



Office of the City Manager

INFORMATION CALENDAR

March 10, 2020

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Eleanor Hollander, Acting Economic Development Manager
 Subject: Berkeley Economic Dashboards and Demographic Profile Update

INTRODUCTION

The Office of Economic Development (OED) is pleased to present the Citywide Economic Dashboard update for December 2019 (Attachment 1), the updated Commercial District Dashboards (Attachment 2), and a Demographic and Economic Profile update (Attachment 3).

CURRENT SITUATION AND ITS EFFECTS

Over the past five years, Berkeley has experienced economic growth comparable with that of the Bay Area region. By a variety of indicators, Berkeley's economy continued to perform well through the start of 2019 and the final quarter of 2018. However, there are also some indicators of slowed or flattening growth, such as decreasing sales tax revenues. Key findings include:

- **Berkeley's unemployment rate remains extremely low.** Berkeley's average unemployment rate for 2019 is 2.4% as compared with 2.8% in 2018. In comparison, Alameda County's average unemployment rate in 2019 is 3.1%, while California's is 4.2%.
- **Berkeley's sales tax performance was essentially flat from FY2018 to 2019.** The year-end cumulative total sales tax revenues increased by 0.7% from Q2 2018 to Q2 2019. This trends behind both the 9-county region (which increased by 2.5%) and the state (+2.5%). Quarter over quarter, sales tax revenues in Q2 2019 were 1.3% lower than in Q2 2018, including decreases in sales tax generated by Retail activities (-2.2%) and by the Construction sector (-6.3%).
- **Office vacancy rates in Berkeley remain low.** Overall office availability in Berkeley increased six-tenths of a percent from Q2 2019 (4.2%) to Q3 2019 (4.8%). For context, the East Bay office market area average during this same period was 10.3%. Demand remains high in Berkeley while inventory continues to remain low; asking office rents in the City average \$3.30 per square foot.

- **The average citywide ground floor commercial vacancy rate was up slightly to 5.4% in Q3 2019 (from 5.0% in Q4 2018).** In particular, the Downtown Berkeley and West Berkeley districts have increased commercial vacancy, owing to a small number of large square footage vacancies (2,000-10,000 square feet). The newly vacant spaces are being actively marketed for tenants and new leases are currently under development. In each of the other seven districts tracked in the database, vacancy rates have stayed level or slightly decreased.
- **Retail in commercial districts, as a share of total square footage, continues to decline.** The percentage of ground floor commercial square footage occupied by retail uses has decreased from 42.8% in 2015 to 37.7% in 2019. As retail has declined, ground floor commercial spaces have been increasingly occupied by office uses, personal services, food and beverage services, and other non-retail uses (including non-conforming uses, spaces that are leased but inactive, and pending development projects).
- **Housing costs in Berkeley remain high for buyers and for renters, consistent with the Bay Area region overall.** In 2019 Berkeley's median home sale prices remain higher than its neighboring communities, driven by a strong overall economy and limited housing inventory. As of September 2019 the median sale price for a single family home was \$1.24 million. However, prices in Albany and Alameda increased by a third in the past year, while Berkeley's home prices have remained relatively stable.

BACKGROUND

In a December 2015 information report to City Council, OED released a set of new publications, the Citywide Economic Dashboard and Commercial District Dashboards, which analyze a wide variety of economic trends and indicators in Berkeley. Attached to this report is an updated version of the Citywide Economic Dashboard and Commercial District Dashboard for December 2019 (Attachments 1 and 2). These dashboards are designed to make current economic and community data and information more accessible to Council, City staff, and community stakeholders. The reports provide updated information through Q3 2019. OED staff will continue to update these dashboards on a semi-annual basis, as staffing allows, and has posted the most recent version on the City's website at <http://www.ci.berkeley.ca.us/oed/reports/>.

Also included in this package of publications is an update to the Citywide Demographic and Economic Profile (Attachment 3) which provides information about Berkeley's population, business sectors and amenities. This information helps investors, business owners, and other stakeholders become more familiar with the Berkeley market.

To produce these publications, OED staff compiled and analyzed a wide variety of data sources including the American Community Survey (US Census Bureau), the Quarterly Census of Employment and Wages (Bureau of Labor Statistics), Monthly Labor Force

Data (California Employment Development Department), commercial real estate data (Newmark Cornish & Carey), housing market MLS data (Berkeley Rent Stabilization Board, Redfin) and sales tax data (MUNI Services/Avenu Insights). Staff also analyzed data from City databases including business licenses, building permits and planning permits, and City publications such as rent board reports and start up information from the Berkeley Startup Cluster, and those of Berkeley's startup incubators and accelerators. Finally, in the third quarter of 2019 OED staff updated its periodic occupancy survey of ground floor commercial spaces in commercial districts around the City (Attachment 2). Due to a lag in availability of some data, many of the findings presented in the attached publications are most relevant to beginning of 2019 or late 2018, but others reflect the third quarter of 2019. These publications support the City's Strategic Plan, advancing our goal *to be a customer-focused organization that provides excellent, timely, easily-accessible service and information to the community.*

ENVIRONMENTAL SUSTAINABILITY

Many of the City's environmental sustainability goals are inextricably tied to the overall health of the City's economy. Staff believes that the continued pursuit of sustainable economic goals, represents a strength for Berkeley and demonstrates a competitive advantage of the City and the region.

POSSIBLE FUTURE ACTION

OED staff will, as directed by Council through previous and future referral items, partner with other City departments and community partners to implement programs and policies that foster a dynamic, sustainable, and locally-based economy.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Actions that facilitate increased economic activity tend to boost revenues related to sales tax and property tax, and thus have positive fiscal impacts on the city.

CONTACT PERSON

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Attachments:

- 1: Citywide Economic Dashboard
- 2: Commercial District Dashboards
- 3: Citywide Demographic and Economic Profile



city of

BERKELEY



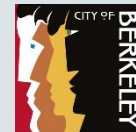
Economic Dashboard

December 2019

Office of Economic Development

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EMPLOYMENT:

labor force & employment figures

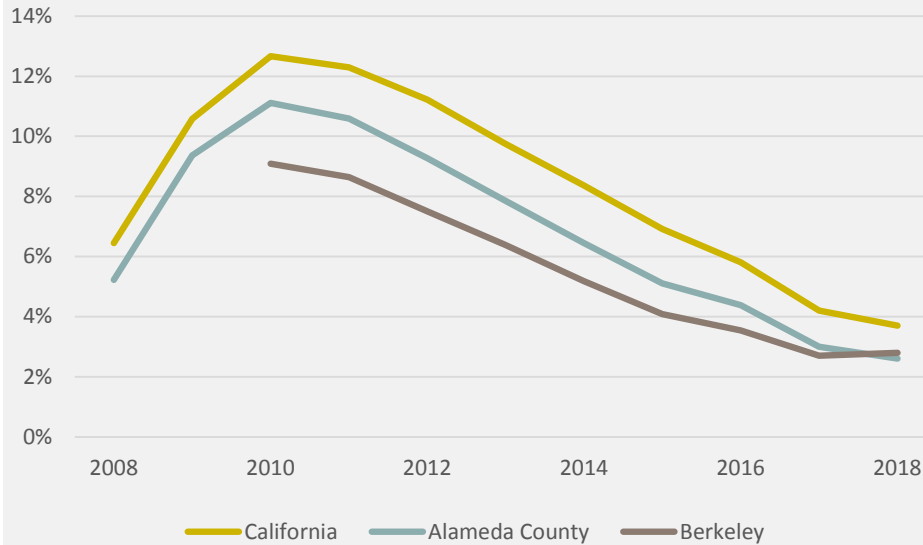


City of Berkeley Averages, 2016-2018

Year	Labor Force	Employed Residents	Unemployment Rate
2016	62,166	60,000	3.5%
2017	63,700	61,900	2.7%
2018	64,700	62,900	2.8%

Source: CA Employment Development Department, Labor Market Information Division

Unemployment Rates, Averages 2000-2018



Source: CA Employment Development Department (EDD), LMI Division, Reported Q4 2018

Employment & Jobs: Fast Facts

- The East Bay (Oakland, Berkeley, Hayward) average unemployment rate for Q2 2019 is 3%.
- In comparison, Alameda County's average unemployment rate in Q2 2019 is 3.1%, while California's is 4.2%.
- Between July 2018 and July 2019, the total number of jobs in the East Bay increased by 21,600 jobs, or 1.8%.



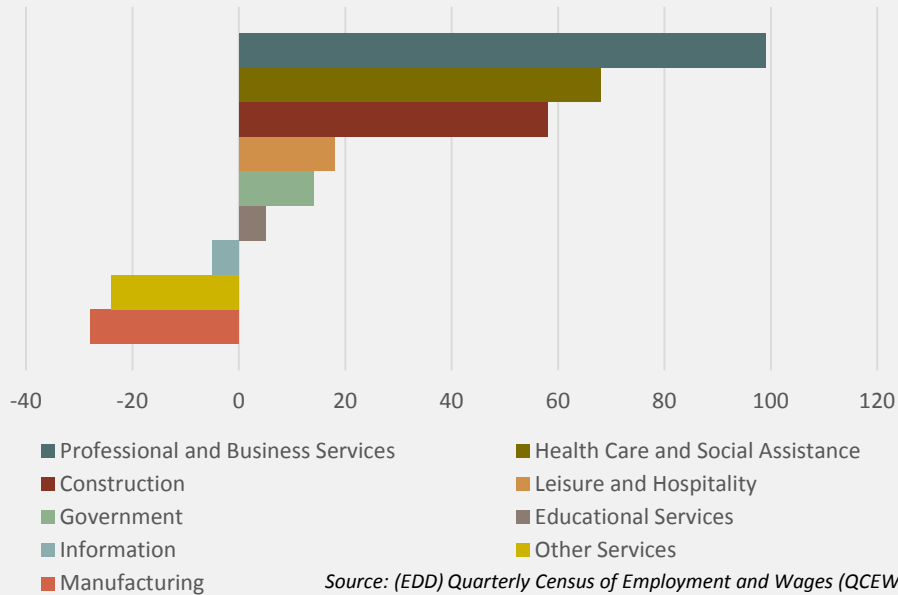
Images clockwise from left: Nabolom Bakery, UC Berkeley, UCB, Slingfin.

EMPLOYMENT:

growth by industry sector



Number of Jobs Added 2018-2019, By Sector



Bayer Expanding in Berkeley

In May of 2019, Bayer broke ground on a new technology center, expanding their scientific research activities and their community-wide impact in Berkeley. Bayer plays an important role in the City, creating hundreds of jobs, fashioning training and mentorship programs with local students, and supporting local health and educational programs through their foundation.



Once opened, Bayer expects to have 100 new employees assigned to the facility.¹ Construction is expected to be completed in 2021.

Image: Bayer

¹ Bayer breaks ground on \$150m building to make biologic therapies, Berkeleyside, May 10, 2019

Kaiser Brings Jobs and More Health Options

This year the Zoning Adjustment Board and City Council approved plans for a new medical office building to be completed in 2021. Kaiser's expansion will bring new medical services, mental health care, a pharmacy and other outpatient offerings to San Pablo Avenue.



Image: Gould Evans

Sector	% Change in Employment 2018	% Change in Employment 2019
Construction	4.0%	7.6%
Personal Care Services	4.2%	-3.1%
Food and Beverage	3.1%	0.4%
Leisure and Hospitality	0.5%	1.5%
Social Assistance Services	3.4%	4.3%
Health Care Services	2.2%	4.0%



top employers & innovation sector

Berkeley's Largest 25 Employers, by Number of Employees

Ansys, Inc.	Lawrence Berkeley Laboratory
Backroads Inc.	Lifelong Medical Care
Bayer Healthcare LLC	OC Jones & Sons
Berkeley Bowl Produce	Recreational Equipment Inc. (REI)
Berkeley Cement Inc.	Rigetti Quantum Computing
Berkeley City College	Siemens Corporation
Berkeley Marina Doubletree	Solar Mosaic Inc.
Berkeley Repertory Theatre	Sutter Bay Hospitals
Berkeley Unified School District	Target Corporation
City of Berkeley	University of California, Berkeley
Genji Pacific	Whole Foods Market California Inc.
Kaiser Permanente	YMCA of the Central Bay Area
Meyer Sound Laboratories	Source: EDD, QCEW Data Q4 2018

Discovered in Berkeley: Home-Grown Success



Wild Earth: Taking on factory farms, one bag of kibble at a time

By Local sponsor, Dec. 5

Image: *Berkleleyside.com*

From glasses for the colorblind, to craft beverages, to sustainable reuse companies, Berkeley businesses are developing exceptional products in our backyard and spreading their success throughout the world. This year, the City of Berkeley launched Discovered in Berkeley, designed to highlight, celebrate, and support the innovative ecosystem of Berkeley based startups, businesses, and manufacturers building businesses, economic success, and community. This initiative provides assistance to grow businesses, local employees, and personalized advice and support to ensure long-term success and impact. Throughout 2020, the Office of Economic Development will be featuring stories highlighting these companies in the local publication *Berkleleyside*, and the micro-site *DiscoveredinBerkeley.com* and on social media with the hashtag: #DiscoveredinBerkeley.



Images from the Discovered in Berkeley marketing campaign: ACCI Gallery (Above), Encroma Inc. (Right-Top) Bay Area Co-Roasters (Right-Bottom)





small business revolving loan fund

The City of Berkeley's Revolving Loan Fund (RLF) is federally funded by the Economic Development Administration (EDA) and provides access to capital for businesses that don't qualify for traditional commercial loans.

