

ECONOMIC DEVELOPMENT STRATEGIC PLAN 2023



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City of Carlsbad

The Carlsbad Economic Development Strategic Plan is a roadmap that will guide the City’s economic development activities for the next five years. The Strategic Plan comes at a critical time for the City and the community. Given the pandemic, subsequent recovery, market pressures, and international conflict, it is more important than ever to identify Carlsbad’s economic development strategies and to prepare for future challenges. The Strategic Plan provides flexible and agile guidance for Carlsbad to address City Council’s goal of economic vitality: fostering a healthy local economy.

Carlsbad is proud to have an engaged community, and like so many of the City’s previous and concurrent planning efforts, businesses, residents, and stakeholders helped shape the Strategic Plan with their input and feedback. The Strategic Plan has coupled this feedback with data driven insights from a market study to shape recommended actions.

Economic development is a collaborative effort, and is not limited to one department, group, or organization. The Strategic Plan thoughtfully involves multiple City departments, local and regional partners, workforce and talent, residents, and the broad and diverse businesses that support the community.

The Strategic Plan focuses on four areas that capitalize on Carlsbad’s strengths, while addressing our challenges and opportunities. In addition, there are measurable objectives that retain the necessary flexibility to allow for response to changing economic conditions that will occur over the life of this Strategic Plan. Economic development initiatives are dynamic, fluid, and are multi-faceted as they exist beyond a single category. Strategic objectives and actions purposefully overlap multiple categories, signifying the intertwined relationship within economic development.



Methodology

The Economic Development Strategic Plan will serve as a supporting document to the Citywide Strategic Plan and build on the already successful and vibrant Carlsbad business community. There are eight main components that have gone into the EDSP.



Market Study

The Concord Group conducted a market study that identified current market conditions and trends in Carlsbad and provided detailed information on demographics, employment, and emerging industries. The findings from the market analysis informed the proposed strategies and can be found throughout the Strategic Plan as they relate to each goal. The full report is an attachment to the Strategic Plan.

- Key growth areas include high paying industries such as Life Sciences, Technology, and Cleantech
- From 2019 to 2020, the inflow of residents from Los Angeles and San Francisco and outflow of residents to Riverside County increased
- The hospitality & tourism sector saw a large employment decline from 2018-2020, driven by the pandemic along with challenges associated with finding and retaining workers and reopening in an uncertain environment
- Carlsbad holds a higher share of class A office space in North County compared to its neighbors
- Key industries such as sports innovation & design and hospitality & tourism decreased employment between 2018-2020
- Downtown San Diego is increasing its life science office space footprint and can pose a threat to Carlsbad's ability to attract new companies and talent to the market
- Office space in Carlsbad is relatively affordable, and coupled with desirable demographics, and can attract high wage businesses
- The high job to labor market and forecasted growth of households earning over \$100K over the next five years may fuel growth in Class A office space
- Carlsbad's flex space rents are lower than its neighboring cities, allowing it to take advantage of the demand for life science flex space in the greater San Diego region

Community Engagement

The City of Carlsbad is committed to engaging community members in decisions affecting their lives. In addition to the market study, a robust engagement strategy was implemented that incorporates feedback from residents, business owners, business support organizations, economic development resource partners, City Council Economic Development Subcommittee, and City staff. Stakeholder feedback was collected through:

- Resident and workforce workshop
- Four business stakeholder workshops
- Social Pinpoint idea wall
- Meetings with City staff
- Previous outreach efforts conducted via Cities GPS
- Previous outreach efforts for the Citywide Strategic Plan
- City Council Economic Development Subcommittee Meetings

A SWOT analysis documented findings from the efforts mentioned above, as well as community & regional assets for economic development, and opportunities for the City. After cross-referencing this analysis with the existing economic development programs, strategic goals and objectives were developed that filled the gaps between existing programs and identified needs.



