



city of

BERKELEY



Economic Dashboard

September 2018

Office of Economic Development

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table of contents

CITYWIDE ECONOMIC DASHBOARD

EMPLOYMENT.....3-4

- Labor Force & Employment Figures
- Job Growth by Industry Sector – Manufacturing Spotlight

BUSINESS DEVELOPMENT.....5-6

- Top Employers
- Innovation Sector
- Small Business Revolving Loan Fund

COMMERCIAL ACTIVITY.....7-10

- Office Trends & Transactions
- Commercial Trends & Transactions
- Commercial Districts & Vacancy Rates
- Sales Tax Revenues

DEVELOPMENT & HOUSING.....11-12

- Construction & Pipeline
- Housing Costs

employment

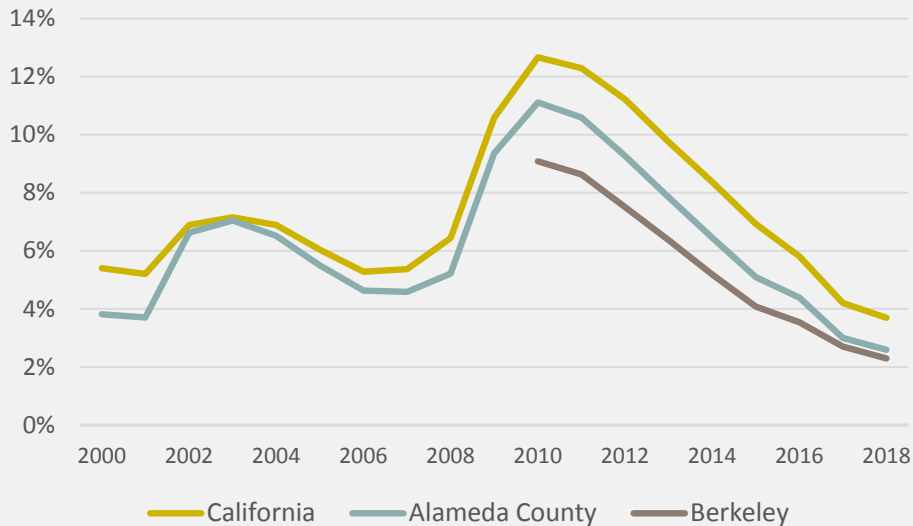
labor force & employment figures

City of Berkeley Averages, 2016-2018

Year	Labor Force	Employed Residents	Unemployment Rate
2016	62,166	60,000	3.5%
2017	63,700	61,900	2.7%
2018	63,100	61,600	2.3%

Source: CA Employment Development Department, Labor Market Information Division

Unemployment Rates, Averages 2000-2018



Source: CA Employment Development Department (EDD), LMI Division, Reported 05/2018

Employment & Jobs: Fast Facts

- Berkeley's average unemployment rate for 2018 was 2.3%, slightly down from 2.7% in 2017 and over 1% down from 2016.
- In comparison, Alameda County's average unemployment rate in 2017 was 2.6%, while California's was 4.2%.
- The unemployment rate continues to fall despite slight increases in the overall participation in the labor force.



Sources: CA Employment Development Department, Quarterly Census of Employment and Wages. Photos: (clockwise from top left) LBL.gov, Kiwi/SkyDeck, UC Berkeley.

