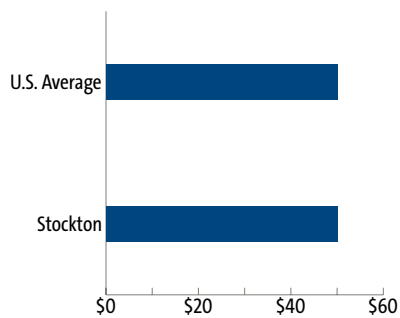


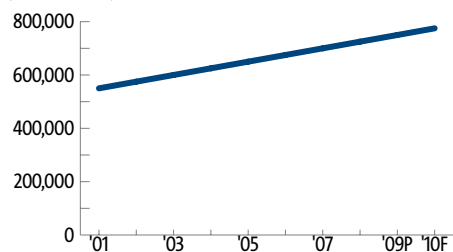
# Stockton Economic Overview

## Median Household Income 2009 (in Thousands)



Source: Claritas

## San Joaquin County Population (in Thousands)



Source: Grubb & Ellis

## While the San Joaquin residential market has suffered, the region's economic development leaders have used the downturn to focus attention on tenant/business retention and expansion.

San Joaquin County's business and professional services economy has been hard-hit by the recession. Very little development is currently planned for the coming year. With that in mind, San Joaquin's business leaders are now focused on reaching out to several specific target industries—alternative energy/technology, medical manufacturing, software technology and light manufacturing—which have a history of performance in the region or whose business needs can be well served by a regional location.

All is relatively quiet within the office and hospitality sectors. The Lexington Hotel, built by Sheraton Hotels for \$62 million in 2007, was offered for \$19 million at auction in September and is now being operated by a receiver for the construction financier. While numerous homebuilders have gone out of business, taking several mortgage, title and other residential-associated businesses with them.

The industrial sector, however, has silently endured, providing logistics and high-cube manufacturing space to hundreds of food service and agrarian support companies. While leasing and development slowed to a crawl, or stopped, throughout most of the state, speculative construction of a few big-box industrial facilities in the

Stockton market was completed in 2009. Some build-to-suit development, is also still occurring. Development at the Air Metro Business Park is underway and several of the buildings in the airport business park are now complete. Retail completions include an outlet mall in Manteca, also in San Joaquin County.

At upwards of 15 percent at the close of 2009, San Joaquin County has one of the highest unemployment rates in the state and is 500 basis points higher than the national rate. Personal bankruptcies and residential foreclosures have rocked the region. The city of Stockton, in a move to funnel jobs to residents, who suffer under the high unemployment rate, now requires that at least 50 percent of the employees/contractors on publicly funded projects live in the Stockton city limits. This has not endeared the city council to other regional economic development entities who decry the tactic as protectionist.

While property values throughout the nation have suffered since 2007, none were harder hit than the Central Valley's. Commercial real estate development will continue to lag in the coming year. However, direct access to the two primary north-south highways in the state, freight movement via two national rail lines and the facilities at the Port of Stockton — the second busiest inland port on the West Coast, handling more than 4 million tons of cargo last year and indirectly and directly supporting more than 4,500 regional jobs — will bolster Stockton's industrial viability.

## Largest Private Employers in San Joaquin County

Company	City	Industry
St Josephs Medical Center	Stockton	Healthcare
Summit Logistics	Tracy	Food Logistics
Dameron Hospital Association	Stockton	Healthcare
Pacific Gas and Electric	Stockton	Utility Company
Lodi Memorial Hospital	Lodi	Healthcare

Source: Grubb & Ellis