



city of

BERKELEY



Economic Dashboard & COVID-19 Impacts & Response

December 2020
Office of Economic Development

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Key takeaways



1. The pandemic had significant impacts on Berkeley businesses— both large and small.
2. The diversity of the Berkeley economy – and innovation sector strengths – have helped soften the blow and can enable recovery.
3. The City took advantage of a wide range of approaches to support businesses’ pandemic response and enable economic recovery.

COVID-19 BUSINESS IMPACT:

preliminary impacts



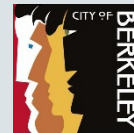
Measures taken to avoid business closure



Source: April 2020 East Bay EDA Business Recovery survey, 561 Berkeley business responses

COVID-19 BUSINESS IMPACT:

impacts by industry sector - employment



Unemployment Rates – December 2020

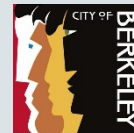
- 7.6%:
Alameda County
- 8.8%:
State of CA
- 6.5%:
United States

Sector (in Alameda County)	Employment
Accommodation	-42.0%
Arts, Entertainment & Recreation	-35.2%
Personal & Laundry Services	-33.6%
Clothing & Clothing Accessory Stores	-30.4%
Building Equipment Contractors	-29.7%
Employment Services	-26.5%
Food Services & Drinking Places	-25.0%
Durable Goods Manufacturing	-15.4%
Educational services	-15.2%

Source: Employment Development Department, December 2020

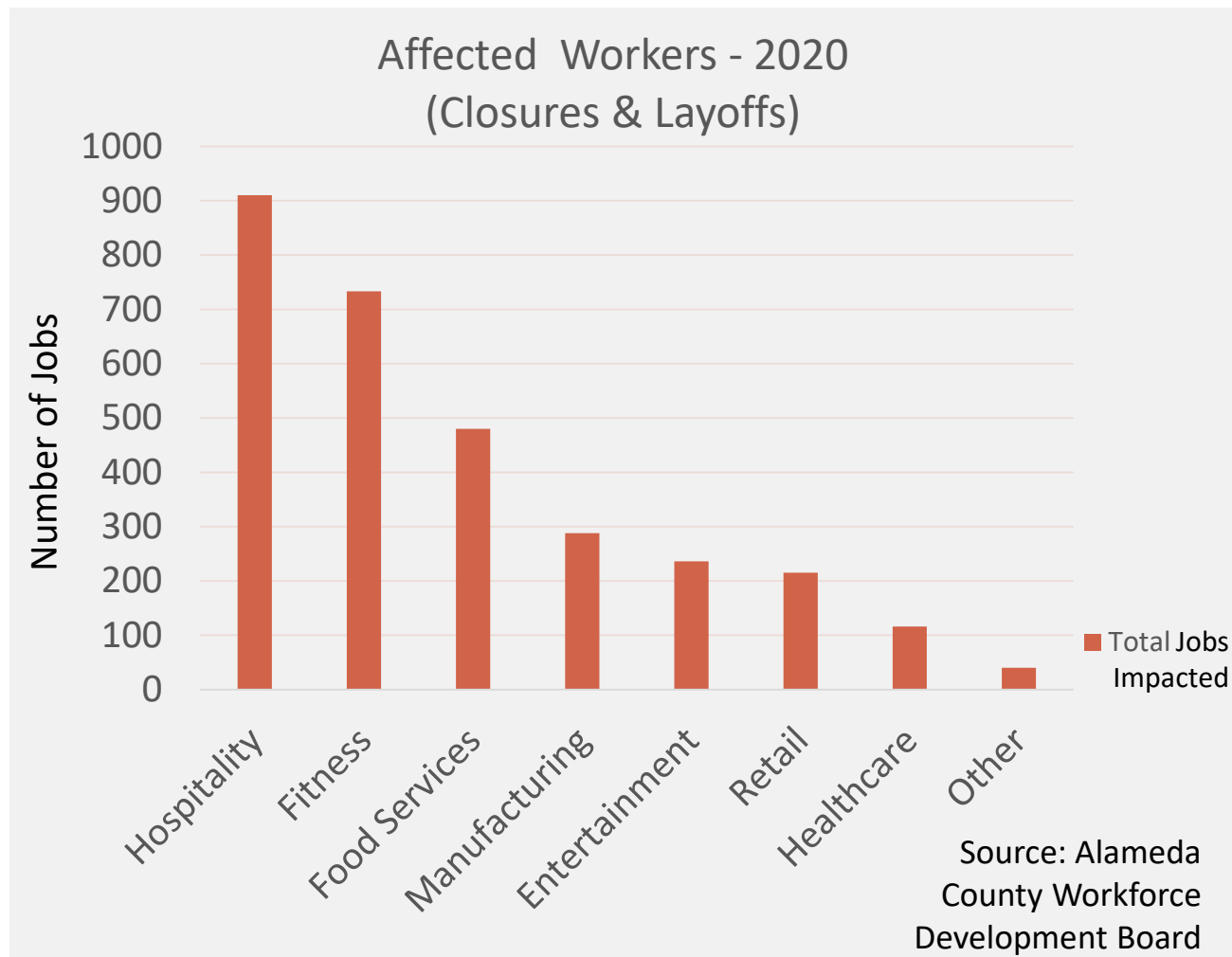
COVID-19 BUSINESS IMPACT:

impacts by industry sector - employment



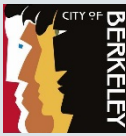
Workforce reductions from Berkeley's largest employers

- 3,000+: layoffs among Berkeley's largest employers
- ~4.6%: labor force reduction



COVID-19 BUSINESS IMPACT:

impacts by industry sector – hospitality



Tourism & Lodging

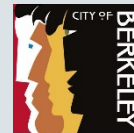
- 90%: hotel employees laid off or furloughed
- ~75%: hotel rooms temporarily closed
- 70%: year-over year decline in lodging tax revenues



Photo credit: DoubleTree by Hilton, Berkeley Marina

COVID-19 BUSINESS IMPACT:

impacts by industry sector – hospitality



Food & Beverage

- 75%: time in 2020 with indoor dining banned
- -34.3%: Q3 year-over-year decrease in sales tax revenues
- 44: establishments closed during 2020 pandemic

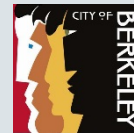
Berkeley bid farewell to Albatross Pub (est. 1964) and Au Coquelet (est. 1976).



Photo credits: Twitter (top), Berkeleyside (lower)

COVID-19 BUSINESS IMPACT:

impacts by industry sector – arts & culture



Performing arts



- \$7.5 million+: Q2 2020 revenue lost
- 288: Q2 2020 employee positions eliminated



