Market Velocity

Town of Loomis

GREATER SACRAMENTO
ECONOMIC COUNCIL

About Market Velocity - DRAFT

Market Velocity is a strategic initiative of the Greater Sacramento Economic Council ("GSEC") that will assist all 22 member communities with economic analysis, competitiveness research, and in identifying and supporting the implementation of best practices in economic development. GSEC intends to leverage the expertise of staff, the Competitiveness Council, member investors, and third-party experts as needed in formulating analyses and recommendations. GSEC staff will engage eight member communities each fiscal year.

Overview

This report includes the following analysis:

- Jobs and sector trends and employment concentration analysis
- Analysis of the real estate to accommodate tradable sector growth
- Hotel market feasibility considerations
- Case studies of entertainment zones experiences

Key takeaways and recommendations

- Job growth in the Town of Loomis was robust from 2019 to 2024, outpacing the national average.
- Job growth over the next five years will be much more limited (0.02 percent versus about 11.0 percent in the previous five-year period).
- Construction is the largest sector in terms of growth, share of total jobs, and concentration, comprising about 37.0 percent of all jobs. Construction, however, is a local-serving, cyclical industry.
- Manufacturing; Professional, Scientific, and Technical Services; and Wholesale Trade present opportunities to develop tradable sector industries in alignment with local and regional sector strengths.
- Additional analysis should be developed to uncover possible local subsector and industry strengths that could be missed in aggregated sector data.
- There are nearly no vacancies in the Loomis industrial and office submarkets and lease rates for remaining vacancies are notably higher than the regional markets.
- Very low levels of vacancies have existed for several years.
- To be competitive for tradable sector industries, the Town needs to have a larger supply of real estate or greenfields that can be activated quickly.
- A comprehensive feasibility analysis is needed to determine the hotel chain segment(s) for which the Town of Loomis could compete.
- Several factors including market gaps, proximate demand capture, population base, industry base, and development costs make upper-upscale/boutique hotel development in Loomis unlikely.
- Data from San Francisco's Entertainment Zones and anecdotal evidence from other states' communities' "social zones" show positive economic benefits of increased event turnout, increased retail investment, and high frequency retail shopping and sales.
- Risks related to public health and safety, family-orientation of community areas, and administrative costs should be considered in any cost/benefit analysis of establishing an Entertainment Zone.
- A comprehensive economic development strategic planning analysis should be undertaken to assess the community's assets; strengths, weaknesses, opportunities, and threats; local tradable sector industries, etc. and how they align with the community's goals for growth.

Job and employment concentration analysis

GSEC utilized Lightcast/EMSI, a leading database of labor market and economic data, to analyze the Town of Loomis' current economic conditions. Federal statistics measure labor, establishment, and other data at ZIP code, county, metropolitan area, and state levels. To approximate the town's boundaries, the following analysis uses data for ZIP Code 95650. While the ZIP code's boundaries exceed the town's boundaries, it does not include other trade areas; it includes largely residential and undeveloped areas of Placer County.

The tables in this section analyze North American Industry Classification System ("NAICS") codes. The codes organize employment by industry similarities. Groupings of similar industries are called sectors. By grouping similar industries into sectors, GSEC can also analyze the relative concentration of economic activity in the Town compared to national concentration levels. A statistic, called a "Location Quotient" or "LQ," is used to analyze the relative concentration. According to the U.S. Bureau of Economic Analysis, an LQ "measures a region's industrial specialization relative to a larger geographic (usually the nation). An LQ is computed as an industry's share of a regional total for some economic statistics (earnings, GDP by metropolitan area, employment, etc.) divided by the industry's share of the national total for the same statistic." An LQ >1.0 indicates a higher concentration of local employment in a sector versus the nation, suggesting industrial specialization like clustering or other agglomerative advantages. An LQ < 1.0 indicates a lower concentration of activity and no specialization.