City Profile and Demographics



POPULATION:

115,302

1.6

JOBS TO
LABOR RATIO



MEDIAN
HOUSEHOLD
INCOME

\$112,933

MEDIAN HOME PRICE

\$1.5M



AVERAGE
COMMUTE
TIME

28MIN.



HOUSING
UNITS:

47,734



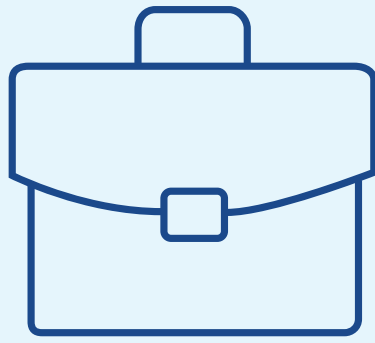
HOTEL ROOMS

4,900+



ANNUAL
VISITORS

3.5M+



TOTAL JOBS:

78,135

UNEMPLOYMENT

2.9%



TOP BUSINESS CLUSTERS:

- Hospitality & tourism
- Information and communications technology
- Life sciences
- Action sports manufacturing
- Clean technology



NUMBER OF BUSINESSES

10,000+



WORKFORCE

48,168

EDUCATIONAL ATTAINMENT:



24.6%

Graduate or Professional Degree



34.5%

Bachelor Degree



City of Carlsbad Economic Development Strategic Plan Goals

GOAL 1: Support Small Businesses, Startups & Entrepreneurs

Support Small Businesses, Startups & Entrepreneurs in partnership with local and regional collaborators, supporting the long-term viability of entrepreneurs and small businesses in Carlsbad.

GOAL 2: Develop Workforce and Attract Talent

Develop and attract workers and talent by providing skills, resources, and support for current and future jobs.

GOAL 3: Grow and Support Key Industries

Grow and support key industries by providing and creating resources for these industries to thrive in Carlsbad's economy.

GOAL 4: Encourage Placemaking and Engagement

Encourage a sense of connection in our community by building upon our successes and promoting access to economic development resources and opportunities.





GOAL 1: Support Small Businesses, Startups & Entrepreneurs.

Support Small Businesses, Startups & Entrepreneurs in partnership with local and regional collaborators, supporting the long-term viability of entrepreneurs and small businesses in Carlsbad.



Carlsbad has been a long-standing collaborator with local and regional business resource partners to assist its diverse business community and promote entrepreneurship. Small businesses owners and entrepreneurs create local employment opportunities, increase economic resilience, and lend to our sense of place. Over 90% of businesses in Carlsbad are small businesses with 50 employees or fewer. Residents and visitors alike enjoy the mom-and-pop retail shops and restaurants that enhance the culture of the community.

The COVID-19 pandemic changed the nature of work and how business is conducted. Remote work allows employees to live in Carlsbad while working for a company located in a different city or even state. Ninety percent of senior executives expect some remote work to continue permanently.

The pandemic also influenced an increase in entrepreneurship, as members of the work force looked to alternative means of income stability. The pandemic accelerated an already lively entrepreneurial spirit in Carlsbad as 900 home-based businesses sprung to life amid the height of COVID-19. Additionally of the businesses located in Carlsbad for less than a year almost half are designated as startups.

Carlsbad staff is dedicated to building a business-friendly environment. It is important that the City remains flexible in facilitating business development with the ebbs and flows of the market. The regulatory landscape for businesses is continually evolving, and by remaining flexible and proactively responding to regional, national, and global challenges, the City will strengthen its appeal to growing industries and retain existing businesses seeking to expand.

