

OFFICE – LIVE, WORK, PLAY EXPLORATORY RESEARCH



Mering Carson

Methodology

3 phases of research

- 2 key stakeholder groups with brokers and developers, June 2014
- Online employee survey with respondents from businesses primarily in the 95814 zip code, June-August 2014
- 18 IDI's (in-depth interviews) with key business leaders in the region representing various business categories, August – September 2014



KEY TAKE
AWAYS

STRENGTHS



ENERGY/VIBE

People + The place
Create a unique,
highly charged
energy in the day

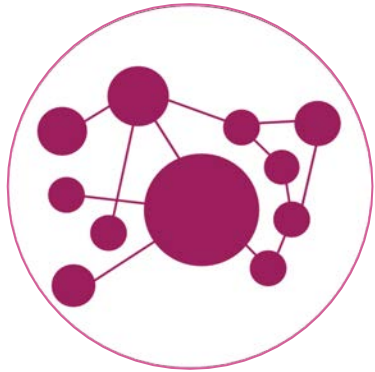
Dynamic and upbeat

Inherently social and communal

Active, lively and fast paced

Sophisticated, status

STRENGTHS



BUSINESS HUB

Where important/
influential business
happens

A good networking district

Central to everything

The buzz and energy of other professionals concentrated in one area

Up-and-coming center for business opportunities

Proximity to the Capitol and to other professional organizations

Attractive for recruiting, young/quality employees



WALKABILITY

Great pedestrian district

Everything is in close proximity. You can walk to client meetings, restaurants/bars



EASY ACCESS

Easy to get to from highways/freeways

An easy commute

Convenience to airport



CHANGE

Excitement about future possibilities

The place to be - where growth is happening

Uniquely local retail offering

STRENGTHS

WEAKNESSES

PARKING

Negatives are pervasive in terms of downtown's image

Hard to find and expensive

THE HOMELESS

Aggressive homeless population

UNDERDEVELOPED
AREAS

"Dead" blocks

Vacant, dilapidated buildings



Key Barriers
for Brokers

AFTER HOURS

Ghost town, sketchy

SAFETY

Lack of safety in some areas in the early morning and night

PUBLIC
TRANSPORTATION

Inadequate, unsafe, inconvenient

WEAKNESSES

SMALL & MIDSIZE
BUSINESSES

B & C class desire is strong but don't feel wanted or feel it's unattainable

Emphasis on Class A space
Too many barriers : rent, parking, TI costs
Neglected, not marketed to them or for them

Not right for some businesses

NOT CLIENT
FRIENDLY

Not convenient; parking, cost of parking, hard to navigate the streets, high-rises not easy

WEAKNESSES

Lack of infrastructure is prohibiting current live and play appeal

PLAY

Energy shifts to midtown in the night and weekends
People who work downtown do not want to socialize downtown in the evening/weekends

AMMENITIES

Lack of amenities to attract Millennials for live, play
Not a vital product past 5 o'clock and weekends

DOWNTOWN LIVING

No emotional connection to living in the heart of the city/
downtown
Lack of appealing options

KEY FINDING

Class A type businesses locate downtown for more rational based business reasons

- Employees are not location influencers

For class B & C (The creative culture) locating downtown is an emotionally driven, lifestyle choice

- Employees are location influencers

Businesses located downtown are perceived to have an advantage in attracting younger and higher quality employees



BROKER &
DEVELOPER
INSIGHT

2 FOCUS GROUPS

Top of mind association was focused on city icon and blight



Collage Themes:

Today

- Confused, lack of focus
- Unsafe
- Bland and utilitarian
- Up and coming culinary district
- Evolving



Tomorrow

- Best in Class
- Big city stylish
- Colorful, social
- Modern yet comfortable



Current selling strengths focused on “best in class” and “accessibility”

MOST POSITIVE THINGS ABOUT DOWNTOWN TODAY

- Center of California government
- The history
- Affordability
- Availability, wide range of quality product
- Commutable, accessible
- Easy access to region/airport
- Customer density and loyalty
- Quality of life for employees

Moving forward “the place to be”

MOST POSITIVE THINGS ABOUT DOWNTOWN 3 YEARS FROM NOW

- Cool vibe
- Where all the fun happens
- Where everyone and everything has more energy
- Growth and improvements
- Employees will want to be DT
- Range of housing available
- Walk/bike to work
- Attract young professionals
- Where the culture lives
- Clean, safe 24 hour environment

