

Brisbane – The Hidden Gem

10 Years Later

An evaluation of the Economy from 2012-2023

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Executive Summary

This report to the City of Brisbane updates the 2013 Economic Development Action Plan and examines the impact of economic changes within Brisbane and the Bay-Area region on the business sector over the past nine years. It provides a snapshot of Brisbane in 2023 and the current economic conditions including the impact of the COVID-19 pandemic from 2019-2023.

The economic fabric of Brisbane, the SF Bay Area, and globally has changed dramatically since the drafting of the 2013 report. The 2013 report was focusing on the aftermath of the 2008 global recession and how to make the Brisbane economy less tied to the up and down swings of the economy. The catastrophic impact of the COVID pandemic of 2020-22 which would upset the worldwide economy was still 7 years in the future.

To evaluate the total impact of the Economic Development initiative, we will look at the profile of the city; a look at some historical information; the current economic outlook; the factors that create and support it; and a look to future economic trends.

PROFILE OF THE CITY

The City of Brisbane is a community of 4,851 residents (2020 census) situated in Northern San Mateo County on the west side of San Francisco Bay. Brisbane borders the cities of San Francisco, Daly City and South San Francisco. The San Bruno Mountain range surrounds Brisbane to the west and the San Francisco Bay is the easterly border of the city. Due to the natural topography, there is no standard lot size or share for much of the city and thus the housing in Brisbane is much more individualistic, free from the multiple housing tracts seen in many cities.

There is intense town spirit and pride and friendliness that would be expected of a small community within sight of the San Francisco skyline.

The Council and community prides itself on being environmentally progressive and respecting and caring for all individuals in the community.

The city has operated under the Council-Manager form of municipal government since it incorporated in 1961. The City Council is comprised of five members elected at large to staggered, four- year terms. The Council selects the mayor from its members. The City Manager is appointed by and serves at the pleasure of the City Council. The City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government.

The City of Brisbane provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina, and other general government services.

Demographics of the city

In looking at the current state of Brisbane’s economy it is necessary to look at the current demographics of who and what constitutes Brisbane in 2022, the changes from 2013, and a peek to the future.

Brisbane (From the 2020 and 2010 US Census)			(a)
Population	(2020): 4851	(2010): 4282	
Median Age:	48.5 years	41.7 years	
Median Income:	114,583	90,136	
Median Property Value:	920,500	695,400	
Number of housing Units:	2052	1934	
Percentage of home ownership:	67	64	

Ethnic breakdown:

White/Caucasian	42%	55%
Asian	35%	25%
Hispanic	18%	17%
African American	2%	2%
Multiracial	3%	0.5%
Pacific Islander	> 1%	0.5%

The Economics of Brisbane

Early History

Throughout its' early history (1930's -1960's) the city has been largely dependent on the economy of the greater SF Bay Area. The large railroad complex owned and operated by the Southern Pacific Railroad provided hundreds of jobs from 1875-1975 and was a lynchpin in the local economy. Brisbane also had an assortment of stores and restaurants on Visitacion Avenue and was a typical "main street" from 1940's America, including a movie theatre, gasoline service stations, and locally owned mom and pop motels and hotels.

A large quarry operation (Guadalupe Quarry) has also operated providing crushed stone for many large projects throughout the Bay Area, starting in 1895. Most families had but one car, and shopping was conducted within the town limits.

Incorporation

In 1961, the citizens of Brisbane voted to incorporate the town into a Council-Manager general law city operating under the California Government Code type of Government. A city council was elected, and essential city-wide services were started (paving roads, city water/sewer hookups, zoning, and planning services, etc.). By the late 1960's, with more families having two cars, and the advent of suburban shopping malls, the typical hustle and bustle of "main street" shopping was slipping into the past.

The Local Economy

Although Brisbane is part of the general San Francisco/Silicon Valley area, the small population makes the workforce a largely commuter workforce, dependent upon cars to access the jobs in the city. Historically, the City's primary businesses were light industrial, warehousing/distribution and (following the initial phase of the Sierra Point Development) corporate offices and sales/administration operations.

The economic engine that “powers” the city is comprised within four areas: Visitacion Avenue (including the Brisbane Village Shopping Center complex); Crocker Industrial Park (including the Brisbane Technology Park and future development planned for the Guadalupe quarry); Sierra Point Business District and the Brisbane Baylands.

