



Existing Conditions Report

Socioeconomics & Real Estate

This page intentionally left blank.

Contents

- Introduction and Findings..... 1
- Population and Demographics..... 3
 - Population..... 3
 - Demographics..... 6
- Employment Trends 9
- Real Estate Market Perspectives..... 11
 - Residential Land Use 11
 - Specific Plan Profiles 15
 - For-Sale Residential Market 17
 - Multifamily Residential Rental Market 19
 - Commercial Land Use 21
 - Retail 23
 - Office..... 27
 - Industrial 29
 - Hospitality 31

This page intentionally left blank.

Introduction and Findings

This report provides an overview of Marina's socioeconomic and real estate conditions and trends to inform the General Plan Update study process. Economic & Planning Systems (EPS) prepared this report as a sub-consultant to Raimi + Associates. Key findings are presented below, followed by detailed data and analysis.

- 1. Despite the impact of the pandemic on populations across the region, Marina has experienced the greatest annual population and household growth rates over the past decade.** This growth is attributable to new residential development in the city, including within two major specific plan areas. Over 700 building permits for new homes were issued in Marina between 2010 and 2019, including permits for about 540 single-family homes.
- 2. Marina's demographics skew toward a younger, relatively well-educated population.** While household income in Marina is somewhat lower than in nearby areas, likely due in part to local college students attending CSU Monterey Bay, household incomes have grown notably over the past decade. Median household income in Marina has shot up 22 percent from 2011-2021 in real terms (adjusted for inflation), compared to only 10 percent in the county and state. The racial composition of Marina differs from the countywide averages, with a higher proportion of whites and Asians and a lower proportion of Hispanic residents.
- 3. Marina's employment base is shifting toward a more consumer-focused economy with significant growth in hospitality and retail sectors over the past decade, driven in part by the thriving tourism industry in the broader Monterey Bay area.** The "Accommodation and Food Services" industry is now the most prominent sector of employment in Marina, followed by "Retail Trade," both of which have emerged as the top employers in the past two decades and together account for one-third of all jobs in the city.
- 4. After a boom of residential construction in the 1980s, the pace of housing development in Marina slowed until the past decade, during which a resurgence of residential development occurred within the city's master-planned communities.** Marina's for-sale residential market is thriving, with a flurry of deliveries in recent years and median sale prices that have increased in real terms by almost 70 percent in the last decade. The multifamily rental market, in contrast, has not grown much, with few deliveries and only modest rent growth, keeping Marina relatively affordable for rental housing compared to the surrounding region.
- 5. Retail space currently accounts for over 40 percent of all commercial square footage in Marina, and new retail and hospitality projects have been the primary drivers of new commercial construction in the city.** The Dunes development has delivered over 300,000 square feet of retail space in Marina since 2007, accounting for about one-third of citywide retail square footage today. New hospitality properties in Marina added approximately 160,000 square feet over this same period. While there has been new office development as well, it is largely attributable to a public sector investment in a local Veteran's Administration clinic.
- 6. Vacancy rates within Marina's retail, office, and industrial spaces are very low, suggesting continued demand for these space uses.** Citywide vacancy rates for retail, office, and industrial are all currently below 2.5 percent, well below a healthy "frictional" vacancy range, and rent levels are competitive with nearby cities. Despite this, there are no active pipeline developments of these types. Despite the tight market, demand has not pushed rents up significantly, suggesting supply and demand may currently be in equilibrium.

- 7. The largest source of retail sales tax generation in Marina comes from General Merchandise stores, such as Target and Kohl's, and with recent development of a new center at the Dunes, the city's retail offerings are contributing to Marina's emergence as a regional shopping destination.** General Merchandise stores in Marina generate more than double the per capita taxable retail sales than in the overall county, and many of the city's top employers are big-box retailers of this type. Marina's taxable retail sales are not entirely reliant on this sector, however, with sufficient retail diversity to insulate the city from market turbulence, as was seen during the COVID-19 pandemic.
- 8. Marina is emerging as an increasingly attractive location for hotel developers, with two hotels built since 2017 and three more in the pipeline.** By 2026, Marina is positioned to have increased its hotel room inventory by 80 percent over the span of a decade. Although Marina's hotel industry has struggled more than nearby cities in its COVID-19 recovery, the continued interest shown by hotel developers suggests growing confidence in the city's potential to serve leisure and business travelers to the region.

Population and Demographics

This section details the current and historical population and demographic composition of Marina. The population section presents Marina in the context of four selected nearby jurisdictions and the county overall. The demographic section contextualizes Marina within the overall county and state.

Population

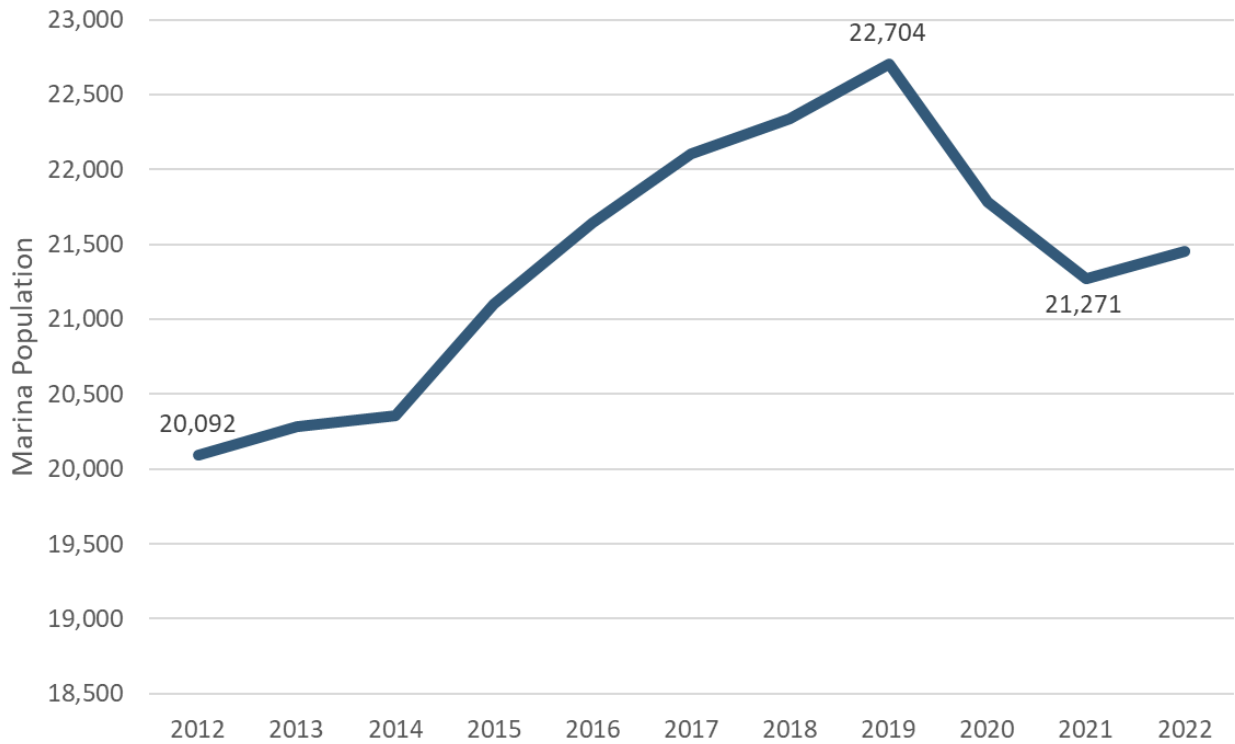
At a current population of about 21,500, Marina is the fifth most populous city in Monterey County. **Table 1** shows population and household change since 2012 in Marina, as compared with the four selected nearby jurisdictions of Monterey, Pacific Grove, Salinas, and Seaside, as well as Monterey County overall. As shown, Marina has seen the greatest annual population and household growth rate over the past decade at 0.7 percent and 1.2 percent, respectively. The overall increase in population and housing during this decade was 6.8 percent and 12.8 percent, respectively. Population in comparison cities (with the exception of Salinas) has contracted over the same period. Most of this population decrease has occurred since 2020, likely due to the COVID-19 pandemic and its effects on lifestyles, businesses, and schools in the area.

Table 1 Population Change, 2012 - 2022

Item	2012	2017	2022	Change	2012 - 2022	
					Ann. Growth Rate	Total Pct. Change
Population						
Marina	20,092	22,102	21,457	1,365	0.7%	6.8%
Monterey	28,551	28,446	28,082	-469	-0.2%	-1.6%
Pacific Grove	15,244	15,647	14,761	-483	-0.3%	-3.2%
Salinas	153,286	159,708	159,932	6,646	0.4%	4.3%
Seaside	33,301	33,786	32,068	-1,233	-0.4%	-3.7%
County Total	422,621	438,358	433,716	11,095	0.3%	2.6%
Households (Occupied Housing Units)						
Marina	6,838	6,953	7,714	876	1.2%	12.8%
Monterey	12,188	12,043	12,425	237	0.2%	1.9%
Pacific Grove	6,996	6,916	6,786	-210	-0.3%	-3.0%
Salinas	40,525	40,665	43,270	2,745	0.7%	6.8%
Seaside	10,089	9,980	10,193	104	0.1%	1.0%
County Total	125,067	125,358	132,496	7,429	0.6%	5.9%

Source: DOF E-5; Economic & Planning Systems

Figure 1 Marina Population Growth, 2012 - 2022

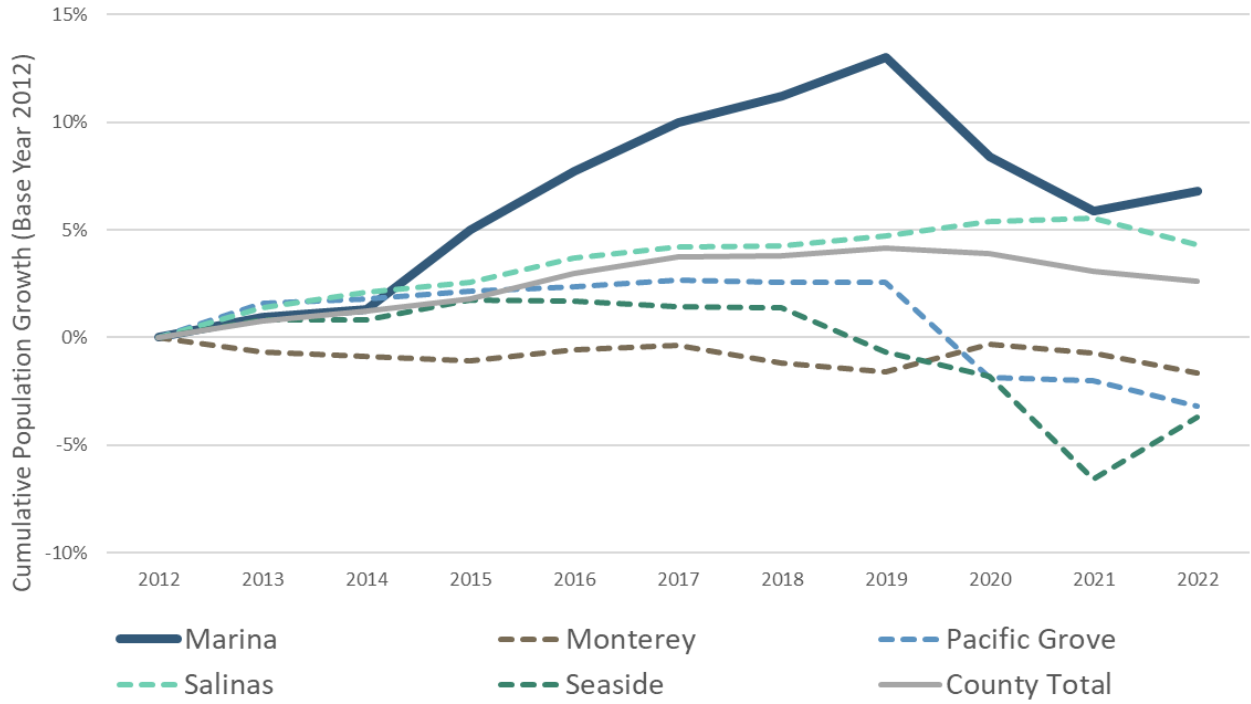


Source: State Dept. of Finance Population Estimates

As shown in **Figure 1**, Marina exhibited strong population growth from 2014 through 2019, due in large part to significant residential development in the city. The dip of about 1,400 residents seen in 2020 and 2021 is likely attributable to the shift to online classes for CSU Monterey Bay in the Fall 2020 semester due to the COVID-19 pandemic (Census 2020 indicates 1,357 college students in group quarters living in Marina).

Figure 2 displays the cumulative population growth rate for Marina and peer jurisdictions, with 2012 as the base year.

