

# Capital Flows in Fresno, California

## *Examining Investment in a Growing Area of California's Central Valley*

Brett Theodos, Noah McDaniel, and Eric Hangen

April 2024

Investment is growing in the Fresno region. However, [the area's investment still lags behind that of other large metropolitan areas](#).

The [agricultural sector plays a significant role in supporting the regional economy](#), while other commercial sectors, especially small businesses, are falling short.

Predominantly [Hispanic and Latino neighborhoods are underinvested in](#) relative to other neighborhoods across most asset classes.

Investment is increasing in the Fresno region of California's Central Valley, driven by the growing agricultural sector, but the area's investment still trails behind that of other major metropolitan areas. To understand this trend, we analyzed investment patterns, also known as capital flows, to gauge the economic vitality of the region and its capacity to meet local needs. Our analysis focused on Fresno City and County, using census tract data from 2010 to 2022.

### **AGRICULTURE AND RELATED INDUSTRIES ARE DRIVING INCREASED INVESTMENT IN THE FRESNO REGION**

From 2010 to 2022, Fresno County demonstrated strong nonresidential investment, primarily in agriculture and related industries—ranking among the top one-fifth of the largest 100 counties in the US for these types of investments. Despite this, the county ranks low among its peers in aggregate investment, landing in the bottom third (figure 1).

Fresno City has not succeeded in attracting nonresidential investment to the same degree as Fresno County, which is part of the reason why the city ranks in the bottom one-fifth of the 100 largest cities in terms of capital access.

### **LENDING TRENDS ARE A MIXED BAG IN FRESNO**

Small-business lending is particularly deficient in Fresno, with the city and county ranking just 97th and 98th out of the 100 largest cities and counties, respectively. The city and county also fall in the bottom half of their peers when it comes to single-family and multifamily lending. Mission lending levels for the city and county are around the middle of their respective peer groups, and the county fares better than the city in accessing federal resources relative to its peers.

### **DESPITE GROWTH OVER TIME, INVESTMENT DISPARITIES PERSIST**

Aggregate investment has grown in Fresno over time, even when accounting for population growth (Theodos et al. 2024). Federal and mission investment have fluctuated, while multifamily lending has been low in recent years. The other asset classes are on an upward trend.

As in many areas of the country, investment in Fresno is higher in lower-poverty neighborhoods. The largest gap between the most and least impoverished areas is observed in single-family lending. Despite being relatively stronger in the poorest areas, federal and mission investment are stronger in the poorest areas but still constitute a small share of total investment, at 2.1 percent.

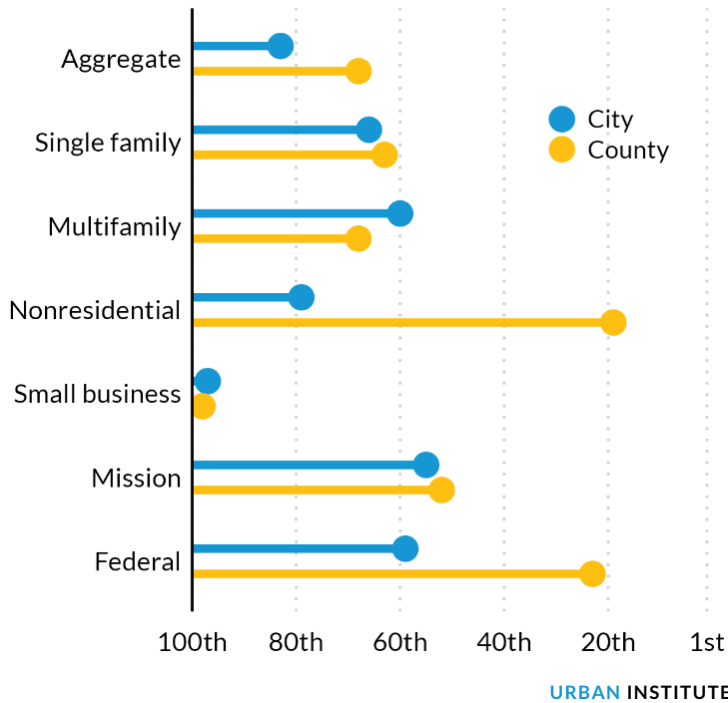
Disparities are also evident by race and ethnicity. In the city, tracts where less than 20 percent of residents are Hispanic receive 1.8 times more investment than those where more than 60 percent of residents are Hispanic. The gap widens further for housing and small-business investment.

In the county, overall investment disparities by race and ethnicity are lower due to parity in nonresidential investment across tracts. Housing investment correlates positively with the Asian population share but negatively with the Black population share. However, there are few tracts with significant concentrations of those groups.