Portfolio Summary 2019	Total Loans*	Active Loans
Number of RLF Loans	42	9
RLF \$ Loaned	\$2,463,417	\$910,000
Total Non-RLF \$ Leveraged	\$7,568,959	\$2,414,543
Private Sector Jobs Created	206	39
Private Sector Jobs Saved	96	71

*Total Loans originated from RLF fund since inception (1980).

	Number of Loans	\$ Loaned	Number of Jobs - Created and Saved
Minority Owned	17	\$949,840	119
Women Owned	12	\$565,300	108
Totals	26	\$1,515,140	227

Giving Worker Owned Co-Ops a Hand

Worker owned cooperatives are a vital part of Berkeley's local economy. These businesses are owned and run by employees, and often provide higher wages, benefits, professional development, job security, and upward mobility for low to moderate income people. Unfortunately, these businesses are at a disadvantage to conventional business ownership models when it comes to accessing startup capital or loans.

The City of Berkeley has recently developed policies and programs to support worker cooperatives, including increasing access to capital. Over the past year, OED staff and the Loan Administration Board have worked to consider modifications to the RLF to support worker owned cooperatives which were approved by Council in September 2019. The revised RLF Administrative Plan was approved by the EDA in November 2019.

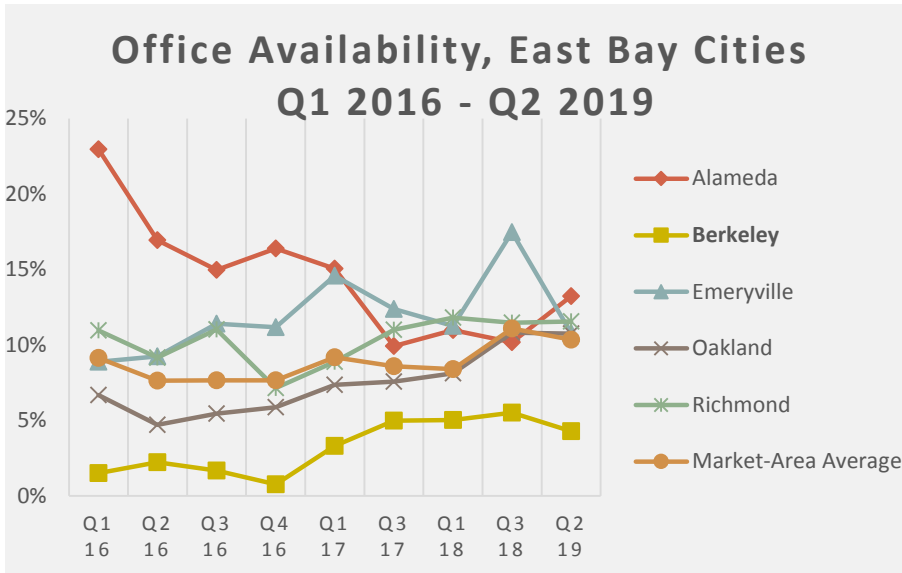


Images: Worker owned co-ops in Berkeley (L-R), Missing Link Bicycle Co-Op, Three Stone Hearth, The Cheese Board Collective, BioFuel Oasis

office trends & transactions

Q2 2019 Office Market, Berkeley	Indicators
Total Inventory	3,407,669 SF
Under Construction	42,000 SF
Availability Rate	4.27%
Qtr Gross Absorption	45,171
Qtr Net Absorption	27,000
YTD Net Absorption	-9,101
Average Asking Rent	\$3.25 / SF

Source: Newmark Cornish & Carey, 2Q19 East Bay Office Market Report



Source: Newmark Cornish & Carey, Q2 19 East Bay Office Market Report

Office and Industrial Updates

2105 Bancroft Way is a historic resource that was originally built



Image: Loopnet

in 1905 as a Masonic Temple, recently completed a full renovation and is now available for lease to office tenants. This is a prime example of how adaptive reuse can add high quality commercial spaces in Downtown Berkeley and beyond.



Image: Devi Dutta Architecture

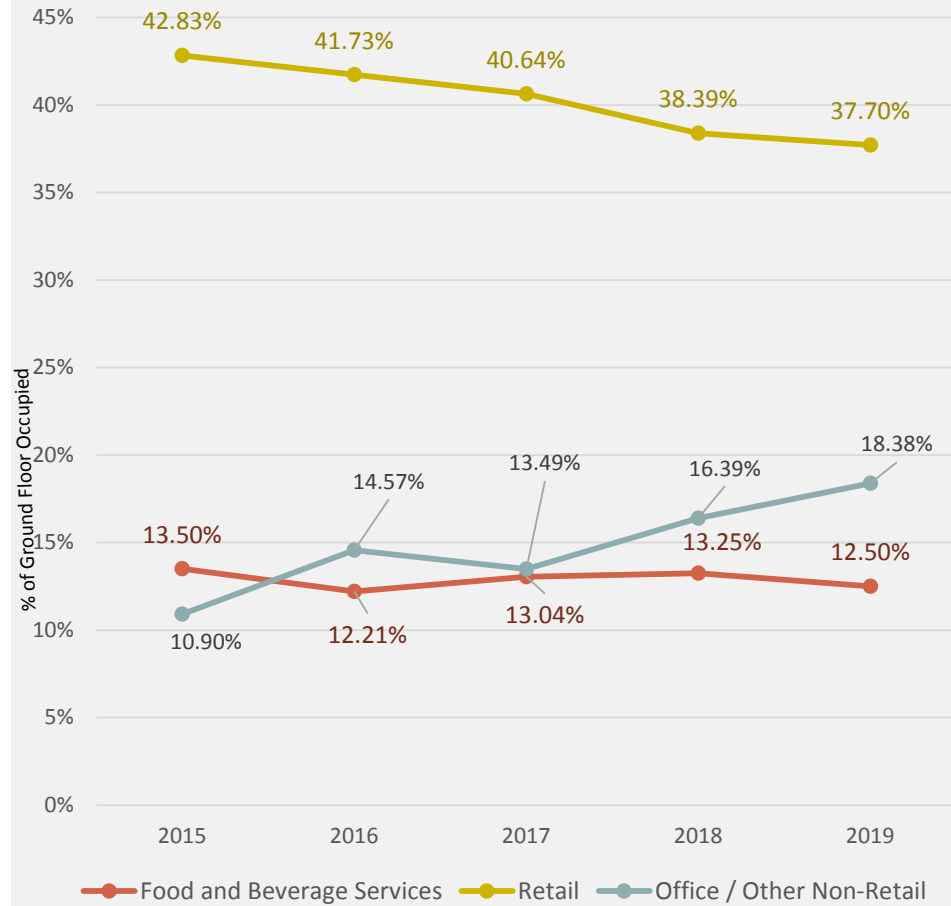
2120 Berkeley Way is the first new private office space to be built in Downtown Berkeley in 30 years. The old UC Press building was purchased in 2015 for \$4.8 million and will be converted into a six-story office building which is expected to open in 2020.

Source: Newmark Cornish & Carey, Q2 2019 East Bay Office Market Report

commercial trends & transactions



Citywide Commercial Inventory, Select Categories, By Square Footage, 2014-2019



Source: OED, Q3 2019

Berkeley's Legacy and Family Businesses are Thriving

Berkeley's Book Haven and Local Landmark



Image Credit: ABE Books, 2017

Moe's books has been a Berkeley staple since 1959. In it's 60 years, this 4-story readers paradise has grown and thrived despite the ups and downs of the internet era and recessions. Recently, the [New York Times](#) wrote about Moe, the founder, and his daughter's quest to continue his legacy.

There's Magic for All at Games of Berkeley

Serving as a one-stop-shop for games, toys, activities and more for the past four decades, Games of Berkeley has a long history in Berkeley. Even with a recent move to Durant Ave, the shop is booming as it connects young and old to the joy of games, magic and fun.



Amoeba Music is Jamming Along

The world's largest independent record store, Amoeba Music was founded in Berkeley in 1990. Despite the decline in CD sales since the 2000s, Amoeba is still at home on Telegraph and is flourishing and innovating, opening a cannabis dispensary "Hi-Fidelity" as part of their shop in 2018.

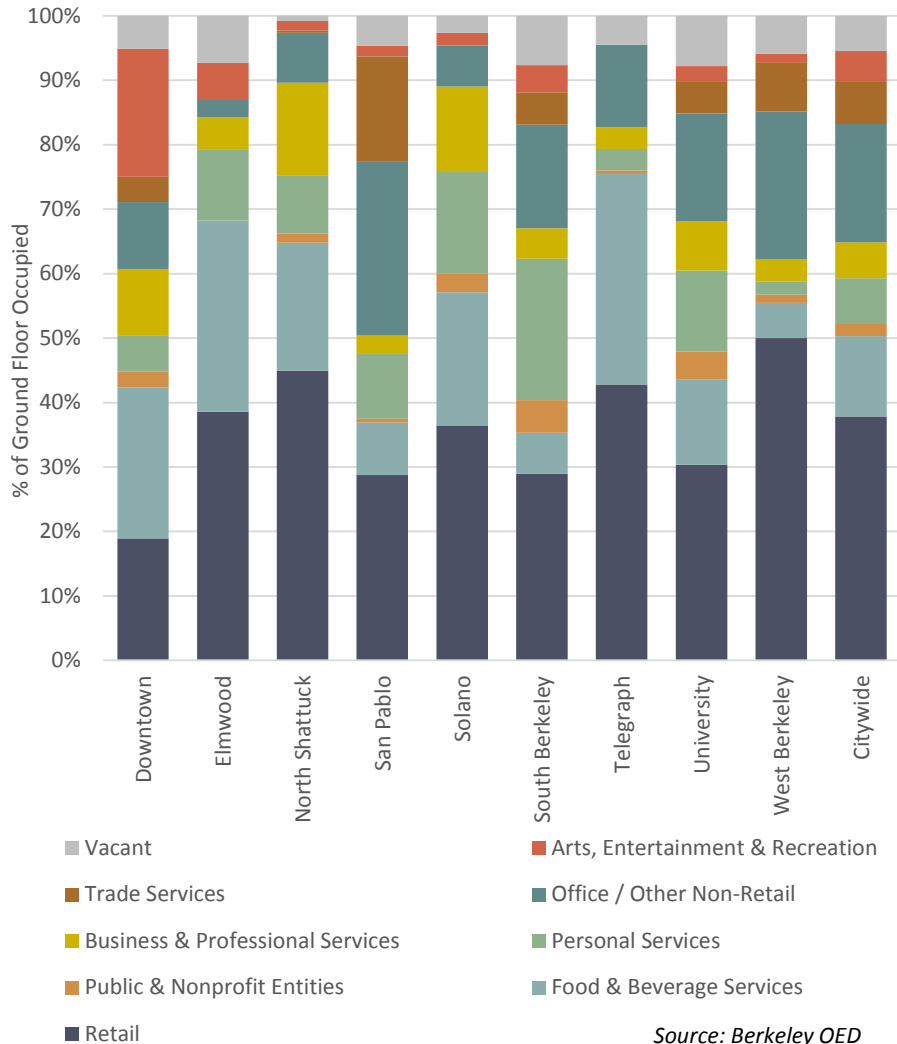


Image Credit: Janet LaFleur, 2015



commercial districts & vacancy rates

Ground Floor Commercial Occupancy By Category, 2019 Q3



Source: Berkeley OED

Citywide, the ground floor commercial vacancy rate has increased to 5.4%, an increase of 0.4% since Q4 of 2018. By district, North Shattuck, Telegraph, and Solano districts have experienced decreases in their vacancy rates since 2018. Downtown and West Berkeley saw slight increases due to turnover in a few key large-floor plate sites.

Vacancy Rates by District, Calculated by Square Footage, 2014 – Q3 2019

District	2014 Q4	2015 Q3	2016 Q3	2017 Q4	2018 Q4	2019 Q3
Downtown	11.2%	8.4%	4.7%	4.6%	3.1%	5.1%
Elmwood	2.0%	2.0%	1.5%	5.4%	7.3%	7.3%
North Shattuck	1.6%	2.1%	2.6%	0.4%	1.7%	0.7%
San Pablo	5.9%	7.3%	5.9%	5.5%	4.9%	4.6%
Solano	4.2%	3.5%	7.5%	4.8%	4.1%	2.6%
South Berkeley	8.9%	7.9%	8.2%	9.6%	9.7%	7.6%
Telegraph	12.7%	7.1%	5.1%	7.1%	7.9%	4.4%
University	4.4%	9.4%	14.2%	12.0%	11.0%	7.8%
West Berkeley	3.9%	3.3%	8.8%	1.9%	3.7%	5.8%
Citywide Avg.	6.6%	5.9%	6.5%	4.6%	5.0%	5.4%