Run-down state of area and lack of relevant amenities currently make it a hard sell

BARRIERS RELATED TO SELLING DOWNTOWN

Difficult to market because:

- Run-down and unsafe
 - Vagrants
 - Dilapidated buildings
 - Blight
 - Lack of security and safety on West end of K St.
 - Insufficient lighting
- Day destination /limited hour
 - Ghost town after dark, nothing going on
 - No Saturday/Sunday revenue
- Lack of diversity
 - Limited retail options
 - Vanilla office product
 - Feel of state employee presence
- Limited infrastructure
 - Lack of quality RT
 - Lack of good, unique retail
 - Limited floorplate size



EMPLOYEE
WORK & LIVE
STUDY

879 Sample Size

28% 18-34

53% 35-54

19% 55+



WORK
&
LIVE

- Importance of work location in selecting a job
- Currently work and live
- Why downtown is not appealing to live in
- Priority of amenities/services

Living close to work a major factor in the job selection process



IMPORTANT **95%**
VERY 43%
SOMEWHAT 52%



76%

The city or area mattered significantly regardless if they were offered their dream job

CURRENTLY LIVE & WORK



5%
DOWNTOWN

CURRENTLY LIVE

Other Sacramento	26%
Midtown	12%
East Sac	8%
Land Park	6%
West Sac	5%
Elk Grove	5%
Outside Sacramento	32%



56%
DOWNTOWN

CURRENTLY WORK

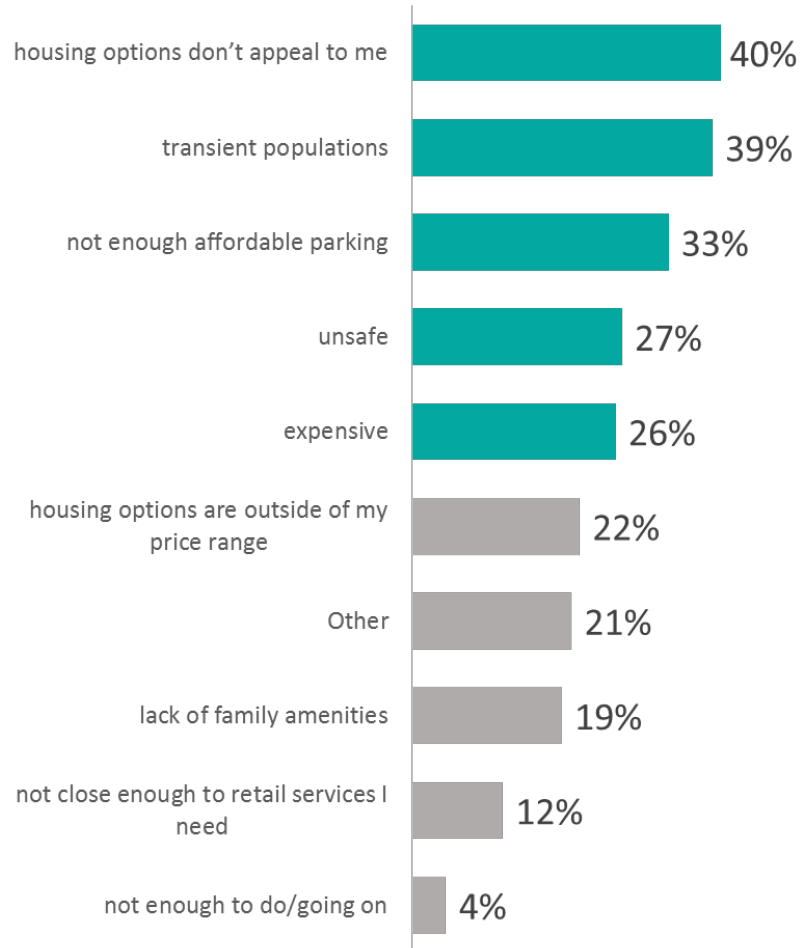
Other Sacramento	17%
Midtown	13%
Outside Sacramento	14%

Interest in living in downtown today



18-34	25.4%
35-54	19.6%
55+	21.4%

The reasons why they would not want to live downtown mirrored the weaknesses and did not vary by age



Other reasons for why downtown was not appealing were consistent

- Not family friendly
- Poor schools
- Lack of retail
- Already live nearby

“Far too expensive for what you get and for the lack of downtown experience... “

“Love the family & neighborhood feel of East Sac and the close proximity to downtown. I've got the best of both worlds ...”