Figure 2 Cumulative Population Growth Rate, 2012 - 2022



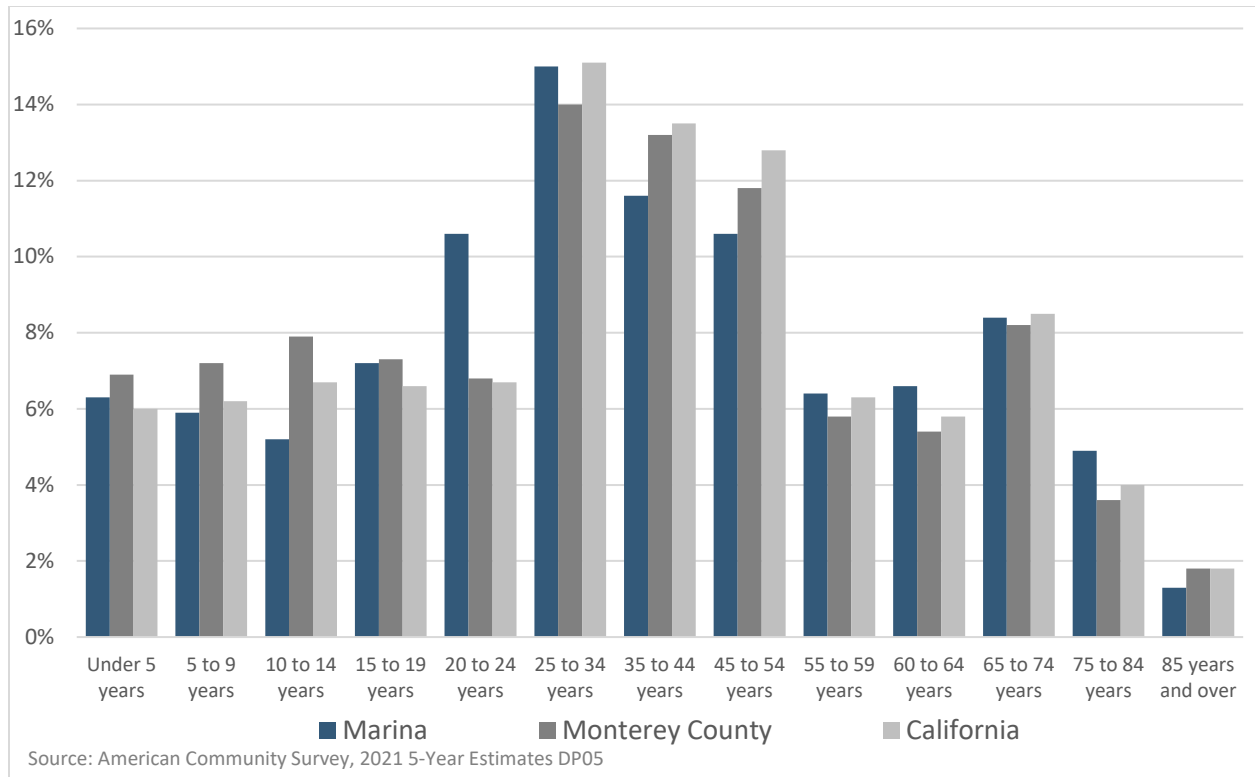
Source: State Dept. of Finance Population Estimates

As **Figure 2** shows, Marina’s population boom in the late 2010s far surpassed growth in comparison jurisdictions. Even with the population dip in 2020 and 2021, Marina still finished 2022 with the highest cumulative population growth rate over the decade.

Demographics

This section details the demographic composition of Marina within the context of Monterey County and the State of California. With the presence of CSU Monterey Bay, Marina’s demographics skew toward the college-age population: younger adults, lower median household incomes, and higher levels of educational attainment than the broader region and state.

Figure 3 Age Distribution, 2021



As shown in **Figure 3**, Marina has a higher proportion of college-age residents as compared to the county and the state due to CSU Monterey Bay. Other than this cohort, the age composition of Marina residents generally follows the same pattern as the county and state, with slightly lower proportions of adults in their prime working years (35 – 54).

Figure 4 and **Figure 5** present race and ethnicity along with educational attainment for the population 25 and older for Marina, the county, and the state. The racial composition of Marina follows a similar pattern to statewide but shows a higher proportion of white and Asian populations and a lower proportion of Hispanic population as compared to Monterey County. Educational attainment again corresponds to statewide averages, but Marina residents are generally more educated compared to the countywide average. These data suggest that Marina is more connected to the county’s urban economy than its agricultural economy, which also is represented in Marina. Notably, the City has even attracted technology sector jobs in recent years, evidenced in particular by Joby Aviation’s 300 jobs in the city.

Figure 4 Race and Ethnicity, 2021

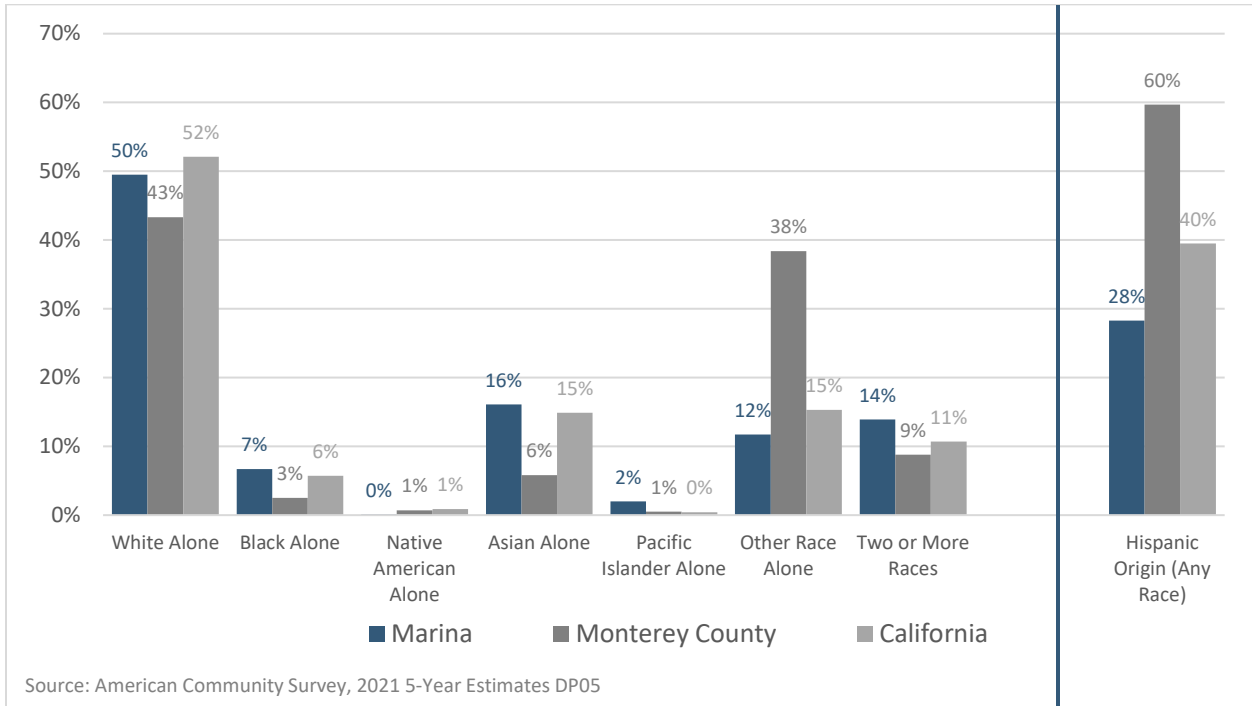


Figure 5 Educational Attainment Population 25 and Older, 2021

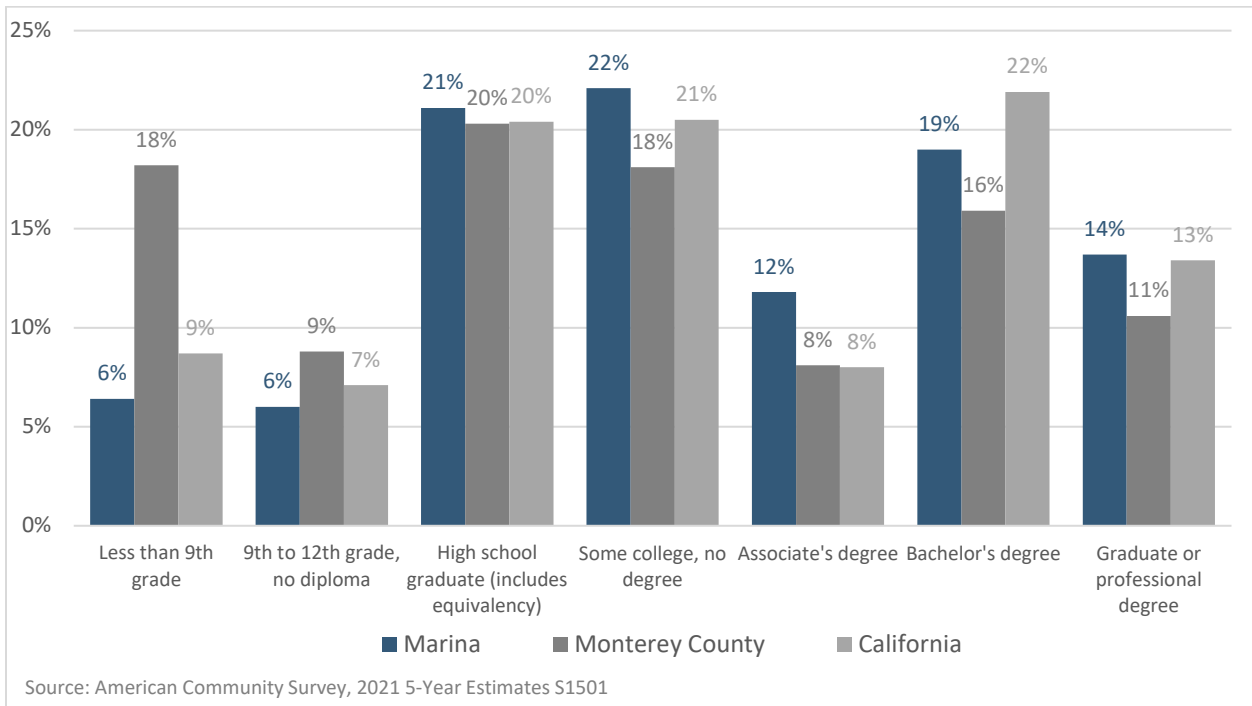
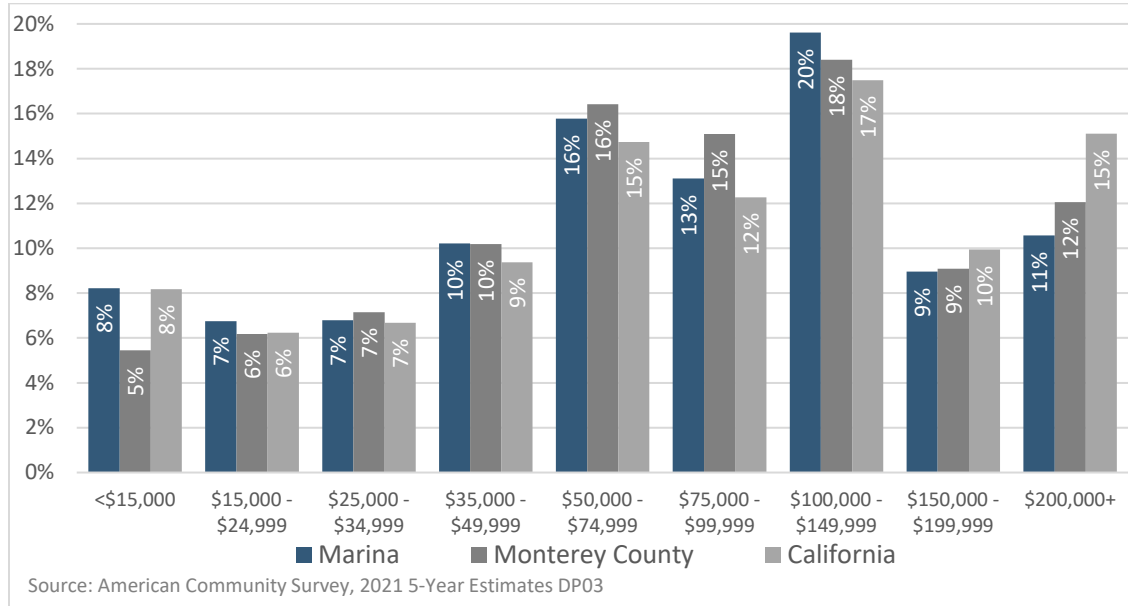


Figure 6 presents household income brackets for Marina, Monterey County, and the state. Marina and the County show relatively similar income compositions, with Marina having a higher proportion of households in the lowest income bracket (likely owing to the college student population) and a lower proportion at the highest income level. Neither Marina nor Monterey County have as high a proportion of households earning \$200,000 or more annually as the state overall.

Figure 6 Household Income, 2021



Although Marina lags behind the county and state in terms of households in the highest income bracket, **Table 2** shows that Marina has seen more rapid growth in median household income over the last decade as compared to the county and the state. From 2011 through 2021, median household income in Marina has increased by over 22 percent in real terms (adjusted for inflation), as compared to about ten percent in Monterey County and statewide. This income growth trajectory suggests positive momentum for Marina as the city’s households have narrowed the income gap between Marina and the broader region.

Table 2 Median Household Income, 2011-2021 (2021\$)

Item	2011	2016	2021	2011 - 2021		
				Change	Ann. Growth Rate	Total Pct. Change
Marina	\$64,377	\$64,759	\$78,795	\$14,418	2.0%	22.4%
Monterey County	\$74,217	\$69,014	\$82,013	\$7,796	1.0%	10.5%
California	\$76,571	\$72,294	\$84,097	\$7,526	0.9%	9.8%

*All values shown are in inflation-adjusted 2021 \$\$.

Source: American Community Survey, 2011-2021 DP03; BLS CPI; Economic & Planning Systems

Employment Trends

The outlook for Marina’s employment base is positive, with strong job growth over the past decade and a shift toward a more retail/tourism-focused job base. Employment in Marina grew at a 3.4 percent annual rate between 2011 and 2021. Job growth in Marina outpaced growth in the county over the same period, which grew at an annual rate of 0.4 percent. **Table 3** presents employment by industry, and the following section details recent employment trends in Marina.

Table 3 Jobs by Industry Comparison

Description	Marina		Monterey County		California	
	#	%	#	%	#	%
Total Jobs ¹	6,491	100%	183,319	100%	18,289,820	100%
<u>Jobs (in City) by NAICS Industry Sector²</u>						
Agriculture, Forestry, Fishing and Hunting	0	0%	39,180	21%	355,562	2%
Mining, Quarrying, and Oil and Gas Extraction	0	0%	85	0%	21,964	0%
Utilities	200	3%	1,596	1%	124,147	1%
Construction	859	13%	7,775	4%	989,247	5%
Manufacturing	305	5%	5,413	3%	1,475,612	8%
Wholesale Trade	182	3%	6,593	4%	772,952	4%
Retail Trade	1,012	16%	15,344	8%	1,696,385	9%
Transportation and Warehousing	38	1%	3,716	2%	730,345	4%
Information	45	1%	1,219	1%	697,764	4%
Finance and Insurance	41	1%	2,448	1%	606,256	3%
Real Estate and Rental and Leasing	56	1%	1,993	1%	320,319	2%
Professional, Scientific, and Technical Services	113	2%	6,294	3%	1,480,600	8%
Management of Companies and Enterprises	6	0%	1,848	1%	308,061	2%
Administration & Support, Waste Mgmt & Rem.	521	8%	7,969	4%	1,155,455	6%
Educational Services	608	9%	17,957	10%	1,593,555	9%
Health Care and Social Assistance	736	11%	20,972	11%	2,540,963	14%
Arts, Entertainment, and Recreation	213	3%	2,789	2%	372,726	2%
Accommodation and Food Services	1,207	19%	21,992	12%	1,635,545	9%
Other Services (excluding Public Administration)	101	2%	5,781	3%	574,929	3%
Public Administration	252	4%	12,355	7%	837,433	5%
Total Jobs	6,491	100%	183,319	100%	18,289,820	100%

[1] ACS 2021 5-Year Estimates Table B08604

[2] Percentages per LEHD OnTheMap 2019 Data, values applied to Total Job count to derive job by industry values.