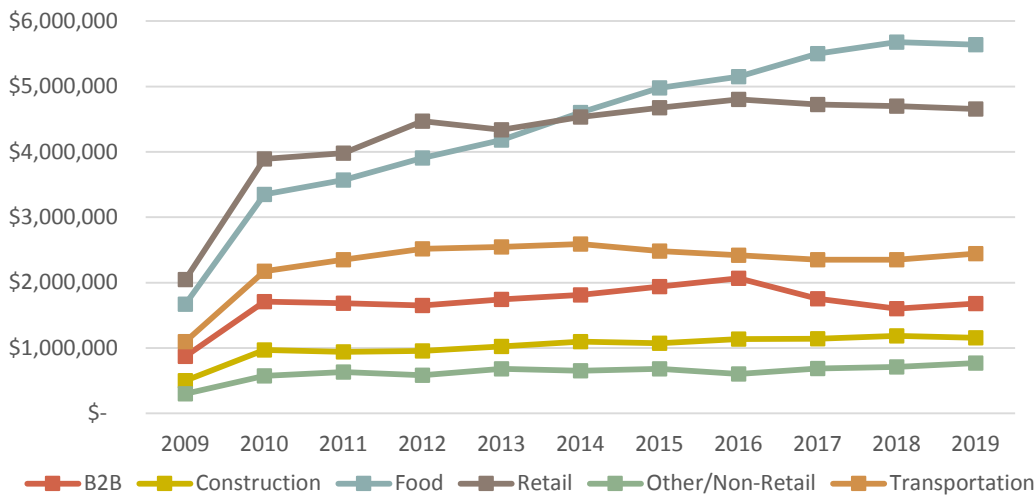
Source: Berkeley OED

COMMERCIAL ACTIVITY: sales tax revenues



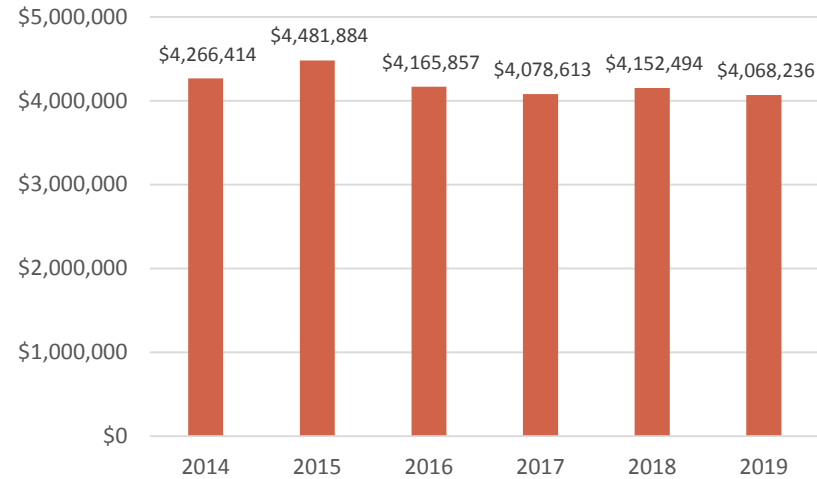
Total Annual Sales Tax Revenue - Past 4 Quarters	Q3 2017- Q2 2018	Q3 2018- Q2 2019	Change
City of Berkeley	\$16,243,630	\$16,360,621	0.7%
SF Bay Area (Nine County Region)	\$1,291,825,554	\$1,323,927,359	2.5%
State of California	\$5,466,121,016	\$5,603,174,227	2.5%

Annual Sales Tax by Business Category



Source: MuniServices/Avenu, Benchmark Year over Year from 2019 Q2

City of Berkeley
Q2 Sales Tax Revenues, 2013-2019 (in 2019 \$)

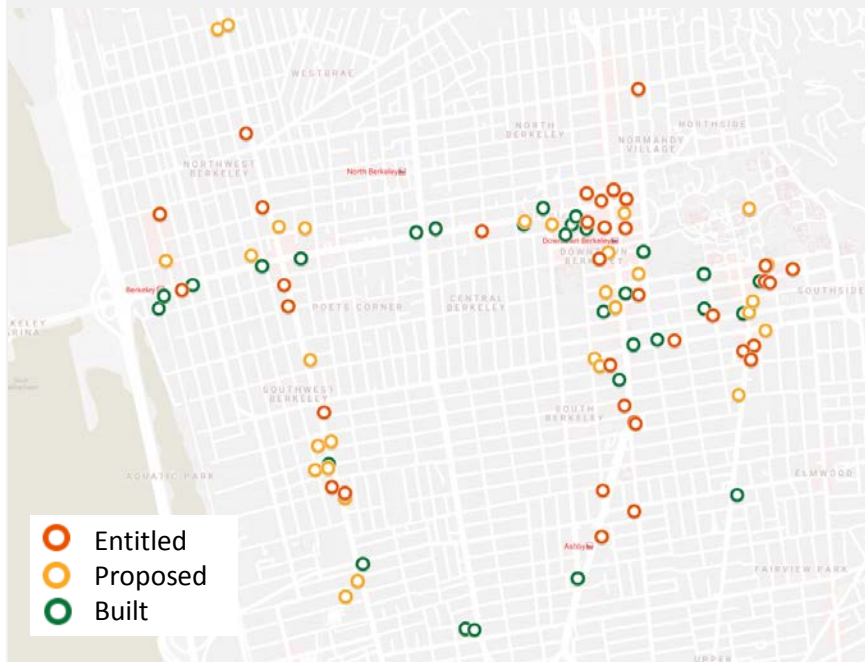


Source: MuniServices/Avenu (Figures Adjusted for 2019 \$)

Berkeley's total annual sales tax revenues (quarter over quarter) decreased by 1.3% from Q2 2018 to Q2 2019. This drop was due to the 2.2% decrease in *Retail* (General Retail) sales tax collected and a 6.3% decrease in sales tax collected from *Construction* sector (Building Material sales etc.). While previous increases in *Food and Beverage Sales Tax* helped to make up for these decreases in past years, *Food and Beverage Sales Tax* revenue in 2019 was flat, resulting in the slight Sales Tax revenue decrease overall. Still, as of Q2 2019, the *Food and Beverage* subsector continued to be the largest contributor to the city's sales tax revenue (34.5%), with *Retail* the next largest (28.0%).

construction & pipeline

Multi-Unit Projects (5+ Units), 2005 to Present



Data Source: City of Berkeley Planning Department (September 2019); Map: OED

As of September 2019, there are currently 36 housing developments of 5 or more units that are entitled for development or under construction, which will contain 2,458 net new units; this represents a small increase from the number of units that were entitled or under construction as of December 2018 (2,268). An additional 2,206 units (in 27 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.

Pipeline Project Highlights



Images: Solomon Cordwell Buenz

1951 Shattuck is a 12-story, 156-unit project in Downtown Berkeley. The project was by the Berkeley Zoning Adjustments Board (ZAB) in July 2019. Featuring LEED Gold certification, the building will be exclusively powered by electricity rather than gas, and will use union workers throughout construction.

Pre-Fab Building Constructed in Four Days

The first complex in the nation to use prefabricated steel modular units, this building at 2711 Shattuck Ave was assembled in four days. Hosting 22 apartment units, this accelerated construction time may be an innovative solution to housing shortages around the Bay.

Images: Panoramic Interests



Images: Trachtenberg Architects

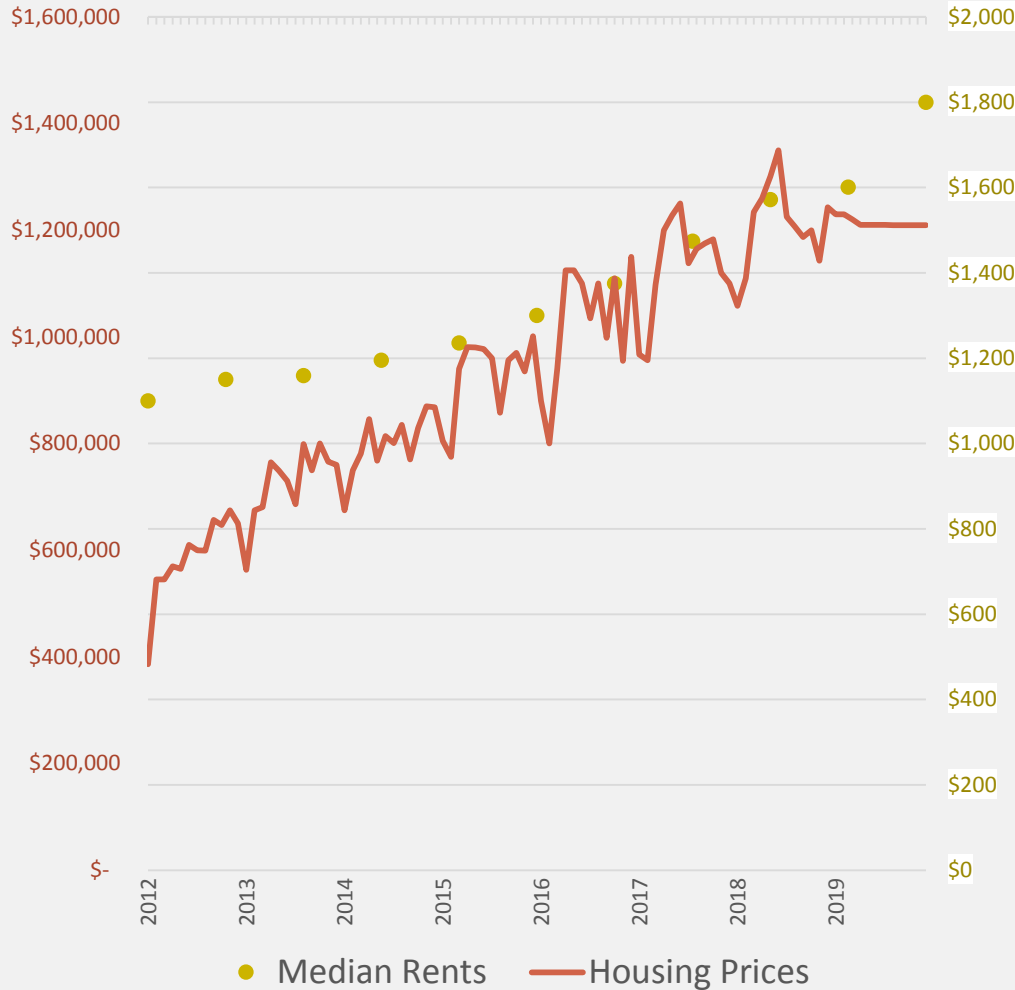
Third New Complex Opens on Fourth St.

The Aquatic III, the third mixed-use complex spanning the block from 4th to 5th St. on University Ave, opened in August 2019. Together with the Aquatic I and II, the three buildings hold 258 apartments, 18,000 SF of retail space, 219 parking spots, and room for 98 bicycles.



housing costs

Housing Prices and Median Rents in Berkeley 2012-2019



Sources: MLS, Zillow, and City of Berkeley Rent Stabilization Board

Median Sale Price, Single-Family Homes, Sept. '19

Alameda	\$923,000
Albany	\$970,400
Berkeley	\$1,240,000
El Cerrito	\$842,000
El Sobrante	\$492,300
Emeryville	\$518,300
Oakland	\$732,800
Richmond	\$444,700
San Leandro	\$645,800

Sources: Zillow (top), Curbed SF May 6, 2019 (bottom)

Berkeley home values have cooled slightly over the past year, snapping a 7 year upward trend in the market, and reflecting a small downward trend in housing prices nationally.

SF REAL ESTATE MARKET REPORTS

Bay Area home prices (barely) drop for first time in seven years

"The chickens will be coming home to roost this spring"

By Adam Brinklow | May 2, 2019, 10:21am PDT



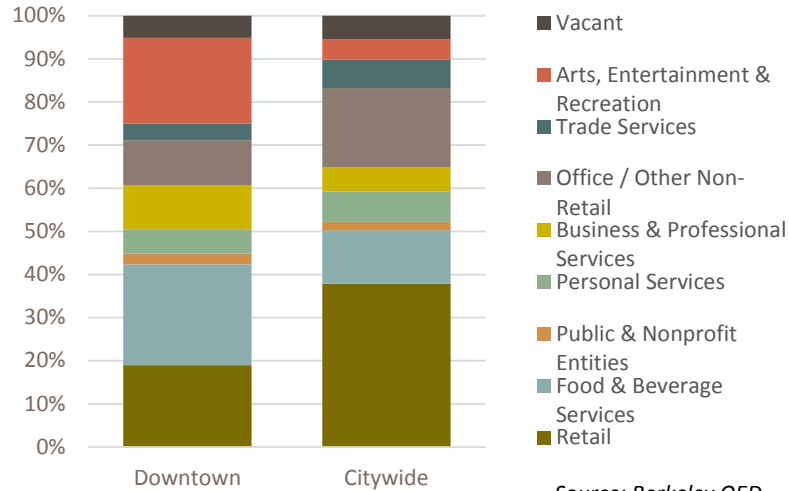
Photo by Sanfranman59



Downtown Berkeley serves as the City's core commercial district, meeting the daily needs of residents, students, workers, and visitors. The district benefits from a significant concentration of arts and entertainment uses, which occupy 19.8% of total ground floor commercial space in the district compared to 4.6% citywide. As of Q3 2019, the vacancy rate in Downtown is 5.1%, which has increased since 2018. Sales tax revenue generated in 2018 by Food & Beverage services continues to rise coming in over one million dollars in 2018 (\$1,112,586). Retail sales tax revenue has decreased slightly from 2017.