Visitacion Avenue and the Brisbane Village Shopping Center

With the construction of suburban shopping centers, and eventually malls, and with households having more than one car, the traditional “downtown -main street” shopping environment started to decline. While vibrant in the 1940’s and 50’s, prior to highway 101’s bypassing Bayshore Boulevard, by the 70’s many of the shops had closed or been converted to housing or office buildings. While Visitacion Avenue is still Brisbane’s “Main Street” the shop owners who continue to operate there are a hearty breed who continue to cater to the local population. In the 1980’s a small shopping center was constructed at the intersection of Bayshore Boulevard and Old County Road, and brought an expanded number of restaurants, shops, and services to the local population. The 20 shops and offices that make up the center bring a percentage of the small “retail” component of Brisbane’s revenue.

The Annexation of Crocker Industrial Park

The city council looked at the small geographic footprint of the city and realized that the large “industrial park” that was adjacent to the city could be a valuable economic building block for the future of the town and negotiated the annexation of the Crocker Industrial Park in 1983. This single forward-thinking act helped to ensure the economic well-being of the city from the 60’s to the present day, even as the railroad complex was shuttered by SP and sold off, becoming a large part of the (future) Brisbane Baylands development.

Over the past 60 plus years, the Crocker Industrial Park has been the hub for Brisbane’s light industrial, manufacturing and distribution companies. As the economy expanded and contracted so did the companies. While companies such as San Miguel Brewing, Dolby Labs and Gilmore Envelope are mere entries into history, other companies have taken their place as the industrial park was in demand throughout the 80’s, 90’s and 2000’s.

The Emergence of the Sierra Point Business District

Many local “battles” were fought in the 1960’s over Brisbane being a site used by San Francisco-based Sanitary Fill Company as a landfill. A large portion of the landfill, located at Sierra Point, adjacent to San Francisco Bay, was filled with dirt, rock and debris and surrounded by a rock jetty. The landfill was decommissioned and capped in 1980, and subsequently sold to developers (Koll Development, OPUS Partners and Equity Office), who proceeded to develop the site into a modern office park. Half of the site is within Brisbane, with the Southern half belonging to the City of South San Francisco. On the Brisbane side, three office buildings were constructed by 1990 with two additional office buildings added by 2000. Two hotels were also built on the site in the early 2000’s. These hotels comprise the majority of the Transient Occupancy Tax (TOT) revenues that the city receives to the present day.

Economic forces, such as the “dot-com” crash of 2001, and the “great recession” of 2008 kept the Sierra Point Business Park from reaching its’ potential during most of period from 2001-2013, with the parcels changing ownership several times. Companies based at Sierra Point included Hitachi America, Ltd., Dakin Toys, The Good Guys, Phillips Semiconductor, MySpace, Unisys, Walmart.com and others. By 2008 the financial recession and other economic changes changed the business district through mergers, buyouts, bankruptcies, and relocations to other cities.

The Brisbane Baylands

Located within the limits of the City of Brisbane is the "Baylands," one of the largest (over 680 acres) undeveloped commercial parcels of land within San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes North of the San Francisco International Airport. The parcel is comprised of areas that comprised the Southern Pacific Company railroad operations complex and a large parcel that was the San Francisco landfill from the turn of the century (1900) through the 1950's. Currently home to several industrial businesses and soil related services, the owners are planning a project that will make over the entire site. Remediation and development of these parcels is expected to take place over the next 30 years.

The Financial Crash of 2008 and its’ Aftermath

Brisbane sources most of its sales tax revenue from business-to-business operations. Traditionally, a handful of businesses made up a sizable portion of City revenues. The departure of several large businesses and a general economic downturn after the recession of 2008 caused Brisbane to review its’ place within the local economy. The challenges that the city staff and council faced were many. It was imperative that the city initiate new processes to combat the continued global/local business malaise following the “Great Recession.” The Crocker Industrial Park was only showing a 60% occupancy; the Sierra Point Business Park was stagnant and floundering under the ownership of OPUS Properties and Diamond Properties (who owned a significant parcel, including the 10 acres where

Hitachi America, Ltd. had been located); The largest tax revenue producer in the city (Van Waters-Rogers) moved to Visalia in 2012 and the immediate prospects for growth were subdued.

Brisbane takes action on an Economic Plan for the Future

As the economy continued to stagnate, the City Council looked at ways to foster economic growth and stability. One of the first actions was the establishment of the Economic Development Subcommittee in 2010, followed by several outreach projects to look at the factors that shape the Brisbane economy, and methods to improve, stabilize and grow the business sector.

The Subcommittee conducted workshops with graduate students from the Presidio School of Management (2010-11), the Urban Land Institute (2014), and held discussions with local realtors, developers, and civic stakeholders (business owners, citizens, and non-profit representatives) to collect ideas and opinions on how to “grow” the local economy to support the goals and vision of the 1994 General Plan.

The 1994 General Plan formulated a set of goals for local economic development, and was forward thinking based on the vision set out in that document.