Source: Census; LEHD; Economic & Planning Systems

The most prominent sector of employment in Marina, accounting for nearly one-fifth of all jobs (about 19 percent), is the "Accommodation and Food Services" industry, as highlighted in **Table 3**. In close second is the "Retail Trade" industry, comprising 16 percent of Marina's workforce. These industries have emerged as the principal employment sectors in Marina, at least in part due to the regional tourism economy within the broader Monterey Bay area. **Table 4** indicates that hospitality, food service, and retail sectors have emerged as the top employers in Marina only in the past two decades, whereas in 2002 the leading industries were "Administration & Support, Waste Management, & Remediation" (Administration) and "Construction." Administration has experienced a sharp decline in its employment share, falling from the top employer to sixth place, with a loss of over 260 jobs citywide. In contrast, construction has expanded and was the third most significant employer as of 2019.

Table 4 Marina Primary Jobs by Industry as Proportion of Total, 2002 - 2019

Description	2002		2019		'02 - '19 Change		
	% of Total	Rank	% of Total	Rank	% of Total	Rank	Jobs Added
<u>Jobs (in City) by NAICS Industry Sector</u>							
Agriculture, Forestry, Fishing and Hunting	3.0%	11	0.0%	-	-3.0%	-	-96
Mining, Quarrying, and Oil and Gas Ext.	0.0%	-	0.0%	-	0.0%	-	0
Utilities	2.7%	12	3.1%	10	0.4%	2	47
Construction	12.9%	2	13.2%	3	0.3%	-1	158
Manufacturing	3.1%	10	4.7%	7	1.6%	3	104
Wholesale Trade	2.2%	13	2.8%	11	0.6%	2	51
Retail Trade	7.5%	6	15.6%	2	8.1%	4	435
Transportation and Warehousing	1.8%	14	0.6%	17	-1.2%	-3	-32
Information	0.2%	18	0.7%	15	0.4%	3	22
Finance and Insurance	0.8%	17	0.6%	16	-0.2%	1	2
Real Estate and Rental and Leasing	1.4%	15	0.9%	14	-0.5%	1	-8
Professional, Scientific, and Technical Svcs.	3.2%	9	1.7%	12	-1.4%	-3	-26
Management of Companies and Entrps.	0.0%	-	0.1%	18	0.1%	-	4
Admin. & Support, Waste Mgmt & Rem.	19.0%	1	8.0%	6	-11.0%	-5	-261
Educational Services	7.8%	5	9.4%	5	1.6%	0	155
Health Care and Social Assistance	6.1%	7	11.3%	4	5.2%	3	294
Arts, Entertainment, and Recreation	1.2%	16	3.3%	9	2.1%	7	104
Accommodation and Food Services	12.3%	3	18.6%	1	6.3%	2	411
Other Services (excluding Public Admin.)	10.5%	4	1.5%	13	-8.9%	-9	-269
Public Administration	4.4%	8	3.9%	8	-0.5%	0	26

Source: LEHD; Economic & Planning Systems

The sectors that have contracted the most in the past 20 years are Administration and “Other Services (excluding Public Administration),” which includes personal care services, auto repair and maintenance, and equipment and machinery repair, among others. As previously noted, the highest-growth sectors include Accommodation and Food Services and Retail Trade, followed by “Health Care and Social Assistance.” The job growth trends suggest an employment base that is evolving to satisfy regional leisure and business travel demand and consumer needs. A key factor driving retail expansion is the 2007 delivery of over 230,000 square feet of retail space at The Dunes in Marina, a power center with regional tenants including Kohl’s, REI, and Michaels. Along with Walmart and Target, these retailers represent five of the city’s top ten employers according to Marina’s Annual Comprehensive Financial Report FY2020-2021.

Real Estate Market Perspectives

This section dives into Marina’s real estate market, focusing on the markets for housing, retail, office, industrial, and hospitality uses. Broadly, Marina’s housing market skews renter-occupied, and its commercial real estate is predominantly composed of retail and industrial spaces, although a recent increase in new hotel deliveries suggests momentum toward capturing regional leisure and business travel demand.

Residential Land Use

Consistent with population growth trends within the city, residential development has been robust in recent years. A desirable place to live, Marina residents are attracted to the small-town atmosphere, nearby ocean and open spaces, local business offerings, and job opportunities, among other factors. These attributes in combination with favorable economic trends supported the uptick in residential development in recent years.

Table 5 Selected Housing Characteristics

Item	Marina	County Total
Total Housing Units	8,208	145,125
Vacancy Rate	6.0%	8.7%
Med. Home Value (Owner-Occ.)	\$593,700	\$596,400
<u>Tenure</u>		
Pct. Owner-Occupied	41.1%	51.7%
Pct. Renter-Occupied	58.9%	48.3%
<u>Units in Structure¹</u>		
1-unit, detached	3,899 48%	91,429 63%
1-unit, attached	657 8%	9,143 6%
2-4 units	1,206 15%	12,974 9%
5 or more units	2,154 26%	25,099 17%
Other ²	292 4%	6,481 4%

[1] Percentages from ACS DP-04, values derived from applying percentages to Total Housing Unit value (per DOF data).

[2] "Other" structures include the "Mobile Home" category and the "Boat, RV, van, etc." category.

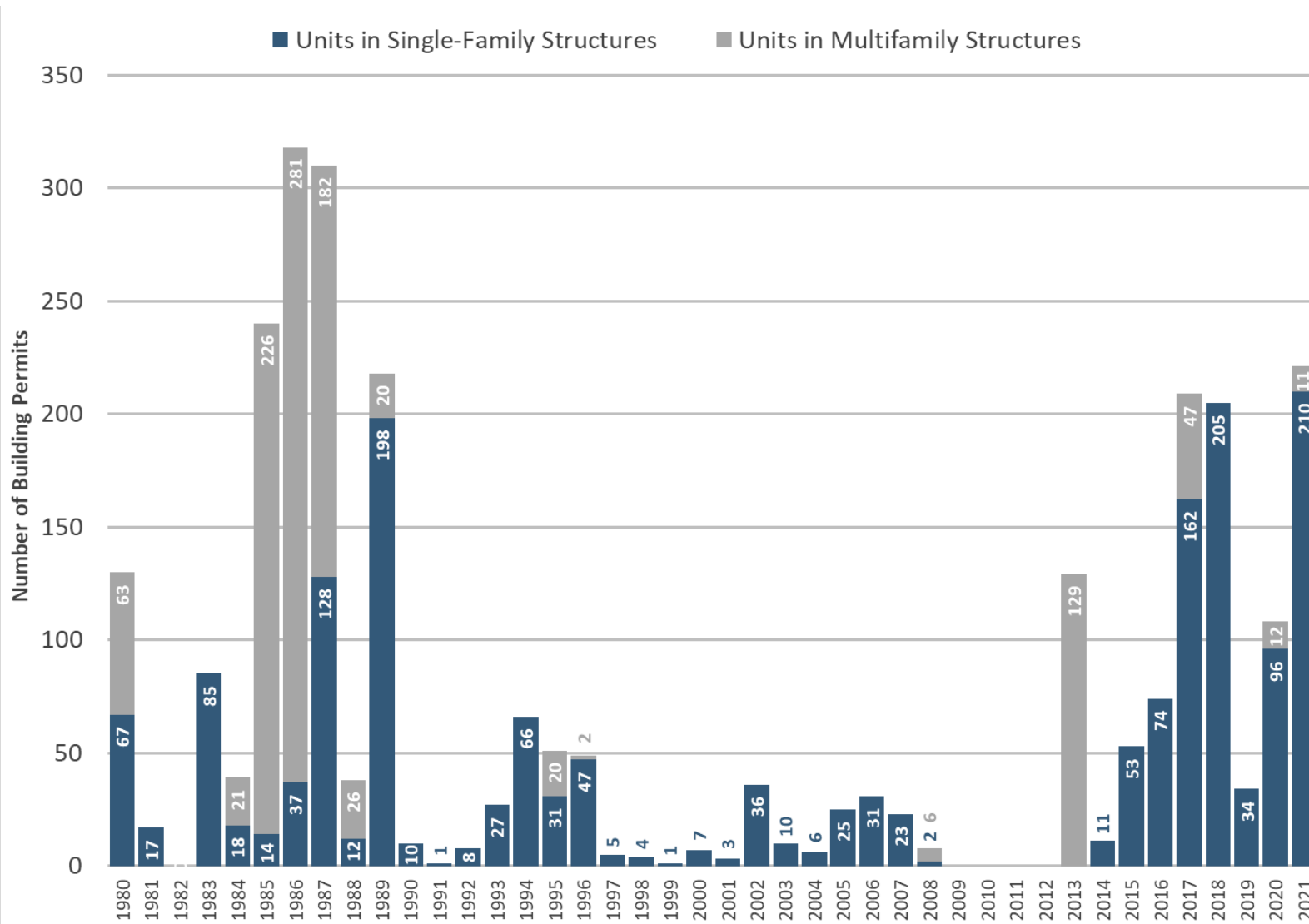
Source: ACS DP-04 2021 5-Year Estimates; DOF Table E-5 (2022); Economic & Planning Systems

Table 5 displays general housing characteristics for Marina in comparison to Monterey County. Median home value is in-line with the county average, and the vacancy rate is slightly lower at six percent, which is considered healthy “frictional” vacancy. Marina has a greater share of renter-occupied units compared to the county, at 59 percent versus 48 percent, respectively, which may be partially attributable to local demand for

student housing. Consistent with this pattern is the lower proportion of detached single-family units in Marina (48 percent compared to 63 percent countywide), and a much higher proportion of multifamily structures of five units or more (26 percent compared to 17 percent countywide).

Figure 7 on the following page displays residential building permits in Marina from 1980 through 2021, differentiating between units in single-family structures and those in multifamily structures. In general, single-family permitting has been slightly more volatile over this time period than multifamily, with sporadic fluctuations from year to year, while multifamily permitting has been consistently low with a few occasional spikes in the past decade. Strikingly, more units were permitted in the 1980s (1,395) than have been permitted in the following 30 years (1,086). The 1990s and 2000s were characterized by a sluggish residential development market, with minimal single-family development and almost no multifamily development. Residential development slowed to a halt from 2009 through 2012 following the 2008-9 recession. The recent decade has seen a resurgence in residential permitting, largely attributable to two large master planned communities in Marina. The recent upswing in homebuilding reveals potential for continued growth in Marina.

Figure 7 Housing Unit Building Permits for Marina, 1980 - 2021



Source: SOCDs permits database; EPS

Table 6 summarizes the residential permitting data for Marina by decade. Again, the surge of development in the 1980s gave way to decades of modest housing growth that has favored single-family over multifamily development.

Table 6 Residential Permitting by Decade

Item	1980 - 1989	1990 - 1999	2000 - 2009	2010 - 2019	1980 - 2020
<u>Building Permits Issued in Marina</u>					
Single-Family Units	576	200	143	539	1,458
Multifamily Units	<u>819</u>	<u>22</u>	<u>6</u>	<u>176</u>	<u>1,023</u>
Total Units	1,395	222	149	715	2,481

Source: SOCDs Permits Database; Economic & Planning Systems

Table 7 lists approved and under-construction residential development projects in Marina. As shown, there are 174 units entitled or under construction in the city, all but seven of which are apartments. A large portion of this housing pipeline comes from the Veteran’s Transition Center Supportive Housing, a 71-unit permanent supportive housing development. The housing pipeline in Marina hints at the possibility of a more balanced development of single-family and multifamily construction going forward, which would be a departure from the three-decade-long trend of favoring development of single-family homes.