LQ analysis alone will not substantiate the existence of clusters or agglomerative advantages. Comprehensive economic development planning that incorporates a variety of qualitative and quantitative analyses are needed. However, LQ analysis is a necessary step to discovering a community's economic strengths.

Job trends

From 2019 to 2024, jobs in the 95650 ZIP code increased by 10.5 percent from 6,238 to 6,895 (see Chart 1). This change outpaced the national growth rate of 4.4 percent by 6.1 percentage points. Growth is forecast to continue through 2029, rising from 6,238 job to 7,524. According to Table 1, Construction will remain the largest sector with 259 added jobs for a total of 2,801 jobs. Government and Professional, Scientific, and Technical services round out the top three largest sectors for employment. Job growth is expected to increase only 0.02 percent over the period.

Chart 1: Job trend in ZIP 95650

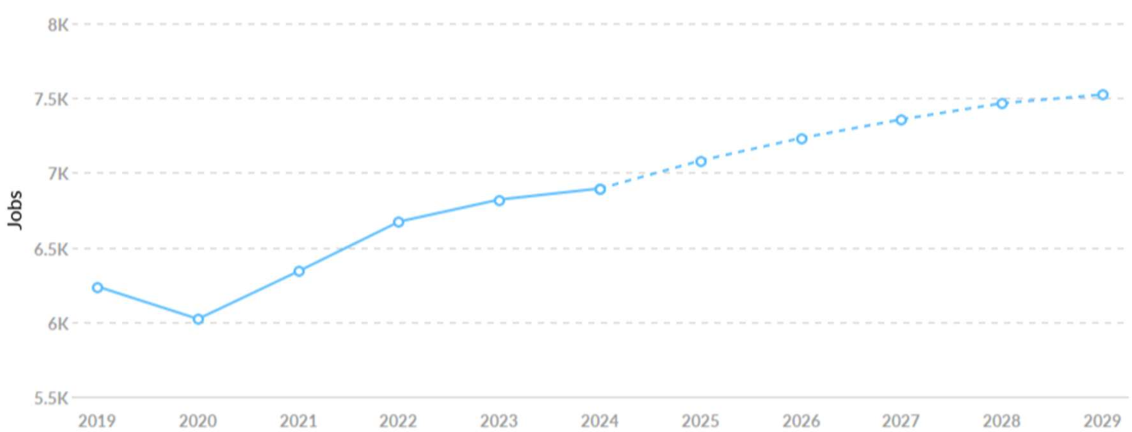


Table 1: Job growth by sector in ZIP 95650

NAICS	Description	2024 Jobs	2029 Jobs	Change	% Change
11	Agriculture, Forestry, Fishing and Hunting	<10	<10	0	-
21	Mining, Quarrying, and Oil and Gas Extraction	0	0	0	-
22	Utilities	104	128	24	1.18%
23	Construction	2,542	2,801	259	0.04%
31	Manufacturing	361	418	57	0.32%
42	Wholesale Trade	419	439	20	0.25%
44	Retail Trade	414	435	21	0.25%
48	Transportation and Warehousing	144	155	11	0.75%
51	Information	<10	<10	0	-
52	Finance and Insurance	65	64	-1	1.51%
53	Real Estate and Rental and Leasing	79	89	10	1.43%
54	Professional, Scientific, and Technical Services	422	494	72	0.28%
55	Mgmt. of Companies and Enterprises	37	42	5	3.07%
56	Admin., Support, Waste Management, Remediation Svcs.	292	296	4	0.35%
61	Educational Services	280	313	33	0.40%
62	Health Care and Social Assistance	290	334	44	0.40%
71	Arts, Entertainment, and Recreation	39	44	5	2.89%
72	Accommodation and Food Services	348	396	48	0.33%
81	Other Services (except Public Administration)	400	417	17	0.26%
90	Government	641	643	2	0.16%
99	Unclassified Industry	<10	0	0	-
Total		6,895	7,524	629	0.02%

Source: Lightcast/EMSI.

