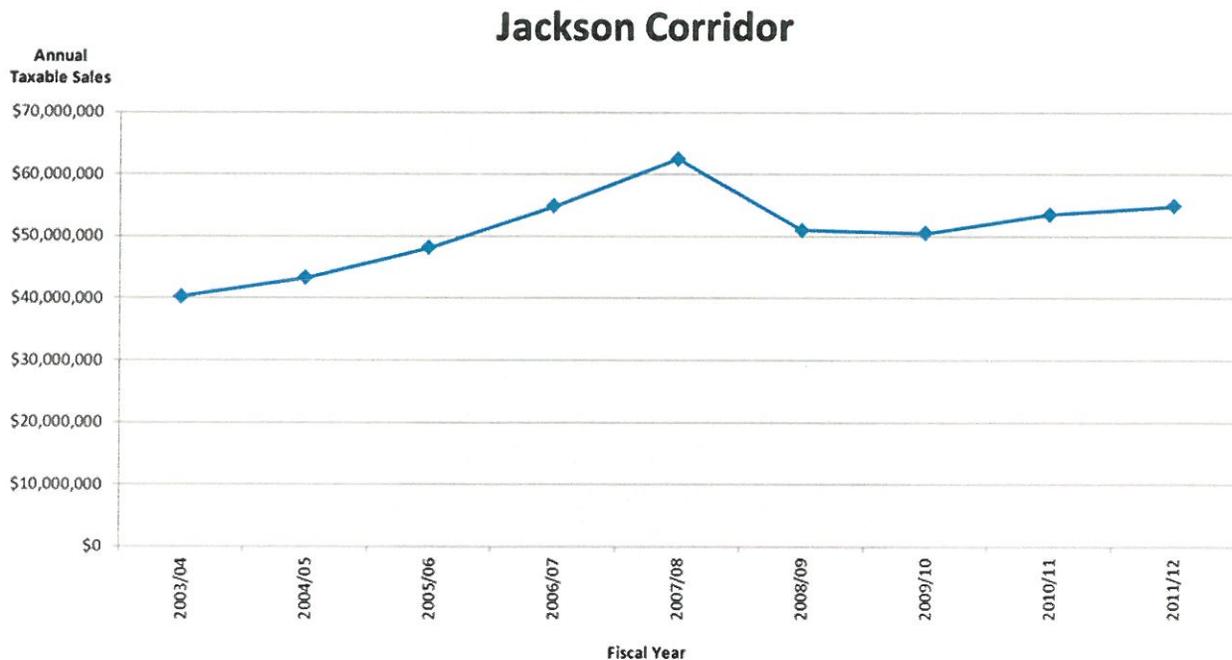
The retail area that defines the Jackson Corridor begins at the Jackson Street intersection with I-880 and goes eastward until close to downtown Hayward. Taxable sales along this corridor saw a significant growth trend until the recession in 2008/09 caused an 18.3 percent sales decline (Table 1-15). The last two years have seen a gradual recovery, but the latest taxable sales of \$54.8 million remain well short of the peak that occurred in 2007/08 with \$62.4 million (Figure 1-7). Over the past decade, the Jackson Corridor has seen its share of total taxable sales in Hayward grow from 1.6 percent in 2003/04 to roughly 2.2 percent since 2007/08.

**TABLE 1-15**  
**TAXABLE SALES TREND FOR JACKSON STREET CORRIDOR,**  
**2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Jackson Corridor Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$40,259,000	n/a	1.6%
2004/05	\$43,274,400	7.5%	1.7%
2005/06	\$48,133,200	11.2%	1.9%
2006/07	\$54,813,900	13.9%	2.1%
2007/08	\$62,418,300	13.9%	2.3%
2008/09	\$50,973,600	-18.3%	2.2%
2009/10	\$50,533,700	-0.9%	2.3%
2010/11	\$53,475,800	5.8%	2.3%
2011/12	\$54,810,800	2.5%	2.2%

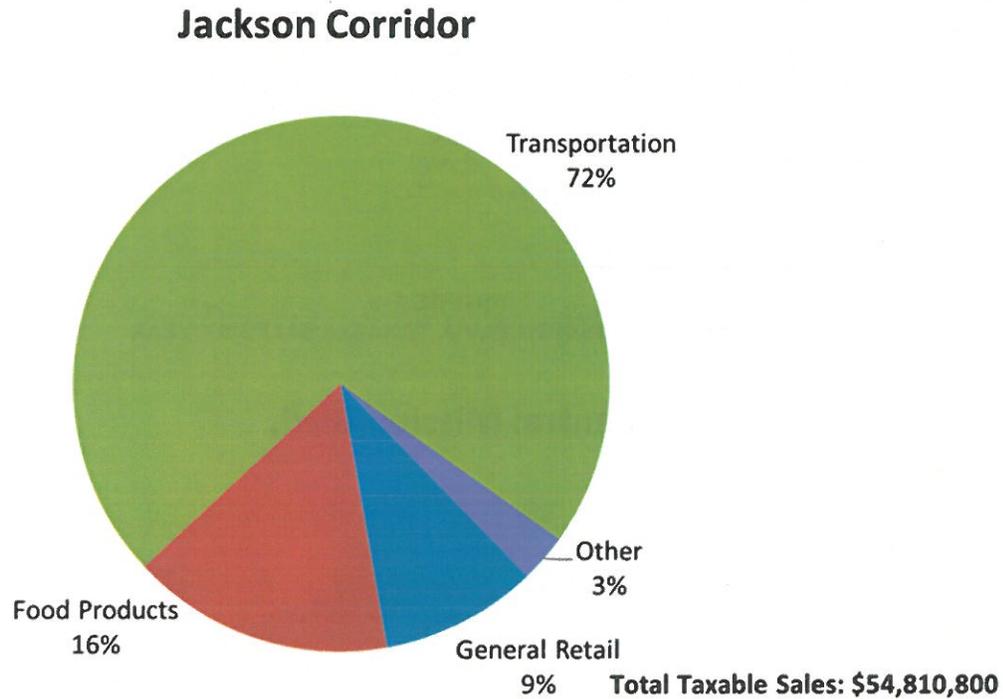
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-7**  
**JACKSON CORRIDOR TAXABLE SALES BY YEAR**



The taxable sales along the Jackson Corridor are dominated by transportation businesses, with food products and general retail making up about 25 percent of the total sales. Business-to-business and other non-retail sales are not prominent along the corridor (Figure 1-8).

**FIGURE 1-8**  
**COMPOSITION OF JACKSON CORRIDOR TAXABLE SALES, 2011/12**



### Central Mission Blvd.

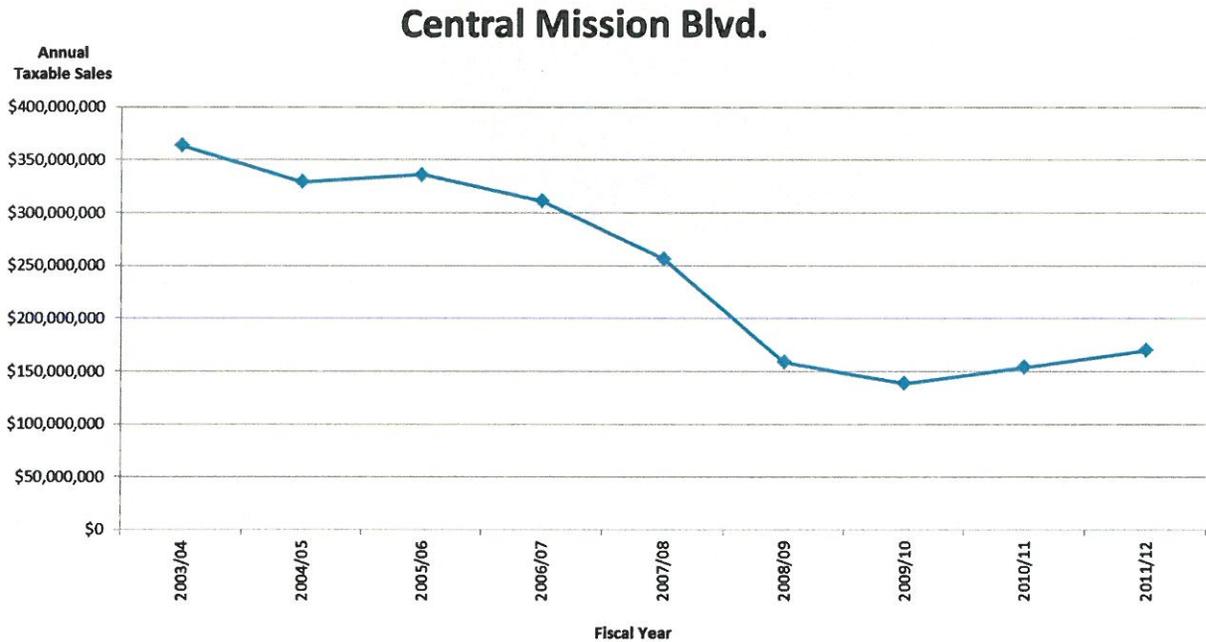
The retail area defined as Central Mission Blvd. covers the segment between Jackson Street to the north, and Harder Road to the south. The taxable sales along the corridor have primarily seen steep sales declines over the past decade (Table 1-16). The losses began before the recession, but accelerated when the rest of the economy declined, with a 38.1 percent sales loss in 2008/09 alone (Figure 1-9). During this time, Central Mission Blvd. saw its share of Hayward's total taxable sales cut in half, from 14.1 percent in 2003/04 to 6.8 percent in 2011/12. However, the area has seen a significant recovery since 2010/11, with double-digit percentage increases in taxable sales each year. This indicates that the worst of the economic downturn might be over to Central Mission Blvd.

**TABLE 1-16  
TAXABLE SALES TREND FOR CENTRAL MISSION BLVD.,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Central Mission Blvd. Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$363,529,600	n/a	14.1%
2004/05	\$329,415,800	-9.4%	13.1%
2005/06	\$336,093,900	2.0%	13.0%
2006/07	\$310,858,400	-7.5%	11.7%
2007/08	\$256,219,900	-17.6%	9.6%
2008/09	\$158,601,000	-38.1%	6.8%
2009/10	\$138,454,900	-12.7%	6.2%
2010/11	\$153,733,400	11.0%	6.7%
2011/12	\$169,840,500	10.5%	6.7%

*Source: ADE, Inc.; data from MuniServices LLC.*

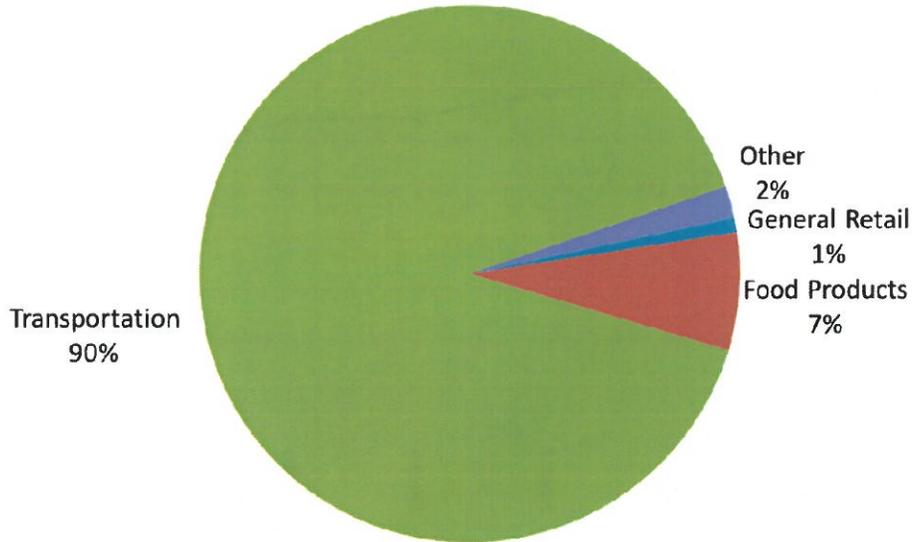
**FIGURE 1-9  
CENTRAL MISSION BLVD. TAXABLE SALES BY YEAR**



The steep sales decline along Central Mission Blvd. ties back to the corridor’s high concentration of car dealerships, many of which have shut down since 2003. Transportation businesses still account for 90 percent of the taxable sales along Central Mission Blvd. (Figure 1-10). By comparison, there is relatively little activity with food and general retail stores. Those types of stores are well represented in most of Hayward’s retail subareas.

**FIGURE 1-10  
COMPOSITION OF CENTRAL MISSION BLVD. TAXABLE SALES, 2011/12**

### Central Mission Blvd.



**Total Taxable Sales: \$169,840,500**

### South Hayward BART Area

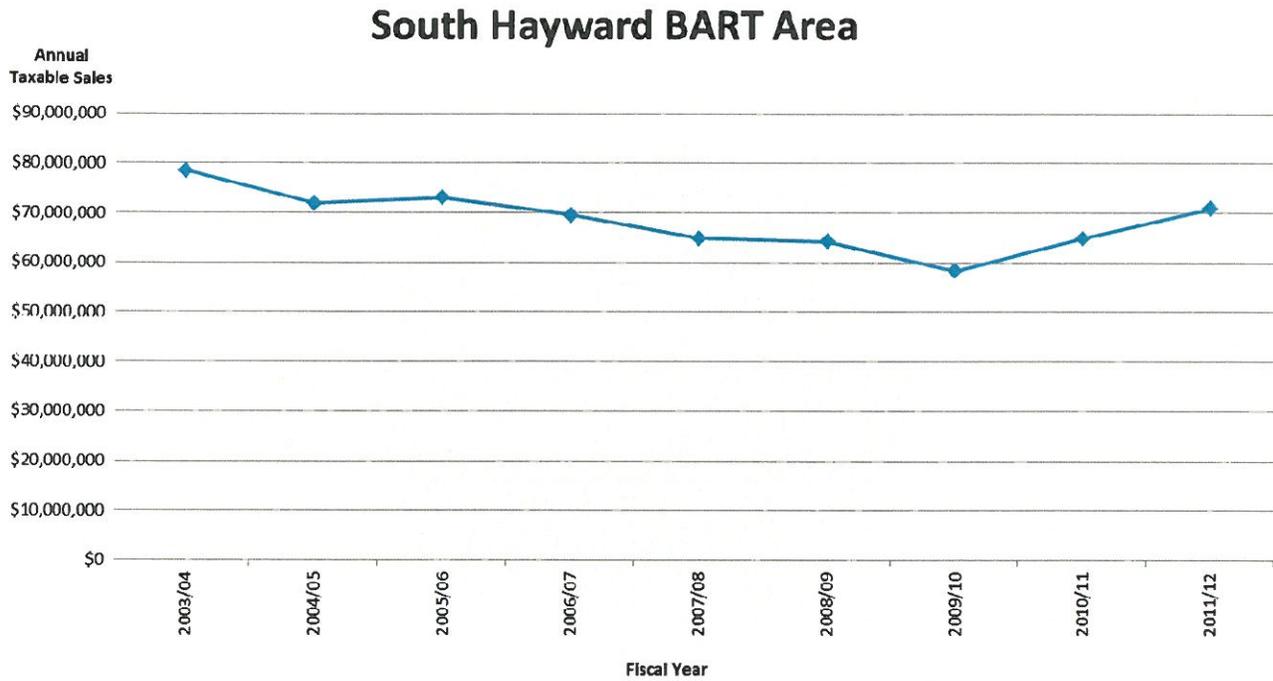
The South Hayward BART Area includes the land areas surrounding the BART station, as well as the southern portion of Mission Blvd. that extends south to Industrial Blvd. The trends in this area are somewhat similar to Central Mission Blvd. in that much of the last decade saw large drops in taxable sales. However, over the last two years, the sales have seen a good recovery resurgence, with 11.3 percent growth in 2010/11 and 9.3 percent growth in 2011/12 (Table 1-17). The total taxable sales was \$70.9 million in 2011/12, and the 2.8 percent share of total taxable sales in Hayward is roughly the same as it was in 2003/04 (Figure 1-10).