The Goals were as follows:

- Stabilizing and diversify the tax base.
- Serve the community by encouraging convenient and beneficial commercial development.
- Provide sufficient revenues for necessary City services.
- Facilitate the employment of residents.
- See sustainable growth as dependent on preservation and replenishment of natural resources.

In a progress report to the City’s Economic Development Subcommittee in 2012, it was noted that the policies and goals stated above were “visionary for (their) time.

Therefore, the first suggestions of the 2013 action plan were based on meeting the objectives of the *1994 General Plan*.

The 2010-11 workshop with the students from the Presidio School of Management focused on Crocker Industrial Park and how to position the park and the city itself as a hub of new and innovative “green” businesses - a “premiere Emerald City.”

The students presented their sustainability report to the City Council in June 2011, and while the vision was consistent with the “green” culture and sustainability beliefs of the Brisbane community, the reports focused on questions regarding the feasibility and challenges to “green” and other businesses such as: A lack of staff and resources to pursue the efforts put forth in the Green Marketing Plan; lack of staff and resources to compete with the many cities who have already dedicated staff and resources to pursue green industry; multiple and absentee property owners in the industrial Park; a domestic market where many green companies have failed; a weak US economy; difficulty in obtaining capital loans; and competition in a global marketplace where Asian companies are receiving credit subsidies and incentives from their governments.

The ED Subcommittee wanted to find a balance between the vision, economic feasibility, and the realities of the marketplace. To achieve this, the subcommittee conducted a series of interviews to help them access the City’s commercial real estate market situation and develop a SWOT analysis. The Subcommittee met with:

- Commercial real estate brokers with current listings in Crocker Industrial Park.
- Property owners/managers; and
- A developer who participates on a similar committee in another city.

The commercial real estate brokers were given a standard set of questions in advance to allow them the opportunity to contemplate and prepare their thoughts before the meeting. Discussions with the property owners/managers were

designed to explore their experiences, challenges, and thoughts on the Crocker Industrial Park, as well as plans for the future.

Information from these discussions was evaluated by City staff, the Subcommittee, and the Chamber of Commerce and incorporated into a SWOT (Strength, Weakness, Opportunities, Threats) analysis. An analysis of each item as related to the Brisbane economy in 2023 is included, highlighted in red.

SWOT Analysis of Brisbane (2010-13) (2023 – Updated Information)

STRENGTHS

-Proximity to SFO, SF and Peninsula

(Even more important in 2023)

-Quiet, safe, little traffic congestion.

(Still safe and quiet / Traffic has increased somewhat with new construction)

-Great access to Hwy 101.

(Future plans include Geneva Ave. extension)

-Good Warehouse space

(Improved ownership and maintenance)

-No payroll Tax; low commercial rents

(Still no payroll tax / rents are competitive)

-Relatively low business fees

(Competitive business fees / low for region)

SWOT Analysis (Continued):

-Good relations between Police and Business.

(City/Police Dept/Businesses have stronger relationships than in 2013)

-Small, nimble, and accessible City Hall.

(Better tuned to business than in 2013 / Economic Development Department established in 2016)

-Duty Free Zone for Importers/Exporters

(Duty Free Zone still in effect)

WEAKNESSES

-Lack of amenities

(Retail more challenging than ever / future possibilities for mixed use in Brisbane Village Shopping Center/ Future Baylands and Sierra Point Developments)

-Small population near large urban area

(Population has grown incrementally)

-Lack of Parking and Transit.

(Commute.org busses / Sierra Point Shuttles implemented.

Future possibilities include links to Ferry service)

SWOT Analysis (Continued):

-Isolated

(As growth in Crocker Park and Sierra Point has progressed,
perception of isolation has lessened)

-Lack of Identity: Brisbane...where is that?

(Life Science boom has helped to put city on map for many who were
unaware of location)

-Lack of presence/visibility within the Bay Area (See above)

-Historic Reputation of Town and Anti-Business/Anti-Growth

(Outreach efforts and the establishment of the Economic Development
Subcommittee and Office have helped to market the city as a great place to
do business and change many of the negative perceptions from the past)

-Remembered as a “toxic dump”

(Current decision makers do not remember this)

OPPORTUNITIES

-In position to take advantage of overflow demand from SF.

(This has indeed been the case as the industrial/warehousing sector has
shrunk by over 10 M Sq.Ft. As a result, Crocker Industrial Park has been
leasing at a very high capacity. – In Jan 2023 the park was 100% leased.)

SWOT Analysis (Continued):

-Industrial Market is shrinking.

