

INNOVATE

REGIONAL PROFILE

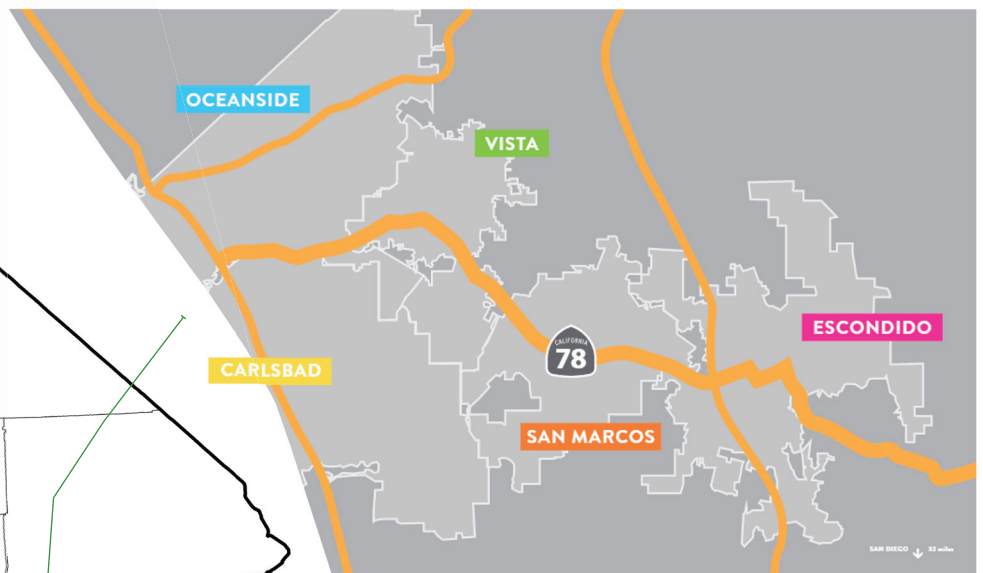
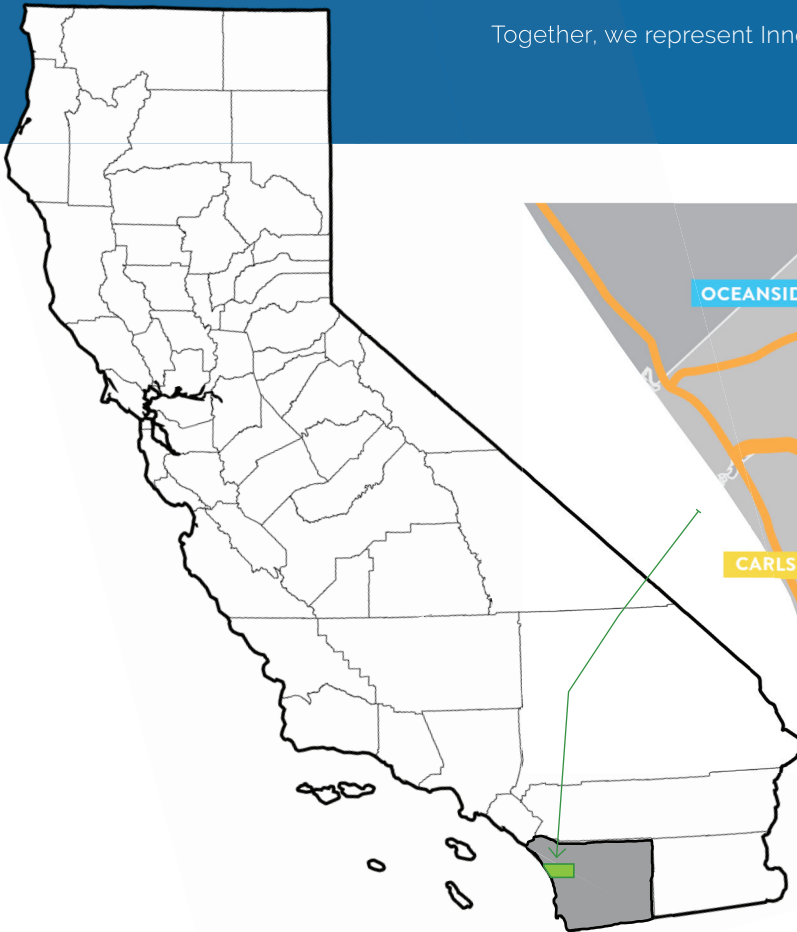