**TABLE 1-17  
TAXABLE SALES TREND FOR SOUTH HAYWARD BART AREA,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	South Hayward BART Area Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$78,520,600	n/a	3.0%
2004/05	\$71,810,400	-8.5%	2.9%
2005/06	\$73,032,500	1.7%	2.8%
2006/07	\$69,524,900	-4.8%	2.6%
2007/08	\$64,862,200	-6.7%	2.4%
2008/09	\$64,183,700	-1.0%	2.8%
2009/10	\$58,273,100	-9.2%	2.6%
2010/11	\$64,832,000	11.3%	2.8%
2011/12	\$70,884,500	9.3%	2.8%

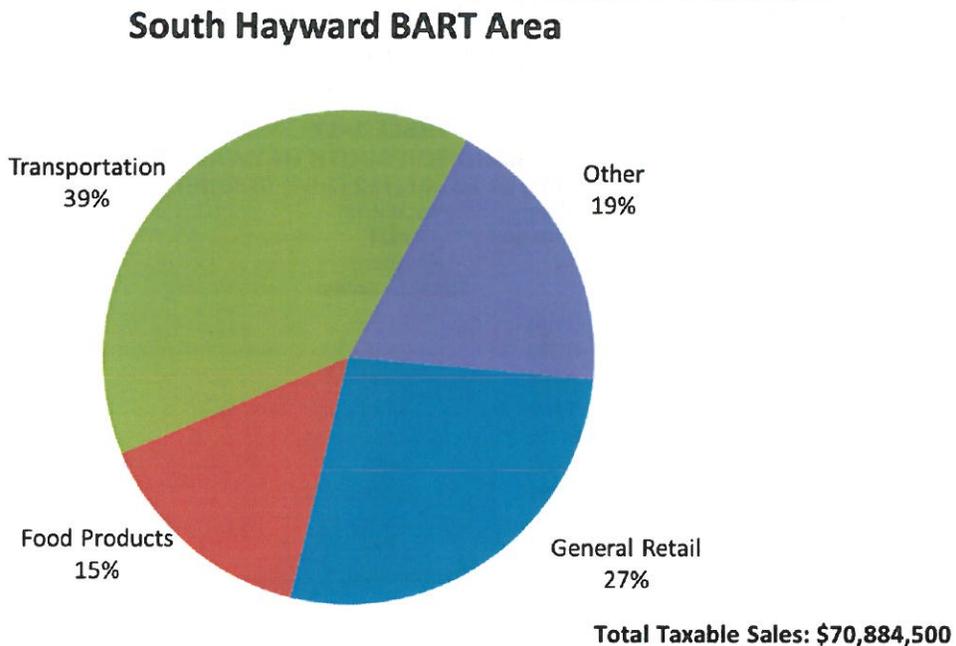
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-10  
SOUTH HAYWARD BART AREA TAXABLE SALES BY YEAR**



Transportation businesses make up the largest portion of taxable sales in the South Hayward BART Area, with 39 percent of total sales in this category (Figure 1-11). The area also generates a significant share of taxable sales with general retail establishments (27 percent).

**FIGURE 1-11  
COMPOSITION OF SOUTH HAYWARD BART AREA TAXABLE SALES, 2011/12**





## Foothill Corridor

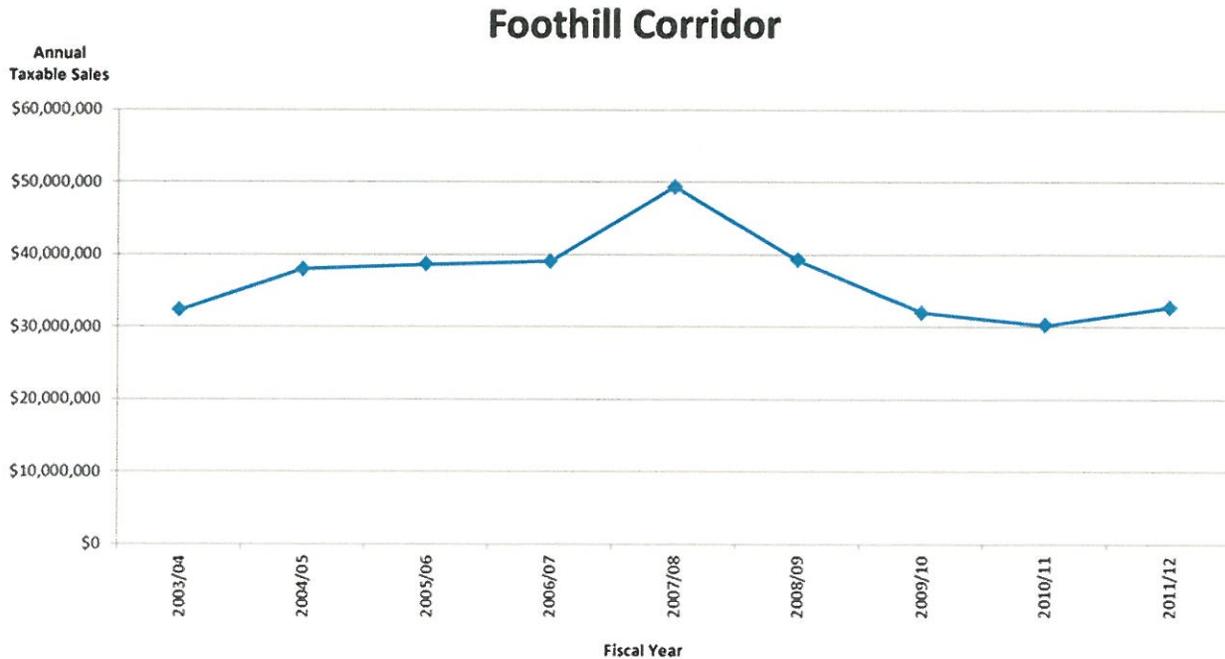
The Foothill Corridor retail area covers the portion of Foothill Blvd. north of downtown to the city limit. The taxable sales for the Foothill Corridor totaled \$32.7 million in 2011/12. While this represents a slight increase from 2003/04, it falls well short of the peak sales of \$49.3 million in 2007/08 (Table 1-18). The corridor saw tremendous growth through 2008/09 when it saw three straight years of sales declines (Figure 1-12). Only in the most recent year has the Foothill Corridor seen a sales recovery begin. The corridor accounts for 1.3 percent of Hayward’s total taxable sales.

**TABLE 1-18  
TAXABLE SALES TREND FOR Foothill Corridor,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Foothill Corridor Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$32,282,300	n/a	1.2%
2004/05	\$37,973,600	17.6%	1.5%
2005/06	\$38,613,500	1.7%	1.5%
2006/07	\$39,020,800	1.1%	1.5%
2007/08	\$49,330,400	26.4%	1.8%
2008/09	\$39,207,300	-20.5%	1.7%
2009/10	\$31,970,900	-18.5%	1.4%
2010/11	\$30,218,700	-5.5%	1.3%
2011/12	\$32,699,500	8.2%	1.3%

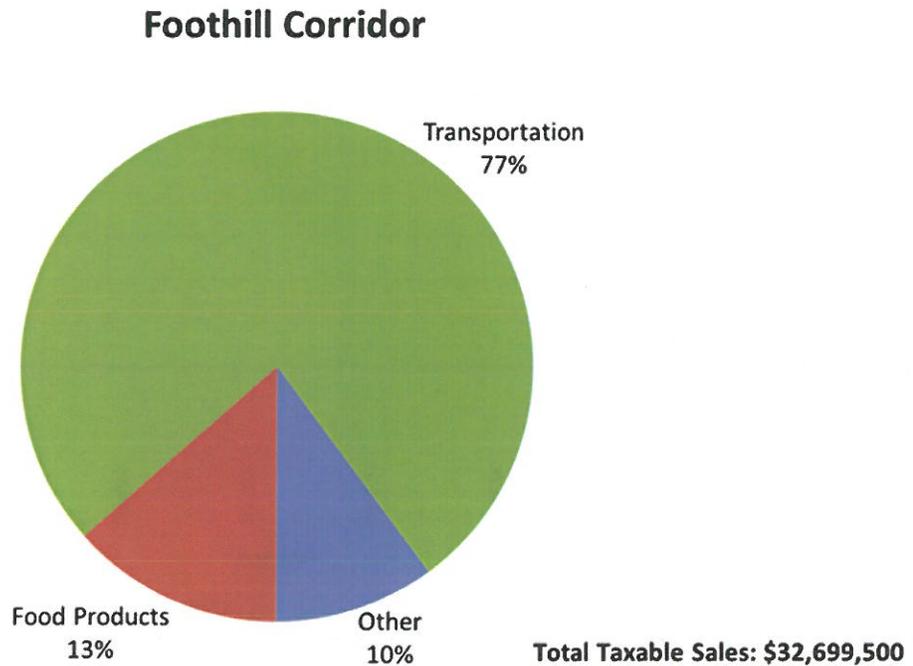
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-12  
FOOTHILL CORRIDOR TAXABLE SALES BY YEAR**



Transportation businesses make up the majority of taxable sales along the Foothill Corridor (77 percent), while food product businesses make up about 13 percent of total sales (Figure 1-13).

**FIGURE 1-13  
COMPOSITION OF FOOTHILL CORRIDOR TAXABLE SALES, 2011/12**



### South Hayward I-880 Retail Area

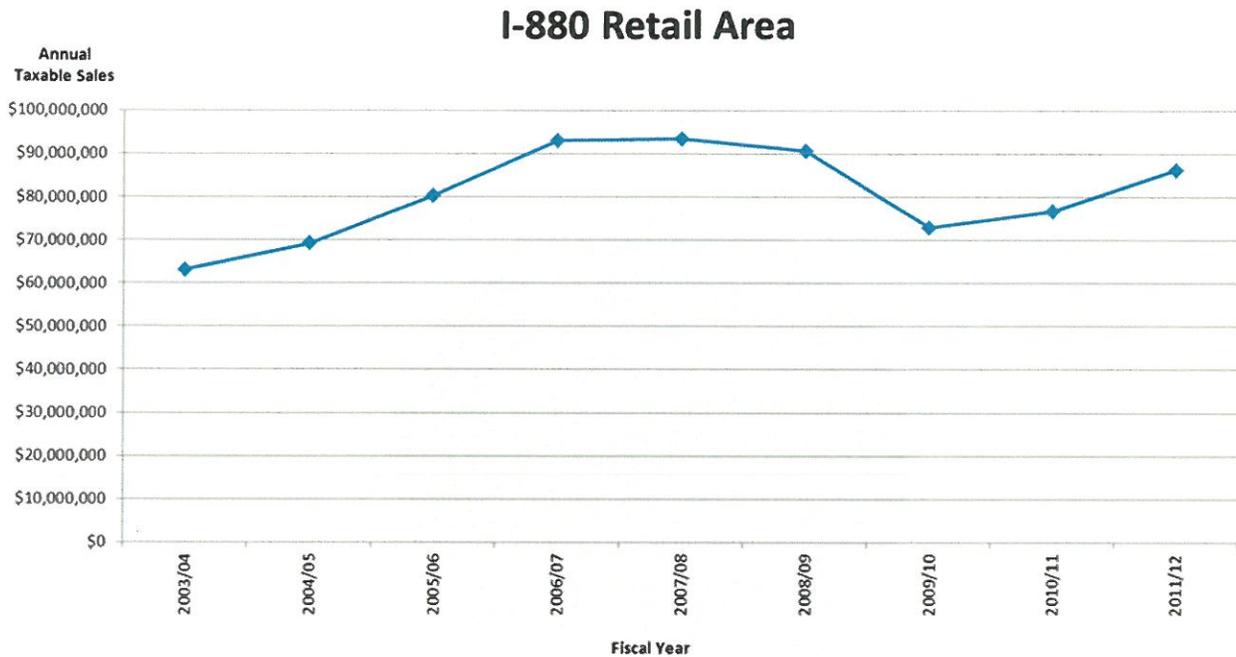
The South Hayward I-880 Retail Area includes the cluster of shopping areas located at the southern boundary of Hayward, adjacent to Union City. The area saw rapid sales growth between 2003/04 and 2007/08, with sales increasing from \$63.0 million to \$93.4 million (Table 1-19). However, when the economic recession occurred, a large sales decline occurred, with sales contracting to \$72.9 million in 2009/10. Over the last two years, sales have largely recovered, with 2011/12 sales increasing to \$86.2 million (Figure 1-14). However, the most recent sales figures remain short of the pre-recession peaks. The area accounts for about 3.4 percent of Hayward’s overall taxable sales.

**TABLE 1-19  
TAXABLE SALES TREND FOR SOUTH HAYWARD I-880 RETAIL AREA,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	I-880 Retail Area Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$63,049,100	n/a	2.4%
2004/05	\$69,201,100	9.8%	2.8%
2005/06	\$80,221,200	15.9%	3.1%
2006/07	\$93,027,900	16.0%	3.5%
2007/08	\$93,377,900	0.4%	3.5%
2008/09	\$90,585,000	-3.0%	3.9%
2009/10	\$72,888,500	-19.5%	3.3%
2010/11	\$76,649,600	5.2%	3.3%
2011/12	\$86,214,200	12.5%	3.4%

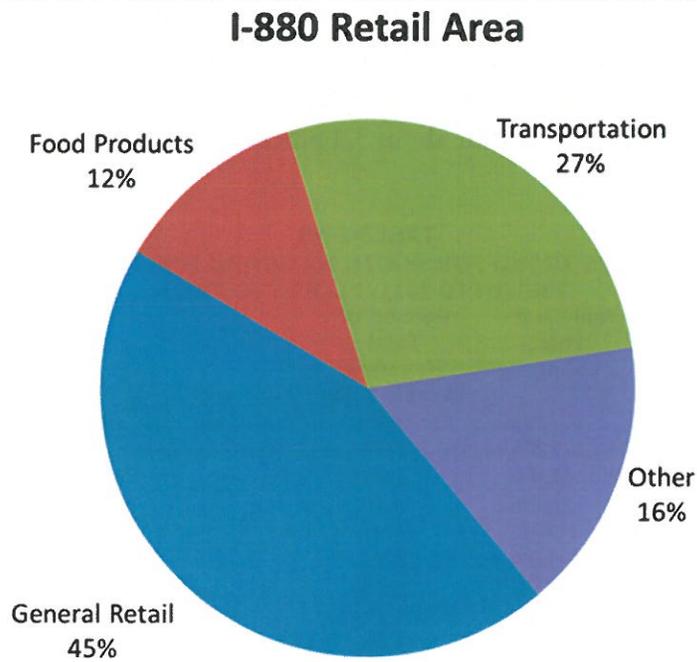
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-14**  
**SOUTH HAYWARD I-880 RETAIL AREA TAXABLE SALES BY YEAR**



Taxable sales in the South Hayward I-880 Retail Area primarily consist of general retail (46 percent) and transportation (27 percent) businesses (Figure 1-15). Food products and non-retail categories account for the remaining 28 percent of taxable sales in the area.