(The industrial/warehouse sector in San Francisco and on the Peninsula has been shrinking as properties are redeveloped into life science applications and dense housing. Brisbane has benefitted from this culling of space as new structures have been built on Sierra Point and the vacancy rate in Crocker Industrial Park dropped from 40% in 2013 to 0% in 2023.)

-Vacancies allow for a revisioning of Crocker Park

(The City conducted a workshop looking at a zoning overlay for mixed use in a portion of Crocker Industrial Park. The public had extensive involvement on what types of development they would like to see. The zoning changes were discussed by the council and the Parkside Plan was codified. To date as the industrial park has increased its' occupancy, no landowner has taken advantage of the rezoning potential)

-Aesthetics – beauty of San Bruno Mountain could attract business that value that, such as design centers, retail showrooms, etc.

(Crocker Park is still one of the most well maintained and attractive business parks. Park has increased occupancy to average 98%, and at times 100%; Retail showrooms and design centers have not occupied the park, however sustainability-based companies such as Ample Battery, Heirloom Carbon and others have moved into the park)

SWOT Analysis (Continued):

-Baylands Development – opportunity to create a model of sustainable development

(Sustainability goals will be implemented as a benchmark of the design of the Baylands project. As the project is expected to progress over 25-30 years, the implementation of the newest and best practices related to conservation and sustainability are expected to be applied and implemented)

THREATS

-Conflicting community priorities (e.g. Zero carbon emissions vs. need to drive for basic services)

(Still somewhat of an issue as bus services/train services have not reached their potential. Shuttles help but the future looks promising as an electrified CalTrain, hybrid powered busses and the conversion of personal transportation into hybrid and full EV models will help the community with carbon emissions, as well as autonomous EV robo-taxis being tested in SF)

-Concept of local sustainability focused on the environment, at the expense of its economy and social well-being

(In 2023 it is not apparent that a focus on sustainability and environmental stewardship is damaging the local economy and social well-being.

A case can be made where the local economy has evolved to include sustainable practices and concepts, including future planning being carbon neutral, and construction practices adhering to “LEED certified”, wasteless principles).

-Historic Reputation of Town and Anti-Business/Anti-Growth

(Outreach efforts and the establishment of the Economic Development Subcommittee and Office have helped to market the city as a great place to do business and change many of the negative perceptions from the past)

-Baylands Development – opportunity to create a model of sustainable development

(Listed as a “threat” in 2013, as well as an opportunity. Over the next 25-30 years, the development of the Baylands should be a model of sustainable development, implementing the best practices available in design, construction, energy management and sustainability)

The Economics: (2010-2019):

After the impact of the 2008 economic shock had passed, the Council and Staff in Brisbane worked to evaluate where the city was at and what changes to try and implement first.

City Council and Staff worked together to implement several important changes prior to the publication of the 2013 report to lay the groundwork for the revitalization of Brisbane’s economy and how the city-citizen-business relationship has evolved.

2010:

Economic Development Subcommittee Formed –

An Economic Development Subcommittee was established. This subcommittee, consisting of two council members, city manager, staff members and the CEO of the Brisbane Chamber of Commerce.

This was an important first step in bringing the views of local businesses into discussion with city staff and the views and needs of the citizens (through the participation of the councilmembers). The establishment of the ED Subcommittee was a crucial first step in defusing the conflicts between the city/citizens and the business community. Note: A part-time Economic Development Director position was added to city staffing in 2015, reporting to the City Manager.

Solid Waste Handling Licensing Fee – A business license fee for a large recycling firm (Recology) that wanted to expand within the city limits was approved by the voters in November 2011. This proposal was based on the tonnage of materials processed in a calendar year. This fee generated \$2,100,000 annually from 2013-2016 and has been raised (by ballot measure) to now provide \$4,000,000 in annual revenue to the city.

2013:

Liquid Storage License Fee – A business license fee for liquid storage tanks was enacted in November 2013, with 84% of voters approving the measure. This measure was generated to ensure revenue from the storage and transfer of petroleum products held by Kinder Morgan at the Brisbane Tank Farm.

In 2014-15 this fee brought \$135,000 annually to the city. In 2016, a ballot measure raised the cap to \$400,000 annually, bringing legal action from Kinder Morgan. The city prevailed in the suit and the storage fees are currently remain capped at \$400,000 annually.

Transient Occupancy Hotel Taxes- Additionally, hotel room tax revenues continue to be generated by the two hotels located on Sierra Point. Over time, these room (transient occupancy) taxes (TOT) have been increased through several successful ballot measures, most recently in 2019. These measures brought revenue of \$1,668,000 in fiscal year 2013, increasing each year to a peak of \$2,890,000 in 2019.