“Poor schools, no grocery stores, limited shopping, few amenities, inadequate parks, services (pools, tennis courts, etc.).”

The same services/ amenities are important at work and home but their priority of importance is different



Local/non-chain restaurants
 Light rail
 Local coffee house
 Daycare
 Regional transit bus line
 Gym/Fitness center
 Chain/full service grocery store
 Gas stations
 Chain restaurants
 Proposed street car
 Fed-ex, shipping, post office
 Entertainment
 Local corner market
 Culture
 Bars
 Salon
 Boutique shops
 Drycleaner

WORK

Rank	Score
1	2.31
2	2.67
3	2.72
4	2.78
5	2.81
6	2.97
7	3.00
8	3.03
9	3.09
10	3.29
11	3.35
12	3.35
13	3.40
14	3.49
15	3.51
16	3.70
17	3.77
18	3.86

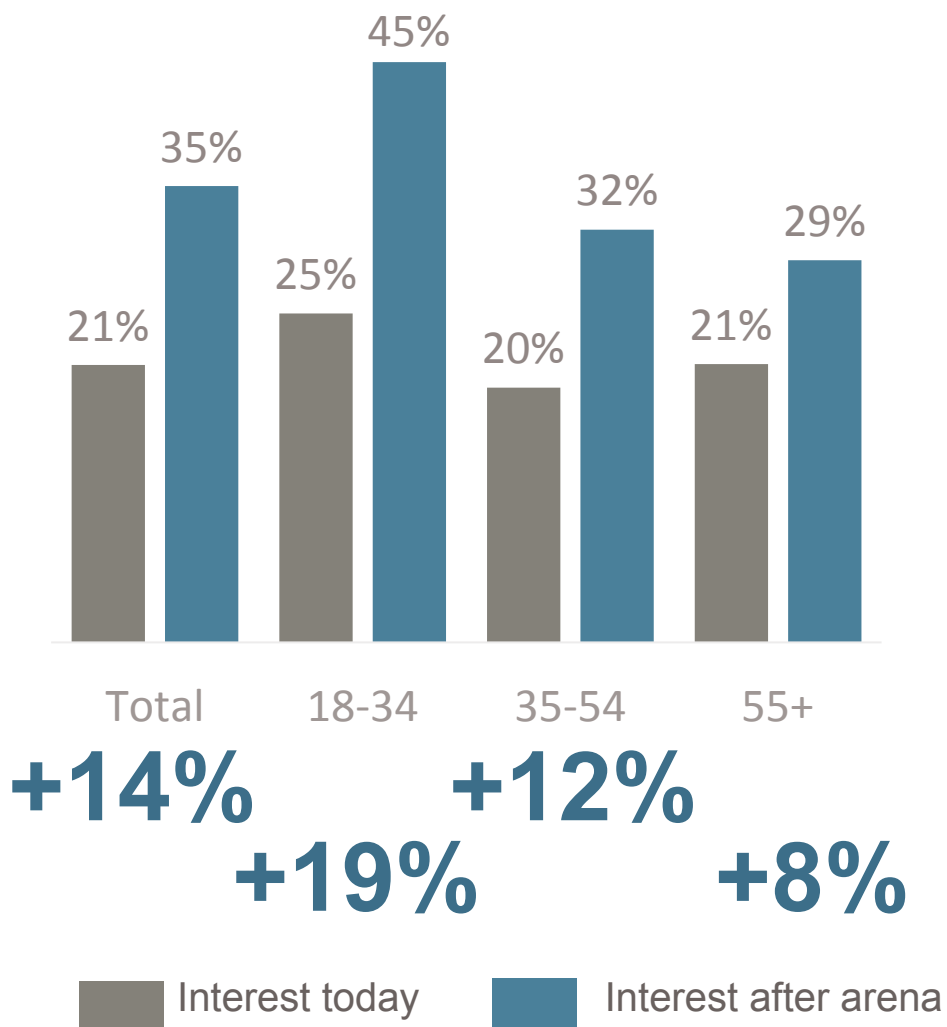
LIVE

Rank	Score
3	2.71
6	3.04
9	3.25
2	2.49
5	3.03
8	3.10
1	1.97
7	3.07
10	3.43
12	3.50
13	3.50
11	3.47
4	2.94
14	3.51
15	3.52
16	3.78
18	4.04
17	3.78