Projected job growth versus historical job growth

Table 2 shows the recent history of growth in the town. From 2019 to 2024, the ZIP code 95650 grew from 6,238 jobs to 6,895 jobs or about 11.0 percent. Growth over this period was primarily driven by Construction (+337 jobs, growing about 15.0 percent), Education Services (+101 jobs, growing about 56.0 percent), Manufacturing (+99 jobs, growing about 38.0 percent), Accommodation and Food Services (+76 jobs, growing 28.0 percent), and Wholesale Trade (+66 jobs, growing about 19.0 percent).

A few sectors declined over the period. The largest declining sector was Professional, Scientific, and Technical Services (-65 jobs, declining about -13.0 percent), Transportation and Warehousing (-22 jobs, declining about 13.0 percent), and Real Estate and Rental and Leasing (-6 jobs, declining about 7.0 percent), and Retail Trade (-6 jobs, declining about 1.0 percent).

While the Tabel 1 shows all sectors growing, the sectors, according to Table 2, will not experience the same levels of growth compared to the most recent five-year historical period.

Table 2: Job growth from 2019 to 2024 in ZIP 95650

NAICS	Description	2019 Jobs	2024 Jobs	'19-'24 Change	'19-'24 %Change
22	Utilities	74	104	30	40%
55	Mgmt. of Companies and Enterprises	35	37	2	6%
52	Finance and Insurance	64	65	0	1%
90	Government	637	641	4	1%
23	Construction	2,206	2,542	337	15%
54	Professional, Scientific, and Technical Services	486	422	-65	-13%
53	Real Estate and Rental and Leasing	85	79	-6	-7%
42	Wholesale Trade	353	419	66	19%
48	Transportation and Warehousing	166	144	-22	-13%
62	Health Care and Social Assistance	289	290	1	0%
31	Manufacturing	262	361	99	38%
56	Admin., Support, Waste Mgmt., Remediation Svcs.	254	292	38	15%
81	Other Services (except Public Administration)	401	400	0	0%
44	Retail Trade	420	414	-6	-1%
71	Arts, Entertainment, and Recreation	20	39	18	90%
72	Accommodation and Food Services	272	348	76	28%
61	Educational Services	179	280	101	56%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0%
51	Information	<10	<10	Insf. Data	Insf. Data
99	Unclassified Industry	0	<10	Insf. Data	Insf. Data
11	Agriculture, Forestry, Fishing and Hunting	27	<10	Insf. Data	Insf. Data
		6,238	6,895	657	11%

Source: Lightcast/EMSI, 2025.

Sector employment concentration

Table 3 provides granular detail on the concentration of sectors, their current share of employment, average wages, and economic output.

Highlighted sectors are the most highly concentrated. Construction is the most concentrated sector at 6.35X the national average for employment (535.0 percent higher), it is the largest sector by total employment accounting for about 37.0 percent of total employment and contributes $346 million in economic output to the regional economy. Construction, however, is typically thought to be a cyclical local-serving industry, not a tradable sector industry. Utilities and Education Services are also considered local-serving. Both industries contribute substantially less to total employment. Education services are also lower-wage on average.

Sectors traditionally thought to be tradable, like Manufacturing, Professional, Scientific, and Technical Services, Transportation and Warehousing, and subsectors of Health Care and Social Assistance and Finance and Insurance, have LQs lower than 1.0. For example, Manufacturing's LQ of 0.70 means employment concentration in this sector is 30.0 percent lower than the national employment concentration.