The worldwide COVID-19 pandemic and subsequent travel “freeze” caused the TOT revenue to drop from \$2,890,000 in 2019 to \$2,072,000 in 2020 and a low of \$850,000 in 2021, a drop of 70.6% from the 2019 peak occupancy. Although the TOT revenues doubled from 2021 to 2022, the \$1,648,000 is still 43% below the 2019 peak year. (b)

2014:

Urban Land Institute TAP (Technical Advisory Panel) study - ©

The Economic Development Subcommittee and the City Council also sponsored a study by the Urban Land Institute (ULI) to look at Crocker Industrial Park, its’ uses historically, currently, and a re-imagining of what Crocker Industrial Park (2.0) could encompass, as well as the Guadalupe Quarry site and the Brisbane Village Shopping Center. The study included comprehensive interviews with a broad cross-section of stakeholders, including City Councilmembers, Non-Profit members and advocates, representatives from the business community, homeowner groups, city advisory bodies, local property owners, and realtors and brokers (both local and from the Greater Bay area).

Important areas of consideration included improving the walkability of the park in an effort to provide connection for the citizens living in the “Northeast Ridge” developments to downtown. The guidelines looked at improving the walking trail system and reconfiguring the size and layout of Valley Drive to enhance pedestrian access and safety. The study also called for planning to make Brisbane more “transit-oriented”, not “transit-adjacent” it was currently evaluated in 2014.

The final focus was to create a stronger “entryway to the town” through a reconfiguration of the Brisbane Village Shopping Center and realigning the vehicle-based entrances to town to create view corridors, improved walkability, and possibly the creation of a train and transit center located between the Brisbane Lagoon and Bayshore Blvd.

In the years, following the publication of the study, the city has moved forward with aspects of the ULI-TAP study. While ULI's proposed relocation of the Bayshore CalTrain station may not be feasible, the improvement of the Crocker Park trail system has been ongoing. A zoning overlay to address the formation of new housing adjacent to the Brisbane Village Shopping Center and the city's core was undertaken with the development of the Parkside Precise Plan.

2015-2018:

Parkside at Brisbane Village Precise Plan – The “Parkside Plan” was a zoning overlay plan covering approximately 25 acres of publicly and privately owned properties near the entrance to Brisbane. The city worked with planning firm MiG to coordinate public input, staff planning and the presentation to the council, with the process taking three years.

The zoning change covered the area that runs along Park Lane, Park Place and Visitation Avenue, with the hope that the re-zoning could give existing landowners an additional tool to convert older, big-box types of warehouse operations into an “extension of downtown” with walkable housing and shopping.

The public planning discussion and process was extensive with public meetings and round tables. A design criterion led to mock-up drawings being produced, showing various new designs for potential projects. A two-year planning process resulted in the City Council adopting the plan in October 2017, making amendments to the city's General Plan. Following review by the Planning Commission and the City Council, the zoning overlay was approved on February 1, 2018, as Ordinance 624. These sites (PAOZ-1 and PAOZ-2) are listed on the City's “Potential Development Projects and Sites” webpage. This zoning change gives existing landowners and business owners more flexibility in using their buildings and land.

To date, business and facility owners have not converted any of the parcels to implement the zoning changes, but with an increased emphasis for housing, the aging of the facilities, and changes within the nature of work it remains to be seen how the rezoning will affect the city in the future.

Employment within the City

The 2013 Economic Development report noted that 11 of the top 20 largest employers in Brisbane (in 2006) had either merged with other entities, moved out of town, or gone out of business. Of the nine companies listed (in 2013) as remaining from the 2006 top 20 (by number of employees), only two remain in Brisbane as of 2023 (Bi-Rite Foodservice Distributors and Fong Brothers Printing.) These two firms are still active and are on the Brisbane Principal Sales Tax list for 2022, joined by the historic 7 Mile House Restaurant and other companies.

Principal Employers in Brisbane 2022: (by number of employees) (b)

Bi-Rite Foodservice Distributors	Expeditors International, Inc.
LeeMAH Electronics, Inc.	Cutera, Inc.
Greenleaf Produce, Inc.	Ultragenyx Pharmaceutical
Amazon Fresh	Transdev Services, Inc.
Hensley Event Resources	Norman S. Wright Mechanical Equipment
Fong Brothers Printing	

Ranking of Principal Sales Taxpayers 2021/22: (listed alphabetically) (b)

7 Mile House Sports Bar and Restaurant	Bay Medical Company
Bi-Rite Foodservice Distributors	Brisbane Recycling Company
Caliva – MMD	Cutera, Inc.
Fong Brothers Printing	Gas 2 You
GE United Technologies II/ Grassdoor	Golden State Lumber
Hensley Event Resources	Ichika Sushi House
Infoimage	Integrated Resources Group

Analysis

In examining the 2013 report and evaluating the process guidelines that were recommended, it is apparent that several factors played a large part in moving the Brisbane economy forward to where it is today and also complicate the development of areas moving forward.