Where We Excel

- Desirable demographics including a large, educated, and skilled labor force
- 82% of businesses surveyed rated satisfaction of doing business in Carlsbad as excellent or good
- Proven economic resilience and agility during COVID-19 response with creation and support of Small Business Loan Program, Mediation Program, and Ready Carlsbad Business Alliance support
- Robust partnerships with business organizations such as the Chamber of Commerce, Carlsbad Village Association, and Visit Carlsbad

- Supporting small business and business organizations through programs such as the banner program, Gift Carlsbad, Cyber Security Program, and future technologies impact report
- The City Council’s Legislative Committee monitors potential legislation that may affect businesses
- Community Development staff created a How to Open an Eating Establishment guide for potential restaurant owners
- The City has proven its resilience and agility during the pandemic by creating and implementing essential programs through the Economic Recovery and Response Initiative, such as the Tenant Rent Deferral Program and mediation services, for small businesses

Challenges We Face

- There have been historical challenges navigating City permitting system, particularly processing time, and communication
- Businesses express frustration and confusion with signage requirements
- Some businesses and developers find the Zoning Code confusing
- Land use policies are perceived as outdated and lack flexibility

Opportunities for Growth

- The nature of work is changing, and the City has an opportunity to design programs around this shift
- The implementation of a new permitting system provides staff an opportunity to increase the number of permits and applications available online

- The City offers a free pre-application program, however many customers, developers, and residents are not aware of this option
- As the City continues to improve permitting timelines, there is opportunity for continued growth
- The City can capitalize on the strength of the relationships with local and regional partners

Goal 1 Objectives

- 1.1: Educate the public on the permitting and entitlement process and provide City staff with knowledge and resources to work with businesses and provide such information
- 1.2: Improve customer service experience during the permitting process
- 1.3: Empower small businesses and entrepreneurs with resources they need to be successful in Carlsbad
- 1.4: Embrace the changing nature of work and what that may look like for Carlsbad businesses
- 1.5: Increase engagement and support for women, minority, veteran, and disabled-owned businesses





GOAL 2: Develop and Attract Workers & Talent

Develop and attract workers and talent by providing skills, resources, and support for current and future jobs.



With excellent community amenities and services, such as top-rated K-12 schools, medical and recreational facilities, and public safety, it is no surprise that business owners choose to start their businesses in Carlsbad to take advantage of the quality of life the community affords. Carlsbad is job rich and an employment hub for surrounding cities, with a job to labor ratio of 1.6 and approximately 80,000 jobs. Almost 25% of the Carlsbad workforce live and work in Carlsbad, the highest of any other city in North County.

Carlsbad has desirable demographics and a large, educated, and skilled labor force. Approximately 35% of residents have bachelor's degree, and roughly 25% have graduate or professional degree. Between 2011-21, the Carlsbad median income increased approximately 40% and the population of households that make over \$150,000 increased by roughly 17%. Conversely, the population of households that make less than \$100,000 decreased by 18% over the same period.

Because of the high cost of living, data shows that over half of the workforce in hospitality & tourism, leisure, and retail – key Carlsbad industries – live outside of Carlsbad. These workers face further challenges with limited options for reliable and fast public transportation options.

Where We Excel

- Key growth areas include high paying industries such as Life Sciences, Technology, and Cleantech
- There are six colleges and universities within 30 miles (MiraCosta College, Cal State San Marcos, UC San Diego, National University, University of San Diego, San Diego State University)
- Carlsbad's Life in Action talent attraction program is a recruiting tool for Carlsbad companies
- Carlsbad adopted a Sustainable Mobility Plan to help improve transportation-related safety, reduce greenhouse emissions, and increase travel choices for residents and workers
- The City partners with the County of San Diego to offer a Down Payment Assistance Program for first time homebuyers
- Carlsbad offers housing programs such as a Home Repair Program and Section 8 Vouchers to help keep housing affordable
- The City recently implemented the Permit Ready ADU program to encourage construction of affordable housing options

Challenges We Face

- Businesses are experiencing difficulties in hiring because of small applicant pools, competition, demand for higher wages, high cost of living, childcare issues, and more
- Regional mobility issues contribute to lengthy commute times and decreased quality of life
- Hospitality & tourism and other industries that support visitors are struggling to get workers because of the high cost of living
- From 2019 to 2020, the inflow of residents from Los Angeles and San Francisco and outflow of residents to Riverside County increased
- High traffic coupled with a lack of mobility options can make it difficult for the workforce, residents, and visitors alike to travel around town
- Hospitality & tourism saw a large employment decline from 2018-2020, driven by the pandemic along with challenges associated with finding and retaining workers and reopening in an uncertain environment