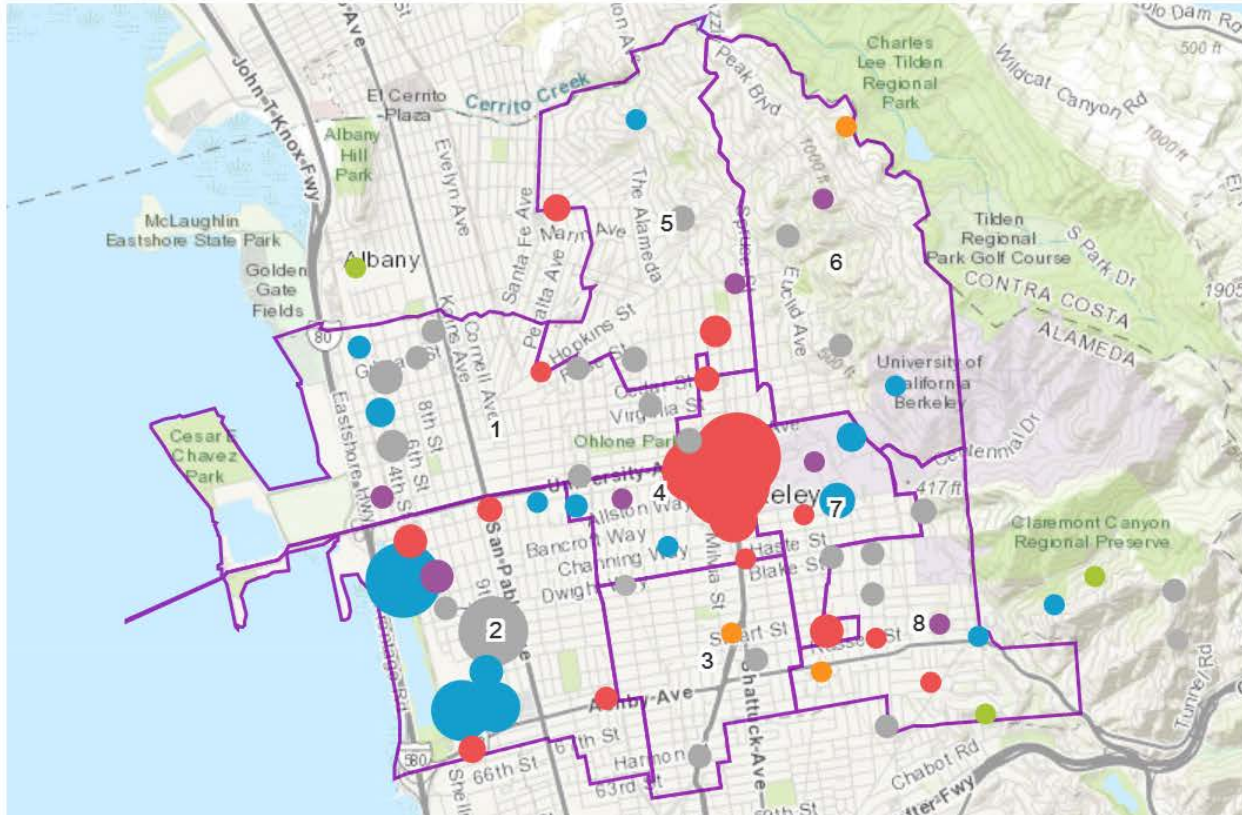
Source: Q2 2020 [City of Berkeley Civic Arts survey data](#), 65 respondents.

COVID-19 BUSINESS IMPACT:

impacts by industry sector – innovation sector



Bright spots: nearly 400 “innovation sector” companies



**Berkeley Innovation Sector Companies
January 2021**

- BioTech
- CleanTech
- Education
- Hardware
- Healthcare
- Software
- Other

See details on the Berkeley Startup Cluster website: www.berkeleystartupcluster.com/startups