FIGURE 1

### Ranking Investment in Fresno

Percentile rank among the 100 largest US cities and counties



**Sources:** Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the US Small Business Administration; and the 2008–2022 five-year American Community Survey.

**Notes:** Data are for 2010–2022. Data are limited to tracts at least 50 percent within Fresno. All investments are scaled as described in “Gauging Investment Patterns Across the US,” Urban Institute, May 20, 2021, <https://apps.urban.org/features/capital-investment-flows/>.

### INVESTMENT VARIES BY GEOGRAPHY

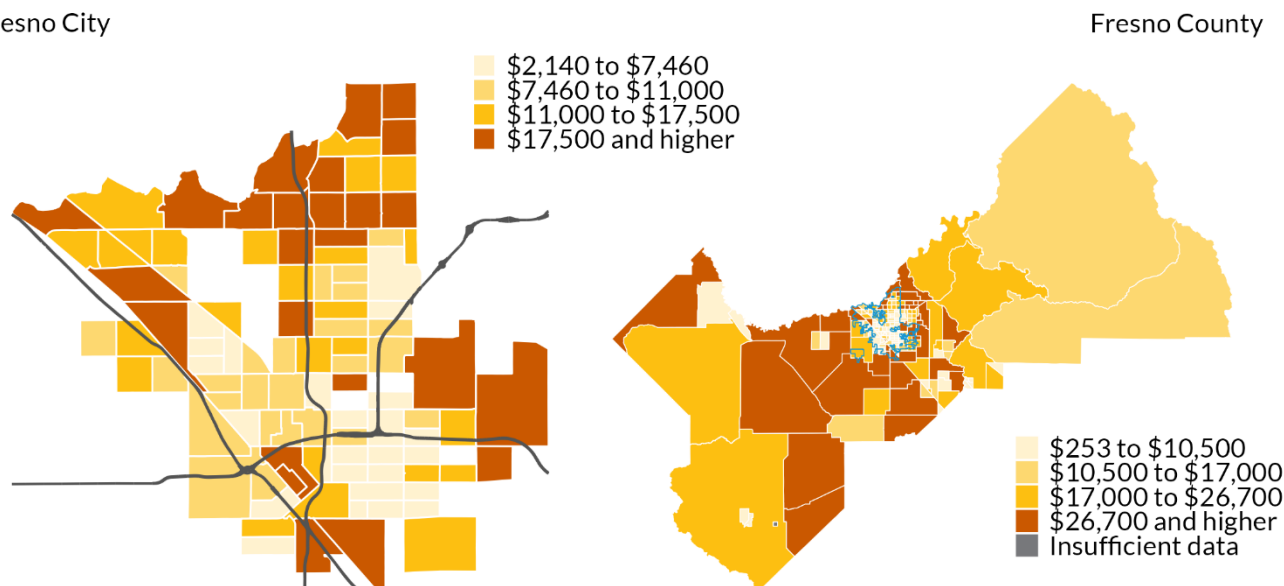
Within the city, investment patterns vary across asset classes and neighborhoods (figure 2). Notably, single-family lending and small-business loans are largely clustered in the northern and eastern tracts. Federal investment, conversely, concentrates heavily around the downtown area, while other asset classes are more evenly scattered across the city.

To the east of the city, limited developable land is constrained by Kings Canyon National Park and the Sequoia and Sierra National Forests. However, investment is highest in the south and west, within the Central Valley of California. This is primarily attributable to nonresidential investment in agriculture and related industries. Meanwhile, suburban areas to the east experience the highest levels of single-family investment.

FIGURE 2

## Mapping Investment in Fresno

Average aggregate investment per household from 2010 to 2022



URBAN INSTITUTE

**Sources:** Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; Opportunity Finance Network; the US Small Business Administration; and the 2008–2022 five-year American Community Survey.

## REFERENCES

Theodos, Brett, Eric Hangen, Noah McDaniel, and Ilina Mitra. 2024. “Capital Flows in Fresno: Supplemental Figures.” Washington, DC: Urban Institute.

## ABOUT THE AUTHORS

**Brett Theodos** is a senior fellow in the Metropolitan Housing and Communities Policy Center at the Urban Institute and director of the Community Economic Development Hub.

**Eric Hangen** is the principal of I Squared Community Development Consulting LLC.

**Noah McDaniel** is a research analyst in the Metropolitan Housing and Communities Policy Center at the Urban Institute.

## ACKNOWLEDGMENTS

This research was funded by the Kresge Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at [urban.org/fundingprinciples](https://urban.org/fundingprinciples). Copyright © April 2024. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.