Table 7 Marina Pipeline Residential Projects

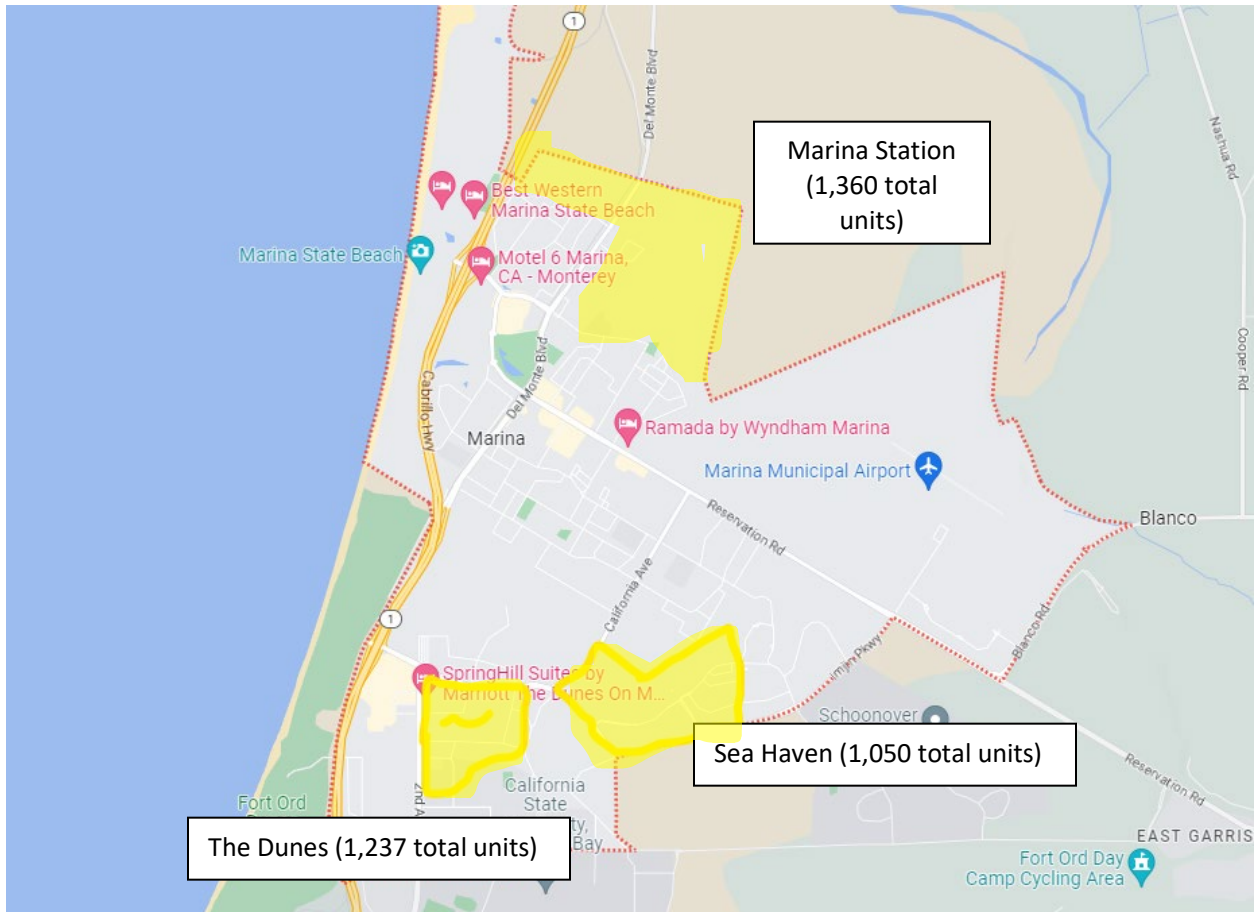
Project Name	Address	Project Type	Unit Count	Status
Schulman Townhomes	3110 Seacrest Ave	Townhomes	7	Under Construction
Veteran’s Transition Center Supportive Housing	229 - 239 Hayes Circle	Permanent Supportive Housing	71	Entitlements Approved
Mosaic Apartments	225 Cypress Ave	Apartments	12	Entitlements Approved
Seacrest Apartments	3108 Seacrest Ave	Apartments	10	Entitlements Approved
Shores at Marina	3125 DeForest Rd	Apartments	58	Entitlements Approved
Filiguera Apartments	264 Carmel Ave	Apartments	10	Entitlements Approved - Building permit expired
Carmel Ave Apartments	353 Carmel Ave	Apartments	<u>6</u>	Entitlements expired
Total			174	

Source: City of Marina Website; Economic & Planning Systems

Specific Plan Profiles

Three major Specific Plan developments in Marina have delivered residential and commercial growth in recent years. Sea Haven, The Dunes at Monterey Bay, and Marina Station are each in different stages of completion. **Figure 8** and the following profiles summarize each of the Specific Plans.

Figure 8 Major Residential Developments in Marina



Sea Haven (previously Marina Heights)

Description:



- 248-acre residential development
- 1,050 total housing units
- 210 below-market-rate units
- 840 market-rate units
- Entitlement completed in 2004

The Dunes at Monterey Bay

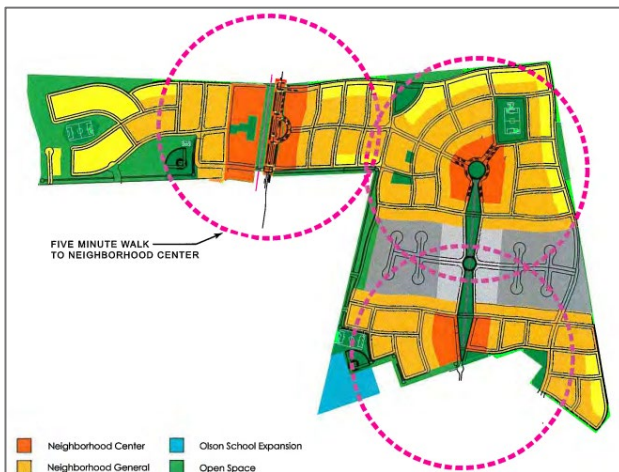
Description:



- 429-acre mixed-use development
- 1,327 total housing units
- 372 below-market-rate units with a mix of for-sale and for-rent
- 955 market-rate units
- 1.12 million square feet of retail
- 760,000 square feet of office
- 500 hotel keys
- Specific Plan approved in 2005

Marina Station

Description:



- 319-acre mixed-use new urbanist development
- 1,360 total housing units
- 372 below-market-rate units with a mix of for-sale and for-rent
- 955 market-rate units
- 60,000 square feet of retail
- 145,000 square feet of office
- 650,000 square feet of industrial
- Specific Plan approved in 2008

For-Sale Residential Market

New home development in Marina has been dominated by for-sale residential products over recent decades, with the majority of new housing development occurring within the three large specific plan areas. This section examines the for-sale residential market in Marina.

Figure 9 Marina For-Sale Price-per-Square Foot by Housing Type, 2013-2022 (2023 \$\$)

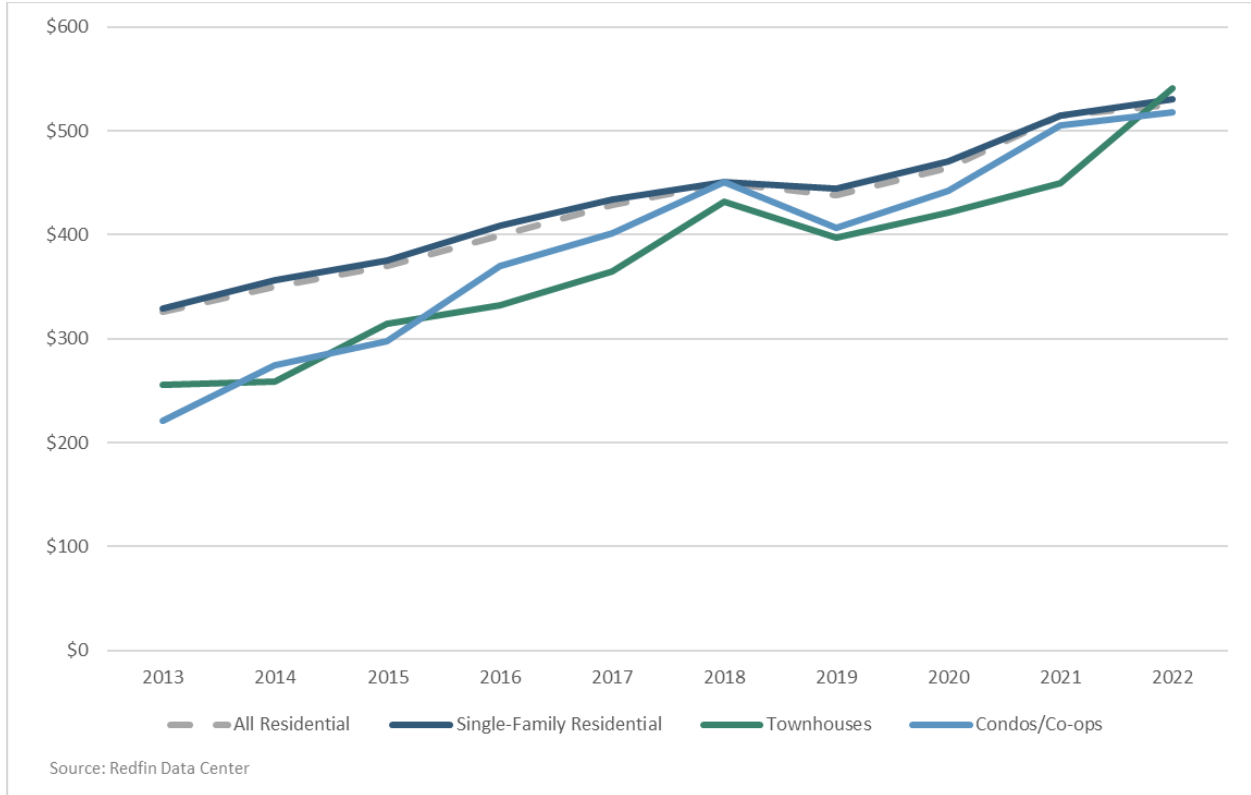


Figure 9 shows the change in the price per square foot of for-sale residential units in Marina over the past decade in real terms (adjusted for inflation). As shown, there has been real pricing escalation in Marina since 2013, with residential pricing increasing 60 percent over inflation. Condominium and townhouse values have increased particularly rapidly, with real value escalations of 134 percent and 112 percent, respectively. While this is likely attributable, at least in part, to the delivery of new units during this era, it reveals a widening housing affordability gap as the median household income in Marina has only increased by 22 percent over roughly the same time period.

Table 8 Marina Median Sale Price per For-Sale Unit, 2013-2022 (2023\$)

Description	Median Sale Price per Unit		2013 - 2022		
	2013	2022	Change	Ann. Growth Rate	Total Pct. Change
Single-Family	\$514,215	\$875,079	\$360,864	6.1%	70%
Townhouses	\$265,767	\$623,176	\$357,409	9.9%	134%
Condos / Co-ops	\$243,143	\$526,788	\$283,645	9.0%	117%
All Residential	\$501,492	\$846,192	\$344,700	6.0%	69%

*All dollars values shown in 2023 \$\$, inflated via CPI

Source: Redfin Data Center; Economic & Planning Systems

Table 8 displays the change in median sale price per unit for different for-sale housing types in Marina from 2013 to 2022, adjusted for inflation. Townhouses and condominiums have shown the strongest rate of value increase over the past decade, but single-family home prices have increased by the largest absolute dollar amount, with the median single-family home value increasing in real terms by over \$360,000 between 2013 and 2022.

Overall, Marina, like much of California and the country, has felt the effects of ballooning home prices over the past decade. While new home deliveries during the 2010s in Sea Haven, the Dunes, and Marina Station helped to satisfy unmet demand for housing, median home values in Marina have continued to increase. On a per-square-foot basis, market prices for townhouses and condominiums have caught up with single-family home values since 2013, with townhouses surpassing single-family per-square-foot values in 2022, highlighting market acceptance of attached housing formats. Going forward, Marina is likely to see continued demand for new housing opportunities, including for-sale housing options at a variety of price points.

Multifamily Residential Rental Market

The multifamily residential rental development market in Marina has been less productive than the single-family market over the past two decades, due potentially to consumer preferences, development economics, land availability, and policy factors. With only about 100 new multifamily rental units coming to market since 2000, developer interest in multifamily construction appears to be modest. However, with vacancy rates hovering around four percent now, demand may begin to outstrip supply in the future leading to increasing rents and improved potential for new multifamily development. **Figure 10** shows the vacancy rate and number of units delivered annually from 2000-2022.

Figure 10 Marina Multifamily Residential Market - Deliveries and Vacancy 2000-2022