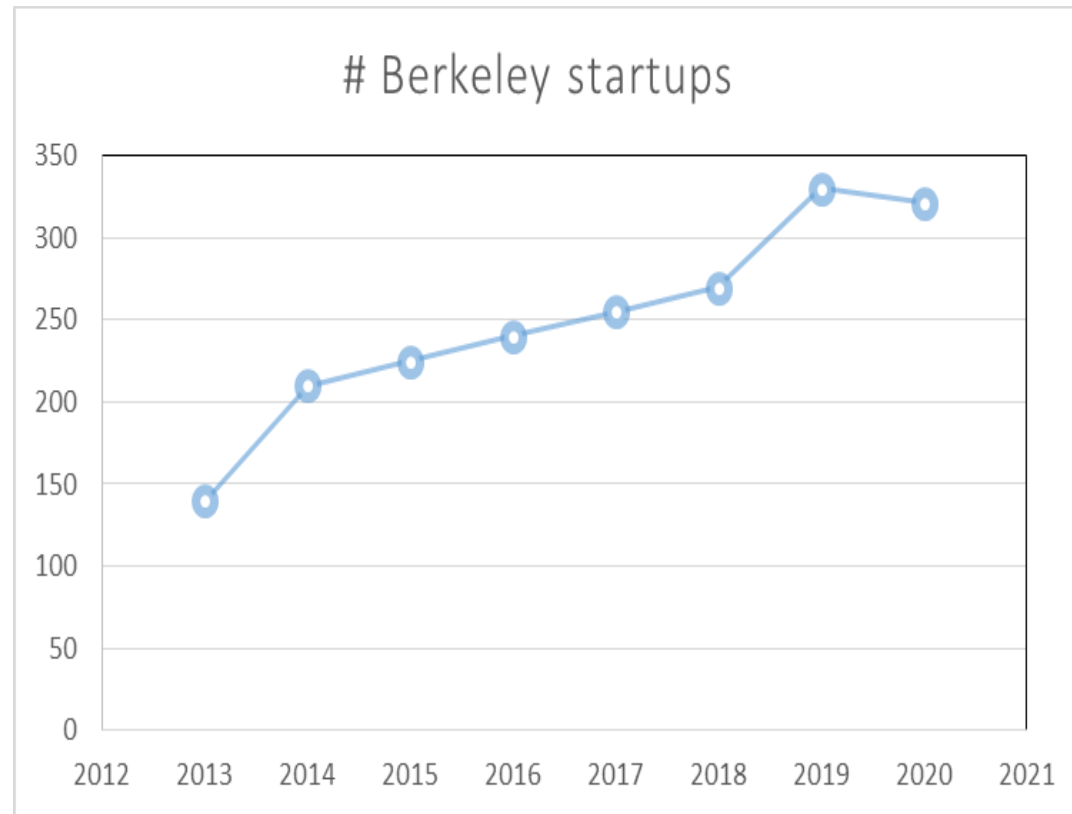
COVID-19 BUSINESS IMPACT:

impacts by industry sector – innovation sector



Local wealth creation

- **\$6 million:** federal Research & Development (R&D)[†] grants received by 10 Berkeley companies
- **\$700 million +:** 2020 capital raised by Berkeley startups



Source: OED, UC Berkeley IPIRA

[†] Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are highly competitive programs that encourage US small businesses to engage in Federal Research and Development with the potential for commercialization.

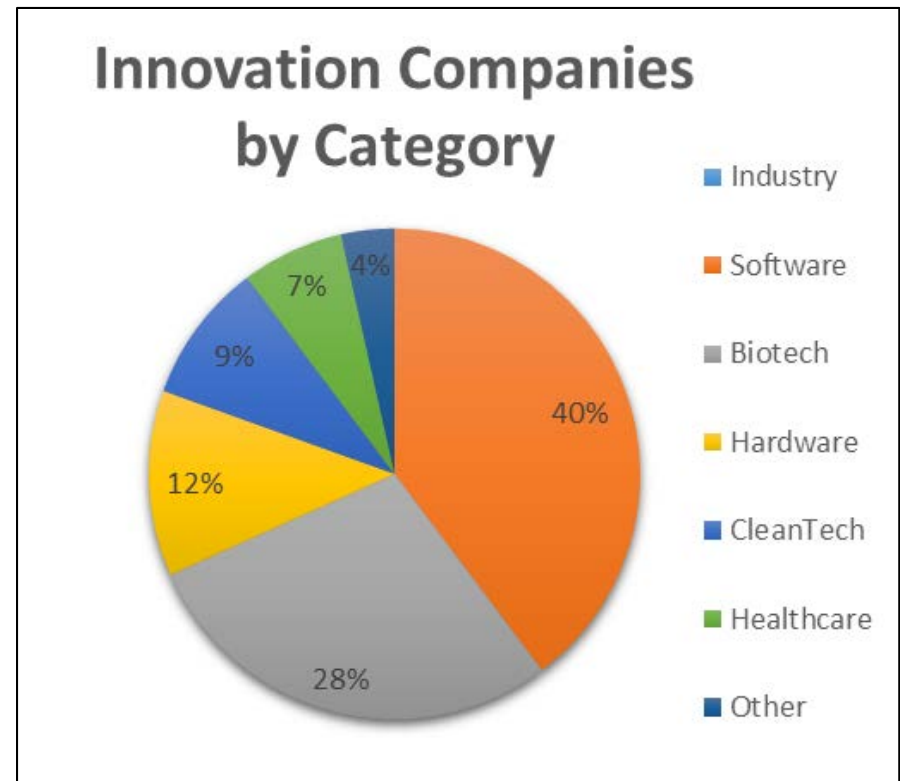
COVID-19 BUSINESS IMPACT:

impacts by industry sector – innovation sector



Contributing to growing global health industry

- 35%: Berkeley innovation companies contributing to global health challenges
- 4x: venture capital funding for biotech in 2020 vs. 2013