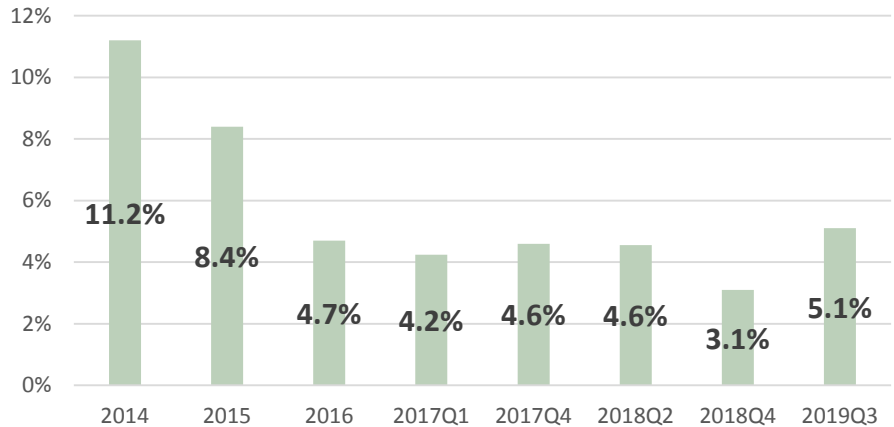


Ground Floor Commercial Business Mix (by Square Footage), 2019 Q3



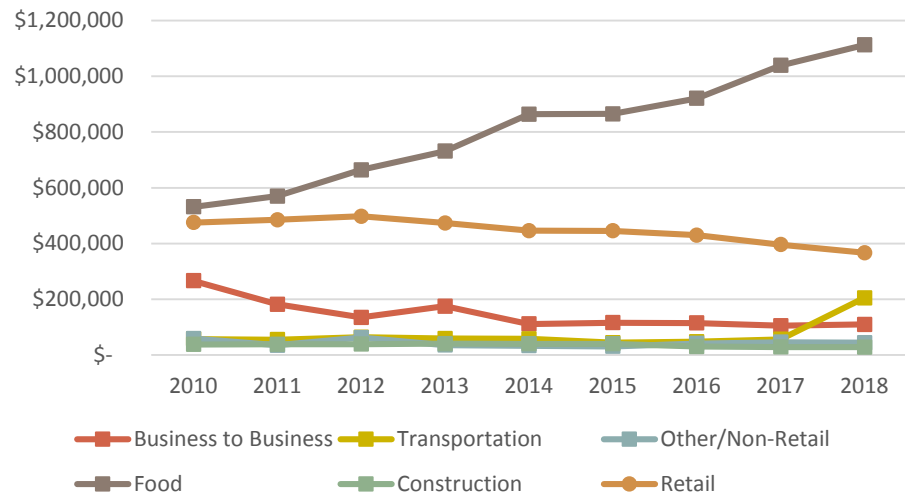
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2014-2019



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



Source: MuniServices

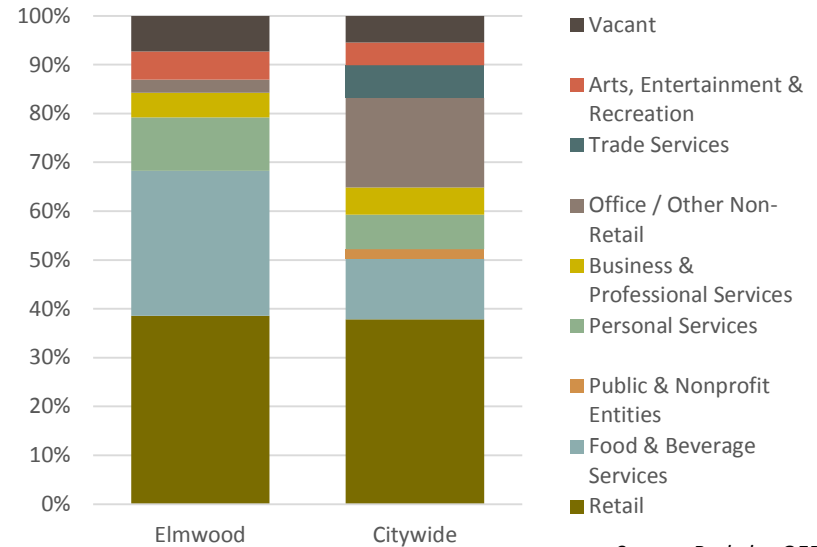


The Elmwood is a compact three block commercial district along College Avenue near the Berkeley-Oakland border and the neighboring Rockridge shopping district. The Elmwood district is characterized by a high concentration (29.6%) of Food & Beverage services, and is a walkable, neighborhood-serving commercial district. As of Q3 2019, the district's vacancy rate by square

footage was 7.3%, a decrease from Q2 2018 (10.4%). The decrease is due primarily to the turnover of smaller (by square footage) restaurants and expanding service businesses. Despite the fluctuations in the vacancy rate over this period, when vacant, Elmwood storefronts remain actively marketed for lease and turnover is brisk.

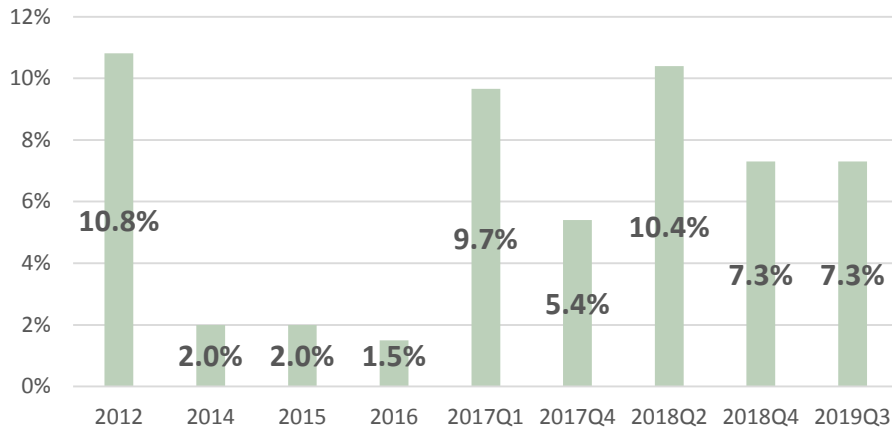


Business Mix (by Square Footage), 2019 Q3



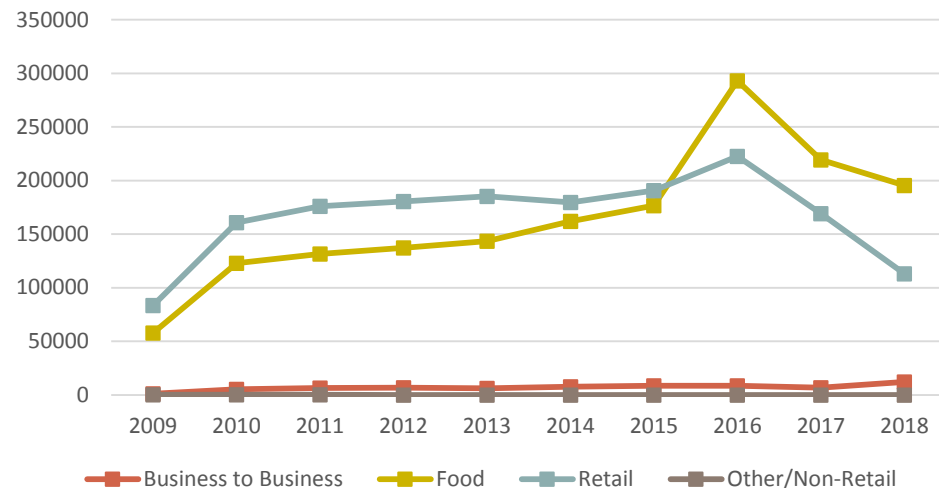
Source: Berkeley OED

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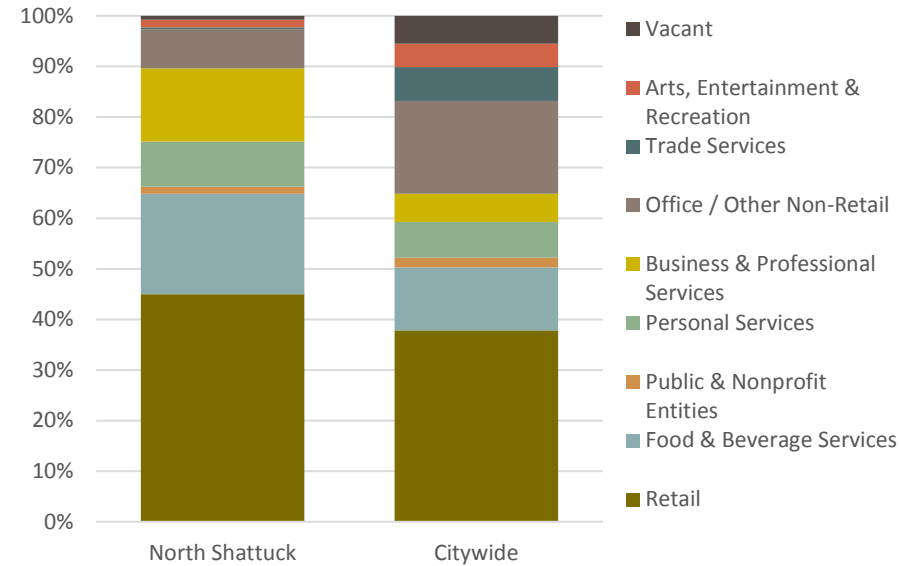


North Shattuck is one of Berkeley's oldest commercial districts, just north of Downtown. The district is characterized by a high concentration of well-known, long-standing, and celebrated restaurants, including Chez Panisse and the Cheeseboard. North Shattuck is both a walkable, neighborhood-serving commercial district as well as a global destination for food and dining. As of Q3 2019, the district's vacancy rate by square footage was 0.7%, which is up slightly from the lowest ever of 0.4% in 2017.

New establishments to look forward to in 2020 include a new operator (Cupcakin') in the former Virginia Bakery location, a Cheeseboard expansion at the northwest corner of Shattuck and Vine Streets and the return of North Berkeley Wine Imports to the northeast corner.

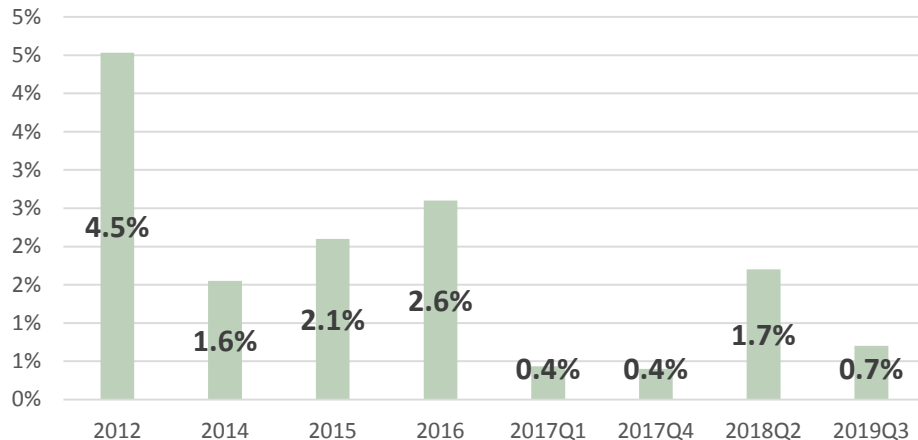


Business Mix (by Square Footage), 2019 Q3



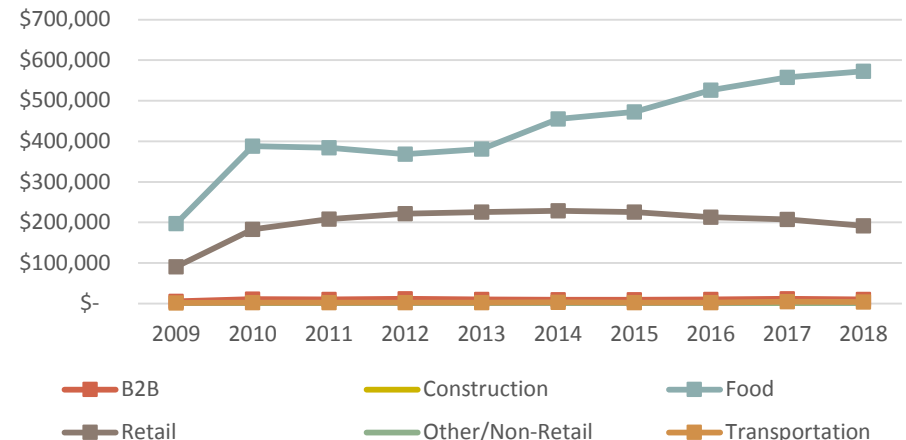
Source: Berkeley OED

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Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



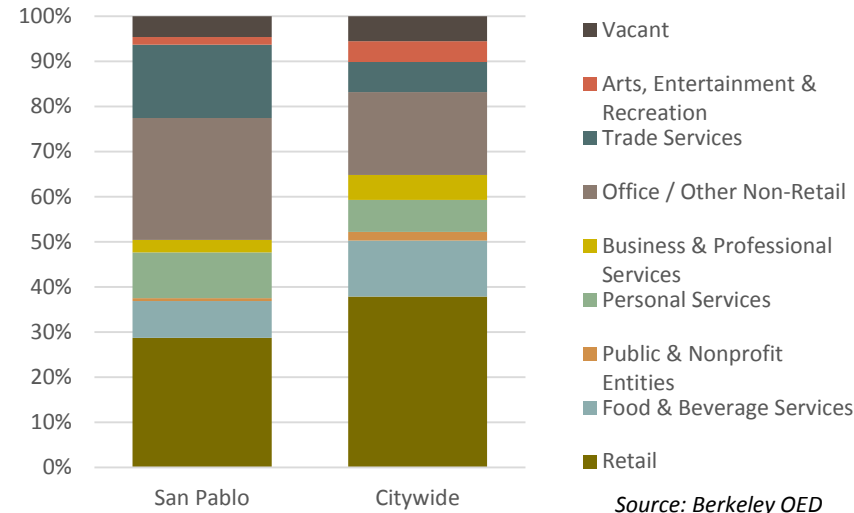
Source: MuniServices



San Pablo Avenue is Berkeley's largest commercial corridor, running the entire north-south length of the City. San Pablo is characterized by a high concentration of Trade Services (16.3%), including over 60 automobile services. San Pablo functions more as a regional destination for specific uses rather than a walkable, neighborhood-serving commercial district; as such, it features smaller percentages of Food & Beverage Services (8.2%) and Personal Services (10.2%). In Q4 2018, the district's vacancy rate by square footage was 4.9%, in 2019, it has decreased slightly to 4.6%, an all time low. Retail Sales tax revenue has decreased in recent years but continues to be the largest source of tax revenue for the area.