THE ARENA

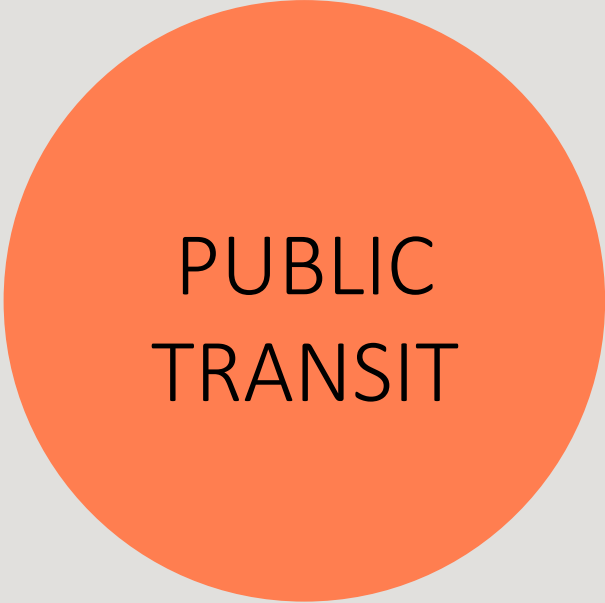
The arena will make a difference with the number of people who will be more interested in living in downtown particularly, younger adults



The arena will also make downtown a more attractive place to work, again more appealing with younger people

Total	65%
18-34	69%
35-54	65%
55+	58%



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PUBLIC TRANSIT

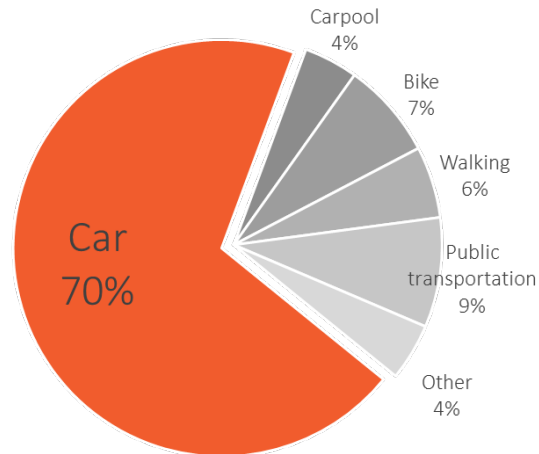
- Current and preferred modes of transportation
- Opinions of light rail and other public transportation

Currently use a car to get to work but many preferred alternative methods

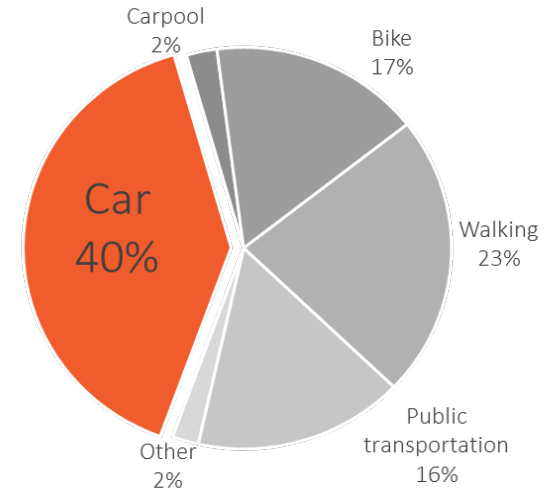
Other than driving, walking, using a bike and public transportation were preferred most

Younger adults were least likely to prefer to use public transportation and had a greater preference for walking and biking

CURRENTLY USE



PREFER



33% currently use regional transit or light rail but many had similar complaints as those that did not ride

Positive statements came from those where transit is convenient; go where they want to go and it is easy to get to

“I've had great experiences on light rail. However, Sacramento's public transportation system is very limited”

“Bad. There isn't room for bikes on the RT, making it really hard to get on and off and forces you to stand the entire time and hold your bike. It's like the RT expects everyone to drive to the station and hop on there.”

“I felt dirty afterwards, but I got where I was going quickly and efficiently.”