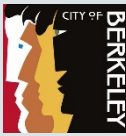


Source: OED

- 2: UC Berkeley Nobel prizes & companies in TIME Magazine's [100 Best Inventions of 2020](#)

COMMERCIAL ACTIVITY:

office trends & transactions



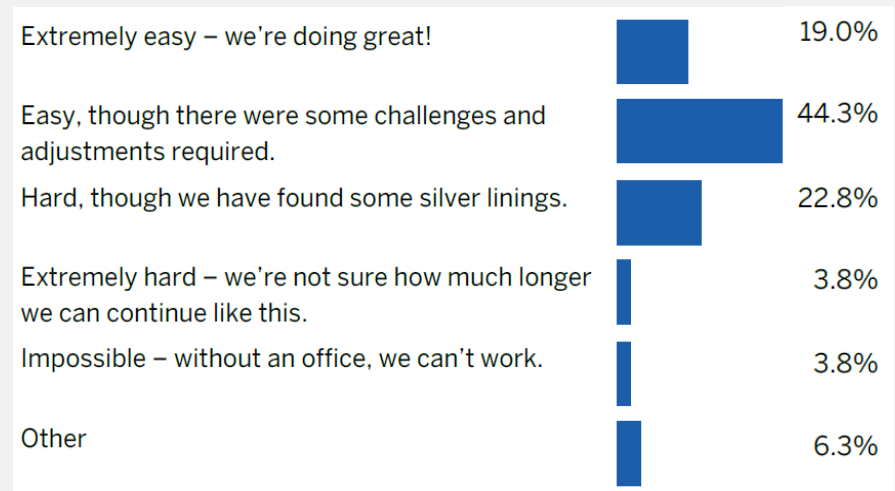
Office-Based Businesses Adjust to Remote Work

- **63%:** able to “easily able to operate with employees working remotely”
- **23%:** “found silver linings” (despite difficulties)
- **46%:** haven’t requested any changes to their rental or mortgage costs
- **18%:** negotiated lower rental rates



Photo credit: A3 Ventures

Q: From the perspective of business productivity, how easy has the transition been for your business to operate with employees working remotely?



Source: OED Survey of Berkeley Office-Based Businesses, Q4 2020

COVID-19 BUSINESS IMPACTS:

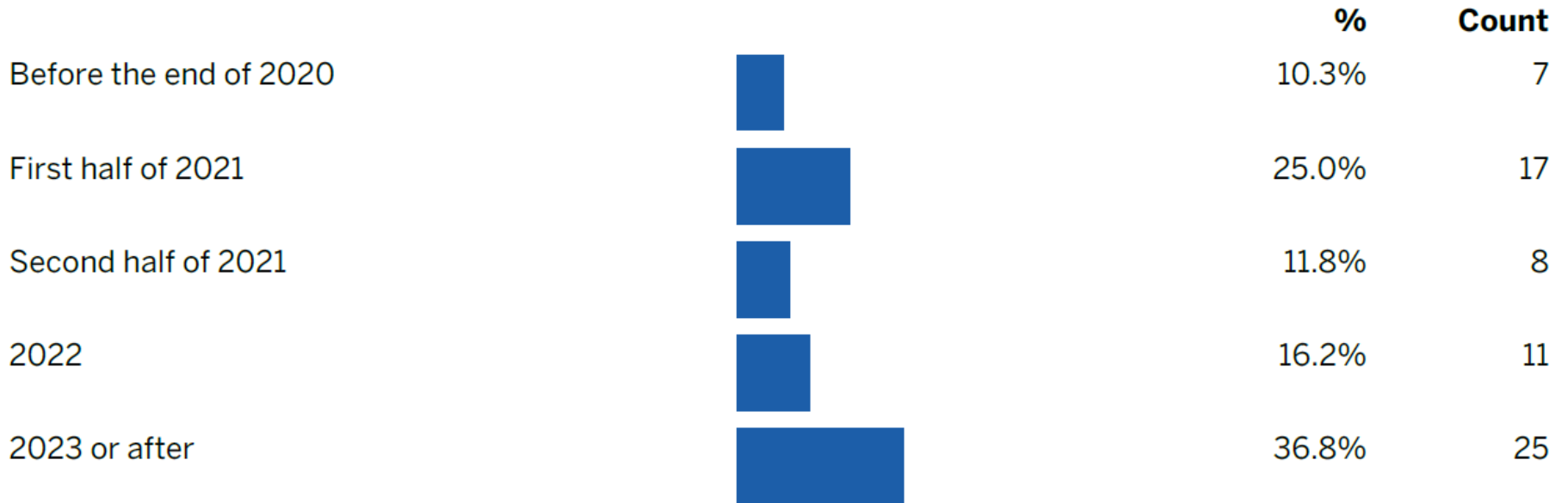
office based business survey results



Berkeley office market

- 65%: still renting their Berkeley office
- 58%: having a private office is “extremely important”
- 37%: have a long term lease that won’t expire until 2023 or after.

When is your current lease due to expire?



Source: OED Survey of Berkeley Office-Based Businesses, Q4 2020

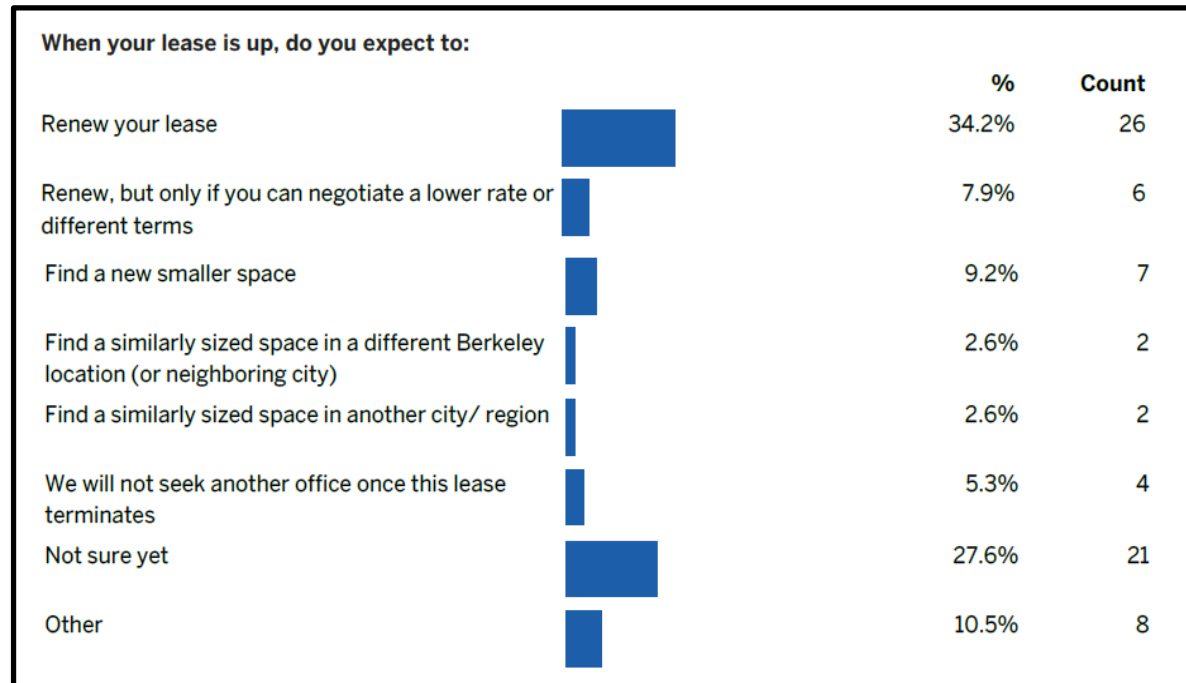
COVID-19 BUSINESS IMPACTS:

office based business survey results



Expect changes ahead

- ~50%: have leases that will expire this year
- 28%: aren't sure yet what they will do
- 8%: do not plan to have an office in Berkeley