Opportunities for Growth

- By implementing programs identified in the Housing Element, Carlsbad has an opportunity to address housing issues in conjunction with creating opportunities for economic vitality
- Carlsbad can capitalize on the changing nature of work by being proactive about the creation and design of economic development programs to incorporate new workforce trends
- Carlsbad's excellent school districts and access to six higher education institutions allow an opportunity to create and sustain workforce development programs to complement the key industries in the City

- By implementing programs in its Sustainable Mobility Plan, Carlsbad can create opportunities for economic vitality and additional mobility options to connect the workforce to these opportunities

Goal 2 Objectives

- 2.1: Enhance workforce training and talent attraction resources to support Carlsbad's key industries by partnering with K-12 school districts, regional higher educational institutions, and other cities in the region to support talent development and linkages with key industries
- 2.2: Create a more connected City and capitalize on existing digital tools to promote digital equity
- 2.3: Through the implementation of the Housing Element programs, address housing issues while promoting economic vitality by providing the workforce additional housing opportunities to be able to both live and work in Carlsbad
- 2.4: Through the implementation of the Sustainable Mobility Plan programs, mindfully create opportunities to promote economic vitality by providing the Carlsbad workforce additional mobility options





GOAL 3: Grow and Support Our Key Industries

Grow and support key industries by providing and creating resources for these industries to thrive in Carlsbad’s economy.



Carlsbad generates a large volume of its gross regional product (GRP) from manufacturing, the largest industry by employment. Professional, scientific, and technical services are the next largest components of the City’s GRP which includes include technology, life sciences, and other innovation industries. These sectors were minimally affected by the pandemic recession, and continued growth is anticipated due to resiliency to recession.

From 2010 to 2019, Carlsbad was a top performer in San Diego County in employment growth within the arts, entertainment, and recreation sector, however employment decreased dramatically during the pandemic. The forecasted growth in these sectors post-pandemic is strong, with an expected annual growth of 7% throughout San Diego, but some sectors of the economy may not recover all the jobs lost during the pandemic in the next five years.

Where We Excel

- The City’s Economic Intelligence and Insights (Ei2) Program sheds economic insights on the business climate of Carlsbad, allowing the City to proactively respond to challenges
- Staff works directly with key industries looking to relocate or expand within Carlsbad
- The City has strong partnerships with local business organizations

- Between 2010 & 2020, Carlsbad businesses attracted \$23.4 billion in venture capital, with the life sciences industry cluster accounting for 66% of total investments
- With nearly 16.2 patents obtained per 1,000 workers, Carlsbad outpaces tech hubs such as San Francisco and San Jose in this category
- Carlsbad has a competitive life science office market with the second lowest office rents in the San Diego area
- The “Doing Business in Carlsbad” site provides key information for businesses looking to expand or locate in Carlsbad
- Carlsbad holds a higher share of class A office space in North County compared to its neighbors
- Carlsbad is home to a number of tourism destinations that benefit both visitors and residents, including beaches, nature preserves, parks, natural landscapes, open space, lagoons, wildlife corridors, Legoland, golf courses, flower fields, and retail outlets
- The Carlsbad Tourism Business Improvement District (CTBID) amplifies Carlsbad as a destination without using City dollars

Challenges We Face

- Key industries such as sports innovation & design and hospitality & tourism, decreased employment between 2018-2020
- Changes in work dynamics, like remote work, showed that office space in Carlsbad may be sensitive to impacts
- The high cost of living is prohibitive for many employees in entertainment, retail, hospitality & tourism to live in Carlsbad.
- Downtown San Diego is increasing its life science office space footprint and can pose a threat to Carlsbad's ability to attract new companies and talent to the market
- The Inland Empire has lower housing costs than Carlsbad and the San Diego region, increasing its appeal to workers