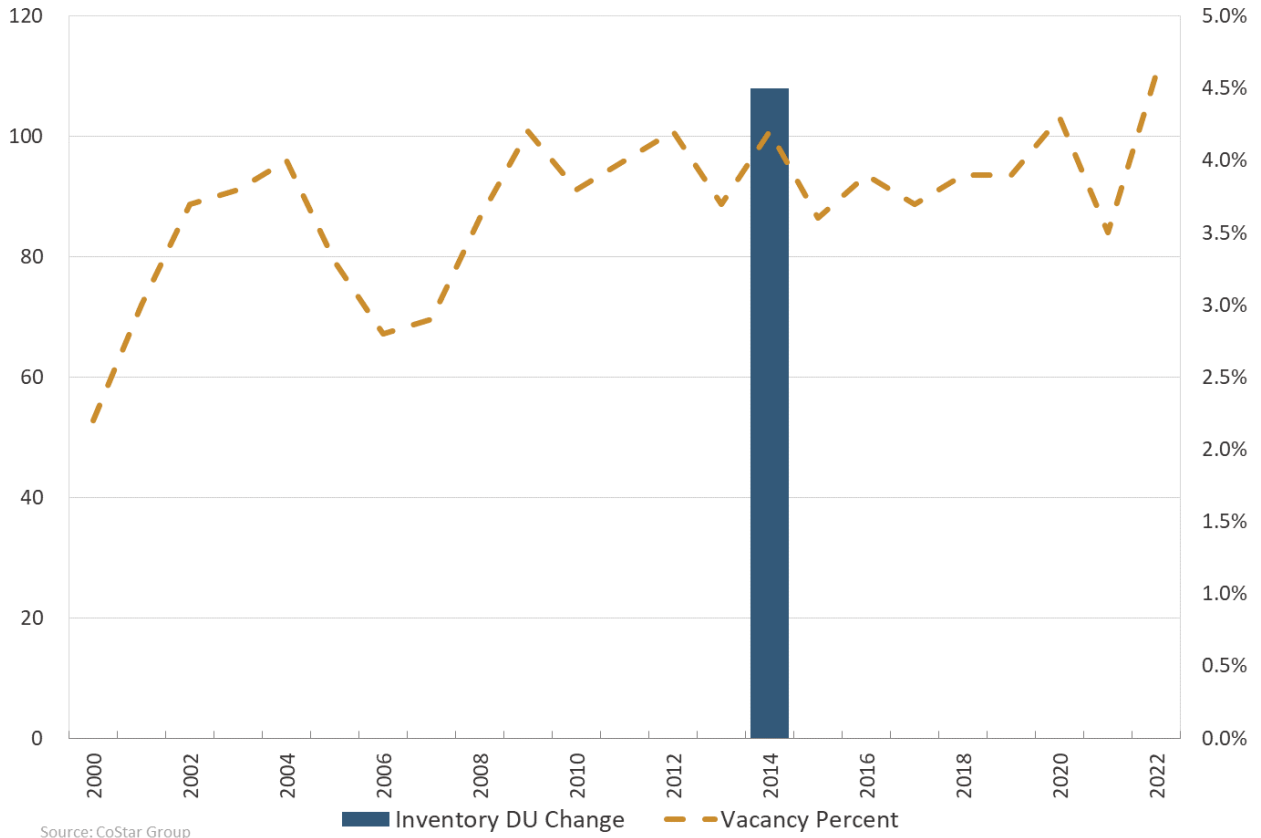
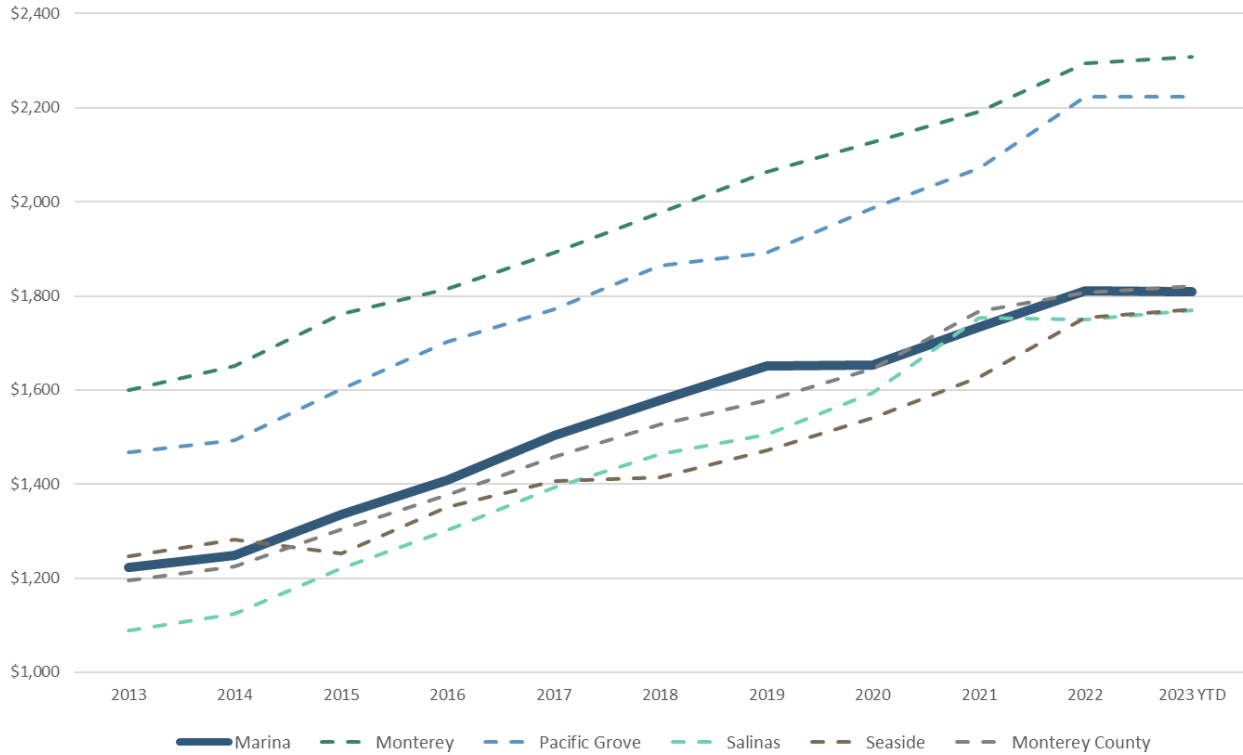


Figure 11 Regional Multifamily Rent per Unit Comparison, 2013 - 2023 (2023 \$\$)



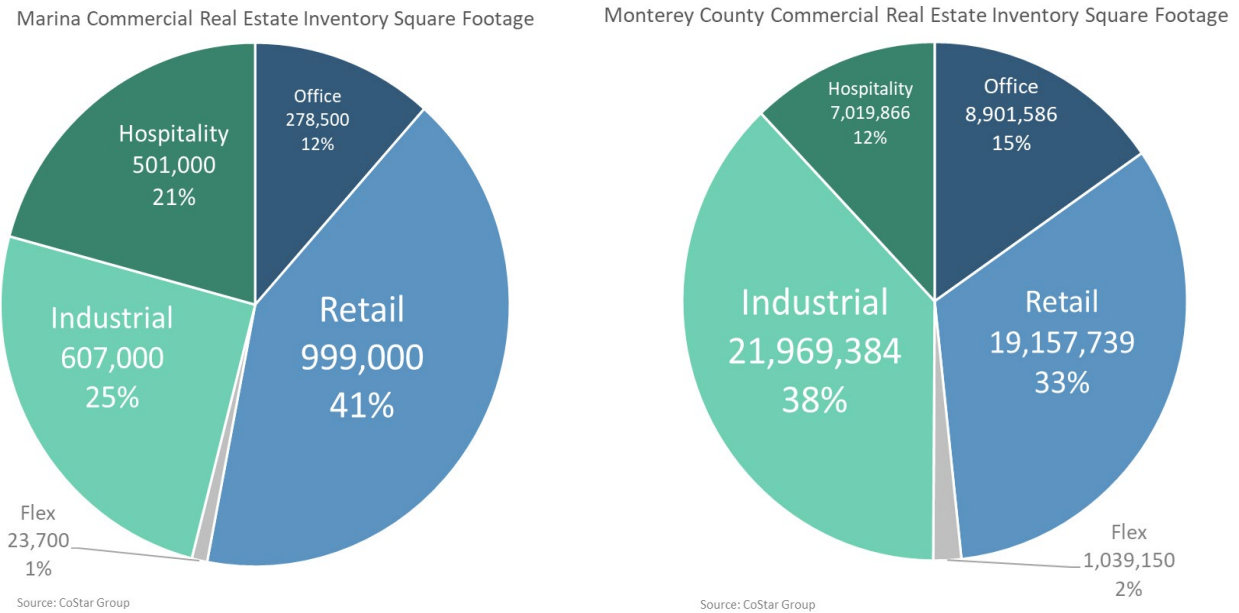
Source: CoStar Group

Figure 11 displays inflation-adjusted citywide multifamily residential rents (monthly, per unit) for Marina and selected comparison jurisdictions (Monterey, Pacific Grove, Salinas, Seaside, and the overall county) from 2013 through 2023. As shown, Marina rents have been tracking closely with Salinas and Seaside over the past decade, averaging only about two percent above the countywide average. Since about half of the total multifamily units in the county (approximately 13,800 of the 28,000 total) are in Salinas, the countywide average follows the Salinas average closely. Multifamily properties in Monterey and Pacific Grove command the highest rents of the areas studied, with the market rents in Monterey averaging a 34 percent premium over the countywide average since 2013, while Pacific Grove market rents achieve a 21 percent premium. Marina’s multifamily residential rental market is relatively affordable within the context of the county, especially compared to Monterey and Pacific Grove.

Commercial Land Use

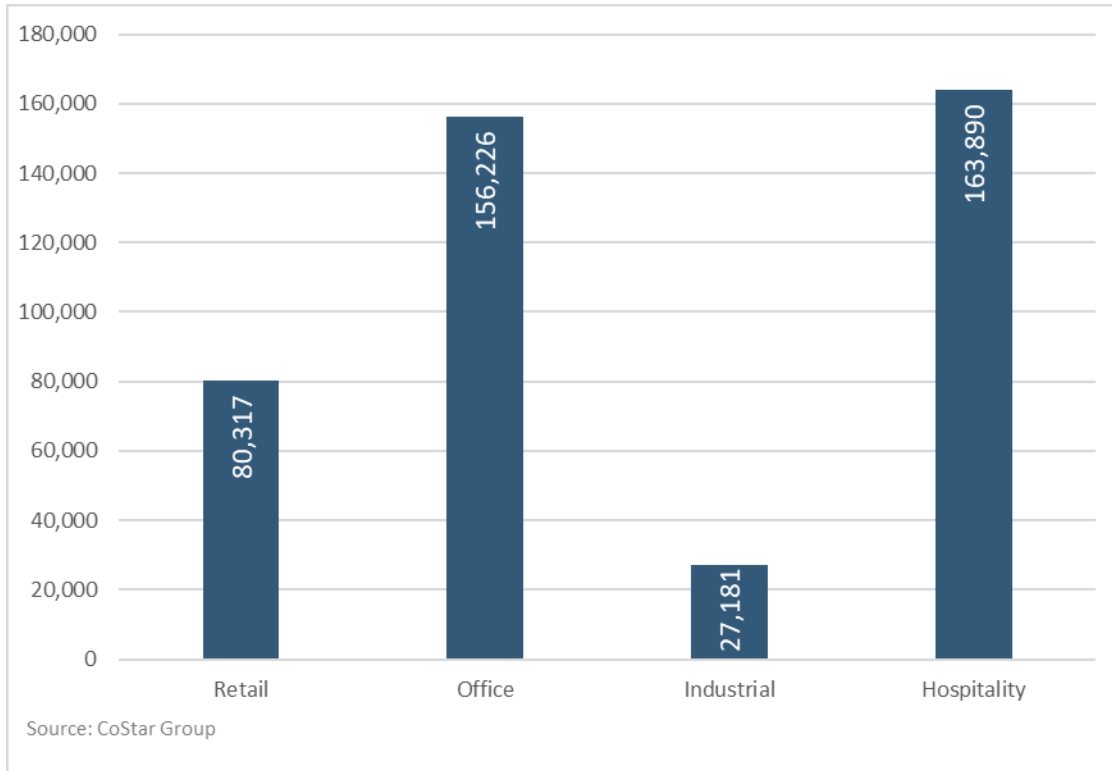
Consistent with the local jobs data discussed above, Marina’s stock of commercial real estate is heavy in retail (including restaurants) and hospitality properties. Retail real estate comprises over 40 percent of the city’s commercial square footage, and the past fifteen years have seen a slew of hotel deliveries. Hospitality properties now make up over 20 percent of the commercial square footage in Marina. **Figure 12** shows the breakdown of Marina’s commercial real estate, categorized by property type for comparison to Monterey County.

Figure 12 Marina & County Commercial Real Estate Inventory Square Footage



Retail properties constitute the largest category of commercial space in Marina at just under a million square feet, representing 44 percent of the total citywide non-residential real estate inventory. Industrial space is the second largest category at 25 percent, followed closely by hospitality properties at 21 percent. Compared to the overall county, retail and hospitality uses have a large footprint in Marina, as compared to countywide where there is a notable concentration of industrial space that makes up almost 40 percent of non-residential real estate. Interestingly, hospitality properties only constitute about 12 percent of the county’s commercial square footage.

Figure 13 Marina Commercial Square Feet Delivered 2008 - 1Q 2023



Over the past fifteen years, commercial real estate deliveries in Marina have been primarily hospitality and office properties. As **Figure 13** shows, there has been about 160,000 square feet each of new hotels and office spaces since 2007, with about half as much retail (~80,000 square feet) delivered over the same period. Importantly, in 2007, a 230,000-square-foot retail power center was completed in Marina (not in the above figure). Very little industrial space has been added over this period, about 27,000 square feet. According to CoStar Group, as of April 2023, only three commercial real estate developments are either under construction, in final planning, or proposed for Marina, all three of which are hotel properties.

The following sections provide detail regarding the retail, office, industrial, and hospitality real estate markets in Marina, with comparisons to peer jurisdictions and trends over time.

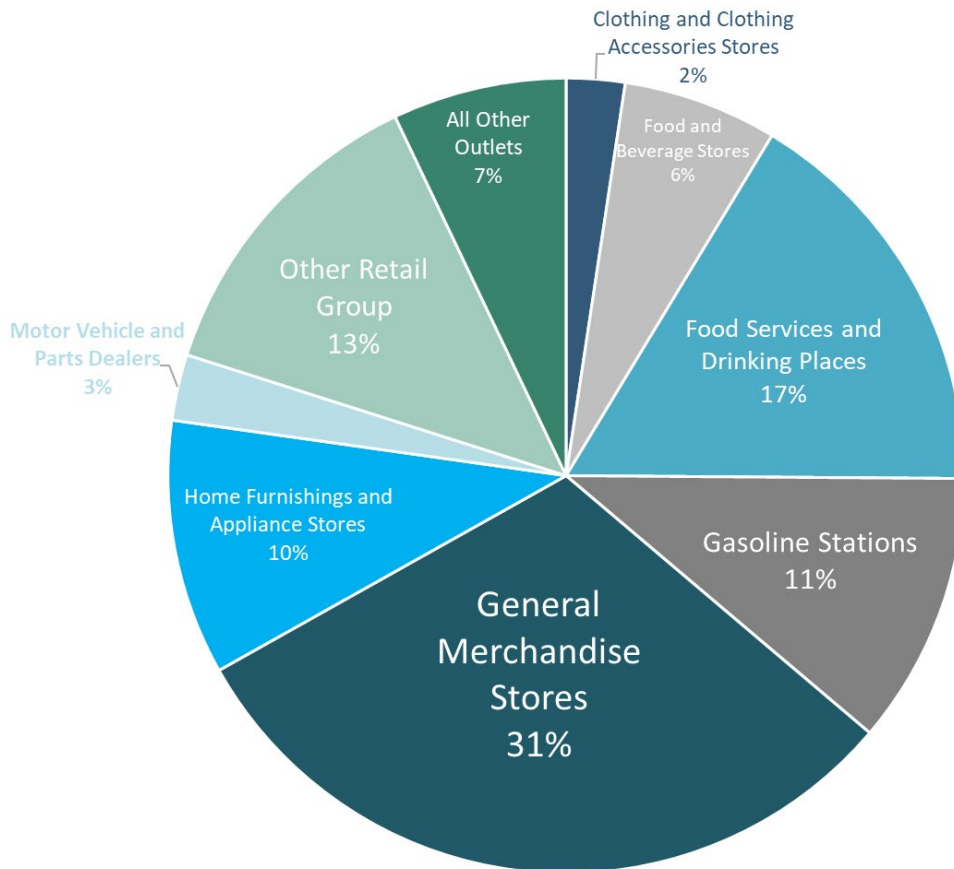
Retail

With major retail real estate development at the Dunes in the mid-2000s, Marina has emerged as a successful regional shopping destination with businesses occupying nearly one million square feet of space, drawing consumers from surrounding areas. Accordingly, many of the city’s top employers are big-box retailers, including Kohl’s and Target. These data, along with taxable sales discussed below, reveal Marina’s thriving retail sector.