Table 3: Sector employment concentration in ZIP 95650

NAICS	Description	2024 Jobs	Share	LQ	Avg. Wage	2024 GRP*
11	Agriculture, Forestry, Fishing and Hunting	-	-	0.11	Insf. Data	$2,850,836
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%	0.00	$0	$0
22	**Utilities**	**104**	**2%**	**4.36**	**$209,820**	**$77,505,527**
23	**Construction**	**2,542**	**37%**	**6.35**	**$95,885**	**$346,198,006**
31	Manufacturing	361	5%	0.70	$68,615	$45,932,115
42	**Wholesale Trade**	**419**	**6%**	**1.70**	**$85,116**	**$85,909,829**
44	Retail Trade	414	6%	0.65	$54,671	$54,139,126
48	Transportation and Warehousing	144	2%	0.48	$77,198	$17,901,316
51	Information	-	-	0.06	Insf. Data	$5,237,654
52	Finance and Insurance	65	1%	0.23	$128,400	$24,029,252
53	Real Estate and Rental and Leasing	79	1%	0.65	$87,797	$27,767,106
54	Professional, Scientific, and Technical Services	422	6%	0.87	$90,093	$64,707,789
55	Mgmt. of Companies and Enterprises	37	1%	0.36	$142,819	$7,528,801
56	Admin., Support, Waste Management, Remediation Svcs.	292	4%	0.72	$61,204	$22,745,003
61	**Educational Services**	**280**	**4%**	**1.60**	**$30,604**	**$9,372,005**
62	Health Care and Social Assistance	290	4%	0.31	$70,155	$27,468,352
71	Arts, Entertainment, and Recreation	39	1%	0.31	$37,816	$2,886,508
72	Accommodation and Food Services	348	5%	0.61	$34,148	$20,986,726
81	**Other Services (except Public Administration)**	**400**	**6%**	**1.17**	**$54,781**	**$29,803,975**
90	Government	641	9%	0.64	$111,237	$78,459,977
99	Unclassified Industry	-	-	0.32	Insf. Data	Insf. Data
Totals and averages		6,895	100%	-	$83,112	-

Source: Lightcast/EMSI, 2025.
** Contribution to Gross Regional Product*

Additional analysis is needed to uncover subsector and industry drivers of the sector concentration LQs and to qualitatively assess specialization. For example, Wholesale Trade concentration could be the result of unique assets, businesses, or locational advantages that support the disproportionately large concentration of Construction sector activity. Similarly, Manufacturing and Professional, Scientific, and Technical Services may have subindustry specializations that are missed by aggregating data for sector analysis.

Real estate analysis

Using CoStar, a leading provider of commercial real estate data and intelligence, GSEC analyzed the Town's industrial and office real estate submarkets to determine local capacity to serve tradable sectors.

According to Table 4, the office submarket in Loomis has just over 171,000 square feet of inventory. A small amount of space (474 square feet) was absorbed over the year to drop the vacancy rate to 0.5 percent, well below the regional vacancy rate of 11.3 percent. The lease rate, likely determined in significant part by the vacancy rate, is $35.17 – more than $8.00 higher than the office lease rate found across the region. Chart 2 shows the trend in office vacancies in Loomis since the late 1990s. Vacancy rates have hovered near 0.5 percent since 2018.

The industrial submarket in Loomis is much larger with more than 1.14 million square feet, though it is still a small share of the broader regional industrial market. Like the office submarket, there was no industrial construction. Also like the office submarket, a small amount of space was absorbed (7,561 square feet) and the vacancy was low (1.1 percent) and below the region's vacancy rate of 6.7 percent. The lease rate is $13.20 per square foot per year, $1.52 higher than the regional lease rate of $11.68. Chart 3 shows the trend in industrial vacancy in Loomis since the late 1990s. Except for the COVID-19 pandemic-induced recession, the lease rate has hovered around 1.0 percent since 2014.