Opportunities for Growth

- Residents and workers want more connected and frequent public transportation to move workers to and from jobs
- Economic Intelligence and Insights (Ei2) Program can be expanded to provide critical data on key industries, allowing the City to be proactive and nimble
- Strong partnerships with local business organizations allows for cooperative programming
- Office space in Carlsbad is relatively affordable, attracting high wage businesses

- The high job to labor market ratio and forecasted growth of households earning over \$100K over the next five years may fuel growth in Class A office space
- Carlsbad's flex space rents are lower than its neighboring cities, allowing it to take advantage of the demand for life science flex space in the greater San Diego region

Goal 3 Objectives

- 3.1: Evaluate opportunities to improve mobility for visitors, residents, and workers
- 3.2: Connect businesses in key sectors with data and resources they need to thrive in Carlsbad
- 3.3: Assist businesses in growing industries such as tech, life sciences, cleantech, sports innovation & design, and hospitality & tourism, among others, which are looking to relocate or expand in Carlsbad
- 3.4: Balance support between the needs of residents and businesses in hospitality & tourism, and entertainment





GOAL 4: Encourage Placemaking and Engagement

Encourage a sense of connection in our community by building upon our successes and promoting access to economic development resources and opportunities.



Carlsbad has a strong commitment to engaging residents and businesses. The City is active across various social media platforms, however improving access to information for businesses and augmenting the impact of the City's existing platforms to include businesses as an audience will allow the business community and workers to know more about what resources are available to them. There is an opportunity to open new channels of communication and promote stronger connections with residents and businesses alike.

Carlsbad's beautiful parks, beaches, and public places naturally foster placemaking and gathering. The vibrant and thriving Village is a center of activity, art, and culture. These assets bolster quality of life and should be leveraged to attract and retain workers.



Where We Excel

- Carlsbad has an engaged and involved community
- Joint communications with the Chamber of Commerce, Carlsbad Village Association, and Visit Carlsbad show unity
- Strong public reception to the City Manager's newsletter
- Strong social media presence
- The Citizens Academy empowers residents with information about their local government
- Biennial business survey provides ongoing insights into business climate
- Carlsbad Connects App is a centralized location for activity and news, and to report challenges
- The City of Carlsbad is committed to the importance public art and established an Arts Commission to provide direction and support for the development of a variety of arts in the City

Challenges We Face

- Messaging for businesses does not cut through the digital clutter to reach recipients
- Most economic development programs in the City are not well branded
- The City can better leverage the “Doing Business in Carlsbad” page to be a consolidated, specific economic development website oriented toward businesses with current information on programs and activities
- Some sections of the Village Barrio Master Plan and the Signage Ordinance are unclear or confusing

Opportunities for Growth

- Reach new demographics by expanding successful social media and other outreach programs

- Harness additional data from Economic Intelligence and Insights (Ei2) Program to inform decision making and empower local businesses with data
- Create partnership between the Arts Commission and Economic Development Subcommittee to develop placemaking tactics as an economic engine

Goal 4 Objectives

- 4.1: Build upon the successes of the communication efforts in the City to promote the City’s economic development programs
- 4.2: Enhance physical placemaking opportunities to strengthen the connection between people and the places they share
- 4.3: Leverage City-owned assets and right of way to create a sense of place



Sources

Source	Reseracher	Date
City of Carlsbad 2021-2029 Housing Element	City of Carlsbad	2021
City of Carlsbad Social Pinpoint Idea Wall		April – May 2022
City of Carlsbad Sustainable Mobility Plan	City of Carlsbad	December 2020
City of Carlsbad and RSG	Community Outreach Workshops	February, March, and May 2022
COVID-19 Inclusive Recovery Assessment and Implications	Cities GPS	August 16, 2021
Economic Scan First Quarter FY 2021-2022	City of Carlsbad	November 2, 2021
2021 City of Carlsbad Business Report	BW Research Partnership	December 2021
2022 Carlsbad Market Study	The Concord Group	February 2022
2022 City of Carlsbad Business Report	BW Research Partnership	May 2022