“Serviceable, but could be greatly improved in terms of service hours, timeliness, safety, and cleanliness.”

67% do not use regional transit or light rail

WHY?

Dangerous, scary

Not clean

Inconvenient

Doesn't go where I want to go

Isn't in close proximity

Takes more time than driving

“Like riding a portable cell block on wheels...I could write a book on my adventures...”

“It doesn't cover where I need to go. It's also very run-down, dirty, and filled with vagrants”

“Used it for 4 years and never felt 100% safe, also took almost as long to get to a light rail station (from Pocket) as it takes to drive into downtown.”



BUSINESS
LEADER IDIs
(In-Depth-Interviews)

18 INTERVIEWS

Work

Lack of diversity

“Emphasis on government and professional services give DT a sterile and monotonous feel.”

“This is basically a government town.”

“Abundance of class A space, not thought of as a place for smaller, less professional class businesses.”

“It’s difficult to find a cool/eclectic space that is affordable.”

Not a right fit for some businesses

“We do not have a high-rise background...there are few guys that specialize in it and have that market.”

“We are never going to be interested in DT...our clients don’t like to go DT...the one way streets, the parking (difficult and expensive), the high-rises it just isn’t convenient.”

Networking and connectivity

“We operate in a little area, J to N...where there is everything we need.”

“DT is the place where impromptu networking happens.”

“The community is small enough that you can really get to know people in your industry.”

“It’s a great place to walk around in the day and to feel part of the scene.”

Live

Lack of appealing housing options

“I prefer mid-town, where there are more intimate eclectic housing options.”

“ It’s not real loft living in DT.”

“ There are no options to buy in DT.”

“People didn’t grow up in the city.. so they are not going back to the DT.”

Lack of amenities and activities

“There needs to be some market maturity before the millennials will live in DT...the arena alone won’t do that.”

“In order to attract people to DT we need to create connectivity between the rail yard, West Sacramento and Downtown.”

“We need to create a 24 hour environment.”

Play

Not for night and weekends

“DT is a ghost town with nothing going on on the streets at night and on the weekends.”

“It’s overwhelmed by sterile empty buildings at night and on the weekends.”

“It’s impersonal and sterile walking around DT..it just doesn’t have that warm feeling of midtown.”

“It’s unsafe and you do not want to be walking in certain areas after dark.”

We need to bring the districts to life...create a sense of place and character...activate the streets...create life.”