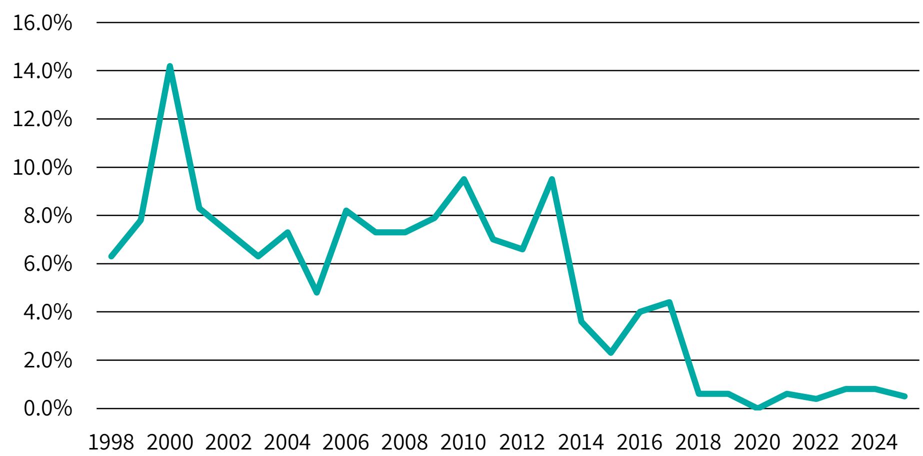
Limited tradable sector real estate will hinder the Town's ability to grow and attract tradable and local-serving sectors.

Table 4: Town of Loomis and Greater Sacramento industrial and office market

Metric	Office		Industrial	
	Town of Loomis	Greater Sacramento	Town of Loomis	Greater Sacramento
Inventory	171,729	112.226.798	1,141,389	196,345,459
Construction	0	324,142	0	1,277,153
Net Absorption	474	351,973	7,561	-708,466
Vacancy Rate	0.5%	11.3%	1.1%	6.7%
Lease Rate	$35.17	$27.10	$13.20	$11.68

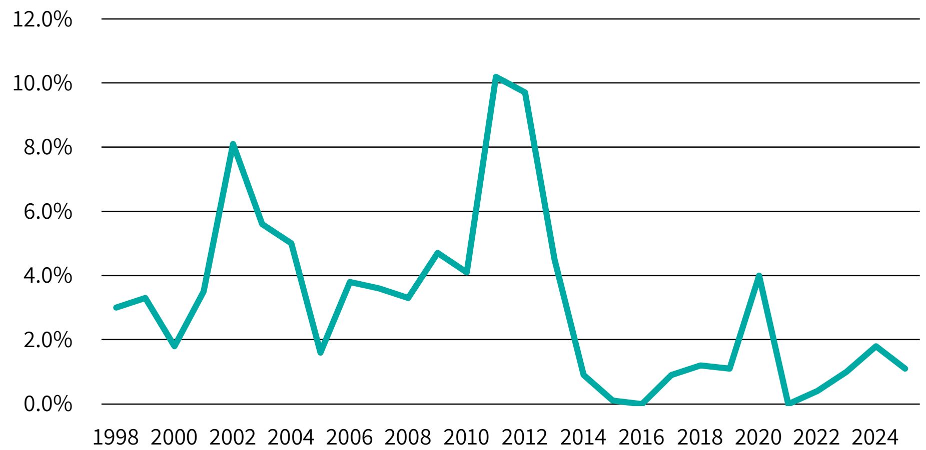
Source: CoStar, June 2025

Chart 2: Town of Loomis office vacancy rate



Source: CoStar, June 2025

Chart 3: Town of Loomis industrial vacancy rate



Source: CoStar, June 2025

Hotel market feasibility considerations

In addition to analyzing market conditions, GSEC was asked to discuss feasibility considerations for a boutique or upper-upscale hotel. This section sketches how market feasibility is considered for hotel development.

Hotel market segmentation[i]

The hotel industry uses a standardized classification system developed by Smith Travel Research (STR), now part of CoStar. The classification system is the standard that investors, developers, lenders, appraisers, etc. use. Table 5 lists the classes. The brands associated with the classes are based on average daily rates (ADR) where ADR = room revenue / rooms sold.