**FIGURE 1-15**  
**COMPOSITION OF SOUTH HAYWARD I-880 RETAIL AREA TAXABLE SALES, 2011/12**



**Total Taxable Sales: \$86,214,200**



## Southland Mall Area

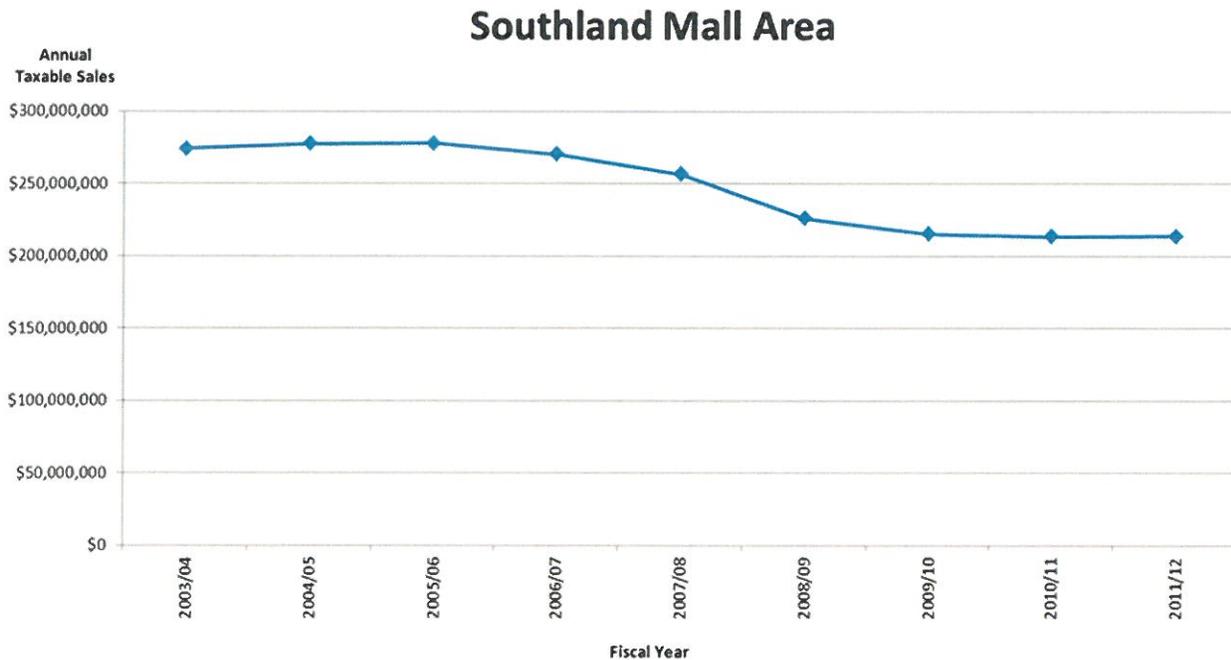
Southland Mall has seen a general decline in sales since 2005/06, although this decline has stabilized over the last two years with 2011/12 sales leveling off at \$214 million (Table 1-20). The mall area's share of overall taxable sales in Hayward has declined to 8.5 percent from a peak of 11.0 percent in 2004/05 (Figure 1-16).

**TABLE 1-20**  
**TAXABLE SALES TREND FOR SOUTHLAND MALL AREA,**  
**2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Southland Mall Area Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$274,098,000	n/a	10.6%
2004/05	\$277,395,000	1.2%	11.0%
2005/06	\$277,676,600	0.1%	10.8%
2006/07	\$270,295,400	-2.7%	10.2%
2007/08	\$256,658,700	-5.0%	9.6%
2008/09	\$225,945,200	-12.0%	9.7%
2009/10	\$215,361,700	-4.7%	9.6%
2010/11	\$213,452,100	-0.9%	9.3%
2011/12	\$213,794,200	0.2%	8.5%

*Source: ADE, Inc.; data from MuniServices LLC.*

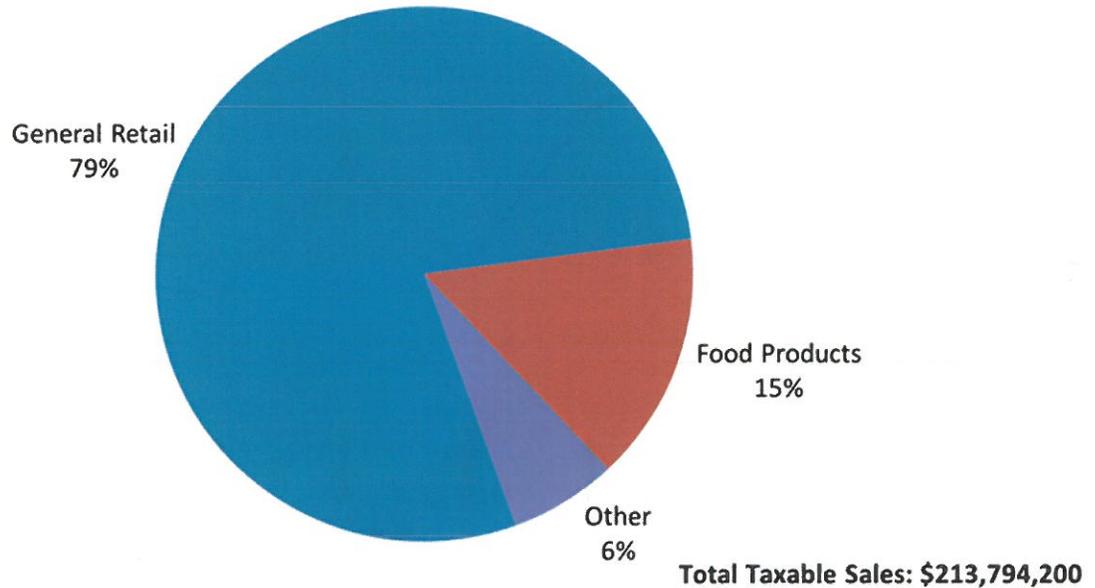
**FIGURE 1-16**  
**SOUTHLAND MALL AREA TAXABLE SALES BY YEAR**



Sales in the Southland Mall Area are dominated by general retail stores (79 percent) and food product establishments (15 percent) (Figure 1-17). All other categories only account for 6 percent of total sales.

**FIGURE 1-17  
COMPOSITION OF SOUTHLAND MALL AREA TAXABLE SALES, 2011/12**

### Southland Mall Area



### Downtown Hayward

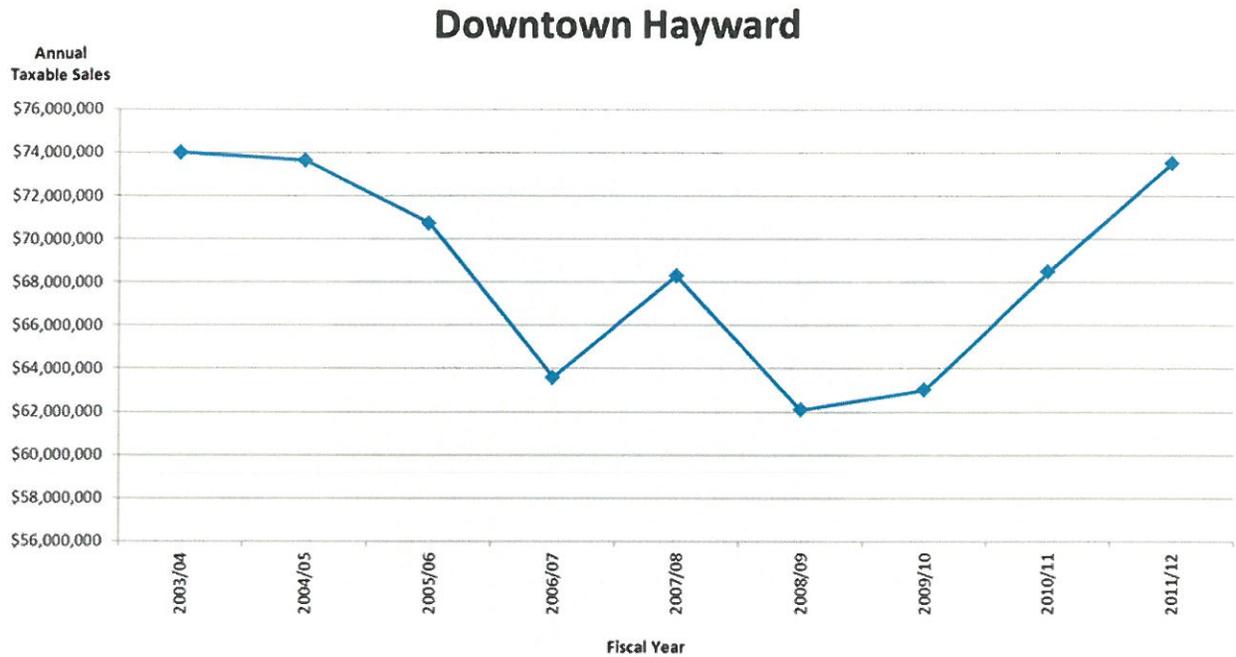
The Downtown Hayward area has seen numerous transitions in recent years, as revitalization efforts and various improvement projects have been implemented. The most recent taxable sales total for the area show taxable sales at \$73.5 million, which is not far off from the peak sales of \$74.0 million that occurred in 2003/04 (Table 1-21). Taxable sales saw large decline in downtown Hayward between 2003/04 and 2006/07, as sales decreased to \$63.5 million (Figure 1-18). Businesses rebounded in 2007/08, before sales declined again during the 2008/09 recession year. Since that time, taxable sales have recovered past the pre-recession levels, and just short of the peak levels.

**TABLE 1-21  
TAXABLE SALES TREND FOR DOWNTOWN HAYWARD,  
2003/04 TO 2011/12 (JULY TO JUNE)**

Year (July to June)	Downtown Hayward Taxable Sales	Year-Over-Year Change	Percent of Total Hayward Taxable Sales
2003/04	\$74,005,100	n/a	2.9%
2004/05	\$73,651,900	-0.5%	2.9%
2005/06	\$70,736,800	-4.0%	2.7%
2006/07	\$63,584,200	-10.1%	2.4%
2007/08	\$68,286,700	7.4%	2.6%
2008/09	\$62,088,300	-9.1%	2.7%
2009/10	\$63,011,000	1.5%	2.8%
2010/11	\$68,474,100	8.7%	3.0%
2011/12	\$73,506,200	7.3%	2.9%

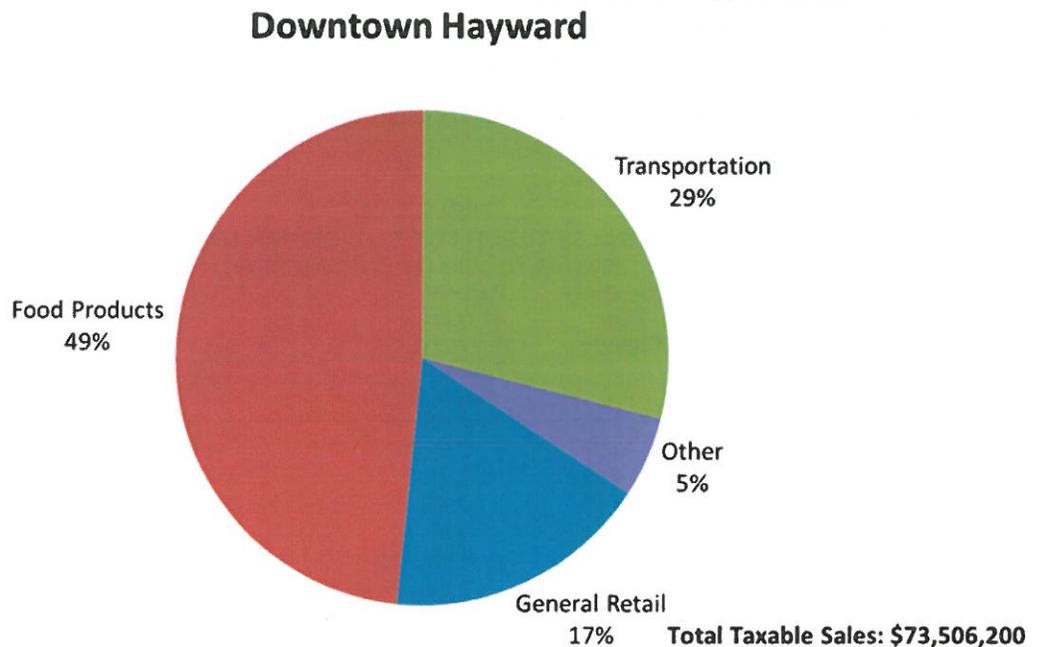
*Source: ADE, Inc.; data from MuniServices LLC.*

**FIGURE 1-18  
DOWNTOWN HAYWARD TAXABLE SALES BY YEAR**



Taxable sales in downtown Hayward are dominated by the food product categories, which account for just under half of total sales in the area (Figure 1-19). Transportation businesses are also prominent with 29 percent of total sales in the downtown area. General retail accounts for 17 percent of total sales.

**FIGURE 1-19  
COMPOSITION OF DOWNTOWN HAYWARD TAXABLE SALES, 2011/12**



## 1.5 CATALYST SITES

The City of Hayward has identified several catalyst sites that have been prioritized as having the best potential for retail and other development opportunities. In addition, these sites were selected based on their potential to stimulate development in the surrounding areas. Most of these sites are either vacant lots or empty buildings, and ready for development. This section takes detailed look at these sites and their potential fit for different types of reuse opportunities.

### CURRENT MARKET CONDITIONS

The opportunities for opportunity sites in Hayward need to account for both short- and long-term considerations. The market conditions and real estate indicators provide a good glimpse into the shorter-term opportunities for Hayward. These short-term opportunities reflect the existing supply and demand dynamics in Hayward and the surrounding region. Longer term considerations would have a greater emphasis on planning priorities and strategic objectives. The long-term view would also reflect the prevailing market conditions, but consider more systemic issues such as economic and labor force transformations that occur over the course of a decade or more.

#### Housing

Hayward has had slow population growth for much of the past decade, but has recently begun adding new residents at a higher rate. Real estate indicators in the Bay Area now show much more robust activity in the housing market, with rising home values and declining available inventory. In December 2012, the year-over-year trend with housing prices showed a 21.1 percent increase in Alameda County with a median price of \$395,000.<sup>2</sup> For Hayward, the year-over-year trend showed a 17.8 percent median price increase to \$300,000. It should be noted that this trend data includes both single family residences and condos.

The available housing inventory in the East Bay is also reaching extremely low levels, which reflects growing demand and very limited supply. According to the California Association of Realtors, Alameda County had an Unsold Inventory Index (UII) of 1.3 in December 2012, compared with a UII of 2.9 a year earlier.<sup>3</sup> An index below 7.0 is generally considered a healthy market for home sellers. The UII for Alameda County is stronger than all other Bay Area counties, except for Santa Clara County, which has a UII of 1.2. On a statewide level, the average UII is 2.6 for single-family residences, and 2.2 for condos. This means that the supply of condominiums is currently tighter than for single-family residences.

In general, the growth in home values has been faster with single family residences than with condos. However, at a statewide level on a year-over-year basis, this difference was relatively narrow

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<sup>2</sup> The median sales price data comes from DQNews (affiliated with Dataquick), and includes resale and new homes, as well as single family residences and condos.

<sup>3</sup> Unsold Inventory Index is defined as the number of months needed to sell the existing inventory of homes for sale at current sales rates.

with the median price of single-family residences growing by 27.0 percent to \$366,930, and the median condominium price growing by 23.1 percent to \$273,000.<sup>4</sup>

The market for home sales has ramped up considerably over the past year; however, the rental market has been stronger for a longer period. According to Cassidy & Turley, the Bay Area is in the middle of the largest construction boom for multi-family rental housing in at least 20 years. While much of the activity has focused around San Francisco and Silicon Valley, Alameda County saw 1,480 new units built in 2012. Despite the uptick in construction activity, the vacancy rates in Alameda County remain low with 3.9 percent in the 2012 Q4, which represents a slight year-over-year decline from 2011 Q4 (4.1 percent).

The average monthly rent in Alameda County was \$1,556 in 2012 Q4, which represents an 8.6 percent year-over-year increase.

## **Retail**

Retail development in particular has largely recovered to pre-recession levels in the East Bay. Marcus & Millichap projected that about 922,000 square feet of retail space would be added in 2012, which is comparable to building levels from 2007.<sup>5</sup> The latest vacancy rates (2012 Third Quarter) for the retail market in Southern Alameda County averaged 5.9 percent, which is unchanged on a year-over-year basis despite the increased building activity.

## **Office**

The latest office vacancy data (2012 Third Quarter) from Marcus & Millichap shows a vacancy rate of 21.5 percent for the Airport/San Leandro/Hayward submarket.<sup>6</sup>

Interviews with commercial brokers indicate that this trend holds true for Hayward as well, as a large inventory of office space still needs to be absorbed. Any reuse opportunities for office spaces would require attracting a large single tenant or some sort of owner-built development. The entire East Bay market saw six consecutive quarters of zero building activity on competitive office spaces, and the Marcus & Millichap report indicates that only 50,000 square feet of competitive office was due to come online for all of 2012.

## **DOWNTOWN: FORMER MERVYNS SITE**

This site is located along Foothill Blvd., about a mile from the interchange with I-580. The site used to serve as the headquarters for the Mervyns department store chain. The main building and parking structure that Mervyns used for their headquarters operations remain on the site, and no recent development work has been done. The existing building occupies about 335,000 square feet, and was primarily used for office and administrative functions.