Taxable Retail Sales

Taxable retail sales data is a useful source of information for understanding the structure of local retail economies and consumer trends. Marina’s taxable retail sales span a range of store and restaurant types, economic diversity which insulates the city to some degree from market turbulence, as was seen during the depths of the COVID-19 pandemic. **Figure 14** shows the percentage of Marina’s total taxable retail sales in 2021 by business type. Although Marina does not exhibit outsized reliance on any one retail sector, the General Merchandise Store sector is the dominant sales tax generator in Marina, owing to big-box retailers such as Target and Kohl’s. Food Services and Drinking Places are the next biggest contributor, supporting 17 percent of citywide taxable retail sales.

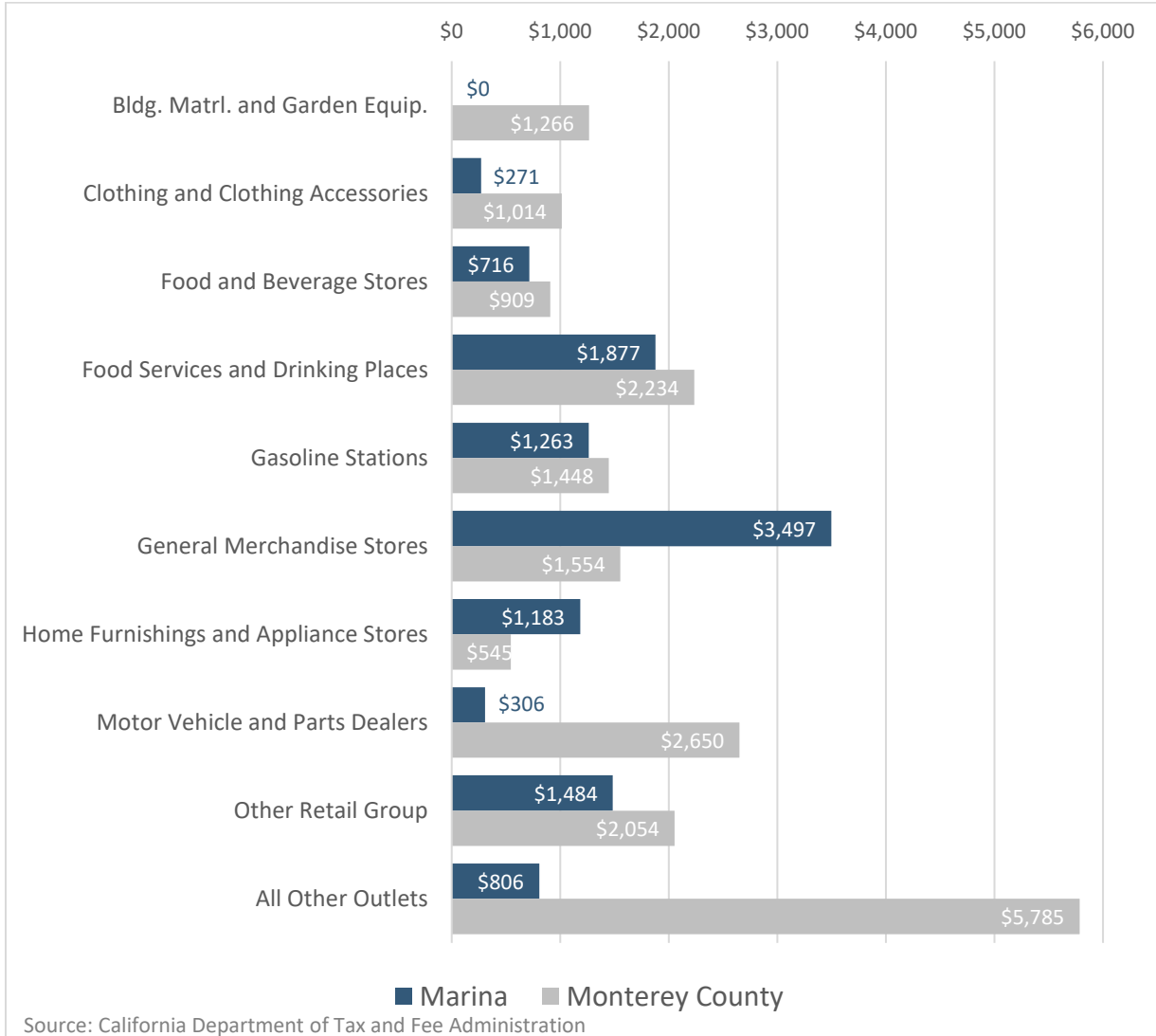
Figure 14 Marina Taxable Retail Sales Categories, 2021



Source: California Department of Tax and Fee Administration

Figure 15 compares taxable retail sales by business type on a per capita basis for both Marina and Monterey County overall. This comparison helps emphasize Marina’s retail strengths and weaknesses by highlighting retail types in Marina that are either under- or over-performing as compared to the countywide averages.

Figure 15 Taxable Retail Sales per Capita, 2021

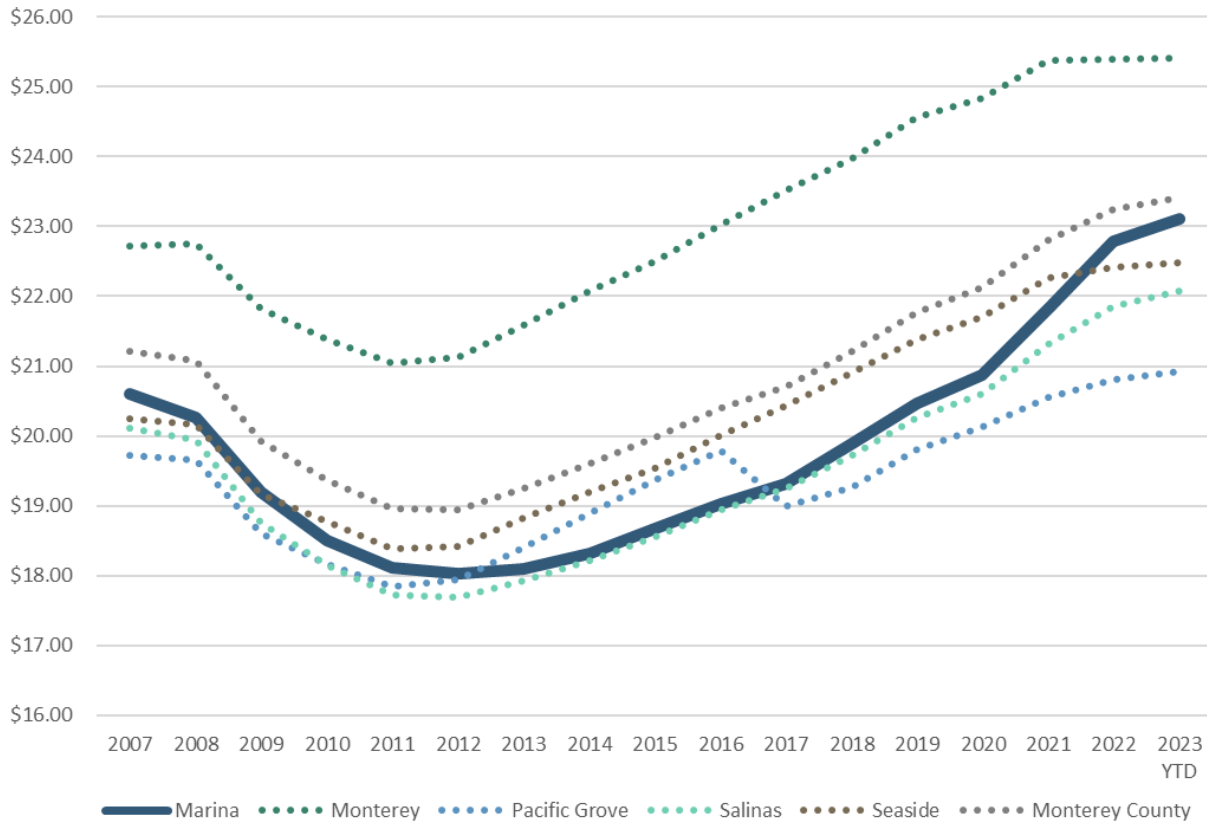


Marina’s retail strength lies in its department stores, as General Merchandise Stores in Marina generate more than double the per capita taxable retail sales than in the overall county. Marina also has a relatively robust Home Furnishings and Appliance Store sector as compared to the countywide average, but lags behind in Building Materials, Clothing Stores, and Motor Vehicle Dealers. The substantial per capita General Merchandise sales revenue as compared to the county signifies that these stores in Marina are capturing sales from individuals who don’t reside in the city, revealing that Marina is a regional center for this type of retail shopping.

Retail Real Estate Trends

The retail real estate market in Marina is performing well, with high demand for space and rents that have been on the upswing in recent years. Retail employment in Marina has grown substantially in the past 20 years, which corresponds with the significant growth in retail development over the same period. In 2007, The Dunes on Monterey Bay opened, a 234,000-square-foot Power Center anchored by a Bed Bath & Beyond, Kohl’s, Best Buy, Michael’s, and Target. That year, retail properties in Marina commanded higher rents than retail in Seaside, Pacific Grove, and Salinas, as shown in **Figure 16**.

Figure 16 Regional Retail Rent Comparison, 2007 - 2023 (2023 \$\$)

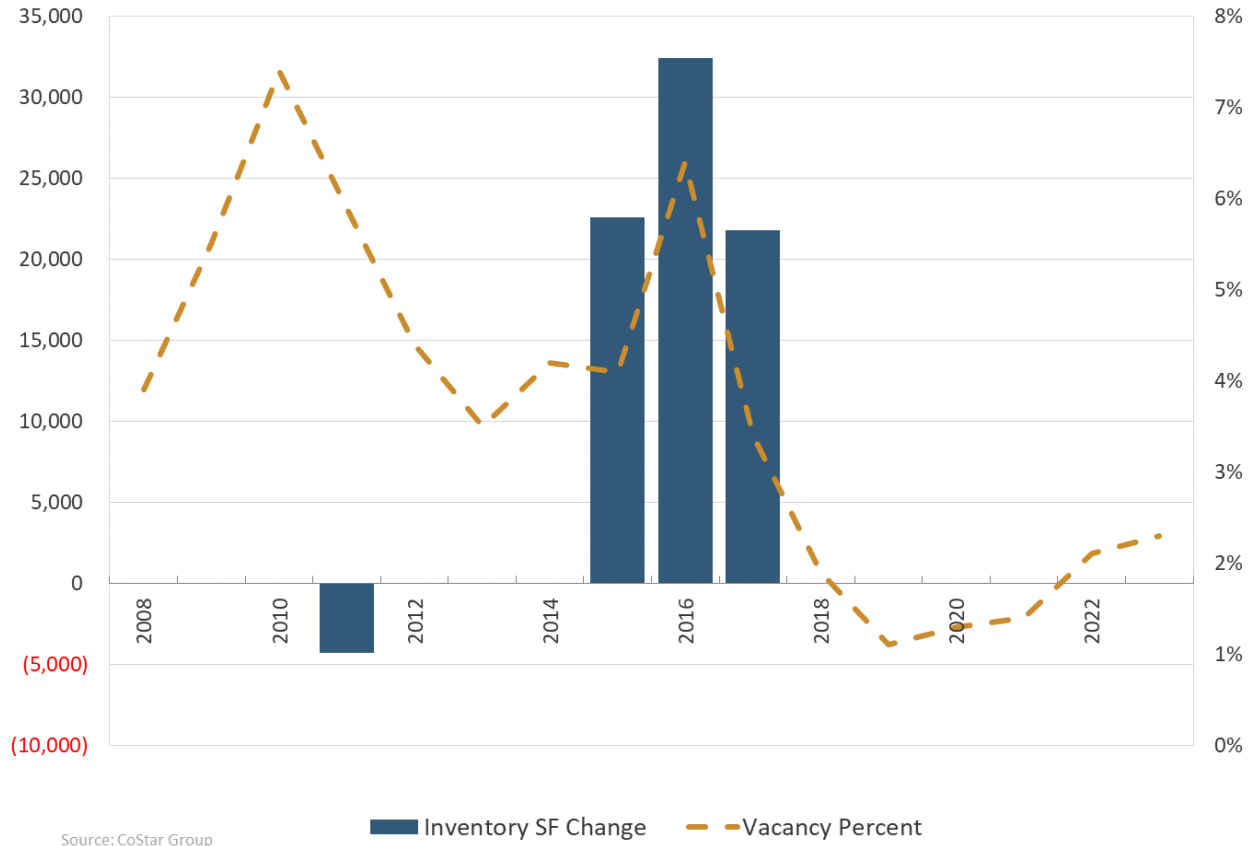


Source: CoStar Group

Over the past fifteen years, retail rents in Marina have generally kept track with peer jurisdictions apart from Monterey, which commands significantly higher retail rents than other cities in Monterey County. While retail rents in Marina fell during the 2008-09 recession and slipped below other nearby cities except Salinas in 2013, there has been steady rent growth in recent years, and local retail rents now average six percent higher than in Seaside, Pacific Grove, and Salinas.

Figure 17 shows the change of citywide retail inventory in Marina along with the retail property vacancy rate from 2008 through March 2023. The retail vacancy rate in Marina peaked at over seven percent in 2010, then steadily dropped until 2016 where it rose above six percent but has fallen drastically since and now sits at about 2.5 percent. This low vacancy rate reveals likely unmet demand for retail space in the city.