Table 5: STR hotel chain segments

Segment	Example Chains
Luxury	Ritz-Carlton, Four Seasons, St. Regis, Waldorf Astoria
Upper Upscale	Marriott Hotels, Hilton Hotels & Resorts, Hyatt Regency, Westin, InterContinental
Upscale	Courtyard Marriott, Hilton Garden Inn, Hyatt Place, DoubleTree
Upper Midscale	Hampton Inn, Holiday Inn Express, Fairfield Inn
Midscale	La Quinta, Best Western
Economy	Super 8, Motel 6, Days Inn
Independent	Unaffiliated hotels, tracked separately

Defining upper upscale[ii] [iii]

Upper-scale hotels typically have a mix of mostly king-size rooms and club-level rooms, offering at least one full-service three-meal restaurant plus a bar or lounge. They provide function spaces and business centers (a minimum of 3 seats per key), fitness rooms, swimming pools, and may have a spa. In practical terms, upper-upscale sits just below luxury—offering high-quality amenities and service at a somewhat lower price point. Upper upscale maintains high occupancy rates (around 74%) with ADR around $172, representing a notable drop-off from luxury's $313 ADR but still commanding premium pricing.

While STR's chain classification doesn't formally subdivide upper-scale, the industry uses several additional dimensions to further segment properties: full-service vs select-service, product type (e.g., convention/group hotels, transient-focused hotels, resort hotels), demand segment (e.g., group, transient, contract), by location, and lifestyle/boutique variations (e.g., contemporary, design-forward hotels like Hyatt Centric, Tempo by Hilton, Kimpton, etc.).

Market feasibility evaluation[iv]

To evaluate upper-upscale hotel development opportunities, the Town of Loomis would need to conduct a market feasibility analysis to determine if the perceived market value exceeds the costs of development. The analysis typically includes the following:

- Market analysis
  - Economic and demographic drivers
  - Demand generators (e.g., corporate headquarters, convention centers, airports, universities, etc.)
  - Historical performance by segment
  - Seasonality patterns
- Supply analysis
  - Existing competitive set inventory
  - Construction pipeline data (e.g., construction in progress, final planning, early planning, etc.)
  - Properties closing or being repositioned
  - Competitive positioning and quality
- Demand analysis
  - Segment-specific trends (e.g., group vs transient demand, group demand for upper upscale, etc.)
  - Market share to be capture/market penetration potential
  - Unaccommodated demand during peak periods
- Financial projections
  - Operating cost pro formas
  - Development cost estimates
  - Return analysis (e.g., NOI, ROI, IRR, payback period, etc.)

Local market factors that could impact upper-upscale development[v vi]

Several factors could make development of an upper-upscale hotel in the Loomis area difficult including:

- Market gap

  There are no upper-upscale or full-service hotels within the immediate market area. The competitive set consists of limited-service and select-service in the upper midscale to upscale segments.

- Proximate demand capture

  Thunder Valley Casino, a AAA Four Diamond resort, and several upper midscale to upscale segment hotels proximate to major employers, retail centers, and institutions of higher education in the Roseville area capture demand. Opportunities could exist for extended-stay or leisure subsegments (e.g., due to construction projects or tourists enroute to Tahoe, though unlikely to demand upper-upscale)

- Population base

  The population base, while growing, is small.

- Industry base

  The industry base, while growing, is small and concentrated in sectors that do not support upper-upscale hotel demand (e.g., construction, government).

- Development costs

  Upper-upscale hotel development costs are harder to recover in secondary suburban markets without significant demand drivers.

While the Town is growing, nearby competition and a lack of demand drivers, including a limited tradable sector economic base, are likely to make development of upper-upscale hotels difficult in the near term. By conducting a formal feasibility study, the Town will be able to identify the hotel markets in which it can compete.