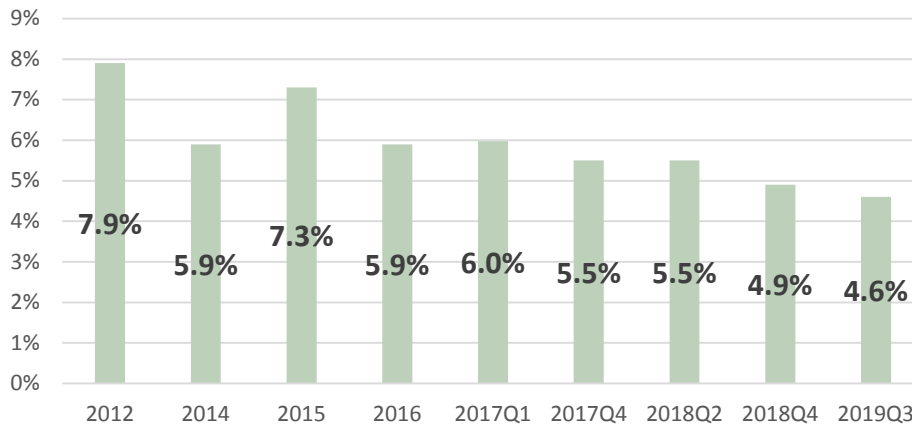


Business Mix (by Square Footage), 2019 Q3



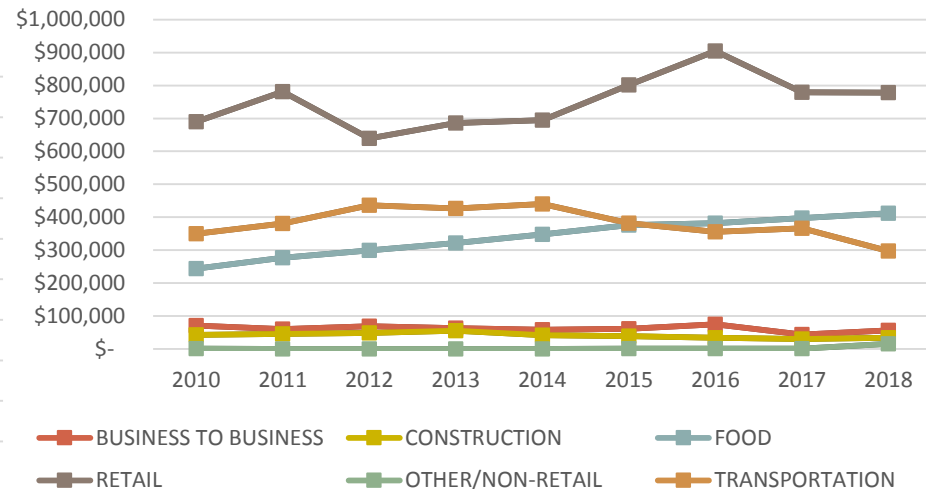
Source: Berkeley OED

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Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



Source: MuniServices

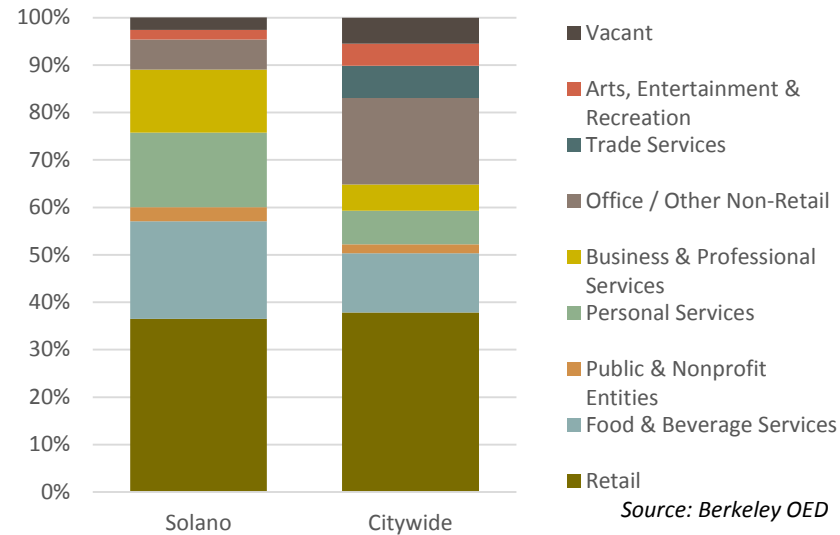


Solano is a small commercial district in North Berkeley, with a total of 130 commercial spaces and approximately 191,000 square feet of commercial space. It shares a border with Albany and is situated next to a large elementary school and an active neighborhood of single-family homes. Solano has a large key asset (the former Oaks Theatre) that is due to be occupied by a climbing gym in 2020. The district's vacancy rate by square footage was 2.6%, a decrease from Q4 2018 (4.1%).

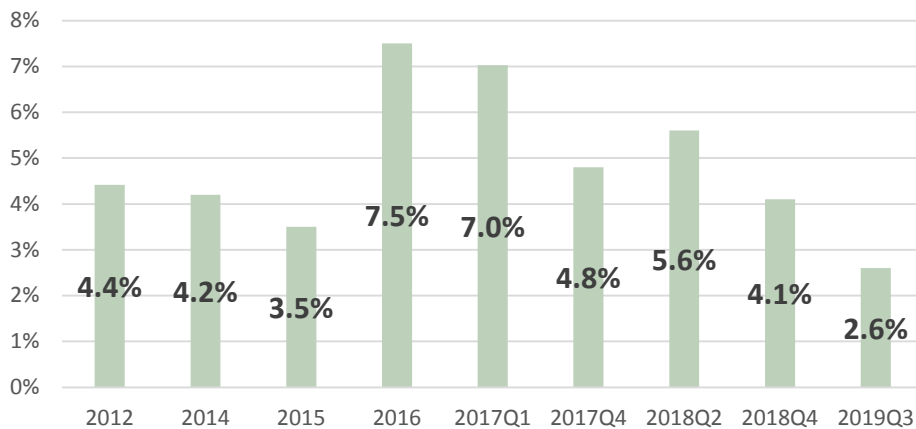


Despite the decrease in vacancy, Solano Avenue saw a decrease in Food and Beverage sales tax in 2018 while sales tax revenues from other industries held steady.

Business Mix (by Square Footage), 2019 Q3

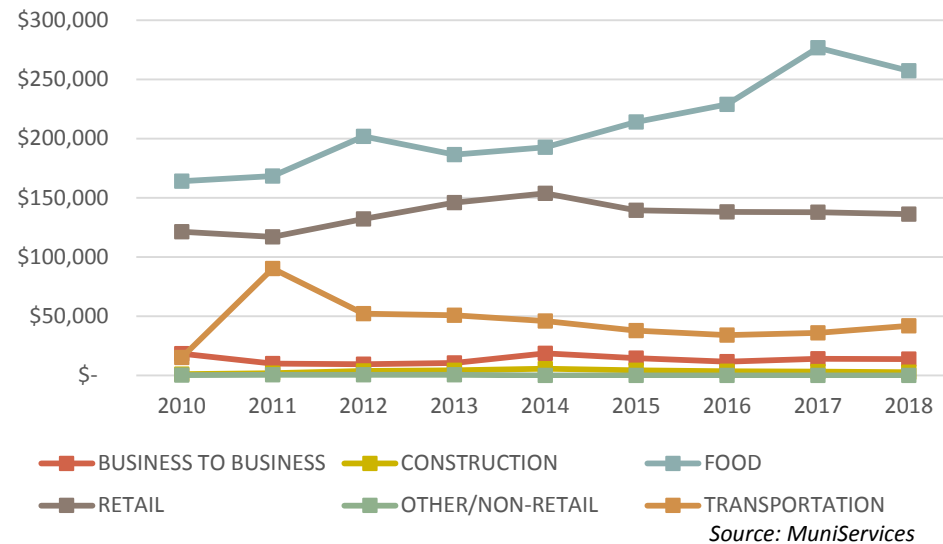


Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2019



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018

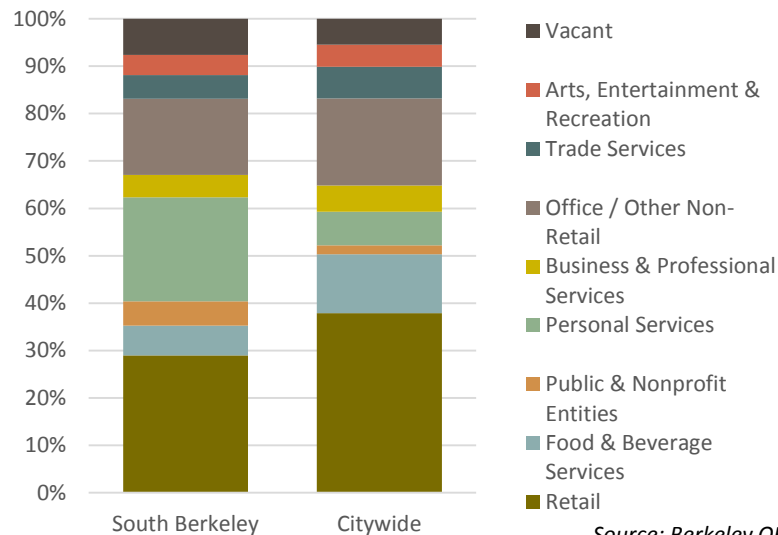




South Berkeley is a large district stretching over an area known for its cultural diversity and includes the Lorin District, the Sacramento corridor, and the South Shattuck area. South Berkeley includes several car dealerships, which accrue significant retail sales tax revenue for the City. The area also features a high concentration of Personal Services businesses (22.0% vs. 7.1% citywide) but is under-served by Food & Beverage services, which account for only 6.3% of ground floor commercial space, as compared to 12.4% citywide. As of Q3 2019, the district's vacancy rate by square footage was 7.6%, an decrease from 2018. Sales tax revenue for retail and transport has increased steadily since 2016.

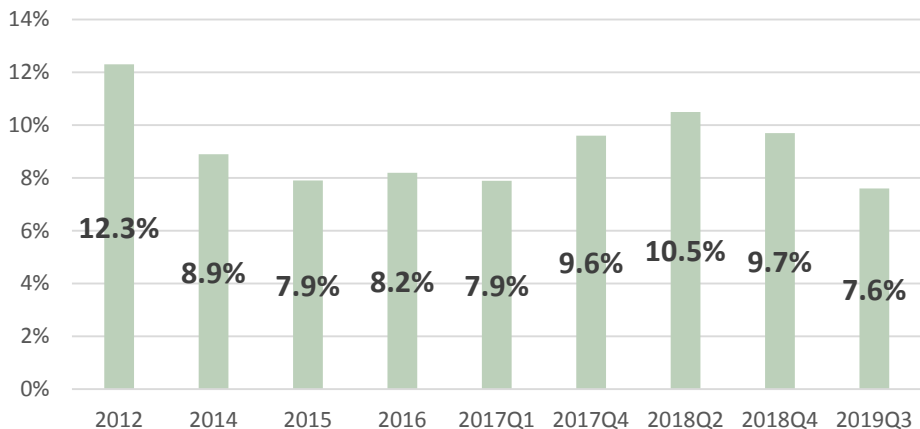


Business Mix (by Square Footage) 2019



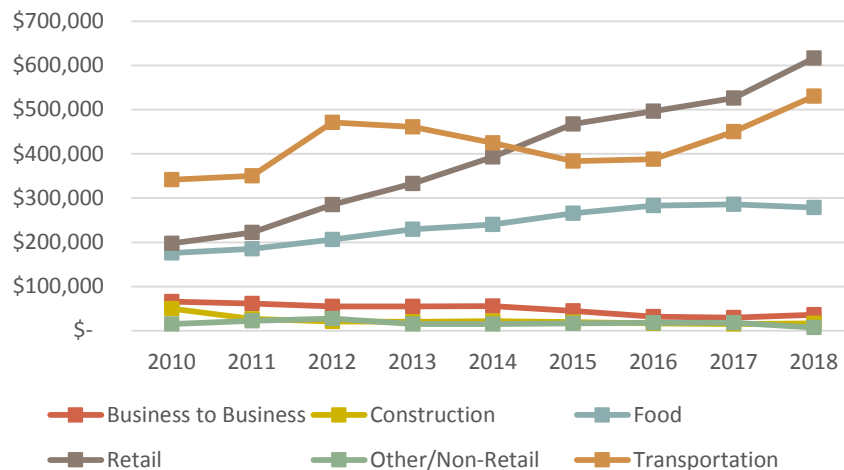
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2019



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



Source: MuniServices

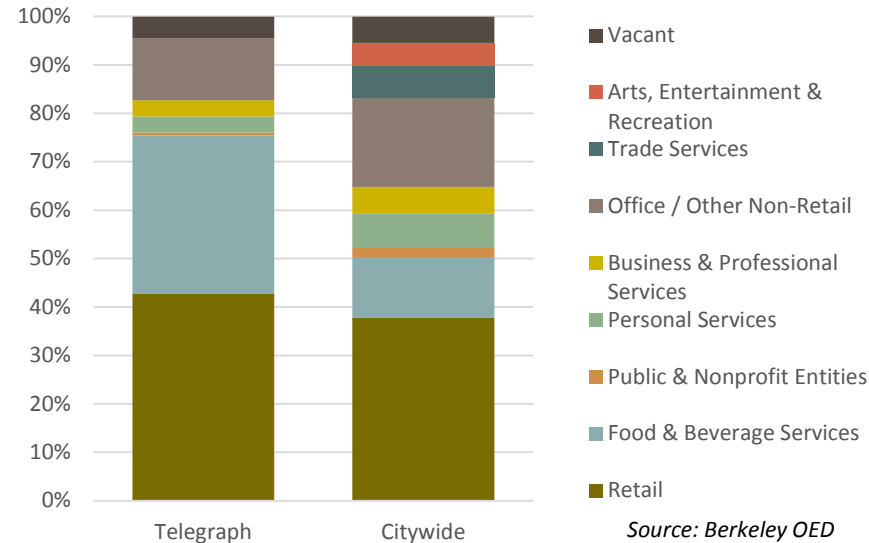


The Telegraph district has undergone significant change over the past several years. Food & Beverage services have shown a dramatic increase since 2012, with 32.7% of Food & Beverage services accounting for ground floor commercial space in the district, as compared to 12.4%