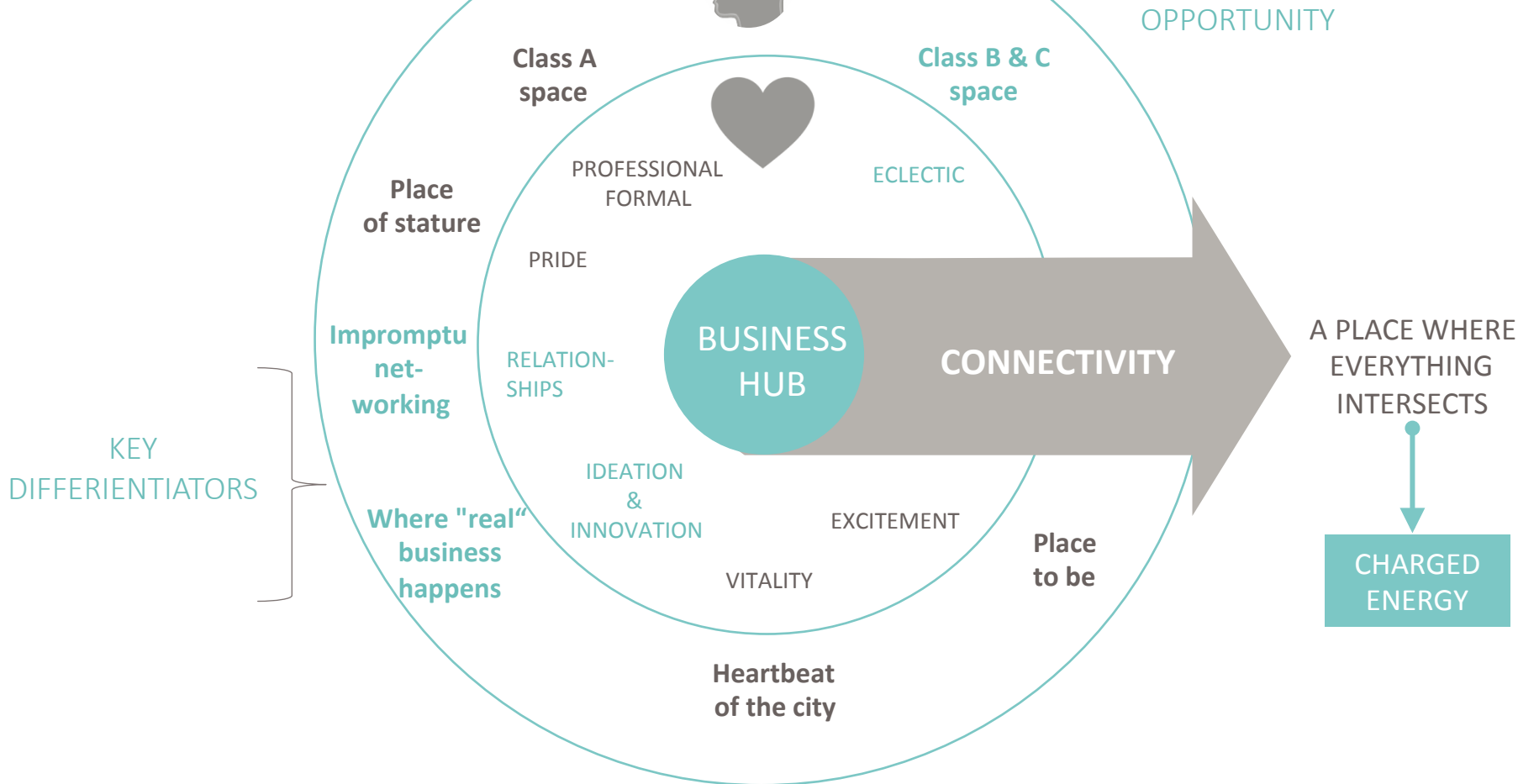
“DT is a work area that needs to make the shift to a work and play area.”

“We hang out in midtown every weekend and R street sometimes.. there is no reason to go DT.”



SELLING
IDEA

DOWNTOWN'S UNIQUE BUSINESS ECOSYSTEM



A large teal circle is centered on a light gray background. Inside the circle, the word "IMPLICATIONS" is written in white, uppercase, sans-serif font.

IMPLICATIONS



Use core differentiator to sell & shape business product

Capitalize on downtown's inherent networking and connectivity differentiator by leveraging the climate and the district's open spaces to create opportunities for people to connect outside of the office/corporate environment

New development (office/hotel) design should reflect the idea of networking to support modern ideation

Highly Relevant & Desirable

Use Selling Strategy to Guide Recruitment

Target types of companies who inherently align:

Class A

- Cambria
- Mark Thomas Company

Class B & C

- Hacker Lab
- VSP “The Shop” - Innovation Lab
- Technology companies
- Creative driven cultures - ad agencies, PR, design, music/production/post

Consider the Creative Class an Asset to Downtown's Image & Future Success

Their employees are the future of downtown

- These class and type of businesses will introduce and over time help to encourage Millennials to live and play downtown

Their presence will help infuse diversity

- Offset government and professional class only image that leads to sterile feel

If we want them...make them feel welcome

- Determine what properties are “approachable” for them from a vibe and cost perspective
- Identify who is willing to help them
- Use districting as a way to educate potential businesses that there is more than the Capitol/Class A professional offering
 - Distinct brand character/vibe of each area will help them self-select

Create Greater Connectivity

Consider marketing the larger area to strengthen the appeal of downtown

- Many people already think of downtown in a greater context so create opportunities to leverage the natural connection to midtown and West Sac to better support one robust offering of the areas key pillars: Arts & Culture, Sports, Entertainment

Keeping people in the greater downtown area fuels growth in all areas

Implement the next phase of downtown's marketing plan

In order to become a desirable live and play district downtown must create an 18/24 hour day...

Educate:

Lack of awareness of amenities that already exist fuels need to use new websites and digital (paid and non) as a way to communicate the current offering

Activate:

Use events, street fairs, music festivals, pop ups, etc. to create a inject life into an area that is seen as a business only place and sterile/monotonous

Create:

Research indicated there was a clear need for new bottom floor uniquely local retail