- A. When the City Council established the Economic Development Subcommittee in 2010 it showed that the council was serious about interacting with the local business community and reaching out on a more regional basis, while maintaining the values and local input that the City of Brisbane has always valued. The establishment of the subcommittee has also created a mechanism where business related city issues can be discussed and formulated without first going to a full council review. This process, while open to the public, has resulted in a more cordial environment where potential businesses, councilmembers, citizens and staff can share and disseminate ideas more clearly and transparently than in the past. As a result of the establishment of the Economic Development Office in 2015 there is a “point person” for business owners and city stakeholders to interact with, or to start the process of how to open a new business in Brisbane.
- B. Perceptions about the City and the available space. Outside brokers and developers were often wary of approaching a project in Brisbane due to perceptions about the city being anti-business and anti-growth. Most of these ideas stemmed from controversial project from years past but had little or nothing to do with present-day attitudes. With direct outreach to local brokers and developers (listening to their concerns), and continued interactions, discussions and meetings with citizens and staff, the staff have debunked many of the negative perceptions about doing business within the City of Brisbane and the processes with staff and elected officials.

Through these outreach efforts to prospective development teams and the changes in business demographics from 2013-2022 resulted in the following.

- a. Communicating and projecting a more friendly business environment and showing that as a small city, a business owner can have a more personal business encounter with the city staff, compared to much larger, more bureaucratic driven cities.
 - b. Marketing the city as a progressive, environmentally active city that is willing to work with developers and landowners on projects that fit its' guidelines and values.
 - c. The City Council showing openness to new economic opportunities (e.g., Cannabis Distribution and delivery sector; EV Battery development; Carbon Sequestering; Life-Sciences; Electric Vehicle Development, Food Trucks) while being supportive of our traditional businesses.
- C. Regional Market Factors – Many changes have taken place in the local and regional economy from when the report was originally written in 2013. Brisbane has benefitted from several business structural changes during this time.

Crocker Industrial Park - As San Francisco and the SF Peninsula worked to reinvent the area as a high-tech hub and the center of the life-science industry, the industrial and warehousing sector was greatly changed as a result. In a November 2022 report published by Jones, Lang LaSalle Commercial Real Estate showed that *over 18.5 million square feet of industrial/warehousing spaces have been demolished and re-purposed into other uses (such as housing/life sciences, etc.), with 17.1M s.f. lost since 2000.*

Across the region 4.7M s.f. was demolished for Office Redevelopment, 4.6M s.f. for Housing, and 2.9 M s.f. for Life-Sciences/Biotech projects. Of the Industrial space demolished, 8.7M s.f. was in San Francisco (a 33.7% net loss in inventory). The SF Mid-Peninsula has lost 23.8% of its' inventory with over 8.4M s.f. demolished over the same timeframe. Another 1.8M s.f. is slated for demolition. (d)

The loss of market inventory has proven to be very beneficial for the owners of Brisbane's Industrial properties as the Crocker Industrial Park has performed at a 95+% occupancy for the last several years, peaking at 100% occupancy in early 2023. While full occupancy is virtually impossible to sustain, the beauty of the well-maintained industrial park, the convenient proximity to San Francisco, the Port of SF, the SF Airport, and the SF Peninsula should keep this sector of Brisbane's economy vibrant for years to come. Investment in the Crocker Industrial Park has continued with industrial giant Prologis purchasing a large stake in Crocker Park by the purchase of DCT Industrial Real Estate.

In addition, the parcel housing the (circa 1895) Guadalupe Quarry has been acquired by Bay Area developer Orchard Partners. As currently zoned, the proposed project would add a 1,000,000 s.f., three-story, modern logistics center, capable of automated picking, with 24'+ high loading bays. The project is expected to be reviewed by the Planning Commission and City Council in 2024. It is expected that development of the project and its surrounding land will occur within 3-5 years. Upon completion, the parcel will be transferred from unincorporated San Mateo County/Brisbane, into the City of Brisbane (proper). As most of the logistics centers in San Francisco and the Peninsula are 50-70 years old, a modern facility should be in high demand.

D. The arrival and maturation of the Life Sciences Industry at Sierra Point-

While the Sierra Point Business District has traditionally been home to large and small companies across a diverse business sector, the arrival of the life sciences/ biotechnology sector has transformed the area. With the invention of the biotechnology sector in the neighboring city of South San Francisco (Genentech), the evolution of the sector has resulted in the maturation of the Sierra Point Business Park into a life science hub. With its' proximity to the major universities and life science companies, Sierra Point is poised to continue to grow and enjoy high occupancy.