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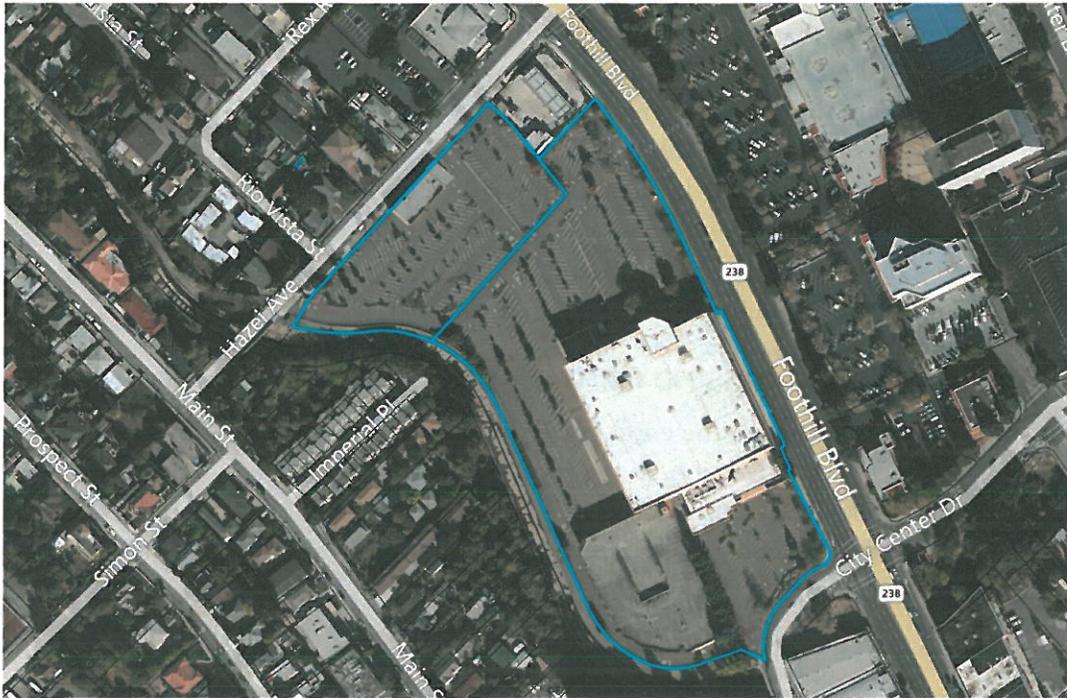
<sup>4</sup> Data from California Association of Realtors, which sources the transaction information from MLS and REALTORS associations. The trend data covers the period between December 2011 and December 2012.

<sup>5</sup> Marcus & Millichap; "Retail Research: Market Overview"; 2012 Third Quarter.

<sup>6</sup> Marcus & Millichap; "Office Research Market Overview"; 2012 Third Quarter.

The parking area is contiguous across two parcels (APN 428-0026-068-01 and 428-0026-067-03) (Figure 1-20). The larger parcel, where the former Mervyns headquarters building sits, takes up about 9.1 acres, while the smaller parcel with mostly parking spaces and a small vacant building occupies about 2.4 acres. These parcels currently have two separate owners listed. The larger parcel is owned by 22301 Foothill Hayward LLC, while the smaller parcel is owned by MDS Realty II LLC.

**FIGURE 1-20  
MERVYNS SITE PARCEL LAYOUT**



*Source: ADE, Inc.; map data from ESRI ArcGIS.*

## Potential Opportunities

Recent discussions have focused on converting the site into multi-family housing units, along with some supporting retail uses. In general, this is where the current opportunities are the strongest. The site's location in downtown Hayward is a very advantageous for higher density housing, as it offers close proximity to shopping and entertainment opportunities, as well as easy access to transportation.

Housing on this site would help support existing retail along Foothill Blvd. and in downtown by adding local household purchasing power. On average, a household will spend close to half of its income on retail goods and other services. This is a useful indicator for identifying the amount of new purchasing power that new residents can add to a neighborhood. However, the disposable income can vary significantly by income group. For example, lower income households will generally spend a higher percentage of income on retail goods and other services than households with above-average incomes.

Physically, the former Mervyns site can potentially support many different retail space configurations, however the downtown area has a sizable inventory of underutilized retail spaces

that will need to be absorbed before adding significantly to the retail inventory. A large expansion in the retail space would potentially create a glut of inventory that could delay other spaces in the downtown from filling in. In addition, while the site is large enough to accommodate a large big box store for regional retail uses, this type of activity will generally locate in areas with greater highway visibility and access. Hayward already has other opportunity sites closer to I-880 that would be better suited for regional retail uses.

The Mervyns site's prior use as an office will not likely be replicated in the short-term due to the glut of office development throughout the East Bay, and the Hayward market in particular. However, over a longer trend, specific types of industries such as information services and biotechnology are positioned for sustained growth in the Bay Area. Many of these industries already have a large presence in the East Bay, and the Mervyns site is unique in that it combines a large building site suitable for these types of businesses with access to multiple transportation options and a revitalized downtown with shopping and dining located nearby. In addition, this site is relatively close to the CSU East Bay campus. Those types of uses would represent a highest and best use opportunity; however, absorbing that large a site into the competitive office market would be more of a long-term option, particularly with unresolved status of the City Center across Foothill Blvd.

### **DOWNTOWN: BANK BUILDING AND GREEN SHUTTER BUILDING**

These two buildings are situated at the corner of B Street and Main Street in downtown Hayward (Figure 1-21). This is a key intersection, as the block has seen substantial investment and development activity in recent years. Streetscape improvements were completed over the last decade, and a movie theater complex and parking garage were built on city-owned properties as part of a broader revitalization effort.

**FIGURE 1-21  
BANK BUILDING AND GREEN SHUTTER BUILDING**



*Source: ADE, Inc.; map data from ESRI ArcGIS.*

The bank building is on the northeast corner, and currently sits vacant. The building itself is in relatively good condition, and one of the more architecturally distinctive buildings in the downtown area. The building is currently listed with a commercial brokerage, and available for rental as a dining or entertainment venue. The building site is 0.09 acres, and sits on one parcel (APN 428-0061-056-00) with a single owner (listed as Alfred Antonini).

The Green Shutter Building is another architecturally distinctive building on the southeast corner of B and Main streets. The building is on the National Historic Register, and the building site covers a total of 0.57 acres, sitting on two parcels (APN 428-0066-024-00 and 428-0066-039-00) under a single owner (listed as Dilipkumar Patel). The building is currently occupied by a variety of different tenants and uses, including a single room occupancy (SRO) residential hotel, book store, bar/music venue, beauty salon, and eating places. The building has some deferred maintenance, but is otherwise in fair condition. The side of the building that fronts B Street is fully occupied, while the side of the building that faces Main Street has multiple ground level vacancies and appears to have had a lot of recent business turnover.

### **Potential Opportunities**

The bank building is an ideal location for use as a dining and/or entertainment venue, particularly as a full-service establishment. The building is situated at a high visibility corner, and is located less than a block away from the movie theater and parking garage. It would ideally serve as an anchor venue for downtown Hayward, and potentially serve as a catalyst for other businesses.

For the Green Shutter Building, the building has a number of viable businesses that attract activity to the downtown area. However, the building also has numerous vacancies and needs some renovation work in some areas. Like the bank building, the Green Shutter Building is distinctive and can potentially serve as a location for additional dining and entertainment options. Its multiple tenant spaces also make it amenable to specialty retail, especially those product niches that are not readily found in larger general merchandise stores. The existing SRO uses potentially limit the appeal of the building for other types of uses. In particular, the retail spaces adjacent to the SRO entrance have more vacancies and business turnover.

The short-term impediment is the number of vacancies that remain in downtown Hayward. Even though the City has made a significant investment in the downtown area and much of the disruption from the street construction has now passed, business in the downtown area has been only begun picking up momentum over the last couple of years.

With the strong housing market and its central location, downtown Hayward has seen new housing construction in recent years, and this housing has done well. For example, the recently built 191-unit condominium development at Cannery Park sold out, with the units selling between about \$307,000 and \$412,000. With its unique architecture and location, the Green Shutter Building could also be repurposed into multi-family housing or live-work spaces.

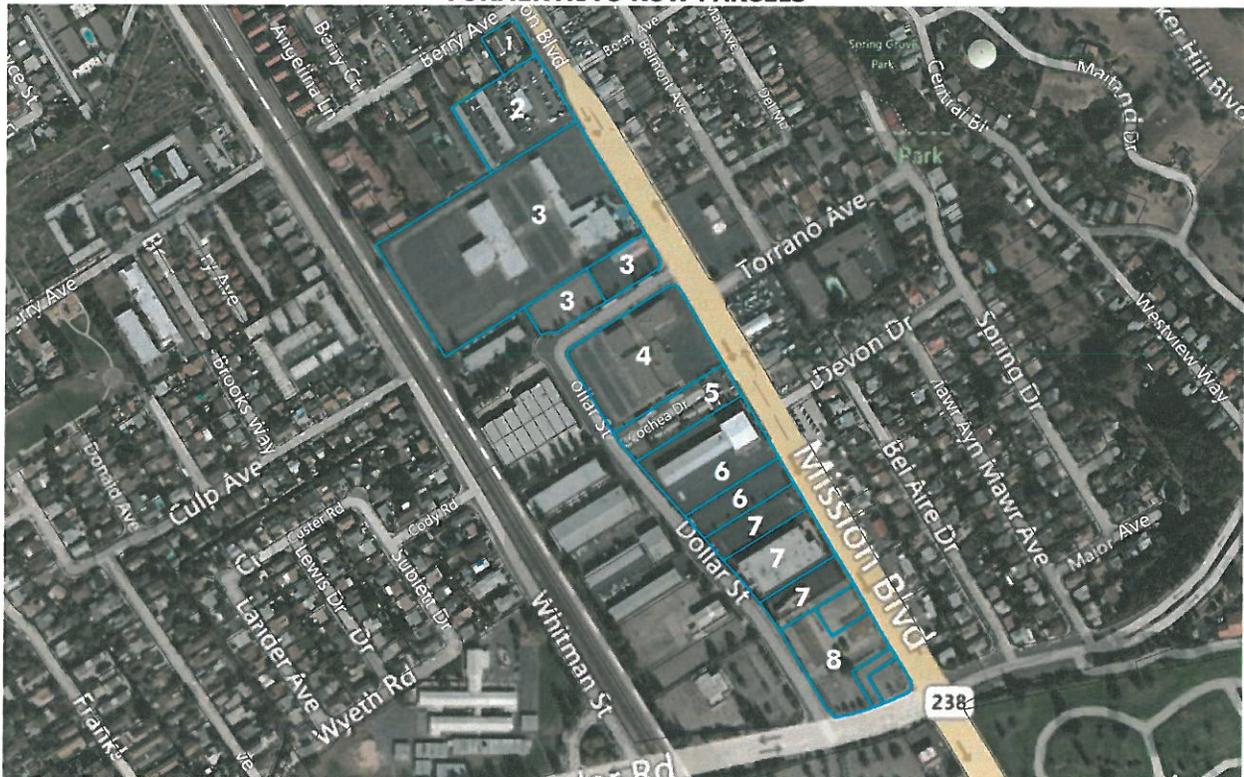
The Green Shutter Building could also serve as a site for professional office spaces in the upper floors, which would replace the existing housing uses.

## CENTRAL MISSION BOULEVARD CORRIDOR: FORMER AUTO ROW SITES

Several potential development sites occupy Mission Blvd, between Harder Road and Berry Avenue (Figure 1-22). Most of these are former automobile dealerships that began closing nearly a decade ago, years before the economic recession forced a broader downsizing and consolidation in the auto dealership industry. Because Hayward's auto row began downsizing before the recession, this indicates that other market factors and site issues were already in play years earlier. The auto dealerships that have remained open along Mission Blvd. are concentrated along the blocks north of Berry Avenue. The remaining dealerships have recently renovated their sites and invested in their operations. Daily traffic volumes in the area generally average about 25,000 vehicles per day. As part of the Mission Boulevard form-based code proposed for Mission Blvd., the City is considering a commercial overlay zone that would preclude ground floor residential uses on portions of or including all of those parcels shown in Figure 1-22 below.

The sites along the former Auto Row are largely vacant, although some of the sites currently have other uses. Altogether, the sites have a combined acreage of 22.9 acres, with a total of 16 different parcels. The site descriptions and summary APN information are shown in Table 1-22. Figure 1-22 shows these sites, as numbered in Table 1-22. The sections below summarize the site characteristics and potential opportunities for some of the more prominent sites along the former Auto Row.

**FIGURE 1-22  
FORMER AUTO ROW PARCELS**



Source: ADE, Inc.; map data from ESRI ArcGIS.

**TABLE 1-22  
FORMER AUTO ROW PARCEL INFORMATION**

Site Description	APN	Owner	Acreage
1. Gas Station (Berry Avenue)	444-0060-011-00	THRIFTY OIL CO	0.40
2. Used Car Dealership	444-0060-012-02	LRA PROPERTIES LLC & ETAL	1.86
3. Former Ford Dealership	444-0060-019-04	AUTO MISSION LTD	7.43
3. Former Ford Dealership	444-0060-030-00	AUTO MISSION LTD	0.65
3. Former Ford Dealership	444-0060-031-00	AUTO MISSION LTD	0.62
4. Former Chrysler Dealership	444-0060-023-10	CHRYSLER GROUP REALTY CO LLC	2.96
5. Used Car Dealership	444-0078-002-04	LENA MANUEL & MANUEL JR & CASSARO DANNY ETAL	1.12
6. Church/Formal Car Lot	444-0078-003-04	PENTECOSTALS HAYWARD INC	2.03
6. Church/Formal Car Lot	444-0078-005-02	PENTECOSTALS HAYWARD INC	0.75
7. Thrift Store	444-0078-006-04	VARGAS ENTERPRISES INC	0.72
7. Thrift Store	444-0078-007-06	ELLISON GREGORY C & MONIKA S	1.24
7. Thrift Store	444-0078-008-05	ELLISON GREGORY C & MONIKA S	0.72
8. Vacant Lot (Harder Road)	444-0078-010-00	MISSION BLVD MOTORS INC	0.35
8. Vacant Lot (Harder Road)	444-0078-011-03	MISSION BLVD MOTORS INC	1.51
8. Vacant Lot (Harder Road)	444-0078-012-02	CATANHO FRANK	0.22
8. Vacant Lot (Harder Road)	444-0078-019-01	MISSION BLVD MOTORS INC	0.27

Source: ADE, Inc.; data from City of Hayward.

### Former Ford Dealership Site

The Hayward Ford auto dealership occupied this site for decades until the operation was consolidated into the Ford dealership in San Leandro in 2008. The site comprises three parcels (all under the ownership of Auto Mission, Ltd.) with a total area of 8.7 acres (Figure 1-23). This is the largest potential development site among the former Auto Row sites. The site has existing buildings that formerly housed the sales and service departments, as well as parking and display areas for cars, all of which are in varying states of disrepair.

**FIGURE 1-23  
FORMER HAYWARD FORD SITE**



*Source: ADE, Inc.; map data from ESRI ArcGIS*

Because of the site's large size and contiguous ownership, it can be amenable to reuse as an automobile dealership if the industry recovers to a point that some automobile brands would consider expanding into Hayward. The site could also accommodate one of the other auto dealerships north of Berry Avenue, if they need to relocate their operations onto the larger Ford site. However, the long-term trend with the automobile industry has been contraction and consolidation, and those dealership groups looking to consolidate their operations into a more central location would likely want to locate in a higher visibility location along a freeway corridor.

The leakage analysis identified some attraction potential for grocery stores in Hayward, and the former Ford dealership site would support several different configurations. Most of the grocery stores along Mission Blvd. currently serve more specialized markets or are relatively small in scale. Because of its proximity to CSU East Bay and the surrounding neighborhoods in the hills, the site can potentially serve a different customer base than other markets along Mission Blvd.