Figure 17 Marina Retail Market - Deliveries and Vacancy 2008-2023YTD

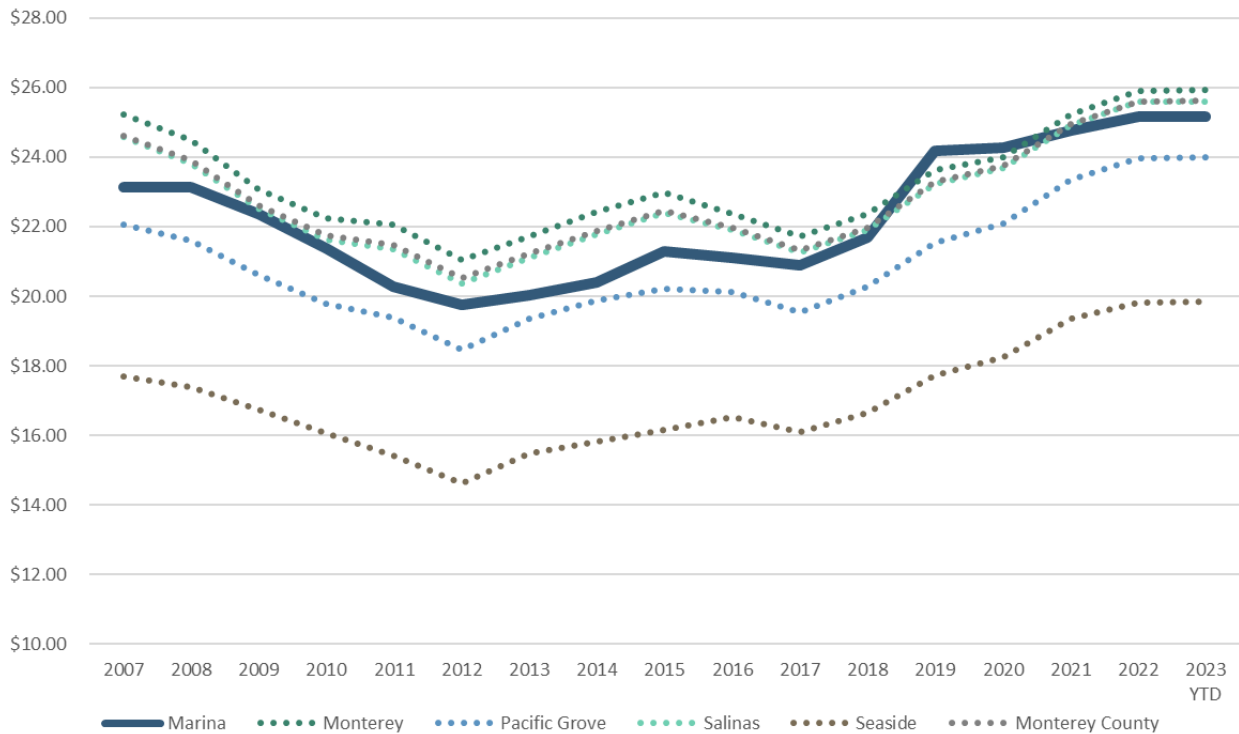


A key factor contributor to new retail development in Marina over recent decades has been The Dunes Specific Plan, which includes a new retail center built in 2007 as well as other smaller retail projects between 2015 and 2017. The approximately 75,000 square feet of new retail that came online around 2015 consists of seven properties all located adjacent to the 2007 Dunes shopping center. According to CoStar Group data, there are no retail properties under construction, proposed, or in the final planning stages in Marina. However, vacancies are rare and if retail rents continue to climb, Marina may see proposals for new retail development entering the city’s development pipeline.

Office

The office real estate market in Marina appears healthy, with very low vacancy rates and rents that are among the highest in the county. The modest level of new office construction over the past 20 years suggests there is some appetite for constructing office space in Marina, though it is important to note that the bulk of office deliveries in recent years are attributable to the public sector (Veteran’s Administration). Nonetheless, even as the job base in Marina has been shifting more toward the retail and accommodation sectors, steady job growth in the Educational Services and the Health Care and Social Assistance industries has required new office space. The boost in Health Care sector jobs is likely due in large part to the 2015 delivery of a Veteran’s Administration (VA) Outpatient Clinic, a medical office space built as part of The Dunes, across the street from the new retail projects discussed above. Office rents in Marina have historically lagged slightly behind Monterey and Salinas, but briefly jumped ahead in 2019, only to fall back to the status quo post-pandemic, as shown in **Figure 18**.

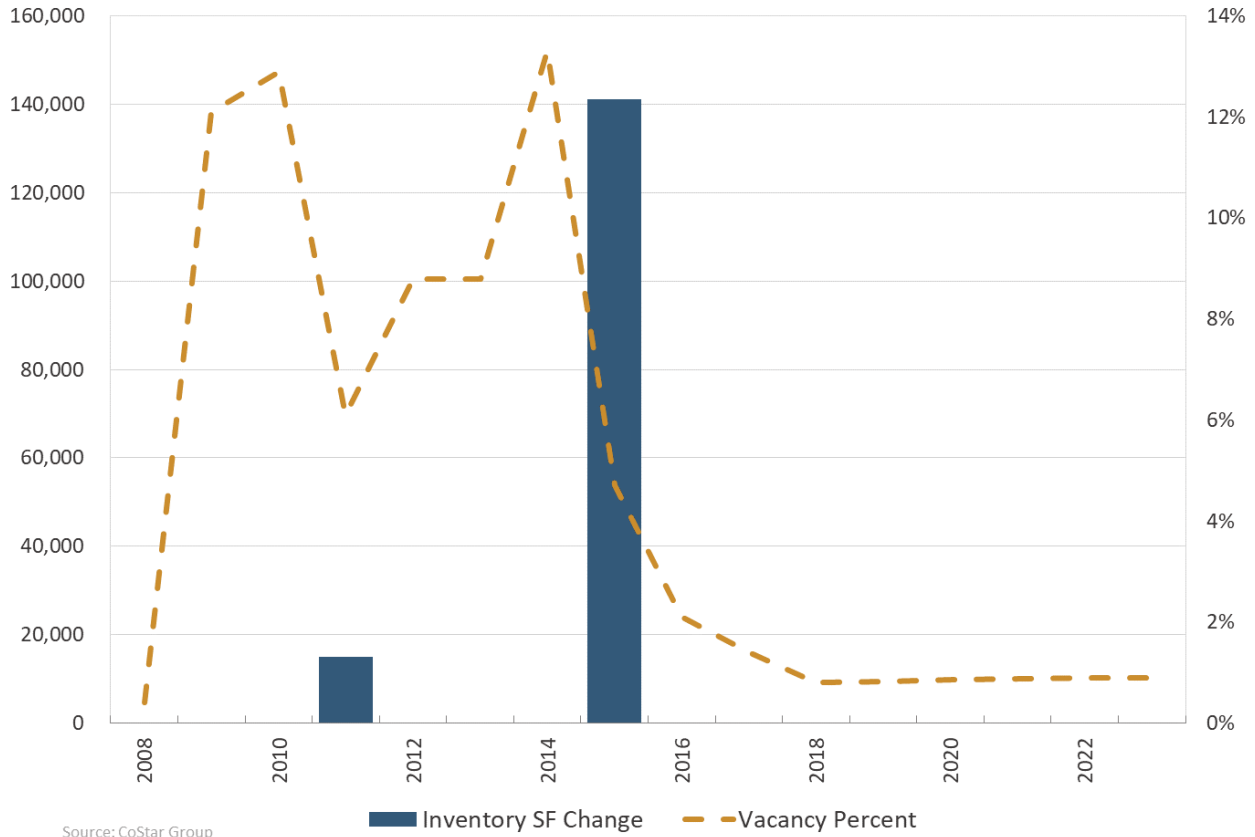
Figure 18 Regional Office Rent Comparison, 2007 - 2023 (2023 \$\$)



Source: CoStar Group

Office rents in Marina have generally kept up with the top of the pack in Monterey County over the past 15 years. Interestingly, office space in Marina has consistently commanded rents at about a 30 percent premium over neighboring Seaside. **Figure 19** displays office deliveries and citywide office vacancy rates since 2008.

Figure 19 Marina Office Market - Deliveries and Vacancy 2008-2023YTD

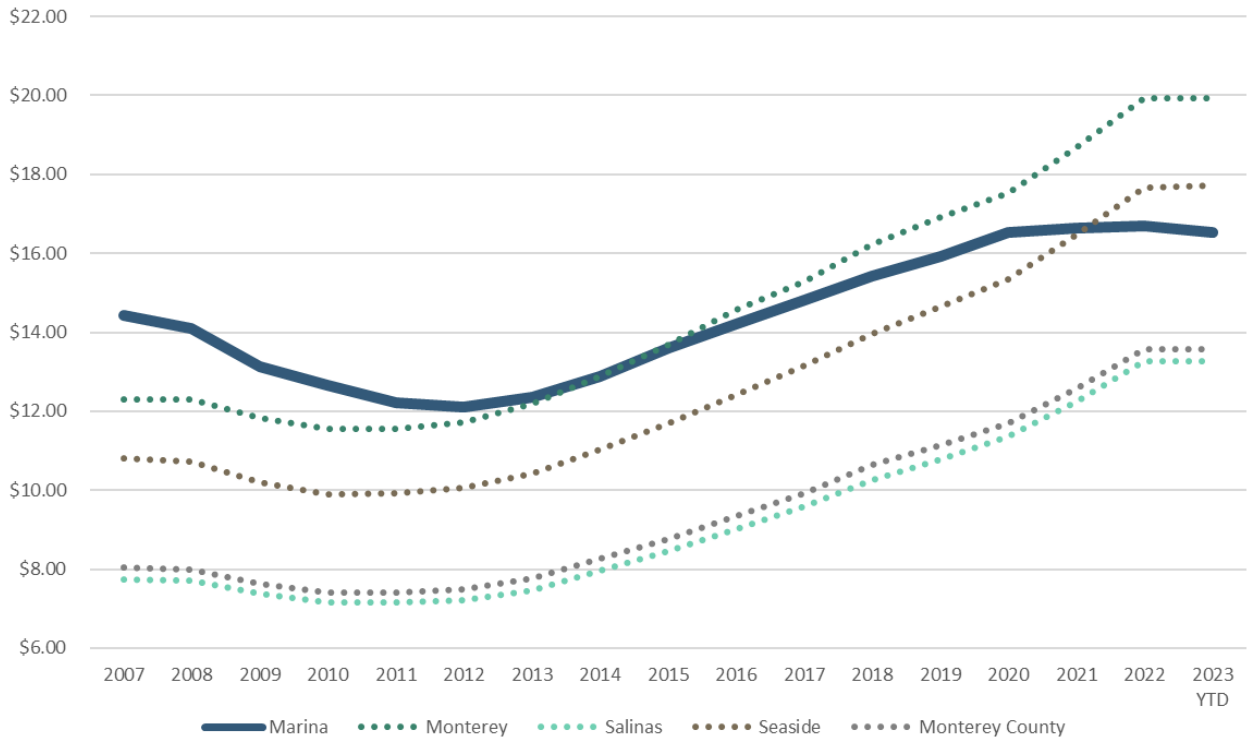


Marina has comparatively less office space than the county on a per capita basis, at 13 square feet of office space per person compared to over 20 in the county. As shown above, there have been two office deliveries since 2008, including a small office building in 2011 (Fort Ord Reuse Authority office) and the 140,000 square-foot VA Outpatient Clinic in 2015. The VA Outpatient Clinic is by far the largest office property in the city, followed by the 25,000-square-foot UC Santa Cruz Monterey Bay Education, Science, and Technology (MBEST) Center office building built in 2001. Low vacancy paired with the competitive office rents in Marina suggest future office development potential, but there are no new office developments currently under construction, proposed, or in the final planning stages in Marina, and recent shifts to work-from-home precipitated by the pandemic make the office demand outlook particularly uncertain.

Industrial

Consistent with the retail and office markets in Marina, the industrial market has exhibited low vacancies in recent years but the rent growth has underperformed relative to nearby jurisdictions. Clustered around the airport and the far reaches of the northern city boundary, the industrial inventory has remained relatively stable over the past fifteen years, with one three-building complex delivered in 2009 totaling less than 30,000 square feet. **Figure 20** displays inflation-adjusted citywide industrial rents since 2007 for Marina in comparison to peer jurisdictions.

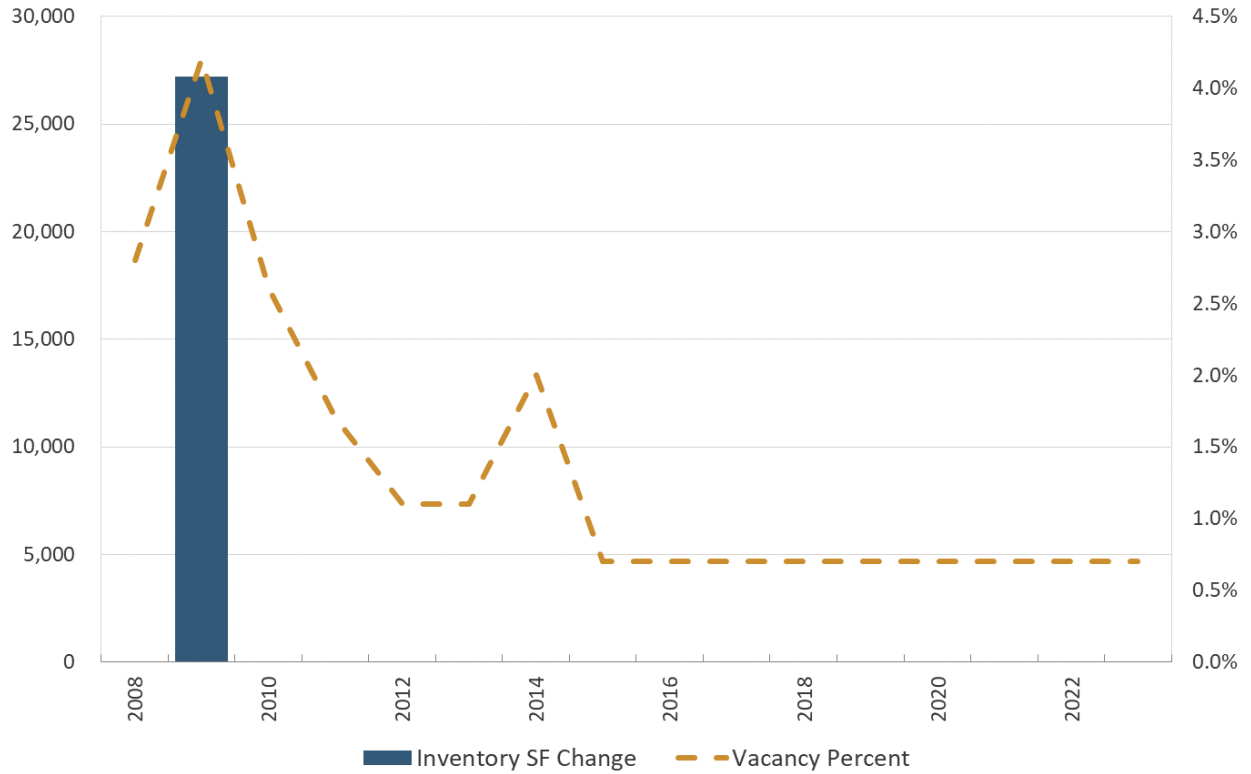
Figure 20 Regional Industrial Rent Comparison, 2007 - 2023 (2023 \$\$)



Source: CoStar Group

In the mid-2000s, industrial space in Marina fetched a full \$2 (inflation-adjusted) per square foot per year more than the next highest city-level average in Monterey County. However, industrial rents in Marina have not recovered as well as elsewhere after the 2008-09 recession. After market rents fell more than in nearby cities, since 2012, Marina’s industrial market rebounded at a slower pace than nearby submarkets. And since the onset of the COVID-19 pandemic, industrial rent growth has subsided. Today, industrial space typically rents for more in Monterey and Seaside compared to Marina. Perhaps because of this, vacancy rates have remained low in recent years, as shown in **Figure 21**.