employment

growth by industry sector – manufacturing spotlight

Manufacturing Industries in Berkeley

Industry Type	Indicators		
	Number of Jobs (% of all jobs)	Payroll, in \$ (% of all Berkeley firms payroll)	Number of Firms (% of all Firms)
Food Manufacturing (including: Coffee, Tea, Bakeries, Chocolate and Prepared Foods)	535 (.76%)	\$ 5,767,380 (0.50%)	34 (.64%)
Chemical/Pharmaceutical Manufacturing	1,869 (2.6%)	\$ 55,786,229 (4.82%)	8 (.15%)
Apparel, Textile, Furniture and Cosmetic Manufacturing	188 (.27%)	\$ 1,964,347 (0.17%)	14 (.26%)
Breweries and Wineries	161 (.23%)	\$ 1,636,455 (0.14%)	8 (.15%)
Machine, Metals, Printing, Assembly, Hardware, Electric, Audio/Visual Equipment	1,116 (1.6%)	\$ 18,904,233 (1.63%)	57 (1.1%)
<i>Subtotal (all manufacturing firms)</i>	3,869 (5.5%)	\$ 84,058,644 (7.3%)	121 (2.3%)
TOTAL (all Berkeley firms, all types)	70,348 (100%)	\$1,158,190,757 (100%)	5,297 (100%)

Source: (EDD) Quarterly Census of Employment and Wages (QCEW) 2017 Q3

The New Manufacturers – Emerging Sector

Food Technology

New manufacturing sectors include Food technology, which uses science and manufacturing together to make food production more sustainable and perhaps more nutritious. Berkeley is now host to the following ‘food tech’ firms:

Ripple Foods (founded 2014) is a brand of pea-protein ‘dairy’ products. **Wild Earth** is making pet food from cultured protein, and **Memphis Meats** is growing sustainable meat from a lab bench.

Perfect Day Foods
Perfect Day Foods is a West Berkeley Company that is crafting animal-free dairy products with engineered proteins that taste like “the real thing.” Since 2014, a diverse team of chefs, food designers, nutritionists, scientists, and engineers are using new technologies to make cheese and other vittles without milk.



Photos: (from Top) Digitaltrends.com, Supply Chain World, Wild Earth, Perfect Day “cheese” (L).

business development

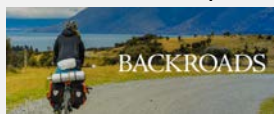
top employers & innovation sector

Top 25 Employers, by Number of Employees

Alta Bates Medical Center	Lawrence Berkeley Laboratory
Ansys, Inc.	Lifelong Medical Care
Bayer Healthcare LLC	Meyer Sound
Backroads Active Travel	MSCI Inc.
Berkeley Bowl Produce	OC Jones & Sons
Berkeley Cement Inc.	Recreational Equipment Inc.
Berkeley City College	Siemens Corporation
Berkeley Marina Doubletree	Target
Berkeley Repertory Theatre	University of California, Berkeley
Berkeley Unified School District	US Postal Service
City of Berkeley	Whole Foods Market California Inc.
Genji Pacific	YMCA of the Central Bay Area
Kaiser Permanente	Source: EDD, QCEW Data Q2 2017

In the first quarter of 2017, one new Berkeley business joined the list of top 25 employers, above. More below:

- **Backroads Active Travel** - is listed as the “World’s number one active travel company” with over 231 trip itineraries and tours in over 50 countries and territories with headquarters in Berkeley, CA.



Innovation Sector: Accelerating Berkeley startups at SkyDeck



Sky Deck is a technology incubator and acceleration program where new companies have a time frame of six months to develop a network of mentors that help them connect with UC Berkeley resources help startups launch and grow. Sky Deck has already launched a handful of successful startups, including gesture-recognition microchip designer Chirp and LimeBike, whose dockless bicycles have become ubiquitous in many parts of the country (see right).



Photo Credits: Wired (bottom), EE Times (middle), Medium (top)



business development

small business revolving loan fund

The City of Berkeley's Revolving Loan Fund (RLF) provides access to capital for businesses that don't qualify for traditional commercial loans. Since the program was launched in 1980, the City has lent over \$2.4 million to 42 borrowers. There are currently 8 active loans. In Q2 2018, the Loan Administration Board (LAB) celebrated Bio Fuel Oasis' last payment (see sidebar).