CSU East Bay expanded its on-campus housing over the last decade and has long-term plans to substantially increase its enrollment along with additional on-campus housing. In addition to an expanded student population, the neighborhoods located above the university campus have a substantially higher average income than Hayward as a whole. For example, two of the four Census tracts that immediately border the CSUEB campus report median annual household incomes above \$125,000, which more than doubles the citywide average for Hayward.<sup>7</sup>

A grocery store could potentially locate in the former Auto Row that would serve the student population and the households in the surrounding neighborhoods. For example, there are currently no grocery stores along Mission Blvd. more directed towards organic or natural product lines. These types of stores will generally locate in higher income communities, or in close proximity to universities, and the former Ford dealership site fits that criteria.

The Ford site will easily accommodate a large format general line grocery store, but more specialized grocery stores would not need to utilize the entire site. Generally, a grocery store focused on organic or natural products will occupy less than 50,000 square feet. This would require a site of less than four acres, and would be best situated along the front portion of the Ford dealer site.

The back portion of the site would be well suited for multi-family housing or other mixed use development.

In general, the former auto row is unlikely to attract much interest from large format retail stores because of its location away from I-880. However, with the expanding CSUEB population and higher income residents nearby, the location can potentially support locally oriented services and retail stores.

The proposed Mission Boulevard Form-Based Code and commercial overlay zone would bring the building frontages for any new construction closer to the street, and would emphasize street-front

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<sup>7</sup> The Census Tract data comes from the American Community Survey five-year sample.

commercial uses. This would create a more urban presence and coherent look to Mission Blvd. The current market support for retail uses, in particular along Mission Blvd., might not be sufficient to fill a continuous strip of retail spaces along the entire stretch of catalyst sites shown in Figure 1-22.

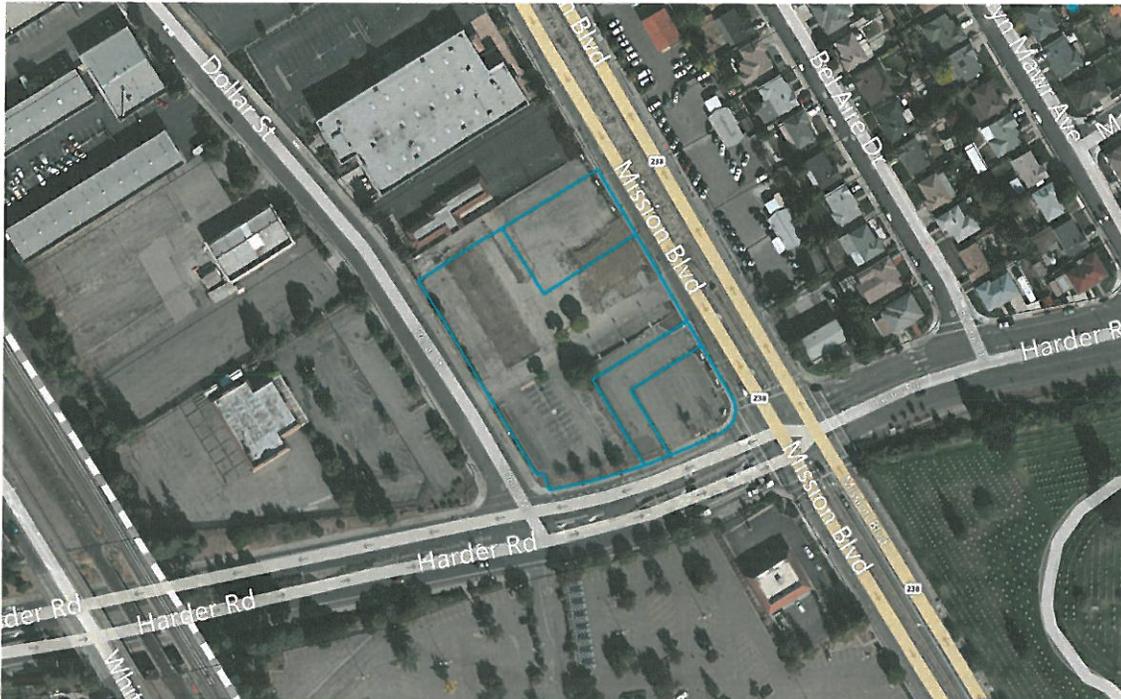
While Mission Blvd. is a prominent thoroughfare with about 25,000 cars passing through on a daily basis, much of the recurring retail activity along the corridor is either transportation oriented, or locally focused. Because of this, commercial spaces along Mission Blvd. would likely need the flexibility to also include a variety of potential uses, other than retail businesses. The proposed form-based code designation for this portion of Mission Blvd. would allow a wide range of uses, such as light industrial, office, and lodging activity. The objective would be to expand the market range for those spaces as broadly as possible, while still fulfilling the planning objectives of the form-based code. Because of the site's proximity to the CSUEB campus, there might be some potential for professional services or research and development uses. However, the market trends suggest that some flexibility to also accommodate housing options may be needed.

Focusing the retail and similar commercial development at the major intersections and at strategic sites, such as the former Ford site, would serve as a catalyst for other options. For these key sites, the exclusion of ground-floor residential spaces would be more appropriate. With the expansion of CSUEB and additional housing along Mission Blvd., the support for commercial uses along Mission Blvd. would also expand.

### **Vacant Lot (Harder Road)**

The site at the corner of Harder Road and Mission Blvd. consists of four separate parcels, and appears to have been used as an auto dealership (Figure 1-24). The entire lot has been cleared of any buildings and has signs advertising its availability. The site area totals 2.35 acres. All of the parcels are under one ownership (Mission Blvd. Motors, Inc.), except for a 0.22 acre parcel that traverses the corner parcel and is under a different ownership.

**FIGURE 1-24  
VACANT LOT (HARDER ROAD) SITE**



*Source: ADE, Inc.; map data from ESRI ArcGIS*

This corner has potential strategic importance because Harder Road is one of two primary gateways into the CSUEB campus. In addition, this location is the access road into the student housing units on the east side of the campus. This represents a very good opportunity for a gateway development that links Mission Blvd. to the CSUEB campus. Currently, there are no commercial developments along Mission Blvd. that specifically cater to or even acknowledge the presence of the CSUEB campus. In addition, there is very little retail development in the hillside neighborhoods north and east of the campus.

A catalyst development on this site could serve the university community, and better integrate the CSUEB campus with Hayward. The type of development for the site could entail basic services, such as personal care, as well as eating and drinking places that are more oriented to the university community. Potential uses could also include recreation and entertainment options. Businesses locating at this site could also attract spending from the underserved neighborhoods around the CSU campus. The commercial overlay zone is also under consideration for these sites, and would be compatible with a commercial gateway development.

### **CENTRAL MISSION BOULEVARD CORRIDOR: CARLOS BEE SITE**

The Carlos Bee sites are situated along Mission Blvd. on the northeast and southeast corners of Carlos Bee Blvd. (Figure 1-25). These sites currently function as staging areas for the ongoing street improvement project along Mission Blvd. All of the parcels on the northeast corner of Mission and Carlos Bee are owned by the City of Hayward, and encompass a total area of 2.37 acres. A self-storage business operates directly behind (east of) these parcels. Other than construction-related

storage and other activities that will likely vacate once the street improvement construction concludes, the parcels are vacant.

On the southeast corner of Mission and Carlos Bee Boulevards, the catalyst site includes two parcels with a total land area of 10.2 acres. The City of Hayward owns a 0.46 acre parcel on the street corner, while the remainder of the site is owned by the State of California. Even though the parcel is large, the site also encompasses three residential parcels. Other than these houses, the site is largely vacant.

The rear/eastern portion of the site is on a slope and an earthquake fault trace runs through the middle of the site, which limits the configuration and intensity of activity on the site. Figure 1-25 shows the approximate location of the fault trace. Regulations prohibit new habitable buildings within 50 feet of the fault trace.

**FIGURE 1-25**  
**CARLOS BEE SITE (SHOWN WITH APPROXIMATE EARTHQUAKE FAULT TRACE IN RED)**



Source: ADE, Inc.; map data from ESRI ArcGIS.

**TABLE 1-23****CARLOS BEE SITE PARCEL INFORMATION**

<b>Site Description</b>	<b>APN</b>	<b>Owner</b>	<b>Acreage</b>
NE Corner (Mission & Carlos Bee)	445-0150-058-01	CITY OF HAYWARD	0.38
NE Corner (Mission & Carlos Bee)	445-0150-056-00	CITY OF HAYWARD	0.40
NE Corner (Mission & Carlos Bee)	445-0150-055-00	CITY OF HAYWARD	0.24
NE Corner (Mission & Carlos Bee)	445-0150-054-00	CITY OF HAYWARD	0.17
NE Corner (Mission & Carlos Bee)	445-0150-053-02	CITY OF HAYWARD	0.30
NE Corner (Mission & Carlos Bee)	445-0150-053-02	CITY OF HAYWARD	0.30
NE Corner (Mission & Carlos Bee)	445-0150-052-01	CITY OF HAYWARD	0.59
SE Corner (Mission & Carlos Bee)	445-0200-009-00	CITY OF HAYWARD	0.46
SE Corner (Mission & Carlos Bee)	445-0200-012-01	STATE OF CALIFORNIA	9.75

*Source: ADE, Inc.; data from City of Hayward.*

### Potential Opportunities

The corner of Carlos Bee Blvd. and Mission Blvd. has strategic importance because it is one of two primary entrances into CSUEB (the other one is at Harder Road). The Carlos Bee Blvd. entrance leads to the north and west sides of the campus. As with the Harder Road site, the Carlos Bee sites can serve as a gateway into the university by providing an architectural landmark, as well as services to the university community.

For the location at the northeast corner, the site can support a commercial development with opportunities for personal care services, retail, eating and drinking places, and recreation/entertainment options. For the southeast corner, the larger site configuration would also allow for mixed use development and larger scale options. With the proposed expansion of the CSUEB student body, this would increase the demand for student housing in the area. Potential impediment to development would be the site slope, potential for seismic landslides, the earthquake fault trace, and the existing residential uses encompassed by the State of California parcel. This site is also under consideration for the previously referenced commercial overlay zone that would restrict ground-level residential development. Because of the development restrictions from the fault trace, the proposed overlay zone would only apply to the downslope area.

### CENTRAL MISSION BOULEVARD CORRIDOR: Kmart SITE

This 11.0 acre site is located at the southwest corner of Mission Blvd. and Harder Road (Figure 1-26). The site currently serves as the location for a Kmart discount store and a former shoe store, with both uses occupying separate parcels (APN 452-0020-009-01 and 452-0020-004-03) with different owners (Kmart Express LLC and Sharifullah Mawlavizada). The site with the Kmart store occupies a total of 10.5 acres, while the shoe store site totals 0.51 acres. The former shoe store parcel is located at the street corner, and construction has started on a new building that will house a car stereo store. The Kmart building occupies over 150,000 square feet, with a lot coverage of approximately 34 percent.

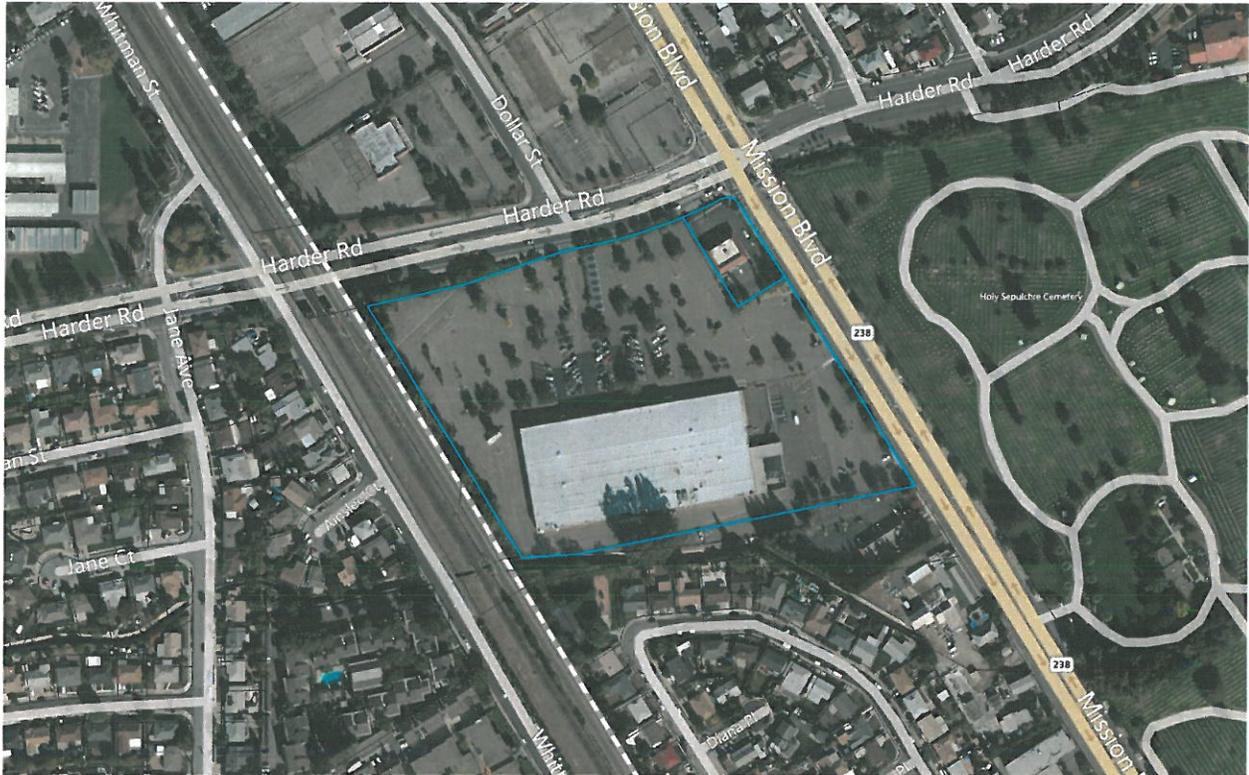
### Potential Opportunities

As with the other sites close to Harder Road and Mission Blvd., the Kmart site has many potential reuse options due to its proximity to the CSUEB campus. With an 11-acre parcel configuration, the site can also serve as a gateway development for the university community and support mixed-use development with housing. The regional housing market is already strong, and expansion of the

campus would further increase the demand for housing in the area. The size of the site and its location near the CSUEB campus make it well suited for higher density development.

With an existing retail use, the Kmart site could also be repurposed as a retail development, if the existing store closes. The current store remains open and it has had some recent signage updates, but the building has not seen any recent renovations. With a building area of more than 150,000 square feet, the current building could potentially be divided into multiple spaces to meet the needs of specific tenants.

**FIGURE 1-26  
KSMART SITE**

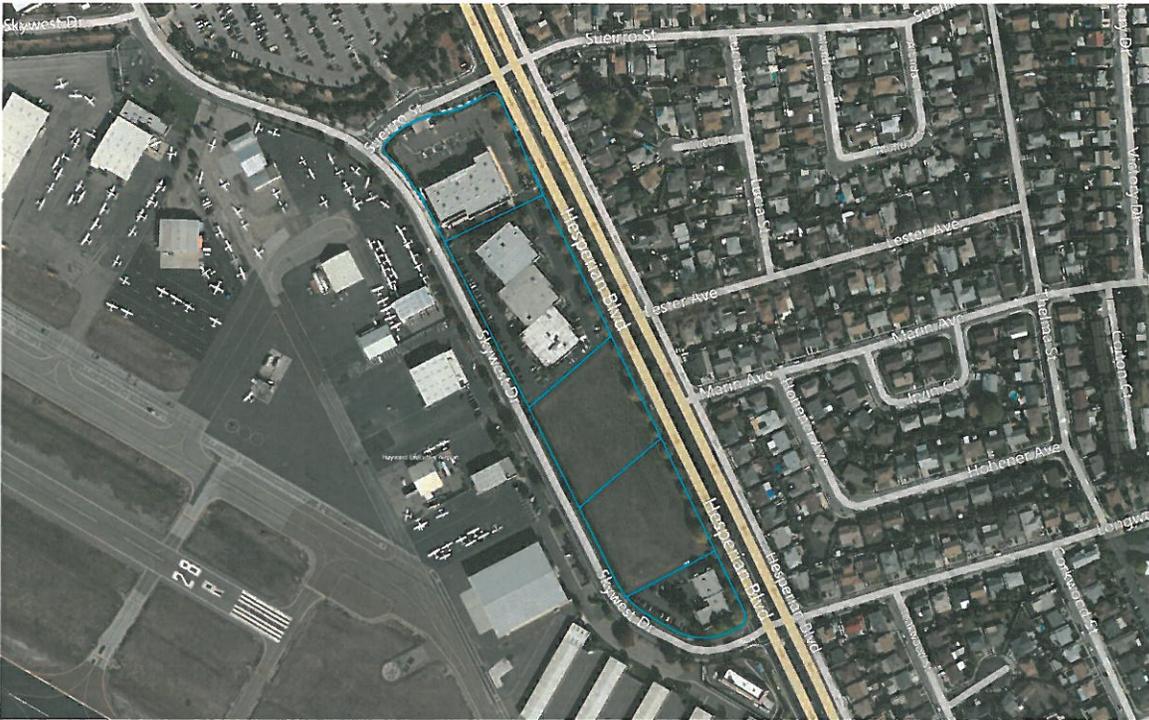


*Source: ADE, Inc.; map data from ESRI ArcGIS*

### **HESPERIAN BOULEVARD CORRIDOR: AIRPORT RETAIL PARCELS**

This series of city-owned parcels is located along Hesperian Blvd., between Sueirro Street and Longwood Avenue, with a total area of 9.6 acres and five defined parcels (Figure 1-27). These parcels run parallel to Skywest Drive and are directly adjacent to the Hayward Airport. Two of the five parcels cover vacant land, while the other three parcels have been developed for different uses. The two vacant land parcels occupy a contiguous land area of 3.66 acres. The developed parcels include a wholesale grocery store, a multi-building industrial/office complex, and a medical office building.