innovate78.com

POP: 637,517
UNEMPLOYMENT: 3.1%
AVG INCOME: \$74K

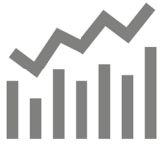
Innovate78 is the collaborative outcome of five cities in North County San Diego – **Carlsbad, Escondido, Oceanside, San Marcos and Vista** – coming together with a shared vision to boost economic prosperity along the 78 Corridor. From tech startups to life sciences and communications, North County is the place where innovation and lifestyle collide. Here, in the five forward-thinking communities that comprise the 78 Corridor, creative leaders are gathering to continue this momentum of innovation and success.

Together, we represent Innovate78, a hub of innovation that is driving talent and creative capital to the 78 Corridor. Join us to see what we're all about.



WHY COLLABORATE?

To us, collaboration is more than just another buzzword. It is our core value – a key building block to everything we do. We collaborate to compete. Together, we are home to leading companies and universities, cutting edge research institutions and hospitals, world-class tourist destinations and a lifestyle second to none.



AT A GLANCE



Innovate78's economic dashboard uses a range of metrics to track the 78 Corridor's economic health, quality of life, demographics, talent profile and real estate. All data is annual from the most recent report, unless the month or quarter is available.

ECONOMICS

283,500
EMPLOYMENT

3.1%
UNEMPLOYMENT

1,034
PATENTS

\$6.2M
IN CAL COMPETES
TAX CREDITS

Source: EDD, Dec 2017; USPTO, 2017; San Diego Regional EDC, 2017

QUALITY OF LIFE

28 mins
AVG TRAVEL TIME TO WORK

\$74,024
AVG INCOME

46+
BREWERIES

19
GOLF COURSES

Source: ACS, 2016; Brewers Guild, 2017; San Diego Tourism Authority, 2018

DEMOGRAPHICS

637,517
POPULATION

35.5
MEDIAN AGE

23.2%
FOREIGN BORN POP.

25.9%
MILLENNIAL POP.

Source: CA Department of Finance, 2017; ACS, 2016

TALENT

33.8%
BACHELOR'S OR HIGHER

11.7%
ADVANCED DEGREES

1.5%
PHD'S

40%
SCIENCE & ENGINEERING GRADS

Source: ACS, 2016

REAL ESTATE

\$579,674
AVG HOME PRICE

\$1,527
MEDIAN RENT

7.7%
HOME PRICE CHANGE
SINCE 2016

4.4%
INDUSTRIAL VACANCY

16.2%
OFFICE VACANCY

5.4%
RETAIL VACANCY

Source: Zillow, 2017; ACS, 2016; CBRE, Q4 2017



SAN DIEGO'S UPSIDE



The 78 Corridor is home to thriving industries that fuel our economy. The companies within these industries aren't just focused on doing business along the corridor. They are nationally and globally recognized leaders in innovation. More importantly, they are Innovate78 companies. From life sciences to military and defense, to manufacturing and action sports, the 78 Corridor is at the cutting edge of products that change the way we live, change the way our military communicates and change the way we think about the future.

CARLSBAD

THE INNOVATION CENTER

Pop: 113,725



In Carlsbad you'll find some of the most innovative companies in San Diego – from genome sequencing, to manufacturing of advanced satellites and the development of robotic vehicles used for the military and the future of transportation.

ACTION SPORTS MFG
LIFE SCIENCES
CLEANTECH
INFORMATION & COMMUNICATION TECH

COOLA Suncare
Verve
Ionis Pharmaceuticals
Reef
TaylorMade Golf
Thermo Fisher Scientific
Viasat

ESCONDIDO

THE ENTREPRENEURIAL NEXUS

Pop: 151,492



The most inland of the five cities, Escondido's economy is one of the most diversified. From computers to craft beer, Escondido is rich in the entrepreneurial spirit that defines the San Diego region.