Portfolio Summary	Total Loans	Active Loans
Number of RLF Loans	42	8
RLF \$ Loaned	\$2,463,417	\$720,000
Total Non-RLF \$ Leveraged	\$7,698,959	\$2,192,543
Private Sector Jobs Created	206	39
Private Sector Jobs Saved	96	71

Source: Berkeley OED

Current Borrowers Include:



ANTON
SALON



Photos: Backyard Beekeeping classes are one of the offerings through the Oasis (bottom right) along with model chicken coops (left).



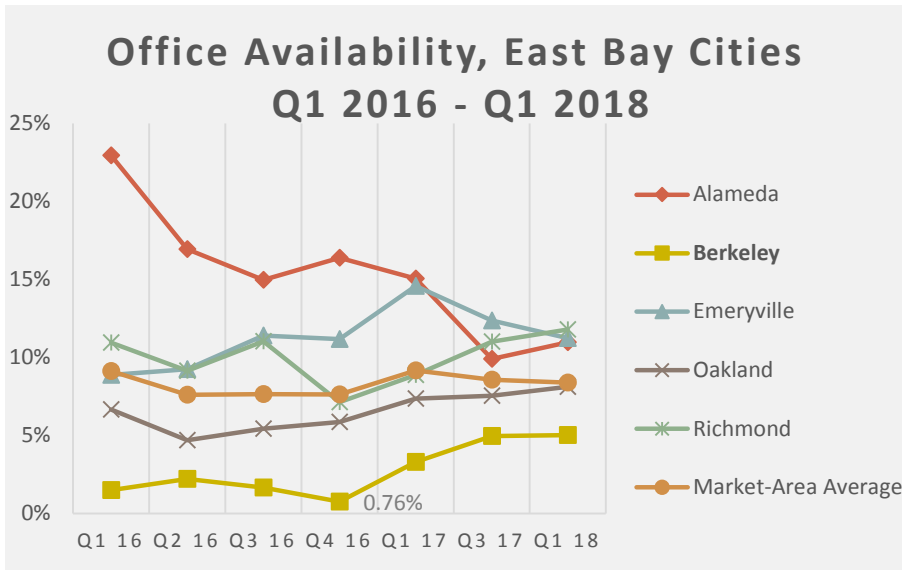
Founded in 2003, The BioFuel Oasis is a worker owned cooperative located in a historic service station at the corner of Berkeley's Sacramento and Ashby streets. They offer biodiesel made from recycled vegetable oil seven days a week. With the help of a loan from Berkeley's Revolving Loan Fund in 2008, the owners were able to expand their offerings and market their unique line of products which include urban farm supplies to support local beekeeping and backyard chicken raising. The ongoing relationship with the loan program has given them the opportunity to continue to grow their thriving Berkeley business.

commercial activity

office trends & transactions

Q1 2018 Office Market, Berkeley	Indicators
Total Inventory	3,031,015 SF
Under Construction	42,000 SF
Availability Rate	5.03%
Qtr Gross Absorption	119,380
Qtr Net Absorption	-100,421
YTD Net Absorption	-100,421
Average Asking Rent	\$3.34 / SF

Source: Newmark Cornish & Carey, 1Q18 East Bay Office Market Report



Source: Newmark Cornish & Carey, 1Q18 East Bay Office Market Report

Office Market Highlights



Notable transactions:

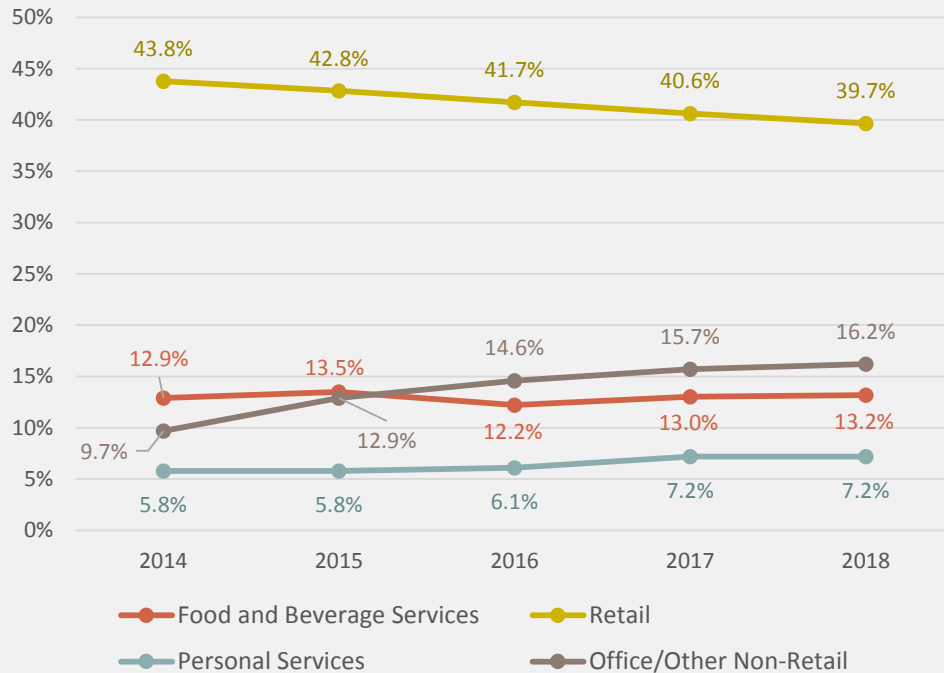
- John Muir Health/UCSF Outpatient Center (pictured above) opened in Berkeley at 3100 San Pablo Ave. This first ever joint-venture provides non emergency services using resources from both USCF and John Muir Health. The facility is 96,000SF and included a \$34 million build out of the site.
- AGC Biologics, a clinical and commercial manufacturer of therapeutic proteins, expanded their 890 Heinz Street facility in March 2018, adding to its growing capacity with the addition of a 2000L single-use bioreactor. The facility has tripled in capacity over the last three years to meet market demand, and now offers cell culture manufacturing in many different scales.

Source: Newmark Cornish & Carey, 2Q18 East Bay Office Market Report

commercial activity

commercial trends & transactions

Citywide Inventory (By Square Footage)



Source: Berkeley OED Vacancy Database

From 2014 to 2018, commercial square footage occupied by retail has decreased. Ground floor commercial spaces have been increasingly occupied by office and personal services and new models of retail that include:

- **Experiential Retail** - retailer offers consumers a chance to buy an experience rather than just an object or service.
- **Commercial Recreation** - the provision of leisure experiences with a retail or entrepreneurial component.

Berkeley - On Trend: With the emphasis on the consumer procuring an experience rather than simply goods or services the city has lots to offer.



Emerging and established Experiential Retail outlets include:

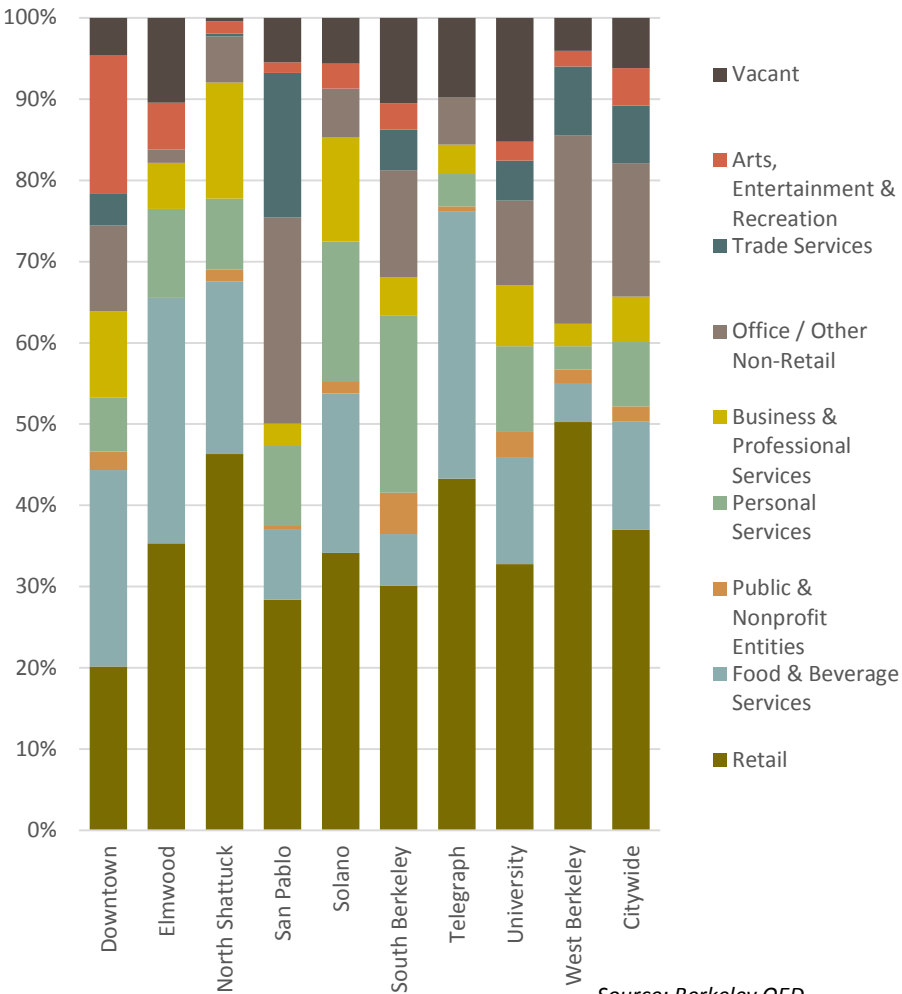


Photos: (top) New York Times 7/27/18, (clockwise bottom) Victory Point Cafe, Gio's Bocce, Urban Ore EcoPark, Oaks Theater Climbing Gym (plan view).

commercial activity

commercial districts & vacancy rates

Ground Floor Commercial Occupancy By Category, 2018 Q2



Vacancy Rates by District, Calculated by Square Footage, 2014 – Q2 2018

District	2014 Q4	2015 Q3	2016 Q3	2017 Q1	2017 Q4	2018 Q2
Downtown	11.2%	8.4%	4.7%	4.2%	4.6%	4.6%
Elmwood	2.0%	2.0%	1.5%	9.7%	5.4%	10.4%
North Shattuck	1.6%	2.1%	2.6%	0.4%	0.4%	0.4%
San Pablo	5.9%	7.3%	5.9%	6.0%	5.5%	5.5%
Solano	4.2%	3.5%	7.5%	7.0%	4.8%	5.6%
South Berkeley	8.9%	7.9%	8.2%	7.9%	9.6%	10.5%
Telegraph	12.7%	7.1%	5.1%	5.8%	7.1%	9.8%
University	4.4%	9.4%	14.2%	9.2%	12.0%	15.2%
West Berkeley	3.9%	3.3%	8.8%	2.7%	1.9%	4.0%
Citywide Avg.	6.6%	5.9%	6.5%	4.7%	4.6%	6.2%