Entertainment Zones

The third element of the scope for Loomis' Market Velocity project is a review of the state's expanded Entertainment Zone legislation. GSEC reviewed the experiences of communities from San Francisco and around the country that have implemented similar programs and summarized the findings.

Brief legislative history, definition, and establishment

San Francisco became the first community to create Entertainment Zones under Senate Bill 76 that went into effect in 2024. Effective January 1, 2025, Senate Bill 969 allows cities and counties across the state to model San Francisco's strategy to designate Entertainment Zones. An Entertainment Zone is a defined public area (e.g., a public roadway, sidewalk, etc.) within a local jurisdiction that allows for the open consumption of specified alcoholic beverages during specified days and hours. Entertainment Zones are established by a city, county, or city and county ordinance.

Requirements under Senate Bill 969[vii] [viii]

Licensees who would like to participate must be either a licensed beer manufacturer, a licensed winegrower, or an on-sale licensee. The licensed premises must be located within the defined boundaries of the established entertainment zone. Before enacting an ordinance to establish or modify an entertainment zone, the bill requires a city, county, or city and county to notify local law enforcement and request feedback about specific information, including the entertainment zone's proposed boundaries and days and hours of operation. The bill requires review of the entertainment zone's operation every 2 years. No alcoholic beverages purchased at a participating licensed premises may leave the premises in an open glass or metal container.

Benefits of Entertainment Zones

- Economic benefits for local businesses

  Since the launch of the first Entertainment Zone on Front Street in San Francisco, four zone events have drawn over 21,000 attendees. Participating businesses reported seeing increases in sales between 700.0 percent and 1,500.0 percent. In September 2024, San Francisco experimented with an Entertainment Zone for Oktoberfest and reported at least 10X more foot traffic than in 2023.[ix] [x]

- Smaller community success stories

  In Michigan, there are nearly 90 "social districts", and business owners have noted it helps the businesses marketing in the community and increases sales.[xi] In Monroe, North Carolina, the city has grown private investment by $15 million over the last two years from similar zones, including two new breweries and at least six taprooms and restaurants.[xii]

- Activation and investment

  A similar zone in Wilmington, North Carolina, which also allows for free movement about the zone, has anecdotally led to increased foot traffic for shops, restaurants, and bars.[xiii] Lansing, Michigan has similarly reported investment attraction because of activation.[xiv]

- Relatively low cost to establish

  San Francisco has shown that no significant investment is required; an outline of how neighborhoods can form the zones can be found on the city's website.[xv]

Risks of Entertainment Zones

Entertainment Zones are not without risks:

- Public health and safety concerns, underage consumption

  Some organizations opposed Senate Bill 969 because it could, according to their arguments, contribute to drunk driving incidents and increased alcohol mortality rates.[xvi]

In opposition to the bill, Alcohol Justice argued: “Open-air alcohol sales areas are central to the idea of a city becoming a party destination. In the United States, public transit is too sparse and too unreliable to deal with much of the alcohol economy. These zones will create magnets for individuals to travel and over-consume.”[xvii]

- Family friendliness

  In Monroe, NC, some expressed concerns: "Some parents don't have the privilege of finding a babysitter to come." A gift shop employee said she is concerned for families with young children. Another business owner said, "We're a family business, so we don't serve alcohol and don't think it would be a good idea to have alcohol around kids."[xviii]

- Residential impact

  Alcohol Justice argues that residents will be the first impacted by negative externalities from Entertainment Zones, who should have the right to “reasonable enjoyment” of their homes.[xix]

- Administrative and enforcement burden

  In San Francisco, the permitting process takes time and organization. Event planners often give themselves 60 days when a street closure is required. One St. Patrick's Day event cost between $56,000 and $71,000.[xx] The experience in Loomis, which is a small community, may be less costly.

Endnotes

[i] https://www.costar.com/article/197211467/back-on-the-chain-scale
[ii] https://brandingstrategyinsider.com/a-new-era-in-hotel-market-segmentation/
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