As the biotech sector continued to grow, larger REIT's (Real Estate Investment Trusts) dedicated to life science campuses started to invest in Sierra Point properties and consolidate their holdings. As late as 2010, the properties that comprise the Sierra Point district were owned by 9 diverse ownership groups, with only 5 office buildings and 2 hotels.

Presently, the business district consists of 13 office/lab buildings and 2 hotels, are owned by 6 companies (HealthPeak, Phase 3 Partners, Westmont Properties, Universal Paragon, and the two hotel ownership groups). An additional three life-science buildings and a hotel are in the planning stages. This investment in Brisbane continues to show that the city is open to businesses. With the planned construction of the new life science buildings and hotel, the Sierra Point properties will be built out to the maximum footprint of approximately 3,900,000 sq.ft. The hotel, a planned 600 room project is expected to generate a large amount of future occupancy taxes (T.O.T).

E. The Brisbane Baylands Project (owned by Universal Paragon Corporation) is the largest project on the SF Peninsula and is expected to take 15-30 years to complete. The 660-acre site is being planned to include 2,200 units in Brisbane and an additional 1,484 units at the adjacent Schlage Lock site in San Francisco, as well as 7,000,000 square feet of office, industrial and retail space, parkland and other features.

The remediation of the site will take several years and is complicated by the railroad in the center of the project. The project footprint is bisected by the CalTrain railroad tracks and right-of-way that is currently being electrified to bring electric trains by 2026. There are also plans to build a Geneva Avenue extension that would extend Geneva Avenue across the project to intersect via a new interchange with US 101.

The debate continues about the viability of the California High Speed Rail project, which would bisect the Baylands footprint. The HSR commission is also seeking to build a maintenance and cleaning yard within the center of the Baylands. This proposal is subject to ongoing litigation and could impact the final design of the Baylands project.

The Brisbane Planning Commission and City Council are committed to a careful and thorough review of all portions of this project. The project is being planned to provide a sustainable ecological model as well as a financial model that will help to protect the financial viability and solvency for Brisbane.

F. Visitacion Avenue Shops and the Brisbane Village Shopping Center:

The overall outlook for the small “retail” sector comprised of the Visitacion Avenue shops and the Brisbane Village Shopping Center is mixed, but hopeful.

The legacy shopping district along *Visitacion Avenue* is comprised of a mix of small retail stores, restaurants, an office building, single family homes, apartments, the Brisbane Library, and the Eagles Club. Most of the buildings were built in the 1930’s and 1940’s, and, while charming, lack the lot size and building footprints required for most (modern) retail businesses such as pharmacies, etc. There is not space for expansion of the existing buildings and street parking is at a premium.

Most of the retail spaces are leased, with businesses that have been operating for 10 or more years. New businesses have come into vacant spaces in the last 2-3 years, and the addition of the new Brisbane Library has added a buzz to the shopping district.

The *Brisbane Village Shopping Center* is a split-level center in an “L” configuration with a row of retail shops on the first floor and personal services (dentist, nail salon, accountant) and offices on the second level at the Eastern end of the center. Currently, in 2023, approximately 12 of the 20 units are leased.

There is a large parking lot facing the center that is bordered by Bayshore Boulevard and Old County Road. A free-standing parcel at the corner of the two streets was occupied for many years by the Bank of America, and upon its’ closure the lot was purchased by the City (Brisbane) for future development, either as a stand-alone parcel or as part of a reimagined shopping center as a mixed-use development with street level retail and services with several stories of apartments.

In a longer-term scenario several factors complicate the overall site planning:

The shopping center has not been operated in an “optimal” manner for several years as the current owners of the center are hampered by a lack of capital, unfriendly retail leases, and semi-absentee management.

There is a vacant lot fronting Bayshore Blvd., that could be incorporated into a new reimagined plan, however it is owned by CalSTRS (California State Teachers Retirement System) and (to date) they have not entertained any discussions on having the property included in any redevelopment proposals.

High Speed Rail's (HSR) impact on the entryway to town. There is a possibility that the Brisbane fire station and Tunnel Avenue bridge will have to be moved and re-imagined. This would likely impact the traffic flow and logistics related to Tunnel Avenue, Bayshore Blvd., and Old County Road, as well as changing the entrance to the town and possibly the planning and execution of a reimagined Brisbane Village Shopping Center.