Source: Berkeley OED

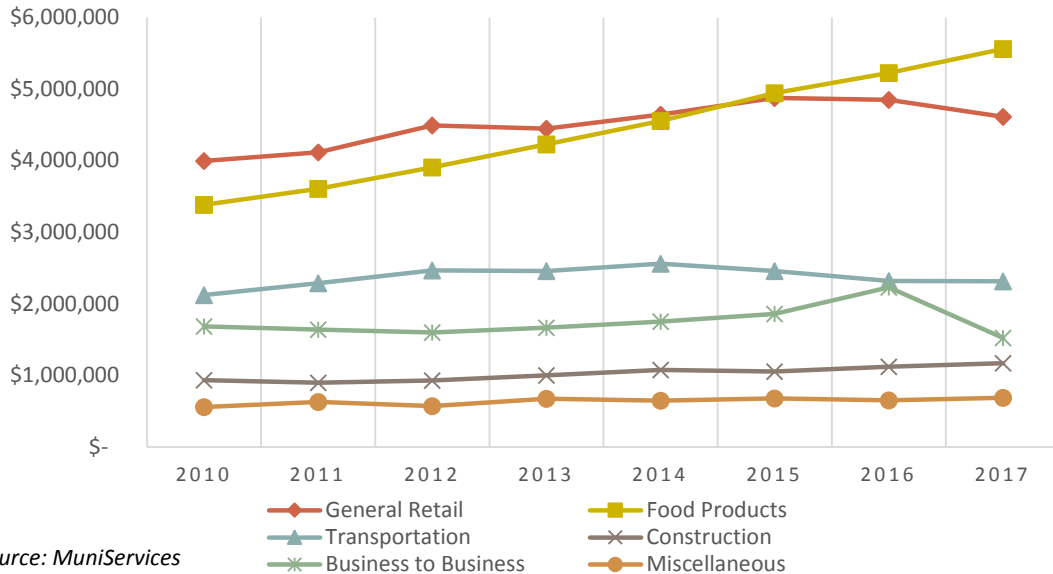
Citywide, the ground floor commercial vacancy rate has increased to 6.2%, its highest point since 2016. From 2017 into Q2 2018, both the Elmwood and University districts have experienced significant increases in their vacancy rates.

commercial activity

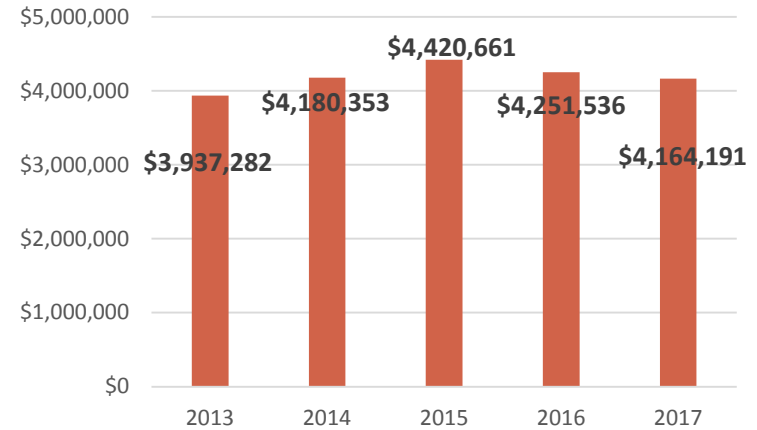
sales tax revenues

Total Annual Sales Tax Revenue - Past 4 Quarters	Q2 2016 – Q1 2017	Q2 2017- Q1 2018	Change
City of Berkeley	\$18,126,801	\$17,416,559	-3.9%
SF Bay Area (Nine County Region)	\$1,473,744,244	\$1,515,617,316	+2.8%
State of California	\$6,452,073,079	\$6,686,256,324	+3.6%