Figure 21 Marina Industrial Market - Deliveries and Vacancy 2008-2023YTD



Source: CoStar Group

*vacancy data was unavailable for the years 2016-2021, so these years have been extrapolated based on data for 2015 and 2022 (where it remained unchanged from 0.7%).

There has only been one new industrial development in Marina in the past fifteen years, a group of three buildings totaling just over 27,000 square feet located directly adjacent to the southern edge of the Marina Municipal Airport, delivered in 2009. As shown above, since these buildings were completed, industrial vacancy rates in Marina have plummeted from a peak of 4 percent to below one percent in 2015, where it has remained. The extremely low vacancy rate hints at unmet market demand for industrial space, but stagnant rent growth and the lack of pipeline industrial development proposals suggest otherwise.

Hospitality

Although Monterey has long been the premier destination for tourism countywide, Marina is emerging as an increasingly attractive location for hotel developers, with a recent new delivery, another hotel currently under construction, and two new hotel proposals in the pipeline. The COVID-19 pandemic has had a significant effect on the hotel industry, and Marina’s hotels struggled more than nearby cities. However, recent interest shown by hotel developers suggests a growing confidence in the city’s potential to serve leisure and business travel to the region. Despite the challenges posed by the pandemic, Marina is well-positioned to evolve as a hub for hospitality and related development.

Figure 22 Regional Hospitality RevPAR Comparison, 2014 - 2023 (2023 \$\$)

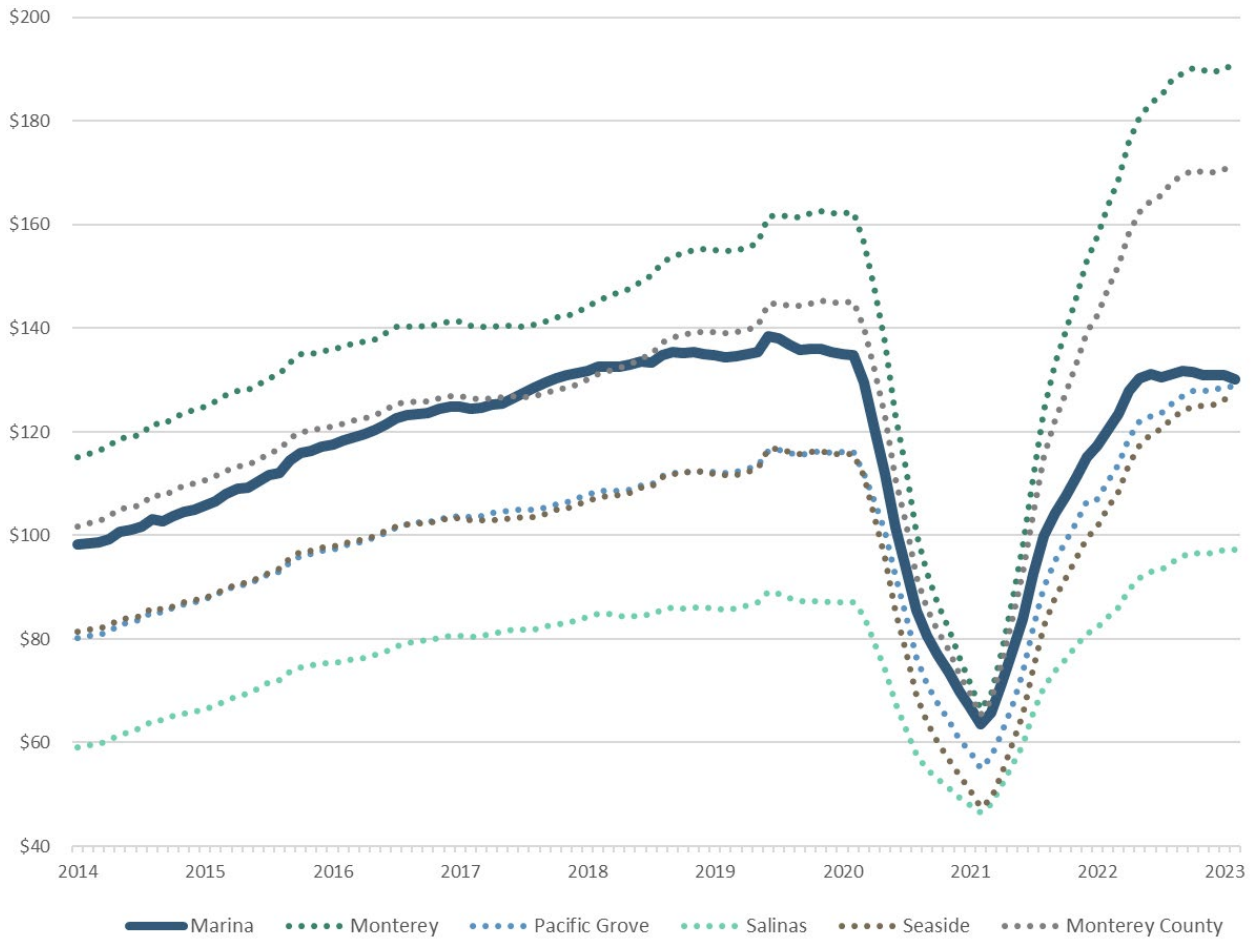
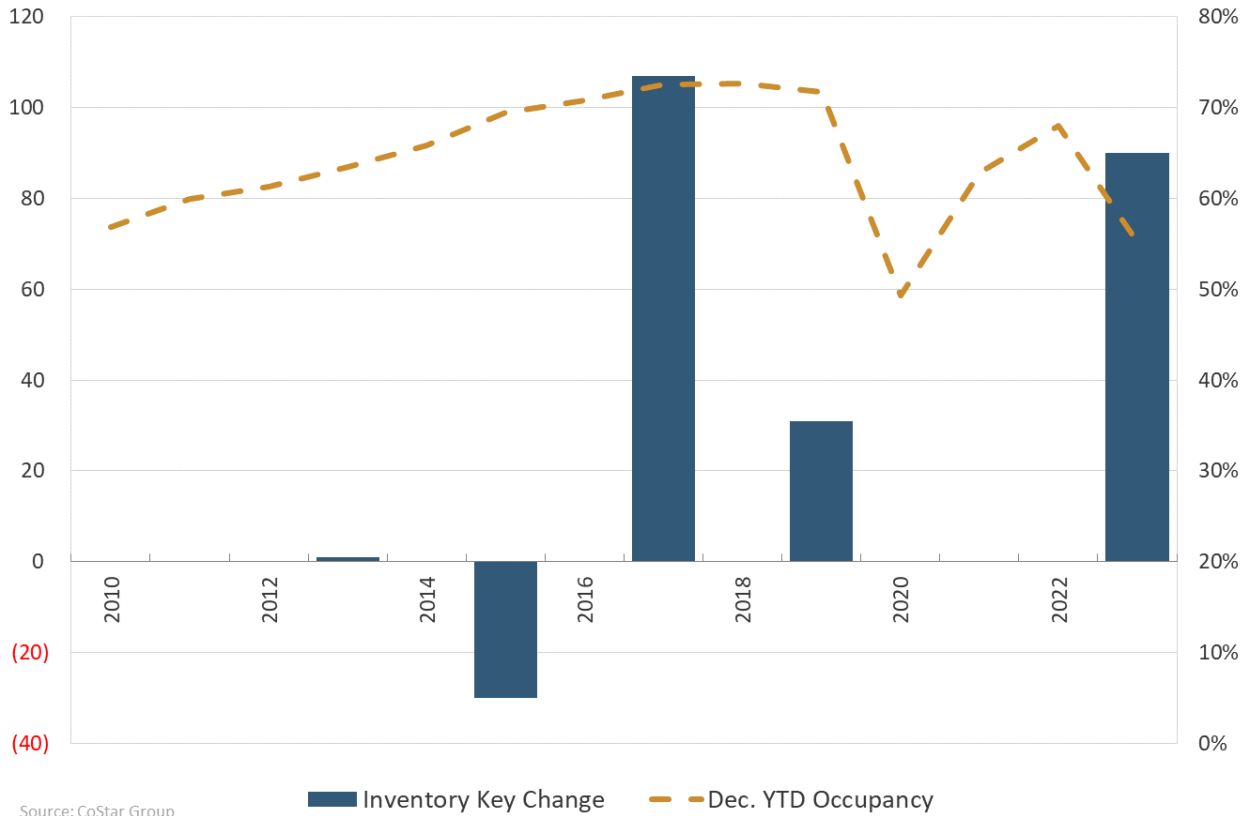


Figure 22 compares inflation-adjusted citywide Revenue per Available Room (RevPAR), a standard metric used for assessing hotel performance, in Marina and peer jurisdictions over the past decade.¹ Before the pandemic, Marina hotels achieved the second highest RevPAR level of the selected comparison jurisdictions in the county, surpassed by only Monterey. However, the pandemic dragged room rates down precipitously in all locales, and market recovery has varied. The City of Monterey market experienced the strongest recovery, with room rates now exceeding those prior to the pandemic. Pacific Grove, Seaside, and Salinas have all experienced healthy recoveries as well, and rates in these cities are now back to pre-pandemic levels. Marina, however, is the only city in the set that has not recovered to pre-pandemic RevPAR. After adjusting for inflation, Marina’s citywide RevPAR is below pre-pandemic rates in late 2020, and has actually trended downward over the past year.

¹ Revenue Per Available Room (RevPAR) is calculated by dividing gross room revenue by total rooms. As such, the metric reflects both room rate (revenue) and occupancy performance.

Figure 23 Marina Hospitality Market - Deliveries and Occupancy 2010-2023YTD



Marina has experienced a significant influx of hotel development over the past few years, with a total of 228 new rooms delivered since 2017, as shown in [Figure 23](#). This represents a 35 percent increase in citywide hotel room inventory, over the 651 rooms that were available citywide in 2016. The three pipeline hotel developments anticipated to be delivered between 2023 and 2026 would add an additional 308 rooms, which would equate to an 80 percent increase in citywide hotel room inventory over the span of a decade, underscoring Marina’s positive trajectory toward cultivating a thriving hospitality sector. The existing and pipeline hotels are listed below in [Table 9](#).

Table 9 Existing and Pipeline Hospitality Properties in Marina

Hotel Name	Rooms	Hotel Class	Year Built (Planned)
Existing			
Motel 6 Monterey - Marina	126	Economy	1925
Old Marina Inn	24	Economy	1975
Laguna Lodge	21	Economy	1980
Country Inn & Suites Monterey Beachfront-Marina	145	Upper Midscale	1986
Best Western Marina State Beach	84	Midscale	1989
Comfort Inn Marina	62	Upper Midscale	1997
Sanctuary Beach Resort	60	Luxury	2000
Holiday Inn Express & Suites Marina State Beach Area	80	Upper Midscale	2002
Monarch Valley Inn	38	Economy	2004
Ramada Marina	43	Midscale	2005
SpringHill Suites The Dunes On Monterey Bay	106	Upscale	2017
Hampton Inn & Suites Marina	90	Upper Midscale	2023
Citywide Total Existing	879		
Proposed/Under Construction			
Home2 Suites by Hilton Marina (Under Construction)	93	Upper Midscale	(2023)
AC Hotel by Marriott Marina (Proposed)	115	Upscale	(2025)
Element Marina (Proposed)	100	Upscale	(2026)
Citywide Total Proposed/Under Construction	308		

Source: CoStar Group; Economic & Planning Systems

“Hotel Class” identified in [Table 9](#) above refers to Smith Travel Research’s (STR) categorization of hotels based on average daily room rates. The class segments are, from lowest tier to highest: Economy, Midscale, Upper Midscale, Upscale, Upper Upscale, and Luxury. The current hotel stock in Marina is primarily grouped in the lower half of the segments, with no “Upper Upscale” and only one “Luxury” hotel. These data indicate that the hotel market in Marina is positioned to cater to more budget-conscious consumers, with few offerings for visitors seeking high-end accommodations.

The following section provides a snapshot of selected existing and pipeline hospitality properties in Marina.

SpringHill Suites



Description:

- Year Built: 2017
- Class: Upscale
- Rooms: 106
- Sq. Ft.: 67,328
- Stories: 4
- Address: 2827 2nd Ave

The Sanctuary Beach Resort



Description:

- Year Built: 2000
- Renovated: 2017
- Class: Luxury
- Rooms: 60
- Sq. Ft.: 23,492
- Stories: 2
- Address: 3295 Dunes Rd

Hampton Inn & Suites



Description:

- Year Built: 2023
- Class: Upper Midscale
- Rooms: 90
- Sq. Ft.: 36,562
- Stories: 4
- Address: 120 Reservation Rd

Home2 Suites (Under Construction)



Description:

- Year Built: 2023 (anticipated)
- Class: Upper Midscale
- Type: Extended Stay
- Rooms: 93
- Sq. Ft.: 60,000
- Stories: 4
- Address: 225 10th St