**FIGURE 1-27  
AIRPORT RETAIL PARCELS**



*Source: ADE, Inc.; map data from ESRI ArcGIS.*

**TABLE 1-24  
AIRPORT RETAIL PARCEL INFORMATION**

<b>Site Description</b>	<b>APN</b>	<b>Owner</b>	<b>Acreage</b>
Retail Store (Hesperian Blvd.)	432-0108-016-00	CITY OF HAYWARD	2.12
Industrial/Office Building	432-0108-009-00	CITY OF HAYWARD	2.89
Vacant Lot	432-0108-008-00	CITY OF HAYWARD	1.85
Vacant Lot	432-0108-007-00	CITY OF HAYWARD	1.81
Medical Office Building	432-0108-006-00	CITY OF HAYWARD	0.94

*Source: ADE, Inc.; data from City of Hayward.*

### Potential Opportunities

The two vacant parcels adjacent to Hayward Airport are well situated to accommodate large format retail and other supporting services such as restaurants. Retail categories that would be well suited for this location include furniture stores, appliance/electronics stores, and sporting goods. The location sits between two large retail concentrations along Hesperian Blvd., as well as other large format retail stores adjacent to Suenro Street. Given how shoppers have migrated over to the Hesperian Blvd. corridor in recent years, using these parcels for additional retail development would add new options to a corridor that consumers increasingly utilize. In addition, the scale of large format retail would not be out of scale compared to other uses already in the area.

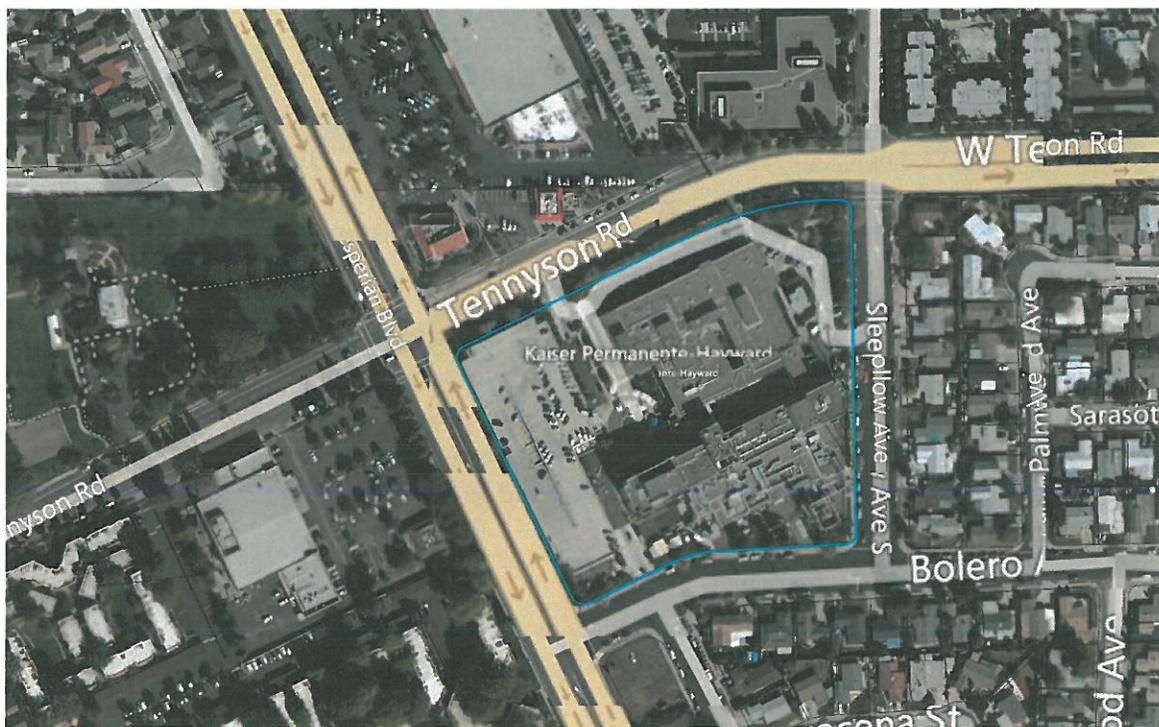
This location is part of the new Hayward Airport Land Use Compatibility Plan (ALUCP). This plan has not yet been adopted by the Hayward City Council. The designation for this site is Zone 3 (Inner Turning Zone), which allows retail uses by-right. Other non-residential uses such as standalone restaurants, offices, and mixed-use retail developments require conditional approval. In

addition, this designation recommends 20 percent of the land as open area, and has a maximum non-residential intensity of 100 people per acre.

## HESPERIAN BOULEVARD CORRIDOR: KAISER SITE

This site is located at the southeast corner of Hesperian Blvd. and Tennyson Road (Figure 1-28). Kaiser Permanente currently owns and operates the site (APN 455-0048-002-01) as a hospital and emergency care facility. The hospital operations will shut down after moving to a new facility. Located across the street from two retail centers, the site has convenient highway access via Tennyson Road. The site encompasses a total of 7.64 acres and is connected by pedestrian bridge to another Kaiser medical office building that sits on a 3.42 acre site. Kaiser Permanente will continue to operate the medical office building in that capacity.

**FIGURE 1-28**  
**KAISER SITE**



Source: ADE, Inc.; data from ESRI ArcGIS.

## Potential Opportunities

The Kaiser hospital site is located adjacent to two existing commercial centers, both of which have very high occupancy rates and appear to attract large numbers of customers. With much of the commercial activity in Hayward migrating to the Hesperian corridor, the Kaiser could potentially be situated as a commercial center, particularly with its proximity to Chabot College.

However, with Kaiser Permanente planning to keep the medical offices at Tennyson Road and Sleepy Hollow Avenue open, and with other medical facilities already located along Tennyson Road between Hesperian Blvd. and I-880, the hospital site could also potentially be an attractive location for medical offices, primary care facility, or outpatient center. In other communities around the country, the glut of vacant big box retail spaces has created opportunities for medical groups to refit

those spaces for primary care or outpatient services, and provide more health care services closer to where patients live.

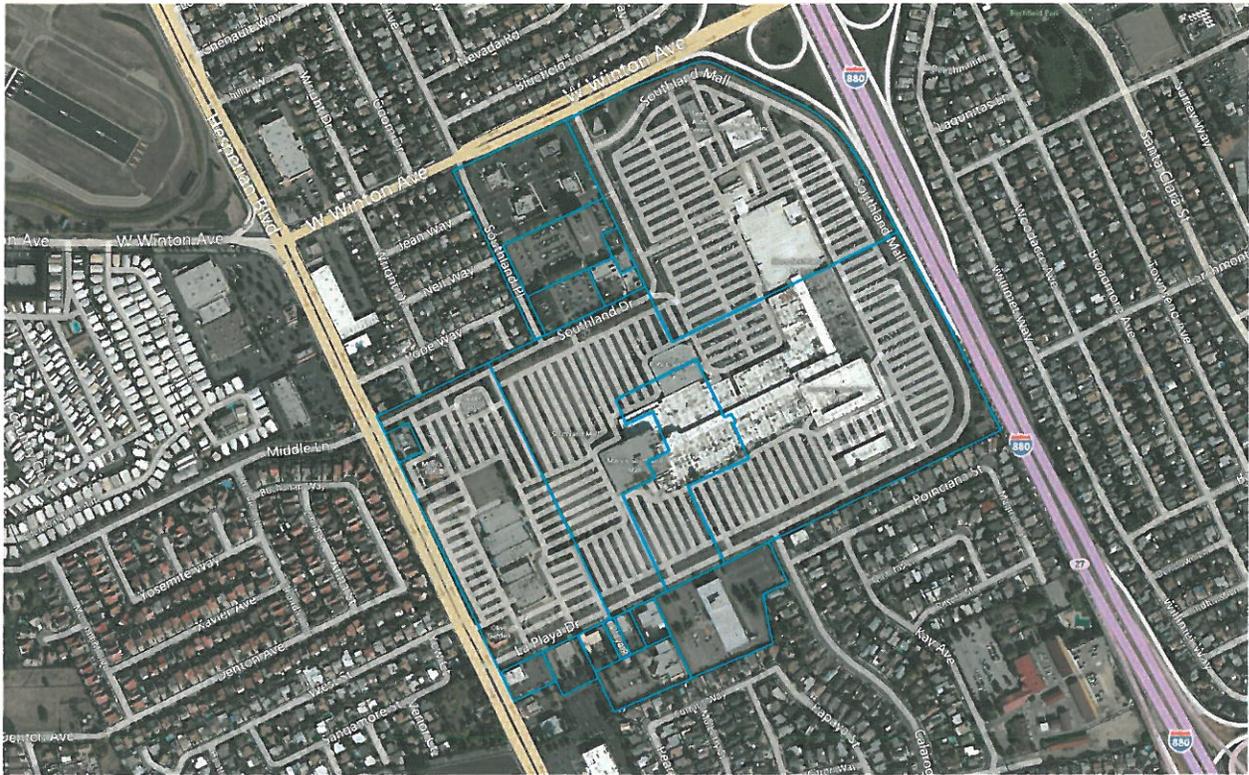
## **SOUTHLAND MALL AREA**

The Southland Mall Area covers a large 129.3 acre site (Figure 1-29). Even though the main mall building and the surrounding parking areas dominate the site usage, the overall site encompasses a variety of uses and building configurations. The main mall building and parking areas encompass a total site area of 86.8 acres, and function as Hayward's primary regional retail center. The mall itself is a single-story building and the parking areas do not have any structured lots. Southland Mall LP (recently sold by General Growth Properties to Rouse properties) owns the majority of the properties, however, the Sears store building, the adjacent parking area, and two retail pads operate under a separate ownership from the rest of the mall. This is important because the Sears property has a high visibility location close to I-880 and the interchange with Winton Avenue, with potential for higher density.

In addition to the main mall building, Southland Mall LP also owns an 18.43 acre parcel along Hesperian Blvd. that functions as a community-level shopping center. The retail center includes a drug store and multiple vacancies, including a vacant supermarket space. The center also includes two pads currently utilized as full-service restaurant spaces. Southland Mall also owns another 6.49 acre parcel along Winton Avenue that is used as a site for four retail pads, all of which are used for full-service restaurants.

Adjacent to the mall building and parking areas, four additional parcels are used for office and bank buildings, and a convenience retail center. The land area for these uses totals 5.93 acres, and each of these four parcels is under separate ownership. The remaining opportunity sites identified for the Southland Mall Area are located along La Playa Drive. The uses along this street include a large retail store, auto repair, medical offices, church building, and gas station.

**FIGURE 1-29  
SOUTHLAND MALL AREA SITE**



Source: ADE, Inc.; map data from ESRI ArcGIS.

**TABLE 1-25  
SOUTHLAND MALL AREA PARCEL INFORMATION**

Site Description	APN	Owner	Acreage
Southland Mall (Sears Site)	442-0010-003-02	SEAVER IRA J & EDYTHE T TRS & PARKVAN ASSOCIA ETAL	29.36
Southland Mall (Mall Building)	442-0010-004-20	SOUTHLAND MALL LP	49.24
Southland Mall (Mall Building)	442-0010-004-19	SOUTHLAND MALL LP	8.21
Southland Mall (Community Retail Center and Restaurants)	442-0010-006-01	SOUTHLAND MALL LP	18.43
Gas Station	442-0010-005-00	CHEVRON USA INC	0.45
Southland Mall (Restaurants)	442-0010-008-00	SOUTHLAND MALL LP	6.49
Office Building (Southland Dr.)	442-0010-009-00	SOUTHLAND OFFICE INVESTORS LLC	3.20
Bank Building (Southland Dr.)	442-0010-010-00	777 SOUTHLAND LLC	1.51
Bank Building (Southland Dr.)	442-0010-002-04	JPMORGAN CHASE BANK	0.39
Convenience Retail Center (Southland Dr.)	442-0010-011-00	24345 SOUTHLAND DRIVE LLC	0.83
Bank Building (La Playa Dr.)	442-0038-004-00	SABEL PROPERTIES LLC	0.80
Medical Office Building (La Playa Dr.)	442-0038-003-00	SUMITRA PROPERTIES LLC	1.02
Auto Repair (La Playa Dr.)	442-0038-011-09	TAN SING H & KIEM N TRS	0.62
Street Right-of-Way	442-0038-011-17	KRAUSZ AMOS Z & DORIAN TRS	0.26
Church (La Playa Dr.)	442-0038-011-19	HAYWARD KOREAN BAPTIST CHURCH	2.08
Bank Building (La Playa Dr.)	442-0038-012-00	SAFE AMERICA CREDIT UNION	0.40
Auto Repair (La Playa Dr.)	442-0038-011-01	CHRISMAN KATHLEEN M TR	0.60
Retail Store (La Playa Dr.)	442-0038-001-00	UNIV OF TENNESSEE & MOTION PICTURE & TELEV FUND	5.42

Source: ADE, Inc.; data from City of Hayward.

## Potential Opportunities

Most of the Southland Mall building is located within the Hayward Airport Land Use Compatibility Plan area, with a Zone 2 (Inner Approach and Inner Departure Zone) designation. As mentioned, the ALUCP has not yet been adopted by the City Council. This designation would limit the intensity of development that can occur over most of the mall building itself, with all non-residential uses falling under a conditional approval. Under this designation, the recommended open area is 40 percent of the land, with a maximum site-wide non-residential intensity of 40 people per acre.

However, much of the Sears property has a Zone 4 (Outer Approach and Outer Departure Zone) designation, which permits retail uses by-right and increases the site-wide non-residential intensity to 100 people per acre. Since the Sears property is in a prominent location next to I-880, and mostly open parking area, this location has considerably more flexibility for accommodating different retail uses and configurations. In addition, the less restrictive airport safety zone requirements make the Sears property the best site for more intensified development and retail activity.

The Southland Mall building currently has a relatively low vacancy rate, and while the sales in the mall are lower than a decade ago, the recent sales trends have been relatively stable. The primary issue for the mall will be remaining a viable regional asset as retail store trends continue to evolve. The building itself is in good shape, but has a dated appearance. Because much of the mall is under a single ownership, it is in position to respond to shifts in demographics and consumer preferences. The Sears property is the only portion of the mall itself that could follow its own plan.