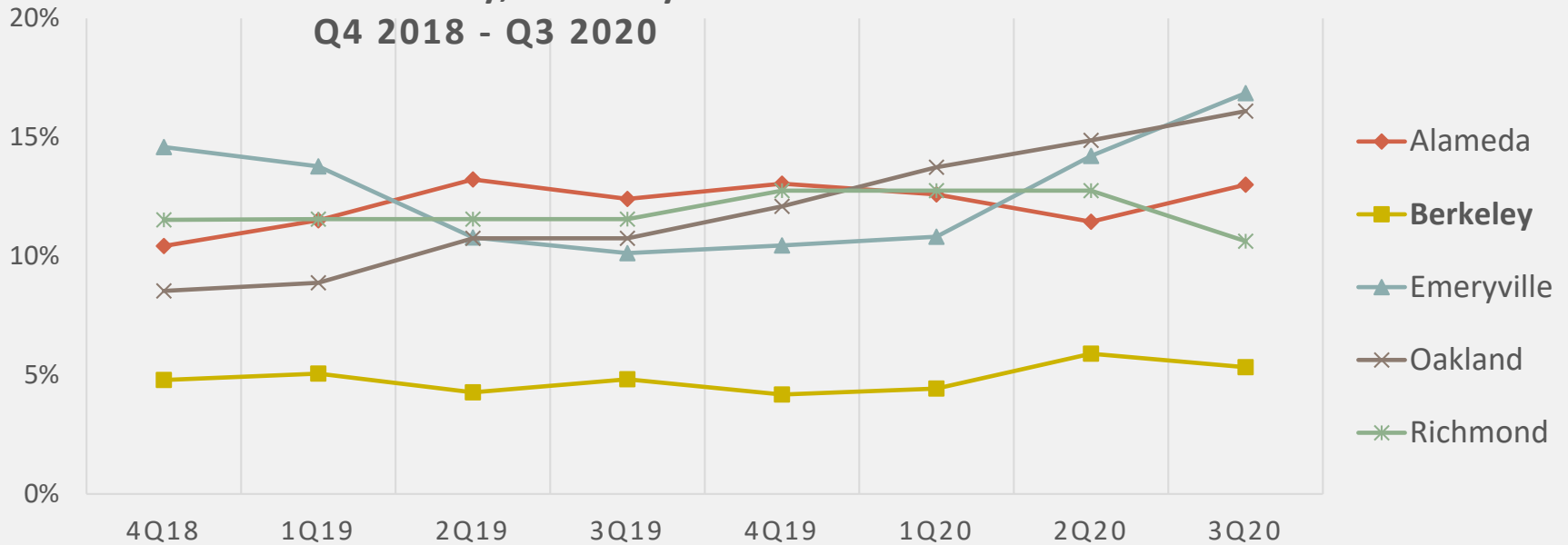
Source: OED Survey of Berkeley Office-Based Businesses, Q4 2020

COMMERCIAL ACTIVITY:

office trends & transactions



**Office Availability, East Bay Cities
Q4 2018 - Q3 2020**



Source: Newmark Cornish & Carey, Q320 East Bay Office Market Report

Q3 2020 Office Market, Berkeley	Indicators
Total Inventory	3,455,150 SF
Under Construction	0 SF
Availability Rate	5.33%
Average Asking Rent	\$3.53 / SF