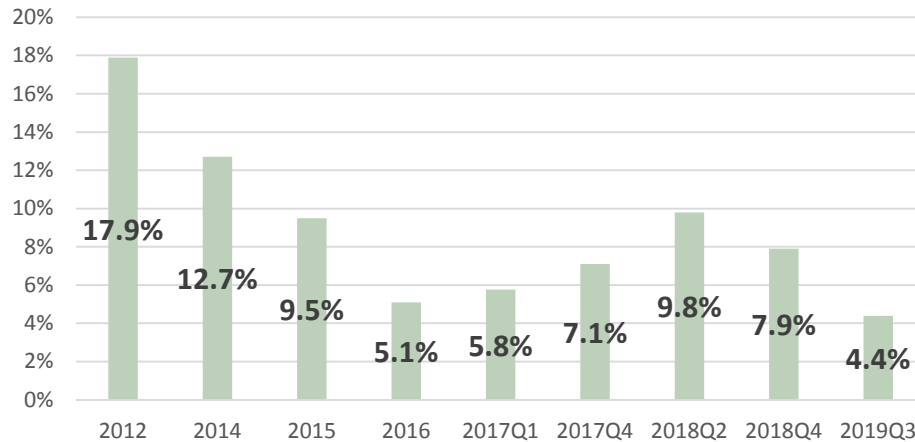
Citywide. As of Q3 2019, the district's ground floor commercial vacancy rate has continued to decrease from Q4 2018 from 7.9% to 4.4% and is significantly lower than the peak of 17.9% in 2012. New ground floor leases are anticipated along Telegraph Avenue in 2020, including the Nexus Building and the long-vacant lot at Telegraph and Haste St.



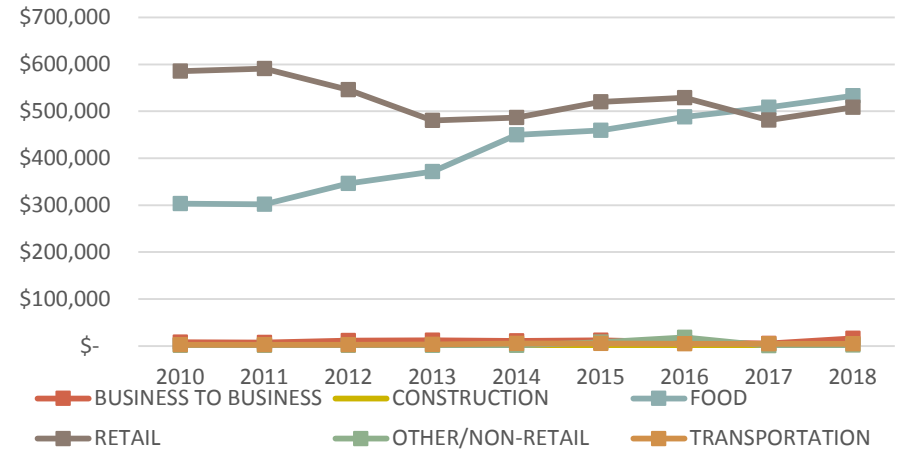
Business Mix (by Square Footage), 2019 Q3



Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2019



Sales Tax Revenue by Sector, 2010-2018

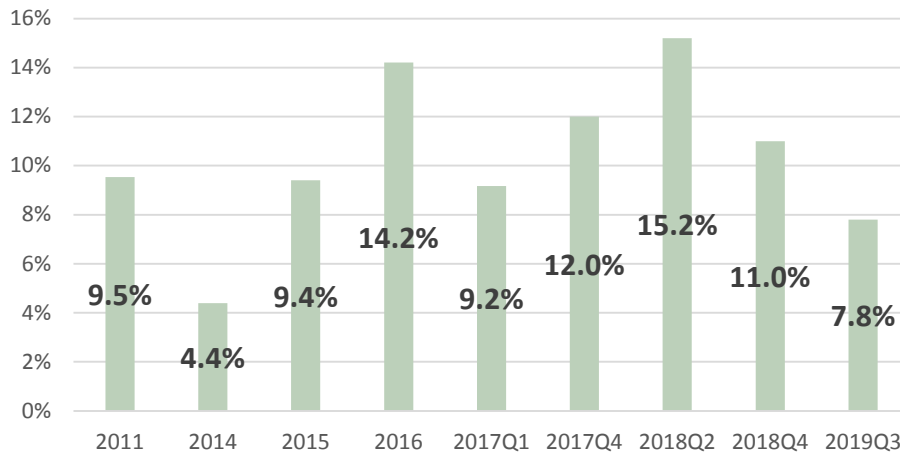




University Avenue, from Martin Luther King Jr Way to the waterfront, spans many of the City's neighborhoods and serves as the gateway to the UC Berkeley Campus. Since 2018, Transportation and Food & Beverage Services have generated the most sales tax revenue for the district. Over the past 8 years the vacancy rate has remained high, but has decreased to 7.8% in 2019 from the all-time high of 15.2% in Q2 2018.

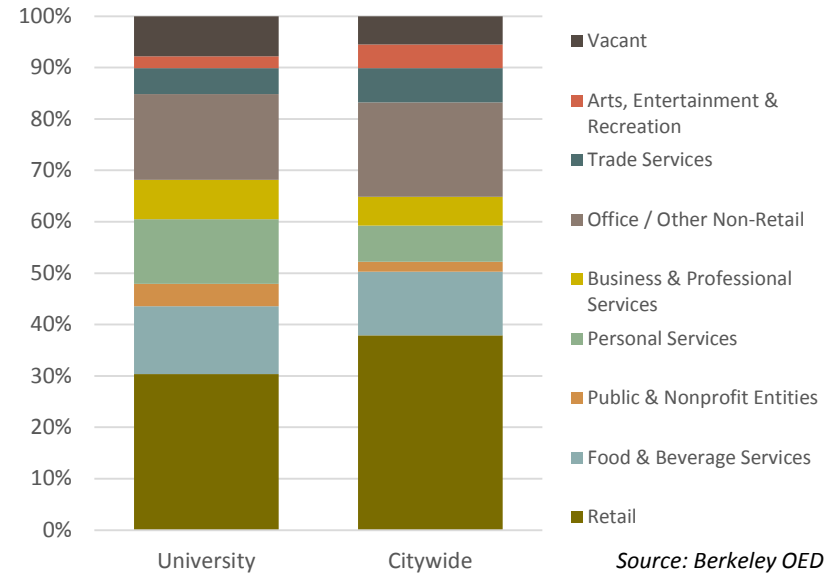


Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2019



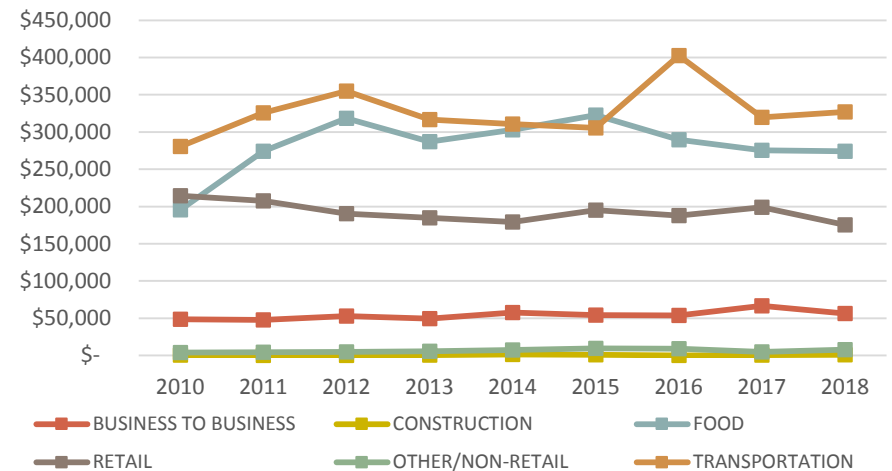
Source: Berkeley OED

Business Mix (by Square Footage), 2019



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



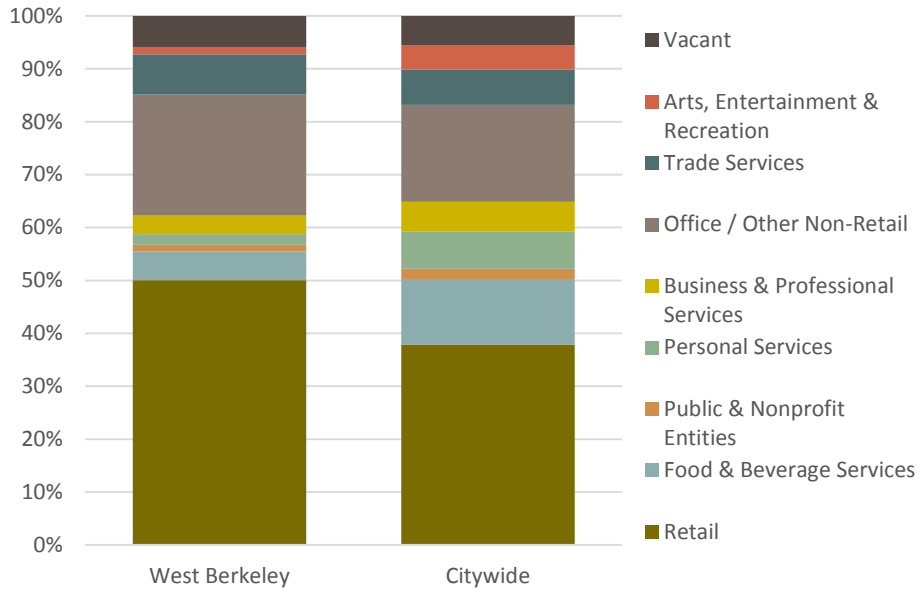
Source: MuniServices



West Berkeley represents all commercial spaces west of San Pablo Avenue, including 4th Street and the Gilman Corridor. There are a number of major, large-floor-plate retailers, and a dense cluster of home supplies and construction businesses. There is also a higher percentage of non-retail commercial uses, including manufacturing and warehousing. Retail accounts for 50.0% of ground floor commercial space in the district, as compared to 37.8% citywide. The commercial vacancy rate as of Q3 2019 was 5.4%, an increase from 2018 largely due to turnover of a few large floorplate retailers. Sales tax revenue has decreased in this area for all industries except Construction, which saw an uptick in sales tax revenue due to a number of large projects beginning in 2018.

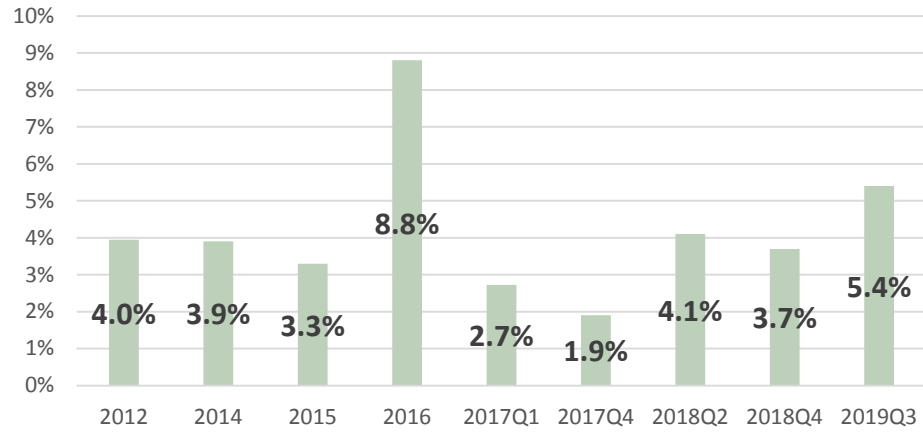


Business Mix (by Square Footage), 2019 Q3



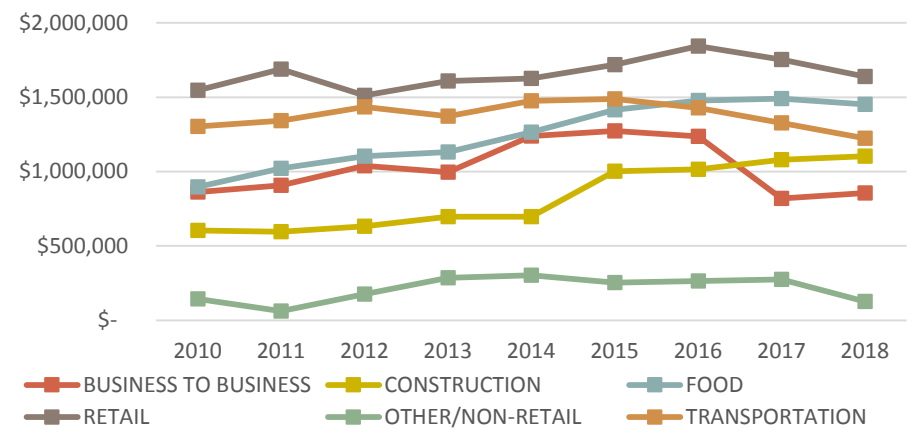
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2019



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2018



Source: MuniServices



city of

BERKELEY



Demographic & Economic Profile

Disclaimer: The City of Berkeley makes no representations about the suitability of the information contained in this document for any purpose. The information is provided "as is" without warranty, either express or implied, of any kind. The published document may contain technical inaccuracies or typographical errors. Changes are periodically added to the information herein. The City of Berkeley may make improvements and/or changes to the document at any time.