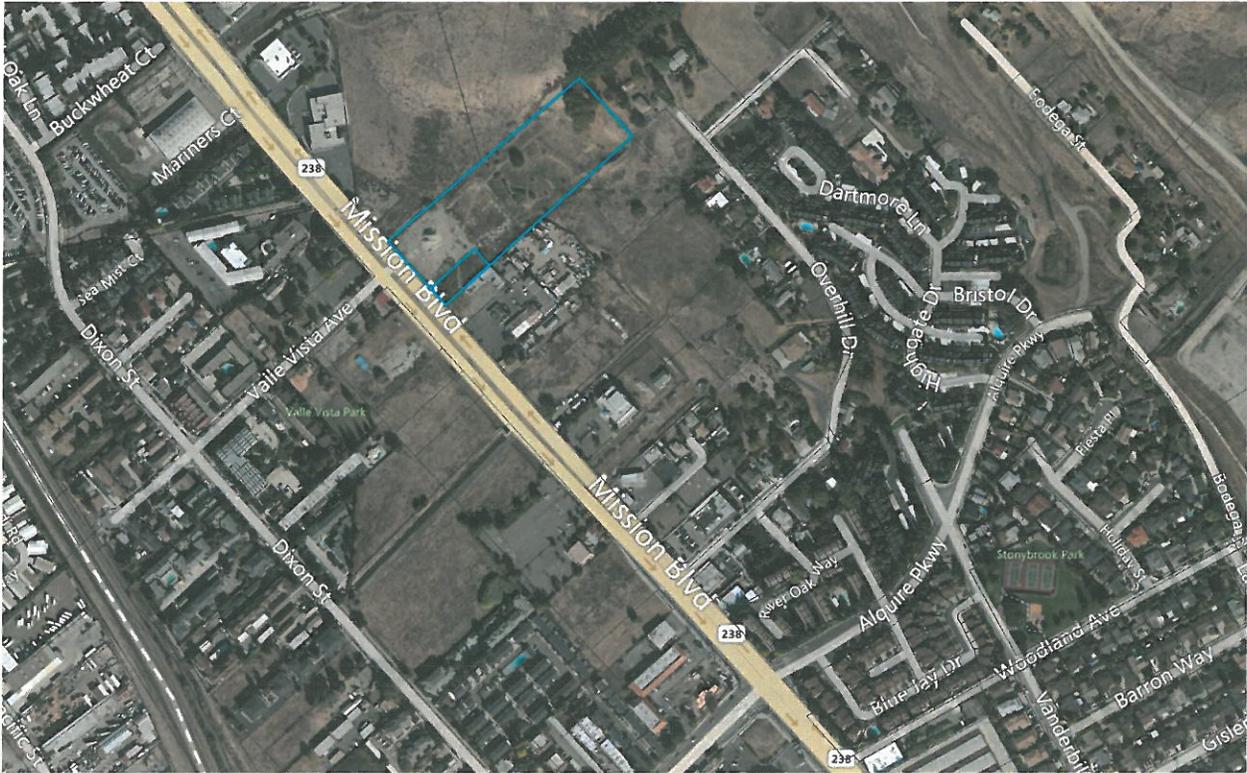
Along Hesperian Blvd., the community-level shopping center (also owned by Southland Mall LP) is largely vacant and underutilized. From a location standpoint, the shopping center site is well situated for a supermarket-anchored retail center. However, there is considerable local-serving competition elsewhere along Hesperian Blvd., and nearby along Jackson Street. In addition, the building is not particularly visible and the site access can be awkward. Even though the site is a good location and configuration for a local-serving shopping center, there might be competitiveness issues with the location and building site that need to be addressed, as well as discussions with mall management as to where this shopping center fits in with the future plans for Southland Mall.

For the uses located along La Playa Drive, all of the parcels currently have separate ownerships with a wide range of different uses, including a church, auto repair services, a bank building, and medical offices. This would make reuse and reconfiguration of the existing uses difficult. The only large site along La Playa Drive is the 5.4-acre site currently used for a large format clothing store. This site is large enough to support other types of large format retail spaces, but also falls under the restrictive Zone 2 airport safety zone designation.

## SOUTH HAYWARD BART AREA: ROLLER RINK SITE

The Roller Rink Site is a 4.97 acre vacant site situated along Mission Blvd. (Figure 1-30) The site consists of two parcels (APN 078C-0455-001-04 and 078C-0455-001-03) under separate ownership, and no permanent buildings remain on the site. The larger 4.66 acre parcel is owned by Livermore Acres, Inc., while the smaller 0.31 acre parcel is owned by multiple partners (public records indicate ownership as “Pestana E & E & Ferrari C J JR & Boitano L F TRS”). The lot itself is relatively narrow and deep, with the back portion of the site on an upward slope.

**FIGURE 1-30  
ROLLER RINK SITE**



Source: ADE, Inc.; map data from ESRI ArcGIS.

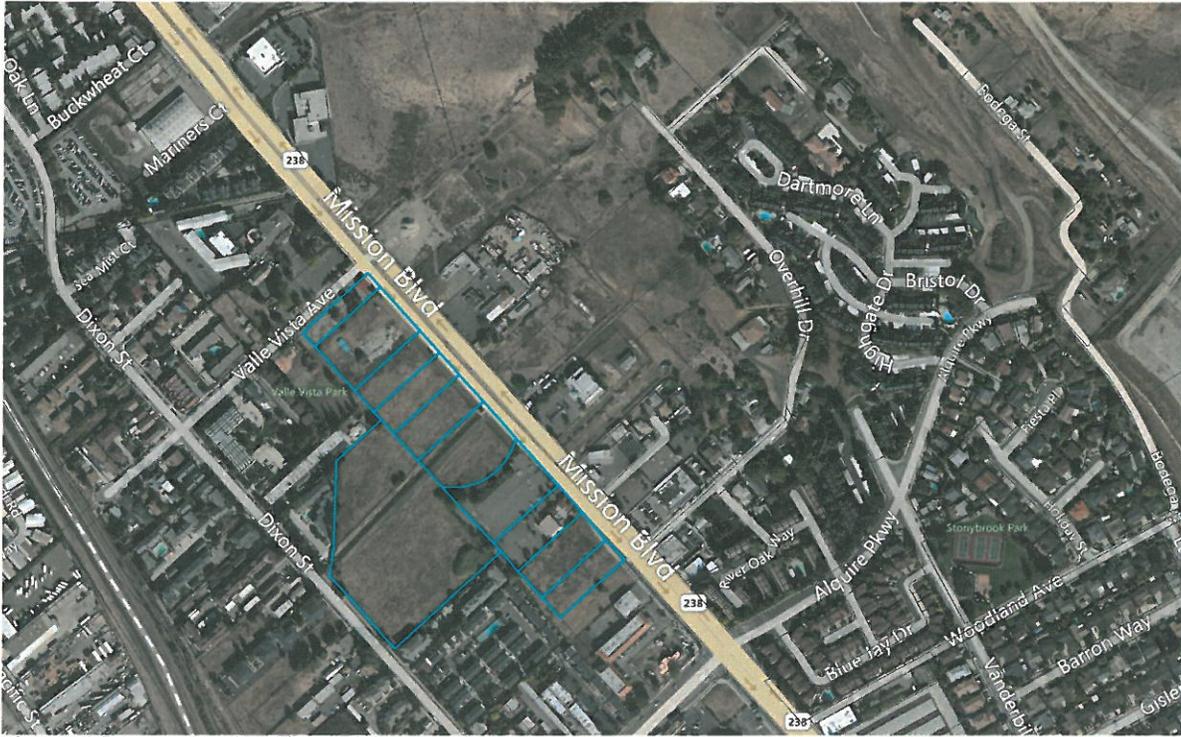
### Potential Opportunities

The roller rink site is in a sparsely built up area, but surrounded by automotive uses. The hilly terrain potentially limits the amount of the site that can be easily developed for other commercial uses. Even though the site is relatively close to the South Hayward BART station, there are no clearly delineated pedestrian pathways to and from the transit station. If this site can be combined with other parcels, then it can potentially provide adequate space for a commercial center. Otherwise, it has potential for local-serving retail, housing, or other compatible business spaces.

### SOUTH HAYWARD BART AREA: STATE HIGHWAY 238 SITE

The State Highway 238 site is located along Mission Blvd. south of Valle Vista Avenue and north of Industrial Parkway (Figure 1-31). The 14.80 acre site consists of 11 parcels, with the State of California owning the majority of the parcels and land area. At one point, these parcels were acquired by the State as a right-of-way for a future highway bypass project, however that project is no longer under consideration.

**FIGURE 1-31  
STATE HIGHWAY 238 SITE**



Source: ADE, Inc.; map data from ESRI ArcGIS.

The other property owners are the City of Hayward and the Construction and General Laborers Local No. 304. A labor union building and adjoining parking lot (accounting for 2.19 acres) make up the only development on the site. The largest parcel on the site (5.85 acres) has its frontage along Dixon Street and would need to be combined with another parcel for direct access to Mission Blvd.

**TABLE 1-26  
STATE HIGHWAY 238 SITE PARCEL INFORMATION**

Site Description	APN	Owner	Acres
Vacant Parcel (Mission Blvd.)	078C-0438-006-00	STATE OF CALIFORNIA	0.44
Vacant Parcel (Mission Blvd.)	078C-0438-007-00	CITY OF HAYWARD	1.38
Vacant Parcel (Mission Blvd.)	078C-0438-008-00	STATE OF CALIFORNIA	0.68
Vacant Parcel (Mission Blvd.)	078C-0438-009-00	STATE OF CALIFORNIA	0.69
Vacant Parcel (Mission Blvd.)	078C-0438-010-00	STATE OF CALIFORNIA	0.85
Vacant Parcel (Mission Blvd.)	078C-0438-011-01	STATE OF CALIFORNIA	1.26
Vacant Parcel (Dixon Street)	078C-0438-019-01	STATE OF CALIFORNIA	5.85
Parking Lot (Mission Blvd.)	078C-0438-011-02	CONSTRUCTION & GENERAL LABORERS LOCAL NO 304	1.34
Union Building (Mission Blvd.)	078C-0438-012-00	CONSTRUCTION & GENERAL LABORERS LOCAL NO 304	0.85
Vacant Parcel (Mission Blvd.)	078C-0438-013-06	STATE OF CALIFORNIA	0.84
Vacant Parcel (Mission Blvd.)	078C-0438-014-00	STATE OF CALIFORNIA	0.62

Source: ADE, Inc.; data from City of Hayward.

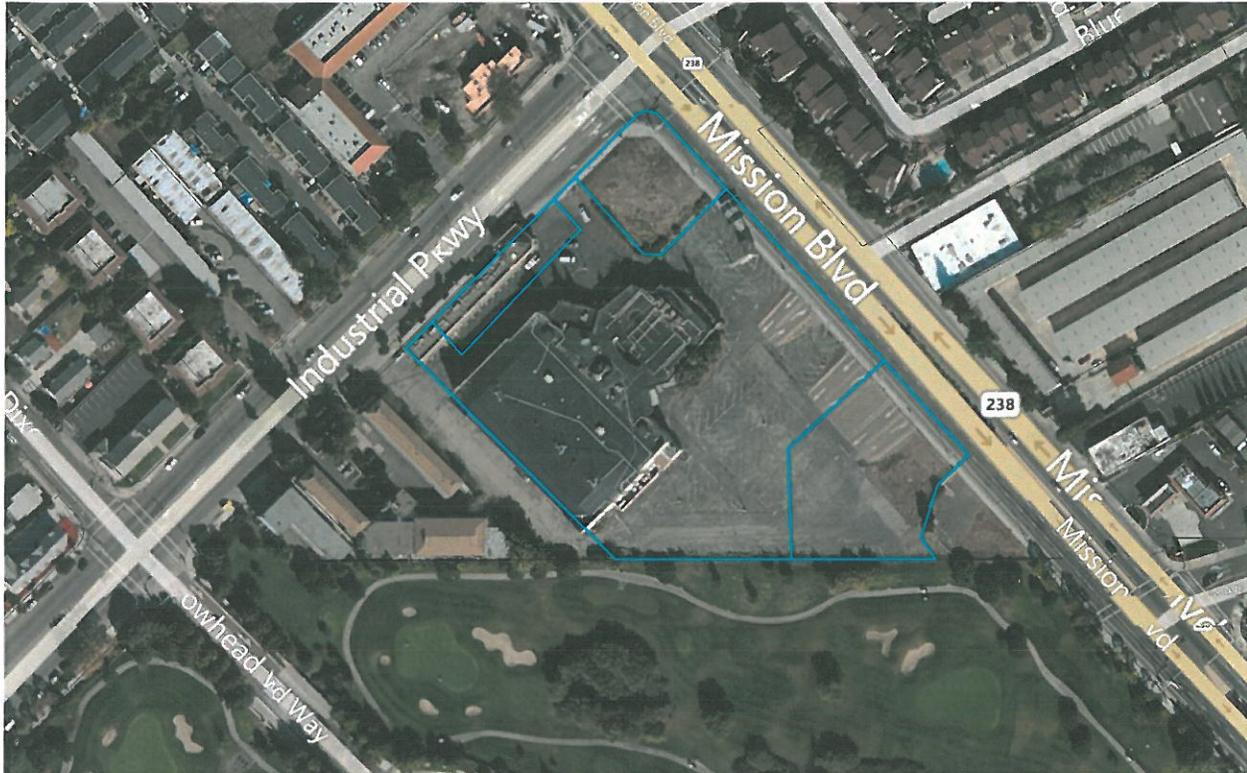
### Potential Opportunities

The single ownership over the majority of the site makes this site relatively easy to combine into a large site for different uses. The proximity to the South Hayward BART station adds a potential benefit for commercial uses or mixed-use development with housing. The commercial uses for this portion of Mission Blvd. will likely go towards more local-serving retail businesses and service providers.

## SOUTH HAYWARD BART AREA: HOLIDAY BOWL SITE

The Holiday Bowl is located at the southwest corner of Mission Blvd. and Industrial Parkway, with a golf course at the southern boundary (Figure 1-32). The 4.89 acre site consists of a vacant bowling center building, parking areas, and a convenience retail center. The bowling center site occupies a total of 4.23 acres, while the convenience center site is 0.25 acres, with the two buildings sharing the parking areas. The bowling center building has an additional covered parking area. The convenience center remains operational, but has some vacancies. The site also has a vacant 0.40 acre parcel at the street corner that formerly had a gas station.

**FIGURE 1-32  
HOLIDAY BOWL SITE**



Source: ADE, Inc.; map data from ESRI ArcGIS.

**TABLE 1-27  
HOLIDAY BOWL SITE PARCEL INFORMATION**

Site Description	APN	Owner	Acreage
Vacant Parcel (Mission & Industrial)	078G-2651-009-02	GAR CORPORATION	0.40
Holiday Bowl Site	078G-2651-012-08	MACDONALD & SOMMER PARTNERSHIP	3.42
Commercial Center	078G-2651-011-02	EDWIN SOMMER LLC ETAL	0.25
Holiday Bowl Site	078G-2651-010-03	EDWIN SOMMER LLC ETAL	0.81

Source: ADE, Inc.; data from City of Hayward.

### Potential Opportunities

The large size of this site, and its proximity to the neighboring golf course make it a potential location for recreation and entertainment uses. Its proximity to existing housing would also make it

a potential candidate for housing uses. Even though the site location is at a major intersection, it is a considerable distance from I-880. The existing bowling center building and the adjacent parking areas have deteriorated since the facility closed for business in 2005, and reuse options for the building itself might be limited. Other limiting factors include the existing housing located adjacent to the bowling center site. In addition, the existing parcel lines indicate that access to the Holiday Bowl property from Industrial Parkway would actually come through land that is part of the adjacent apartment building.

## 2. BUSINESS SURVEY FINDINGS

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### 2.1 BUSINESS SURVEY DISTRIBUTION

In order to find out more about the recent conditions and business climate issues that concern the business community, ADE distributed a survey to a randomly selected sample of 500 Hayward businesses. The address database used to distribute the survey came from the sales tax account records maintained by MuniServices, and the sample was stratified to only include businesses in categories that sell consumer goods and services. The sample was further modified to exclude businesses that were located in primarily residential areas. Because the address database includes confidential information that was not made available to the project team, the business selection used a random sample and could not do any prescreening of survey recipients.

The survey itself asked businesses about their current business space, expansion plans, languages spoken, sales trends, customer geography, and business climate issues. From the survey distribution, a total of 61 responses (12 percent response rate) were received within the first month after the initial mailout. These responses were entered into a FileMaker database and analyzed. The sections below summarize the survey findings.