The Economics of Today (2023):

By the Numbers:

Tax Revenues: Over the past ten years, (2013-2022) the tax revenues have increased by 69%, totaling \$18,569,000 in 2022. The largest gains were recorded in Property Tax (+69%); Sales Tax (+104%); Franchise Tax (+414%), and Business License Tax (+50%). TOT Taxes in 2022 were basically the same as in 2013, reflecting the one area that the pandemic adversely affected (hotel room nights). In 2019, the TOT collected was 73% higher than in 2013, however, in 2021 it had dropped to 50% of the 2013 figures before rebounding somewhat in 2022. (b)

Property Investment and Value within Brisbane: The development of Sierra Point and the reinvestment that companies have made in Crocker Industrial Park have helped to raise the value of properties within the city limits. In 2013 the Taxable Assessed Value of properties was \$1,576,487,000. This number had climbed every year. In 2022 the Taxable Assessed Value had reached \$3,199,778,000, effectively double the value of 10 years earlier. With continued development and investment planned for Sierra Point, the Guadalupe Quarry site and the Brisbane Baylands, the assessed value of property in Brisbane will continue to rise. (b)

Conclusions:

The Brisbane economy of 2023 is a much more vibrant and evolving economy than the one that was analyzed and reported on in the report from 2013. The business sectors in Brisbane are continuing to evolve and prosper as life-sciences, biotechnology and logistics companies have fueled a large investment into Brisbane properties and greatly expanded the property tax base.

While the effects of the pandemic on business is still being felt at the local, state, federal and global levels, the larger economic outlook for Brisbane is brighter than other Bay Area municipalities and a case can be made that Brisbane has more than recovered from both the “Great Recession” in 2008 and the COVID-19 pandemic from 2019-2022. The revenue collected by the city is at an all-time high, and with the planned construction within Sierra Point, the Quarry parcel, and the upcoming development of the Brisbane Baylands, the future looks promising.

Brisbane’s DNA is also at the forefront of innovation. Companies such as Ample, LeeMah Electronics, Heirloom Carbon, and Cutera are on the cutting edge of their related industries. The city is now also a leader in the life sciences/biotech sector with Janssen (Johnson and Johnson), CareDx, BristolMyersSquibb, Annexon Biosciences, MammothBiosciences, Aimmune Therapeutics, Arcus Bioscience and Twist Biosciences all calling Brisbane home.

Despite the advances and the strength of the Brisbane economy there are still longer-term challenges at a city, regional and state level.

-The impact of numerous building projects throughout the Peninsula and Greater Bay Area to “capture” future life-science companies. At the time of this report (Fall 2023) it has been reported that the Greater San Francisco /Sacramento Region is in the process of converting/developing over 10,400,000 sq.ft. for planned life-science projects. (e)

Conclusions (Continued):

Many are in the design and planning stages and are several years from being completed. Will the demand for life science/biotechnology labs and office space remain high over the next 5-7 years to fill these planned buildings, or will the market become too saturated, resulting in buildings going unfilled for an extended period? As with any real estate “boom”, the planning, approval and building of labs and offices can take years, and the timing for “office booms” is very difficult to predict.

-Climate Change: the impacts of rising tides of the SF Bay and its’ proximity to Sierra Point, Highway 101 and the roads that access Sierra Point and the Baylands

-Impact of fresh-water availability for new office and housing construction

-Impact of transportation infrastructure: The ongoing issues surrounding the High-Speed Rail project and its’ impact on the Baylands development and the roads that comprise the entryway to Brisbane is still of great importance.

On a positive note, the development of systems consisting of water ferries, water taxis, hovercraft, and the electrification of CalTrain may lead to increased availability and less traffic on the highways. The development of autonomous vehicles, “robo-taxis” and driverless vans may provide a much greater ability and access for our non-driving citizens.

-Impact of State-mandated housing targets and fees:

State-mandated RHNA numbers for the continued creation of housing will continue to be difficult to achieve for the near future.

While these challenges are real and pose threats to the economic stability of Brisbane and the Greater SF Bay Area, the solutions will come from the concerted efforts of every city and county that fronts San Francisco Bay, and the engineering of projects that will both mitigate the risks and protect the cities. The advent of autonomous vehicles and driverless robo-taxis/busses has the capability to provide a much-needed solution for people who do not/cannot drive, creating a lifeline of transportation for seniors and disabled people. These advances may provide the opportunity for a more balanced live-work-play environment for the future.

Footnotes:

- (a) U.S. Census 2010; 2020
- (b) Source – City of Brisbane
- (c) Urban Land Institute – Technical Advisory Panel (January 2014)
- (d) JLL (Jones Lang LaSalle) Diminishing Industrial Inventory, Mid-Peninsula and San Francisco. (November 2022)
- (e) Colliers Bay Area Life-Science Team publication (April 2023)