Office of Economic Development

about Berkeley

Incorporated: 1878
Encompasses: 10.47 mi²
Average Annual Temperature: 58° F (48° F low, 68° F high)

Berkeley is an iconic city, with a diversity of culture, cuisine, art, neighborhoods, innovation. It is a community that engages citizens and visitors alike every day. Berkeley is alive with a terrific quality of life including walkable streets, bike routes, access to transit, excellent schools, and thriving commercial districts. Come discover Berkeley's signature elements, events, and style.

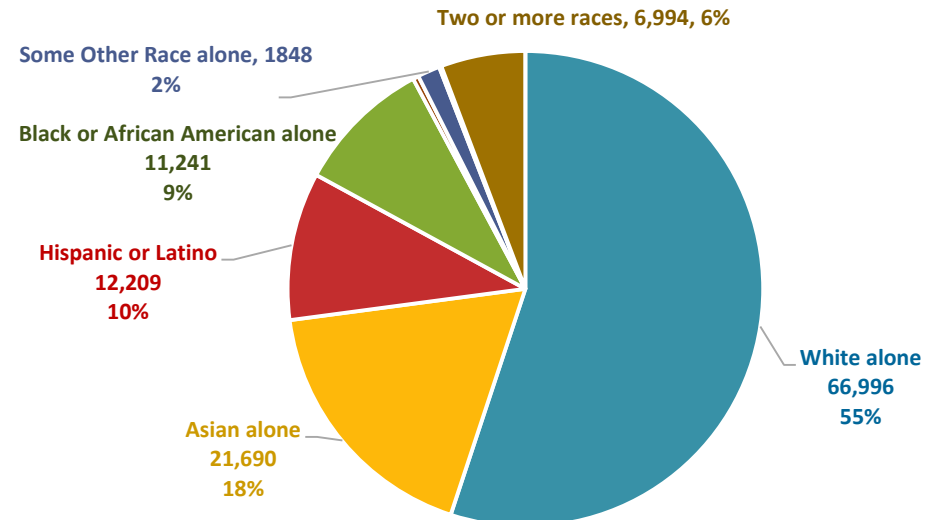
Demographic Snapshot	
Population	121,643
Median Age	31
Housing Units	49,137
Owner-Occupied Units	18,846
Median Home Sales Price (2019)	\$1,240,000
Average HH Income	\$75,709
Bachelor's Degree or Higher (age 25+)	72.3%

Sources: US Census Bureau, 2018 ACS Estimates
 2015-2023 City of Berkeley Housing Element, Redfin.com

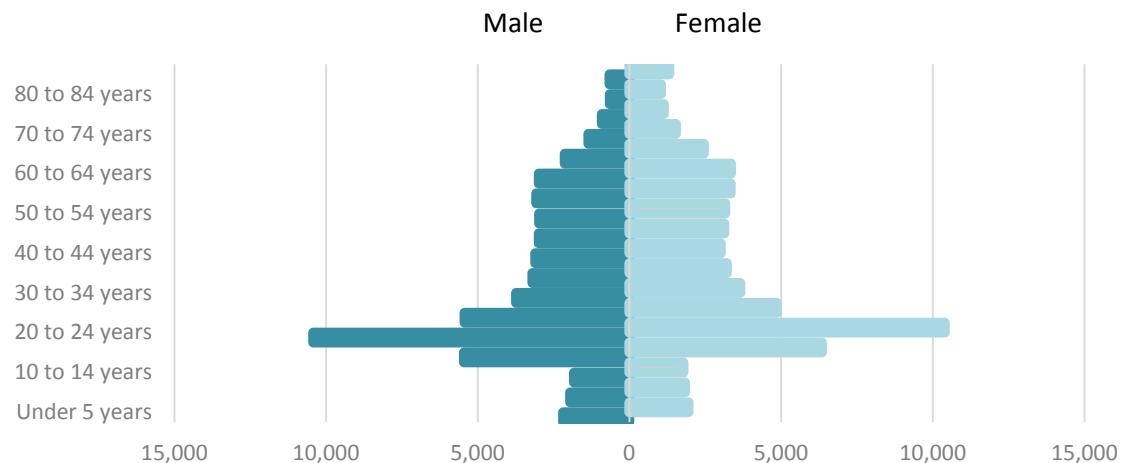
125,000 students
15,292 companies
1.65 million visitors per year
\$4.04 billion total spending power

Sources: Downtown Berkeley Association; California Employment Development Department

Race & Ethnicity



Age & Gender



Source: US Census Bureau, 2017 ACS Estimate

an Accessible Regional Hub

BERKELEY is centrally located within the Bay Area, which is the nation's fifth-largest metro region and home to 8.4 million people. Downtown Berkeley is just a direct 22-minute train ride and a 24-minute drive from San Francisco's Financial District.

Ideal location for business: With two interstate highways and a transcontinental rail line passing through the city limits, two major airports and three principal shipping ports close by, few places are as accessibly located for business as Berkeley.

Year-round foot traffic: Downtown Berkeley enjoys some of the highest pedestrian volumes in the Bay Area outside of San Francisco. As a major visitor destination, over 1.65 million people visit the City of Berkeley each year, and the new Downtown BART Plaza, and the Center Street Parking Garage put visitor estimates to nearly two million by 2025.



*Nearly 11,450 riders pass through the Downtown Berkeley BART station per weekday, making it one of the **busiest stations** in the entire BART system.*

THE DOWNTOWN BART PLAZA reopened in October of 2018 after major infrastructure, public art, and cultural programming reinvestment. The Metropolitan Transportation Commission granted **\$7.6 million** to the transportation improvement project, bolstered by an additional **\$400,000** for local arts including a rotating sculpture installation, contemporary sound pieces, and outdoor performances.

Source: Bay Area Rapid Transit



Transit Access

- Bus:** AC Transit , 28+ lines
- Auto:** 5,000+ parking spaces in downtown, with 2,777 in off-street lots and garages
- Airports:** Oakland International (12 mi), San Francisco International (20 mi), San Jose International (45 mi)
- Deep Water Ports:** Oakland (6 mi), Richmond (8 mi), San Francisco (12 mi)
- Rail:** Bay Area Rapid Transit and Amtrak



A jewel in the heart of a booming region, Downtown Berkeley

Downtown Berkeley has nearly doubled in population since 2000¹, and its population is expected to double again to 5,500 by 2020. More than \$400 million in construction investment are driving a boom in real estate development. This growth is supported by ongoing investments in public infrastructure that improve safety, walkability, automobile access and parking.

¹ Source: *Downtown Berkeley Retail Brochure, Downtown Berkeley Association, August 2016*

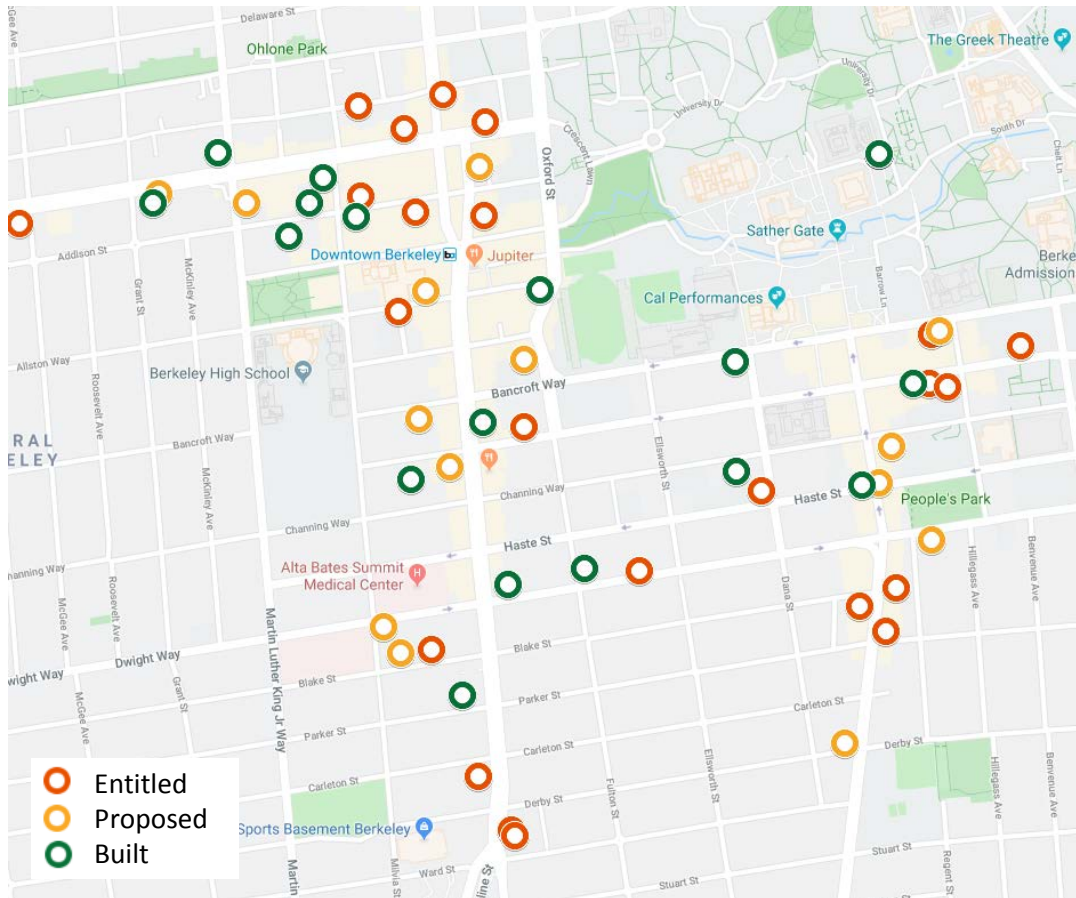


Future Development at a Glance

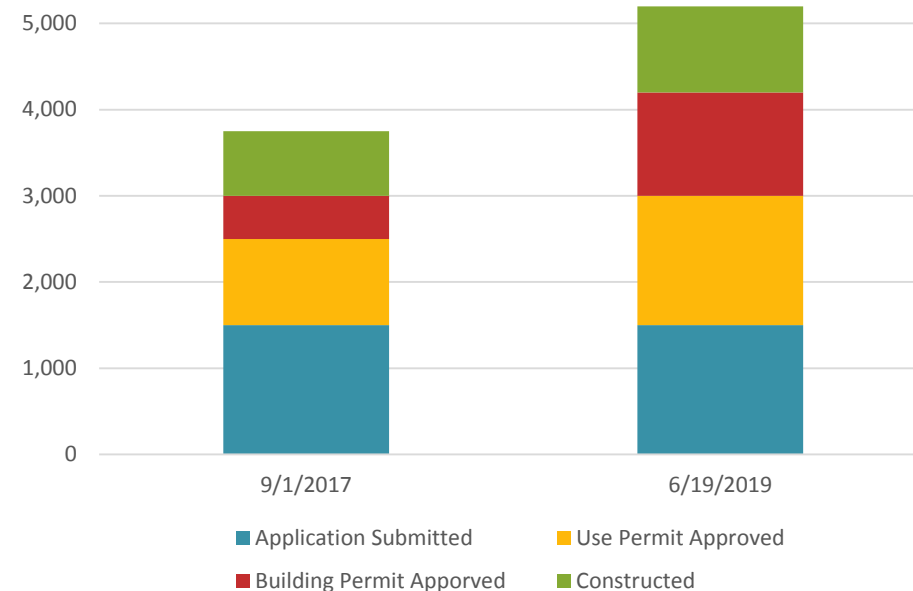
Recent Downtown Growth & Amenities include:

- Approximately 2,185 new housing units currently slated for development in or near the Downtown.
- New 720-space parking garage opened in Downtown in 2018.
- A new hotel will add 334 additional hotel rooms to the city, attracting new tourists and additional city-wide income.