HEALTHCARE
SPECIALTY FOOD & BEV.
AGRICULTURE
PRECISION MFG

Buster Biofuels
Henry Avocado Co.
JP Catholic University
Palomar Medical Center
San Diego Zoo Safari Park
Stone Brewing Co.
Transpower

OCEANSIDE

BIOTECH BY THE BEACH

Pop: 176,461



Taking advantage of the nexus between oceanfront living and thriving businesses, Oceanside is attracting the attention of quickly growing life sciences companies that fuel a robust business climate.

LIFE SCIENCES
MEDTECH
ACTION SPORTS
MANUFACTURING

Genentech
Gilead Sciences
Hydranautics
Hydroflex Surfboards
MagnaFlow
MiraCosta College
TE Connectivity

SAN MARCOS

THE EDUCATION HUB

Pop: 94,042



San Marcos is the location of the Corridor's only public university – California State University San Marcos. Because of this, San Marcos has one of the highest concentrations of STEM degrees.

HIGHER EDUCATION
MANUFACTURING
SPECIALTY FOOD & BEV.
INFORMATION & COMMUNICATION TECH

Cliniq
Hunter Industries
Baja Designs
Landsberg Orora
Teamwork Athletic
Avista Technologies
Hughes Circuits

VISTA

WHERE IDEAS COME TO LIFE

Pop: 101,797



While Vista is without a doubt the 78 Corridor's craft beer capital, many of San Diego County's most prominent companies in maritime, medical device manufacturing and action sports manufacturing are located in Vista's vibrant 14 million ft² of business park.

LIFE SCIENCES
PRECISION MFG
LIFESTYLE PRODUCT MFG
INFORMATION & COMMUNICATION TECH

18+ Breweries
Aqua Lung
Applied Membranes
DJO Global
Dr. Bronners
Leidos
Solatube International



INDUSTRY SPOTLIGHTS



With breakthrough technology companies and research organizations, a large population of military personnel and a strong tourism industry, the 78 Corridor contributes to the greater regional economy in a big way. California's second largest metro by population, San Diego County has one of the most diverse, dynamic economies in the country.

SAN DIEGO COUNTY

GRP: \$215B

POP: 3.3M

UNEMPLOYMENT: 3.3%

ACTION SPORTS

IN SAN DIEGO COUNTY

#2
LARGEST IN THE US

& \$1.4B
ECONOMIC IMPACT



The action sports industry is rapidly becoming recognized as a major driver of San Diego's regional economy. This sector includes both products and services that facilitate participation in sports and an active lifestyle. For example, the 78 Corridor is home to some of the world's best known golf companies. It also has a range of enterprises that provide specialized business services to these companies as well as businesses that focus on training and coaching, facilities and event planning.

Companies on the 78: Aqualung, SKLZ, TaylorMade Golf, Titleist, Hobie Cat

DEFENSE

IN SAN DIEGO COUNTY

300,000+
JOBS TIED TO DEFENSE

& \$9.2B
IN DOD CONTRACTS



San Diego's defense cluster continues to play a critical role in the region's innovation and military economy and the United States' national security priorities. San Diego is home to the largest concentration of military assets in the world and the largest federal military workforce in the country. Jobs supported as a result of defense spending include uniformed military, federal government employees and defense contractors, as well as employees in healthcare, engineering, construction, hospitality and tourism.

Companies on the 78: Carbon by Design, CoorsTek, Leidos, One Stop Systems, Viasat

TOURISM

IN SAN DIEGO COUNTY

34.3M
VISITORS IN 2016

& \$18.3B
ECONOMIC IMPACT



With more than 70 miles of coastline, state of the art hotel and convention spaces, and an array of entertainment options throughout the region, San Diego is positioned as one of the top visitor and convention destinations in the world. San Diego's world-class waterfront and award-winning international airport make it accessible from destinations across the globe. The 78 Corridor is home to many of the top-visited destinations in the County.