ANNUAL SALES TAX BY BUSINESS CATEGORY



City of Berkeley
Q4 Sales Tax Revenues
2013-2017



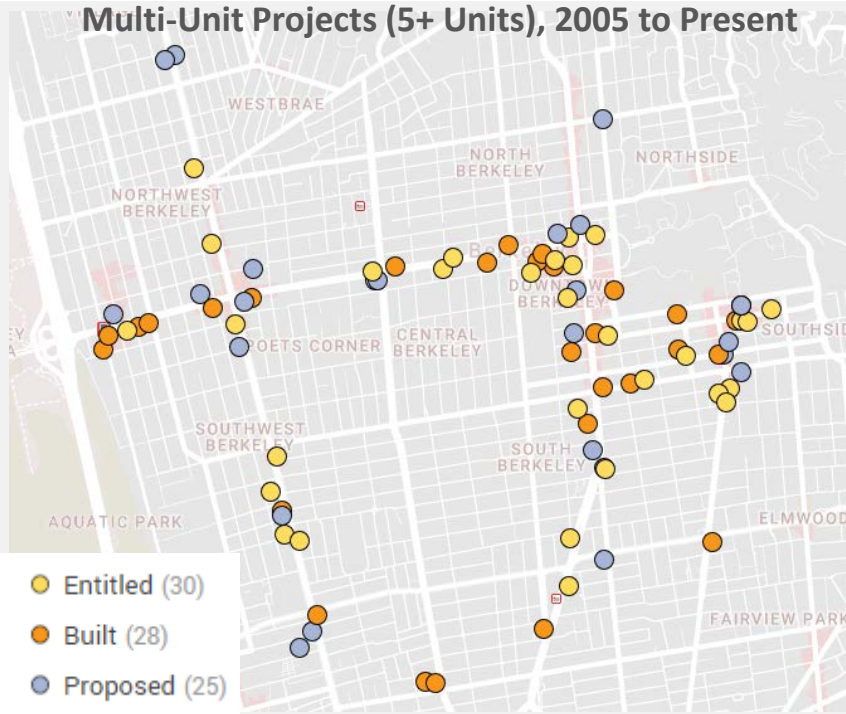
Source: MuniServices

Source: MuniServices

As of 2018 Q1, Berkeley’s total annual sales tax revenues decreased by 3.9% compared to the prior year. This drop was due to a decrease in sales tax collected for *Business and Professional Services* (Business to Business sales) and also in part by the decrease in *Retail* (General Retail) sales tax revenue during that period. Commercial districts have become increasingly reliant on the Food and Beverage sector as a driver of sales and in fact, by *sales tax collected*, Food and Beverage outpaces Retail sales tax collected in six of the nine commercial districts (Downtown, Elmwood, North Shattuck, Solano, Telegraph, and most recently University).

development & housing

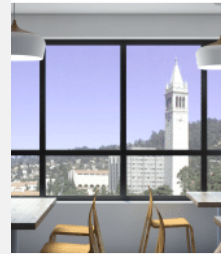
construction & pipeline



Data Source: City of Berkeley Planning Department (June 2018); Map: OED

As of June 2018, there are currently 30 housing developments of 5 or more units that are entitled for development or under construction, which will contain 1,919 net new units; this represents a slight increase from the number of units that were entitled or under construction as of December 2017 (1,731). An additional 1,589 units (in 25 distinct projects) are proposed. The overall trend in the last two years has been one of increasing numbers of units in the development and construction pipeline; by comparison, only about 1,100 units were built from 2005 to 2015.

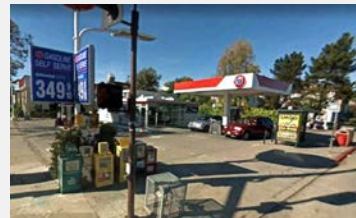
Pipeline Project Highlights



Images: Panoramic Interests

Nexus Building

The Nexus building project at 2539 Telegraph Avenue will bring new housing to the Telegraph/Campus area along with retail in the old Center for Independent Living site (which moved to Ed Roberts Campus in 2011). The project, will bring 66 units for housing along with study and activity space on each floor. The new building is slated to open in Spring 2019.



Images: Google Maps Street View Nov 2007 (left) and construction underway in October 2017 (right).