Multi-Unit Projects (5+ Units), 2005 to Present



Permit Volume, 2017 to 2019



Berkeley's Employment Base

Berkeley's Largest 25 Employers, by Number of Employees

Ansys, Inc.	Lawrence Berkeley Laboratory
Backroads Inc.	Lifelong Medical Care
Bayer Healthcare LLC	OC Jones & Sons
Berkeley Bowl Produce	Recreational Equipment Inc. (REI)
Berkeley Cement Inc.	Rigetti Quantum Computing
Berkeley City College	Siemens Corporation
Berkeley Marina Doubletree	Solar Mosaic Inc.
Berkeley Repertory Theatre	Sutter Bay Hospitals
Berkeley Unified School District	Target Corporation
City of Berkeley	University of California, Berkeley
Genji Pacific	Whole Foods Market California Inc.
Kaiser Permanente	YMCA of the Central Bay Area
Meyer Sound Laboratories	<i>Source: EDD, QCEW Data Q4 2018</i>

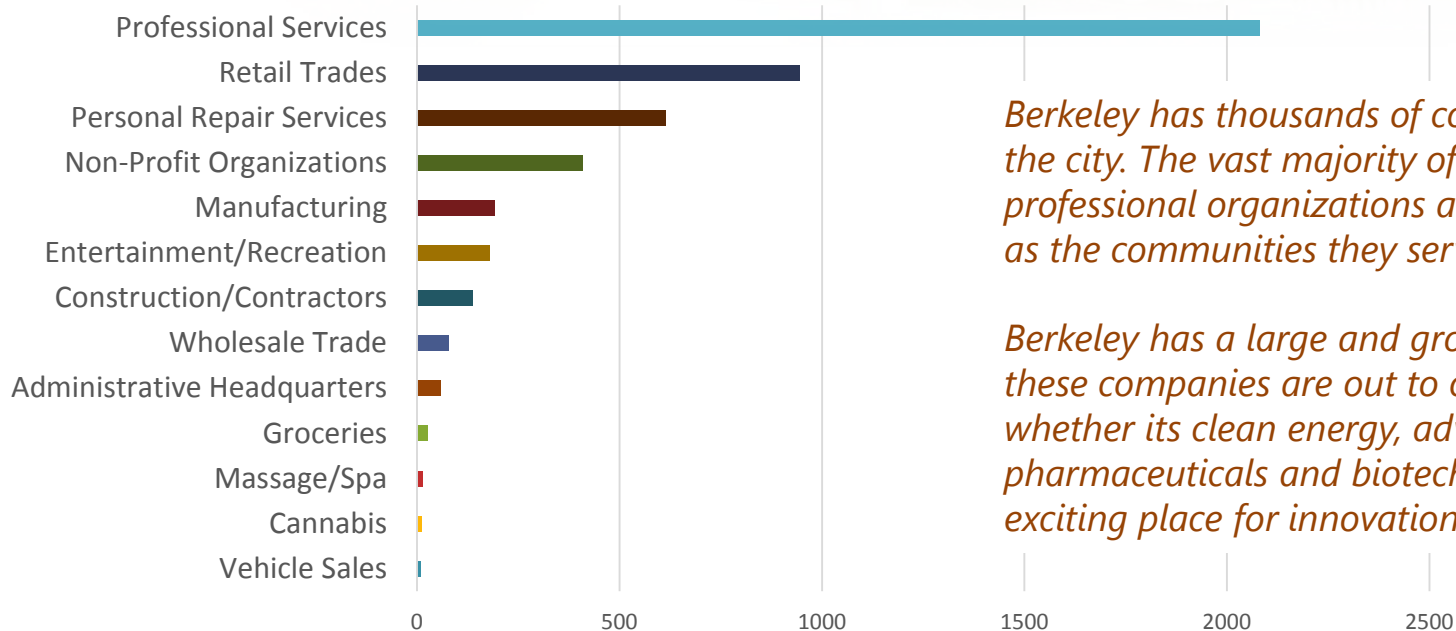
Berkeley Businesses Highlights

- 15,292 business licenses
- 2,500 brick and mortar businesses*
- **97%** are 'small businesses' (50 or less employees)
- Only 1.2% businesses employ more than 100 people
- Small businesses account for 41% of jobs in Berkeley

Source: City of Berkeley

* 2,100 records in Ground Floor Commercial Database

Count of Firms by Type



Berkeley has thousands of companies throughout the city. The vast majority of these firms are professional organizations and they are as diverse as the communities they serve.

Berkeley has a large and growing tech sector, and these companies are out to change the world – whether its clean energy, advances in pharmaceuticals and biotech or new apps. It's an exciting place for innovation.

A **THRIVING** Innovation Ecosystem

When it comes to successful startups, Berkeley has a distinct edge:

capital, talent, and brilliant thinking. The City is home to over 320 startup companies, along with more than 100 organizations in the innovation ecosystem, from UC Berkeley institutes and private research labs, to student entrepreneurship groups, incubators and venture investors. In 2019 alone, Berkeley startups pulled in more than \$200 million in venture investment.

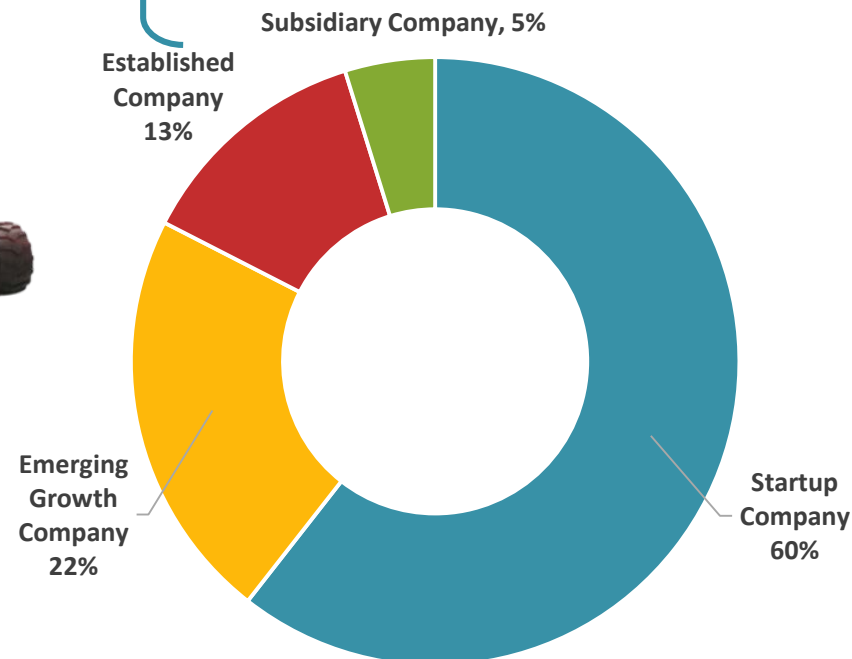
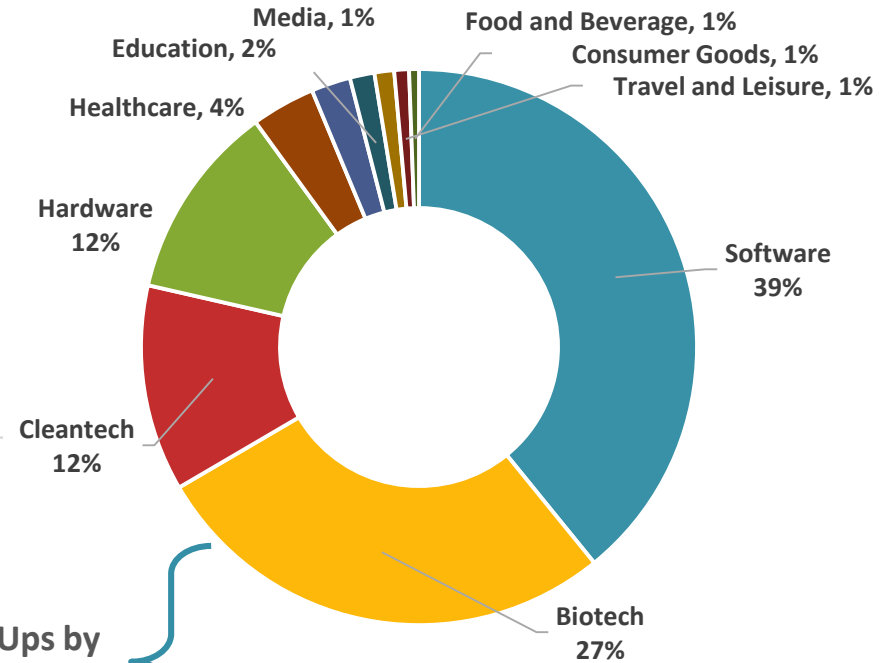
The Role of Incubators

Incubators such as **SkyDeck**, **Cyclotron Road**, and **The Foundry @ CITRIS** are an invaluable resource to Berkeley's innovation sector - not only because they help startups get off the ground, but because they act as connectors for more mature companies and give founders a place to recruit new talent, share ideas, and find new sources of funding.

From right to left: Kiwi Bot out of SkyDeck; Elysian Lab's cannabis products out of CITRIS Foundry; and Noble Thermodynamic' emission-free engine out of Cyclotron Road.



Berkeley Start-Ups by Type and Stage, 2018



Berkeley's Women Founders

The lack of representation for women and people of color is a frequent topic of discussion in STEM fields and innovation sector companies. Currently, 15% of founders in Berkeley identify as women, and programs such as the **Women Entrepreneurs of Berkeley** aim to increase that number.

Berkeley's Downtown Arts District

Berkeley's creative scene engages at every turn. Wander through an artist's open studio, experience cutting-edge theater or tap your toes to rock n' roll -- there are many ways to spark Berkeley's creative side. With more than **150 cultural arts organizations**, including the Berkeley Art Museum & Pacific Film Archive, Berkeley Art Center, Berkeley Repertory Theatre, and Aurora Theatre Company, Berkeley is filled with world-class productions applauded by audiences and acclaimed by critics.



Downtown Arts Venues



"Berkeley - The City and Its People", Romare Bearden, 1973

Public Art and Sound at BART Plaza

Recent major investments in the Berkeley art scene have focused on the Downtown Berkeley BART Plaza, currently showcasing contemporary sound pieces and outdoor performances; a rotating sculpture installation; and ongoing cultural event programming. Currently, the Downtown BART Plaza features a new sound installation called, "Histories of the Present" by composers Yann Novak and Robert Crouch which is a multichannel site specific sound created specifically for this spot.

Cinema

- California Theatres
- East Bay Media Center
- Shattuck Cinemas
- United Artists Berkeley 7

Theater

- Aurora Theatre Company
- Berkeley Community Theater
- Berkeley Repertory Theatre
- UC Theatre

Music

- California Jazz Conservatory
- Freight & Salvage Coffeehouse
- The Back Room
- Cornerstone

Visual Art

- Berkeley Art Museum/PFA
- D King Gallery Rock Posters
- David Brower Center
- Habitot Children's Museum
- Lumbini Buddhist Art Gallery
- Magnes Collection of Jewish Art & Life

BERKELEY DISTRICTS

4th Street Page 32 of 33

Berkeley's Fourth Street is a premier shopping destination, featuring fine dining and more than 80 unique retailers offering creative merchandise and contemporary design. With tree-lined sidewalks, live music every weekend, and a calendar of special events free to the public, Fourth Street is the perfect place to enjoy the Bay Area with authentic restaurants and classy shopping.



Downtown

Downtown Berkeley is a rich urban environment of innovation and creativity. It is home to cultural icons such as Berkeley Repertory Theatre, Freight and Salvage, and BAMPFA. It's also home to vibrant start-up business scene with a half-dozen incubators and co-working spaces, as well as office space to grow. The beautiful new Downtown BART Plaza and major hotels greet visitors, residents, and entrepreneurs alike. Nearby campuses of UC Berkeley and Berkeley City College, plus a bounty of dining and night life options, keep the district buzzing with youthful energy.



Elmwood

The Elmwood is a charming commercial district with the character of a classic "Main Street" and a shopping atmosphere unlike any other. Specialty shops, restaurants and a theater span the blocks along College and Ashby Avenue, serving local residents and visitors from around the world. The surrounding neighborhood is packed with attractive older homes, parks, and architectural gems like the Elmwood Theater and the Claremont Public Library.



Lorin District

With historic commercial buildings surrounded by charming residential neighborhoods, the Lorin is one of the most diverse, artistic and easy-access districts in Berkeley. It is home to the Berkeley Flea Market, South Berkeley Farmers Market, a thriving antiques and home furnishing cluster, and cultural icons including the Shotgun Players and Black Repertory Theater. This registered historic district has long been a center of the local Black community, and is also fast becoming a food scene with an impressive assortment of eating and drinking establishments like Hoi Polloi and Lemat.



Gilman

The Gilman District is a thriving medley of the creativity, craftsmanship and eclectic community that makes Berkeley such a unique and vibrant city. A hub of craft brewing, dining, live music, arts and more is available in Northwest Berkeley.



Berkeley's twists and turns of terrain give its neighborhoods room to establish independent personas, moods and mantras. Each of Berkeley's commercial districts has hyper-local authenticity; Berkeley's neighborhoods range from sophisticated and urbane to cozy and intimate.

North Shattuck

North Shattuck is a culinary wonderland, home to world famous foodie destinations like Chez Panisse, Cheeseboard, and the original Peet's Coffee, along with a vibrant scene of new innovators. This area is celebrated as the birthplace of the California farm-to-table movement. North Shattuck is a walkable business district near Downtown and UC Berkeley campus, filled with independent boutiques and a bustling café culture.



West Berkeley Design Loop

The industrial warehouses of West Berkeley are home to traditional manufacturers, artisan businesses, and a thriving community of R&D companies. West Berkeley overflows with hidden gems. It's a place where bakers and glass blowers rub shoulders with researchers creating everything from plant-based meats to cures for infectious diseases. The up-and-coming SoU District along 4th and 5th Street features experimental and handcrafted food, crafts and fine art. The Aquatic Park research zone is a world class hub of biology and technology innovation. The Design Loop along San Pablo Avenue is a hub for sustainable interior design and furnishings.



Telegraph Avenue

Telegraph Avenue serves as a conduit and amplifier for Berkeley's unceasing energy. Its tree-lined sidewalks host a mix of specialty stores, vintage boutiques, international cuisine cafés, and national retailers. In a city known for its openness, political activism, and unparalleled academia, Telegraph offers more of all those things. Bordering the core of the UC Berkeley campus, Telegraph is home to a collection of historical 'legacy' businesses, including one of the best bookstores in America and iconic music establishments. It also features world class people-watching.



University Avenue

University Avenue is Berkeley's main East/West artery, spanning from the Bay to the entrance to UC Berkeley's campus. More than 200 merchants line this vibrant corridor, and each block has a unique personality. The International Marketplace district where University crosses San Pablo provides a concentration of cultural and ethnic businesses, rich with Indian and South Asian flavors, fine fabrics and regional foods from around the world.



Solano Avenue

Solano Avenue provides a shopping experience unlike any other, with an abundance of local, independently-owned shops, and restaurants. Family-friendly spirit and local flavor are on display throughout this mile-long shopping district, as it passes through Berkeley and the neighboring town of Albany. The famous Solano Avenue Stroll, one of the largest and most festive street fairs in California, takes place here each September.