Key Attractions on the 78: Carlsbad State Beach, Stone Brewing Bistro & Gardens, San Diego Zoo Safari Park, Oceanside Pier & Harbor, Old California Restaurant Row, Vista breweries

MANUFACTURING

IN SAN DIEGO COUNTY

3,000+
MANUFACTURERS

& 108,000
MFG JOBS



The San Diego region is home to a vibrant manufacturing cluster that spans across many industries, including the defense, aerospace, shipbuilding and repair, medical devices, craft brewing and action sports manufacturing. With a highly-skilled workforce, robust training programs and close proximity to Mexico, San Diego is a hub for advanced manufacturing companies.

Companies on the 78: American Innotek, Hunter Industries, Magnaflow, Solatube International, Nordson

LIFE SCIENCES

IN SAN DIEGO COUNTY

1,225+
LIFE SCIENCE COMPANIES

& 80+
RESEARCH INSTITUTES



The life sciences industry is a major driver of the innovation economy in the San Diego region. The research institutes provide the sector with breakthrough technologies that fuel company growth and product development. Major life sciences companies maintain a presence along the 78 Corridor to foster collaboration with major research institutes, universities and smaller biotech companies. These unique assets, combined with one of the most talented labor forces in the world, make San Diego one of the top life sciences markets.

Companies on the 78: Cliniqa Corp, DJO Global, Genentech, Ionis Pharmaceuticals, Thermo Fisher Scientific



LIFE ON THE 78



The 78 Corridor's opportunities for success aren't the only thing we've got to boast – the quality of life in the Corridor makes working here easy. From beautiful beaches and weather year-round to great schools and neighborhoods, the 78 is a place to live where you work, and enjoy it.

50+
breweries
(and growing!)

19
golf courses

175
miles of trails

ATTRACTIONS & FAMILY FUN

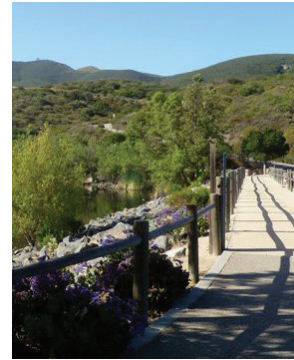
- California Welcome Center
- Carlsbad Flower Fields
- Lake Wohlford
- LEGOLAND California Resort
- Oceanside Harbor & Village
- Oceanside Pier & Harbor
- OMNI La Costa Resort & Spa
- Park Hyatt Aviara
- Queen Califia Magical Garden
- San Diego Zoo Safari Park
- San Luis Rey Bike Trail
- Stone Brewing Co.
- San Marcos Restaurant Row
- Wave Waterpark

MUSEUMS & HISTORIC SITES

- Antique Gas & Steam Engine Museum
- California Surf Museum
- Gemological Institute of America
- Mission San Luis Rey
- Museum of Making Music
- Oceanside Museum of Art
- Railroad Museum
- Rancho Guajome Adobe
- Roynon Museum of Paleontology
- San Diego Archeological Center
- San Diego Children's Discovery Museum

ARTS & NATURE

- AVO Playhouse
- Buena Vista Audubon
- California Center for the Arts
- Daley Ranch
- Discovery Lake
- Dixon Lake
- Double Peak Park
- Moonlight Amphitheater
- Patio Playhouse
- Star Theatre
- Sunshine Brooks Theatre
- Walnut Grove Equestrian Center



Carlsbad Flower Fields • Stone Brewing Bistro and Gardens, Escondido • Skydiving over Oceanside • Discovery Lake, San Marcos • Vista Village

AFFORDABLE LIVING

Average Sale Price, 2017



Carlsbad \$778,125 Escondido \$480,225 Oceanside \$481,683 San Marcos \$548,983 Vista \$500,158

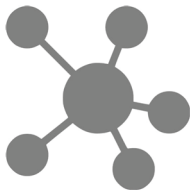
Source: Zillow, Q4 2017

Average Rent Price, 2017 - 2BR



Carlsbad \$2,254 Escondido \$1,702 Oceanside \$1,831 San Marcos \$2,142 Vista \$1,714

Source: Zillow, Q4 2017



REGIONAL RESOURCES



San Diego benefits from strong partnerships between government and business, and a uniquely collaborative political environment that provides stability for the growing local economy. Below are a few examples of regional partners and trade organizations.