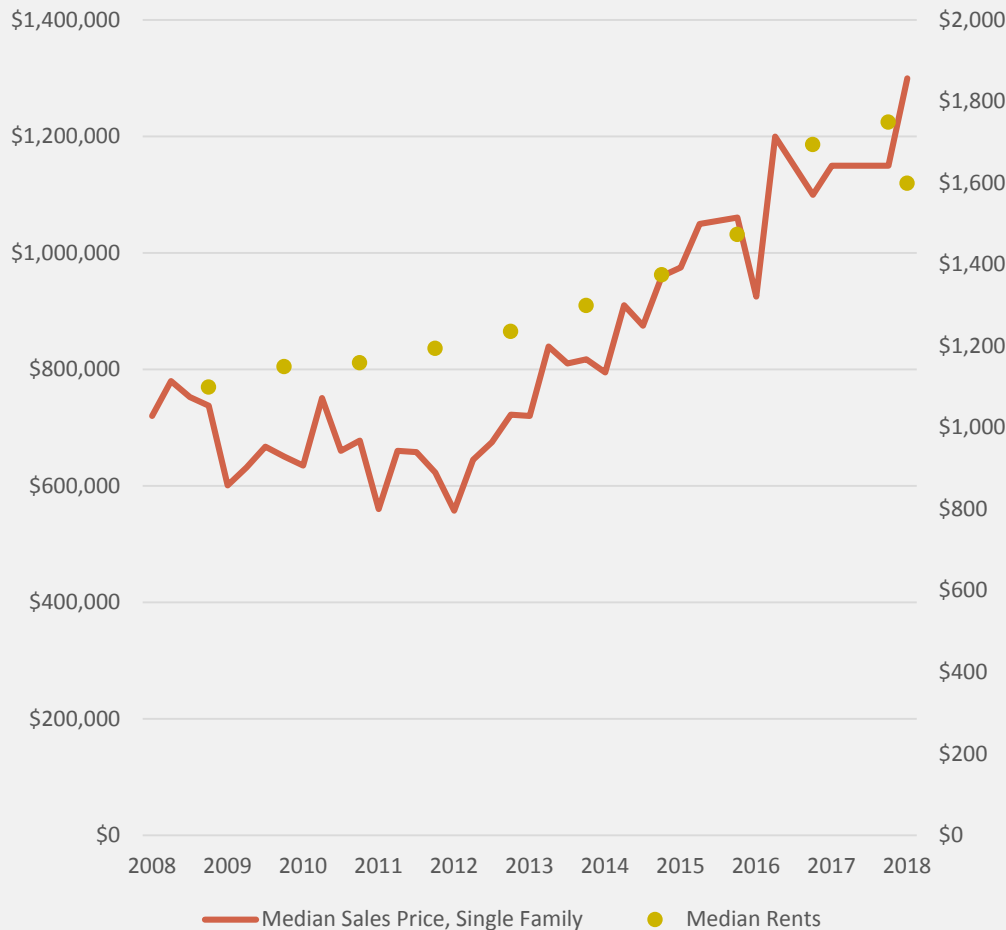
New Hotel Under Construction

In June 2018, a use permit modification was approved to add a rooftop deck to a previously approved 39-room hotel on Sacramento Street. The hotel, currently under construction at the north west corner of Sacramento and University Avenue, is expected to be open for guests by 2019.

development & housing

housing costs

Housing Prices in Berkeley, 2008-2018



Sources: MLS, Courtesy Red Oak Realty, RedFin; Berkeley Rent Stabilization Board

Median Sale Price, Single-Family Homes, June 2018

Alameda	\$905,000
Albany	\$951,000
Berkeley	\$1,300,000
El Cerrito	\$941,000
Emeryville	\$590,000
Lafayette	\$1,590,000
Oakland	\$775,000
Richmond	\$533,000
San Leandro	\$650,000

Sources: MLS, Courtesy RedFin; Berkeley Rent Stabilization Board

Over the past decade, housing costs in Berkeley have, on average, continued to rise for renters, and ownership prices have followed a general upward trend since 2012. Ownership prices have reached an all-time high in 2018 (\$1.3M in Quarter 2), mostly driven by a strong overall economy and limited housing inventory. As of Q4 2017, rental prices are decreasing: the median citywide rent decreased in Q4 2017 to (\$1,600 for a studio), from \$1,800 for a studio in Q3 of 2017.