### 2.2 SUMMARY OF FINDINGS

#### GENERAL INFORMATION

##### Composition and Location of Surveyed Businesses

The majority of respondents in the survey classified themselves as either retail stores, restaurants, or personal service providers. About 16 percent of the respondents referred to themselves as professional services establishments. Among the respondents that answered “other” their business classifications were a mix of more specific descriptions, but mostly related to some form of automotive servicing.

**TABLE 2-1**  
**WHAT TYPE OF BUSINESS DO YOU OPERATE?**

<b>Business Type</b>	<b>Percent of Responses</b>
a) Retail store	32.8%
b) Sit-down restaurant	8.2%
c) Fast food / take-out restaurant	4.9%
d) Personal services	4.9%
e) Professional services	16.4%
g) Other	32.8%
Valid responses	61

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

The business respondents were broadly distributed throughout Hayward. The highest concentrations came from Mission Blvd., Downtown Hayward, and Southland Mall.

**TABLE 2-2  
IN WHICH HAYWARD DISTRICT IS YOUR BUSINESS LOCATED?**

Location of Business Respondent	Percent of Responses
a) Downtown Hayward	14.8%
b) Southland Mall Area	11.5%
c) Hesperian Boulevard Corridor	4.9%
d) A Street Corridor	4.9%
e) Foothill Boulevard Corridor	9.8%
f) Tennyson Road Corridor	9.8%
g) Mission Boulevard Corridor	21.3%
h) South Hayward BART Area	3.3%
i) I-880 Retail Area (Industrial/Whipple exit)	9.8%
j) Other	9.8%
Valid responses	61

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

### Business Tenure

The vast majority of survey respondents (63 percent) have been at their current location for more than five years. Within this group, the average tenure at the current location is over 18 years.

**TABLE 2-3  
HOW LONG HAVE YOU BEEN IN BUSINESS AT THIS LOCATION?**

Tenure at Current Location	Percent of Responses
a) Less than 1 year	5.0%
b) 1 to 3 years	15.0%
c) 3 to 5 years	16.7%
d) over 5 years	63.3%
Average: Over 5 years	18.8
Valid responses	60

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

Nearly 79 percent of the businesses in the survey lease their business space, while the remaining 21 percent owns their space. (Table 2-4) Among the businesses that lease their space, the monthly lease rates averaged just under \$4,200 (unweighted average of all responses), as shown in Table 2-5.

**TABLE 2-4  
DO YOU OWN OR LEASE YOUR BUSINESS SPACE?**

Type of Business Space Tenure	Percent of Responses
a) Own	21.3%
b) Lease	78.7%
Valid responses	61

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

**TABLE 2-5  
IF YOU LEASE, WHAT IS YOUR CURRENT MONTHLY LEASE RATE?**

Current Monthly Lease Rate	Percent of Responses
Average	\$4,198
Valid responses	37

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

The largest group of businesses leasing their space (41 percent) have more than three years remaining on their current lease, as shown in Table 2-6. While this suggests broad stability in tenancy, nearly 32 percent of businesses have either a month-to-month lease or less than 12 months remaining on their lease.

**TABLE 2-6  
IF LEASING YOUR CURRENT SPACE, HOW MUCH TIME DO YOU  
HAVE LEFT ON YOUR CURRENT LEASE?**

<b>Time Remaining on Current Lease</b>	<b>Percent of Responses</b>
a) Lease on a month to month basis	20.5%
b) Less than 12 months	11.4%
c) Between 1 year and 3 years from now	27.3%
d) More than 3 years from now	40.9%
Valid responses	44

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

As shown in Table 2-7, the average size of the business spaces among the survey respondents is over 6,700 square feet. It should be noted that three of the responding businesses have spaces of 30,000 square feet or more. About 70 percent of responding businesses indicate that they do not have room in their current space for expansion. (Table 2-8)

**TABLE 2-7  
WHAT IS THE SIZE OF YOUR SPACE?**

<b>What is the size of your space?</b>	<b>Percent of Responses</b>
Average (square feet)	6,710
Valid responses	48

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

**TABLE 2-8  
IS THERE ROOM FOR EXPANSION IN YOUR CURRENT SPACE?**

<b>Room for Expansion in Current Space</b>	<b>Percent of Responses</b>
a) Yes	29.8%
b) No	70.2%
Valid responses	57

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

## **Business Languages Spoken**

About 70 percent of the respondents indicated that they conduct business in a language other than English. Among the other languages used at these businesses, Spanish is the most prominent language with 44 percent of respondents indicating that they conduct business in Spanish. Hindi and Korean were spoken at nearly 10 percent of the responding businesses. Chinese, Tagalog, and Vietnamese were also spoken at several businesses. Other languages indicated by respondents include Farsi, Punjabi, Arabic, and Armenian.

**TABLE 2-9  
BESIDES ENGLISH, IN WHAT OTHER LANGUAGES  
DO YOU CONDUCT BUSINESS?**

<b>Languages in Which Business is Conducted</b>	<b>Percent of Total</b>
a) Spanish	44.3%
b) Hindi	9.8%
c) Korean	9.8%
d) Chinese	6.6%
e) Tagalog	4.9%
f) Vietnamese	6.6%
g) Other	4.9%
Valid responses	43

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

*Notes: Percentages add up to more than 100 percent due to multiple responses*

## RECENT TRENDS AND EXPANSION PLANS

### Sales Trends

When asked to identify the sales trends over the past three years, the recessionary conditions clearly had an impact on Hayward businesses. About 49 percent of businesses indicated that their sales declined over the last three years, and 23 percent saw minimal change. Only 8.2 percent of the respondents had significant sales growth during this period. The recent taxable sales data has shown some recovery in sales over the past year, so this trend is likely to change with continued improvement in the economy.

**TABLE 2-10  
HOW DO YOU GENERALLY PERCEIVE YOUR SALES  
TRENDS WITHIN THE PAST THREE YEARS?**

<b>Perception of Recent Sales Trends</b>	<b>Percent of Responses</b>
a) Significant growth (more than 10% annual growth)	8.2%
b) Moderate growth (less than 10% annual growth)	19.7%
c) Minimal change	23.0%
d) Moderate decline (less than 10% annual decline)	19.7%
e) Significant decline (more than 10% annual decline)	29.5%
Valid responses	61

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

### Business Location and Expansion Intentions

About two-thirds of the businesses in the survey indicated that they intend to stay in their current business location. While very few businesses indicated that they were looking into relocating within Hayward, about 10 percent of the respondents indicated that they might move out of Hayward. Other responses include a business ready to expand in the next few months; a business that wants to add a new product line but cannot due to zoning restrictions; and others than are unsure about their plans.

**TABLE 2-11  
WHAT ARE YOUR BUSINESS LOCATION INTENTIONS DURING THE NEXT THREE YEARS?**

<b>Business Location Intentions</b>	<b>Percent of Responses</b>
a) Intend to continue operating at my current business location	66.7%
b) Intend to move elsewhere in Hayward	0.0%
c) Expect a rent or lease price increase that will make it difficult to continue operating at this location	13.3%
d) Would like to expand the business but cannot expand at this site	3.3%
e) Would like to move to another location in Hayward but there is no suitable space	1.7%
f) Would like to move to another location in Hayward but costs are too high	0.0%
g) Might move out of Hayward	10.0%
h) Other (please indicate)	5.0%
Valid responses	60

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

Most businesses that are considering a new business location would want a retail space. This is consistent with anecdotal indications that a broad cross-section of business types are now looking to locate in retail spaces. Most of the other respondents indicated that they would look for an automotive business space. Others would consider a more specific type of storefront such as a restaurant or warehouse space.

**TABLE 2-12  
IF LOOKING FOR A NEW BUSINESS LOCATION,  
WHAT TYPE OF SPACE ARE YOU LOOKING FOR?**

<b>Type of Business Space Wanted for Expansion</b>	<b>Percent of Responses</b>
a) Retail space (shopping center)	31.3%
b) Retail space (other location)	25.0%
c) Office space (shopping center)	0.0%
d) Office space (other location)	6.3%
e) Other	37.5%
Valid responses	32

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

About 17 percent of business respondents indicated that they have done some expansion. Another 26 percent indicate that they plan to expand. The timeline for these planned expansions shows that the businesses want to expand in the next two years on average.

**TABLE 2-13  
HAS YOUR BUSINESS EXPANDED OR HAVE YOU PLANNED TO  
EXPAND? (INCLUDES PHYSICAL EXPANSION, NEW SERVICES/RETAIL  
PRODUCTS, RELOCATION, ADDITIONAL EMPLOYEES, ETC.)**

<b>Expansion Plans</b>	<b>Percent of Responses</b>
a) Yes, my business has already expanded	17.2%
b) Yes, I plan to expand my business in the next ____ years	25.9%
Average (years)	2.0
c) No	56.9%
Valid responses	58

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

Among the businesses that have expanded or plan to expand, the majority of these expansions involved either expansion on the existing site (34 percent) or adding new lines of business within the same space (27 percent). Nearly 15 percent of these business expansions entail relocating to a different site. The other responses include businesses that wants to add new locations, and another business that plans to add parking spaces.

**TABLE 2-14**  
**IF YOUR BUSINESS HAS EXPANDED OR PLANS TO EXPAND, WHAT**  
**TYPES OF EXPANSION HAVE YOU COMPLETED OR PLAN TO COMPLETE?**

<b>Types of Planned of Completed Expansions</b>	<b>Percent of Responses</b>
a) Physical expansion on same site	34.1%
b) New services and/or new retail products	26.8%
c) Relocation to different site	14.6%
d) Other (specify)	24.4%
Valid responses	41

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

## CUSTOMER BASE

When asked to identify the geographic location of their customers, businesses generally indicated that Hayward residents made up less than half of their sales. This is consistent with the retail sales and leakage analysis, which showed that Hayward generates taxable sales that more than double what the local household income alone would be expected to support. Residents living in the surrounding communities (Tri-City, and San Lorenzo/Castro Valley/Cherryland areas) make up nearly 19 percent of the customer base for Hayward businesses. According to the survey responses, only about 3.2 percent of the customer base in Hayward comes from overnight visitors. In addition, survey respondents estimate that nearly 20 percent of their overall customer base comes from business-to-business transactions, as shown in Table 2-16. It should be noted that this tabulation is an unweighted average that does not account for the differing sales for each business in the survey.

**TABLE 2-15**  
**PLEASE ESTIMATE THE PERCENTAGE OF YOUR SALES**  
**TO EACH GROUP OF CUSTOMERS LISTED BELOW**

<b>Customer Location</b>	<b>Percent of Total</b>
Hayward residents	44.3%
Tri-City (Fremont, Newark, and Union City area) residents	10.4%
San Lorenzo/Castro Valley/Cherryland residents	8.2%
San Leandro residents	4.0%
Other Alameda County residents	8.9%
Other Bay Area residents	11.8%
Overnight visitors to Hayward	3.2%
Other customers	9.2%

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

**TABLE 2-16**  
**ABOUT WHAT PERCENTAGE OF YOUR**  
**CUSTOMERS ARE OTHER BUSINESSES?**

<b>Proportion of Business-to-Business Customers</b>	
Average (among respondents)	19.8%
Percent responding	70.5%

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

## BUSINESS CLIMATE ISSUES

### Primary Strengths

When asked to identify the primary strengths of Hayward as a place to conduct business, the most prominent attributes cited by businesses were Hayward's central location (56 percent) and its easy transportation access (48 percent). Other frequently cited business climate strengths for Hayward include the land costs/rents (30 percent), diverse ethnic population (25 percent), general business climate (20 percent), and growth potential (20 percent).

**TABLE 2-17**  
**PRIMARY STRENGTHS OF HAYWARD AS PLACE TO DO BUSINESS**

<b>Primary Strengths</b>	<b>Percent of Total</b>
Central location	55.7%
Easy access to airports, railroads, freeways, and public transit	47.5%
Land costs/rents	29.5%
Diverse ethnic population	24.6%
General business climate	19.7%
Area growth potential	18.0%
Large daytime worker population	14.8%
Shopping opportunities and local service businesses	11.5%
Community involvement	11.5%
Strong presence of other businesses	9.8%
Access to markets and consumer spending	8.2%
Housing costs	8.2%
Education	8.2%
Commitment of local government to solve problems	4.9%
Diverse and healthy local economic base	4.9%
Arts presence	4.9%
Recreation activities	4.9%
Quality of life	4.9%
High local income	3.3%
Work force availability	3.3%
Quality of local labor force	3.3%
Spending from customers outside of Hayward	1.6%

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

*Notes: Percentages add up to more than 100 percent due to multiple responses*

### Primary Weaknesses

The primary weaknesses of Hayward identified by the survey respondents primarily centered on the general appearance of the community (perception of blight, lack of maintenance, and business vacancies), and dealings with local government (local business regulations, and problems with local government unable to solve problems). Each of those measures were cited by more than one-fourth of the survey respondents.

Other prominent weaknesses cited by respondents include the general business climate and quality of life. It should be noted that an equal numbers of respondents cited the general business climate and growth potential as a weakness and as a strength. The open ended responses also included crime/security, homeless people/panhandlers, and issues associated with the road improvement projects in Hayward. Each of those issues were cited by about five percent of the respondents.

**TABLE 2-18  
PRIMARY WEAKNESSES OF HAYWARD  
AS PLACE TO DO BUSINESS**

Primary Weaknesses	Percent of Total
Blight and area maintenance	39.3%
Business vacancies	37.7%
Local business regulations	32.8%
Problems with local government unable to solve problems	26.2%
Lack of exposure/high profile	19.7%
General business climate	19.7%
Quality of life	19.7%
Lack of growth potential	18.0%
Community apathy	16.4%
Education	14.8%
Shopping opportunities and local business services	13.1%
High land costs/rents	13.1%
Distance from markets	9.8%
Transportation access	8.2%
Lack of arts presence	8.2%
Lack of recreation activities	8.2%
Distance from supplier businesses	4.9%
Quality of local labor force	3.3%
Work force availability	1.6%
High housing costs	1.6%

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

*Notes: Percentages add up to more than 100 percent due to multiple responses*

### **Business Climate Improvement Actions**

When asked to identify actions that would help improve the business climate in Hayward, the majority of respondents (59 percent) indicated that the City needs to promote its image. Very clearly, the businesses in the survey see a shortcoming with how Hayward is perceived, and this potentially goes into how Hayward should be branded and promoted.

Another very large cross-section of businesses (41 percent) felt that the City needs to improve the clean-up and maintenance of public areas. As with the first response, this goes to how Hayward is perceived by local residents, business owners, workers, and customers from surrounding communities who help support Hayward's businesses.

The third most prominent response (33 percent) was the need for permit assistance. This indicates that a sizable contingent in the business community sees an issue with local regulations and/or how those regulations are implemented.

About 26 percent of respondents indicated that there should be more sensitivity shown to the needs of ethnic minority business owners. With 70 percent of businesses in the survey indicating that they conduct business in more than one language, this could be an area where some outreach might be needed to find out how their business needs might potentially differ, or if there are any communication issues between the City and these different business communities.

Another significant improvement action cited by business respondents (25 percent) was better information about public projects and services. The open ended responses to this question include

better public safety (8 percent) and comments about reducing the disruptions caused by the road improvements (5 percent).

**TABLE 2-19  
IN WHAT AREAS SHOULD HAYWARD TAKE  
ACTION TO IMPROVE THE BUSINESS CLIMATE?**

<b>Actions to Improve Business Climate</b>	<b>Percent of Total</b>
Promote the city's image	59.0%
Clean-up and maintenance of public areas	41.0%
Permit assistance	32.8%
More sensitive to needs of ethnic minority business owners	26.2%
Better inform businesses about public projects and services	24.6%
More available/higher quality retail business space	16.4%
Business taxes (compared to other locations)	13.1%
Education/job training	11.5%
Develop more park and recreation facilities/programs	11.5%
Access to financing	6.6%
Improving the quality of the labor force	4.9%
Increase cultural arts initiatives	4.9%

*Source: ADE, Inc.; data from City of Hayward Local Business Survey.*

*Notes: Percentages add up to more than 100 percent due to multiple responses*