INNOVATE78 is the collaborative outcome of five cities – Carlsbad, Escondido, Oceanside, San Marcos and Vista – coming together with a shared vision to boost economic prosperity along the 78 Corridor. The Innovate78 initiative is managed by the San Diego Regional EDC.
innovate78.com



THE ALLIANCE FOR REGIONAL SOLUTIONS is a collaborative of North County leaders and decision makers from across all sectors of the region who agree to work together to insure that current and emerging human needs are justly met for the greater good of the North County San Diego region.
regionalsolutions.net



NORTH COUNTY ECONOMIC DEVELOPMENT COUNCIL works to build a stronger North County San Diego economy through regional collaboration and leadership. SDNEDC leverages public sector, private sector and community partnerships to sustain and strategically grow the economic base of North San Diego County.
sdnecd.org



SD SPORT INNOVATORS (SDSI) is a non-profit, business accelerating, trade organization that connects and drives the growth of Southern California's vibrant sports economy by offering elite level networking, innovative programs and services for startups, mature companies and service providers.
sdspportinnovators.org



CONNECT has assisted in the formation and development of more than 2,000 companies since 1985. The incubator is widely regarded as the world's most successful regional program linking inventors and entrepreneurs with the resources needed for the commercialization of products.
connect.org



SAN DIEGO WORKFORCE PARTNERSHIP funds job training programs to meet the region's demand for qualified workers. The programs benefit local employers, unemployed and recently laid-off adults, as well as at-risk youth ages 14 to 21.
workforce.org



WTC SAN DIEGO (WTCSD) – a member of the more than 300 World Trade Center global network– works to cultivate a pipeline of export-ready firms, facilitate the growth of foreign investing firms in San Diego and amplify the region's global identity abroad.
globalsd.org



SAN DIEGO REGIONAL ECONOMIC DEVELOPMENT CORPORATION works to maximize the region's economic prosperity and global competitiveness. As an independently funded nonprofit organization, EDC promotes the region, facilitates corporate expansion across diverse industry sectors and supports the talent pool that drives their success.

Company support • Research • Regional marketing • Advocacy
sandiegobusiness.org



INCENTIVES ON THE 78



We, the five cities of Innovate78, commit to cultivating a region that promotes innovation, collaboration and economic prosperity. We seek to maximize opportunity for ALL businesses and residents; we collaborate to compete.

CALIFORNIA STATE INCENTIVES

California Competes Tax Credit is a prospective income tax credit made available to businesses which have plans to grow in California. Companies outline planned investments and additional full-time hires over a five-year period and enter an agreement with the state which awards credits annually as growth milestones are achieved. The budget for FY 2017-18 of the program is \$230 million with designated application periods.

Research and Development Tax Credit is an up to 15 percent credit for qualified in-house research expenses and a 24 percent credit for basic research payments to an outside organization, offered to companies that conduct qualified research activities in California. A federal research credit is also available.

Manufacturing and R&D Equipment Exemption is available to manufacturers and certain research and development companies. Companies may qualify for a partial exemption of sales and use tax on certain manufacturing and research and development equipment purchases and leases. Qualified companies will pay only 3.3125 percent sales or use tax until 2022 on qualifying purchases and leases. Qualifying purchases are limited to \$200 million in a calendar year.

FEDERAL INCENTIVES

Trade Incentives

Interest Charge Domestic International Sales Corporation Return (IC-DISC) is a federal tax incentive for exporters of products made in the U.S. California manufacturers who receive 50 percent of their net income from foreign sales may be subject to a significantly reduced U.S. income tax rate.

Export-Import Bank finances the export of U.S. goods and services to international markets by providing working capital guarantees (pre-export financing), export credit insurance and loan guarantees and direct loans.

Financing

EB-5 Financing provides foreign nationals the opportunity to become conditional residents for a period of two years upon making an investment of \$1 million, or \$500,000 in a designated Targeted Employment Area, in a new commercial enterprise. Each unit of investment must create at least ten new, direct or indirect jobs for U.S. workers.

Workforce Development

Work Opportunity Tax Credit is available to employers for hiring individuals from certain target groups that have consistently faced significant barriers to employment.

Tax Credits

New Markets Tax Credit program awards companies a tax credit against their Federal income in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

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INNOVATE78

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