Source: Newmark Cornish & Carey, 3Q20 East Bay Office Market Report

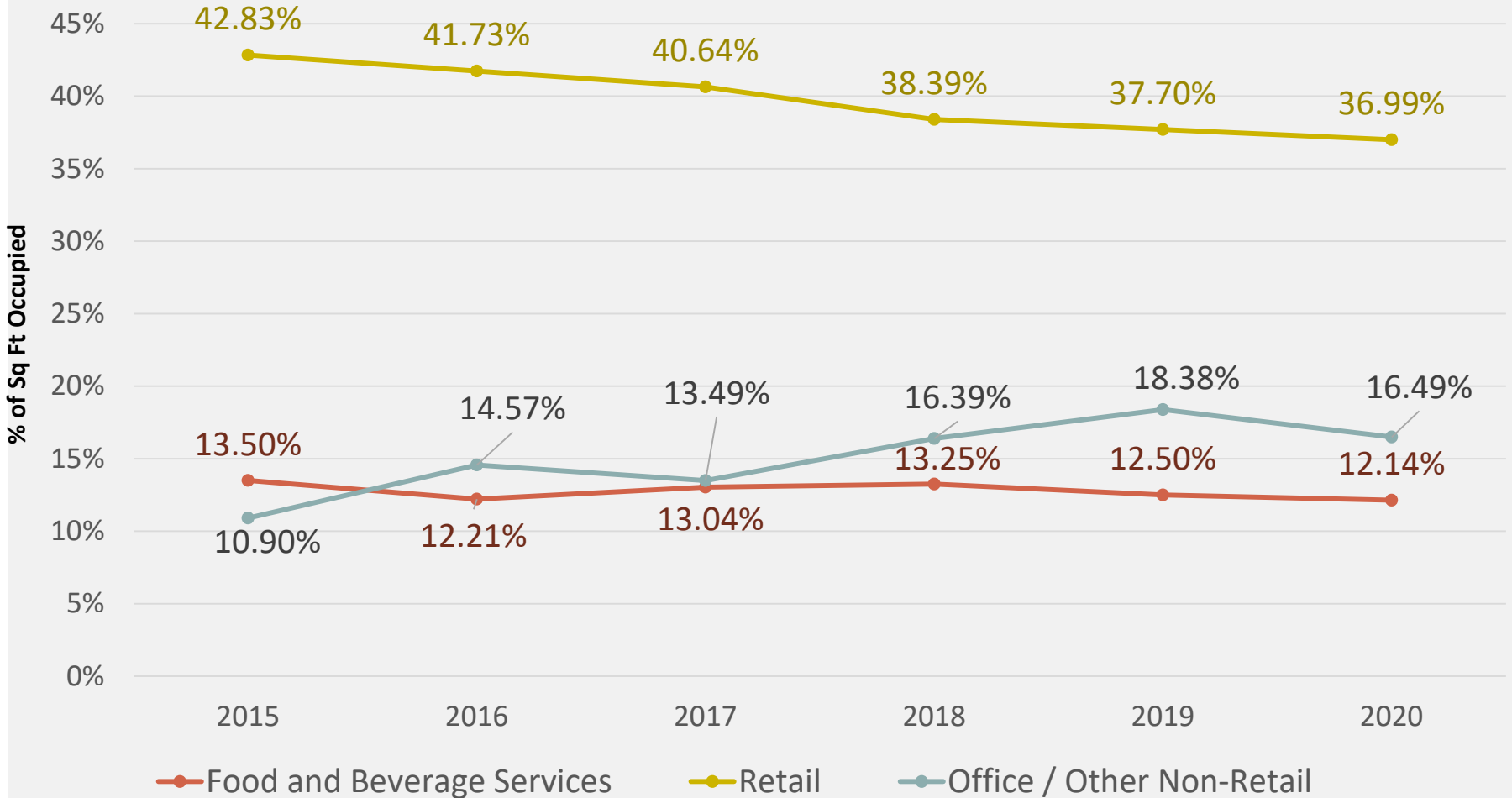
COMMERCIAL ACTIVITY:

commercial trends & transactions



Commercial space occupied by retailers continues on a downward trend

Citywide Commercial Inventory, Select Categories, By Square Footage, 2015-2020



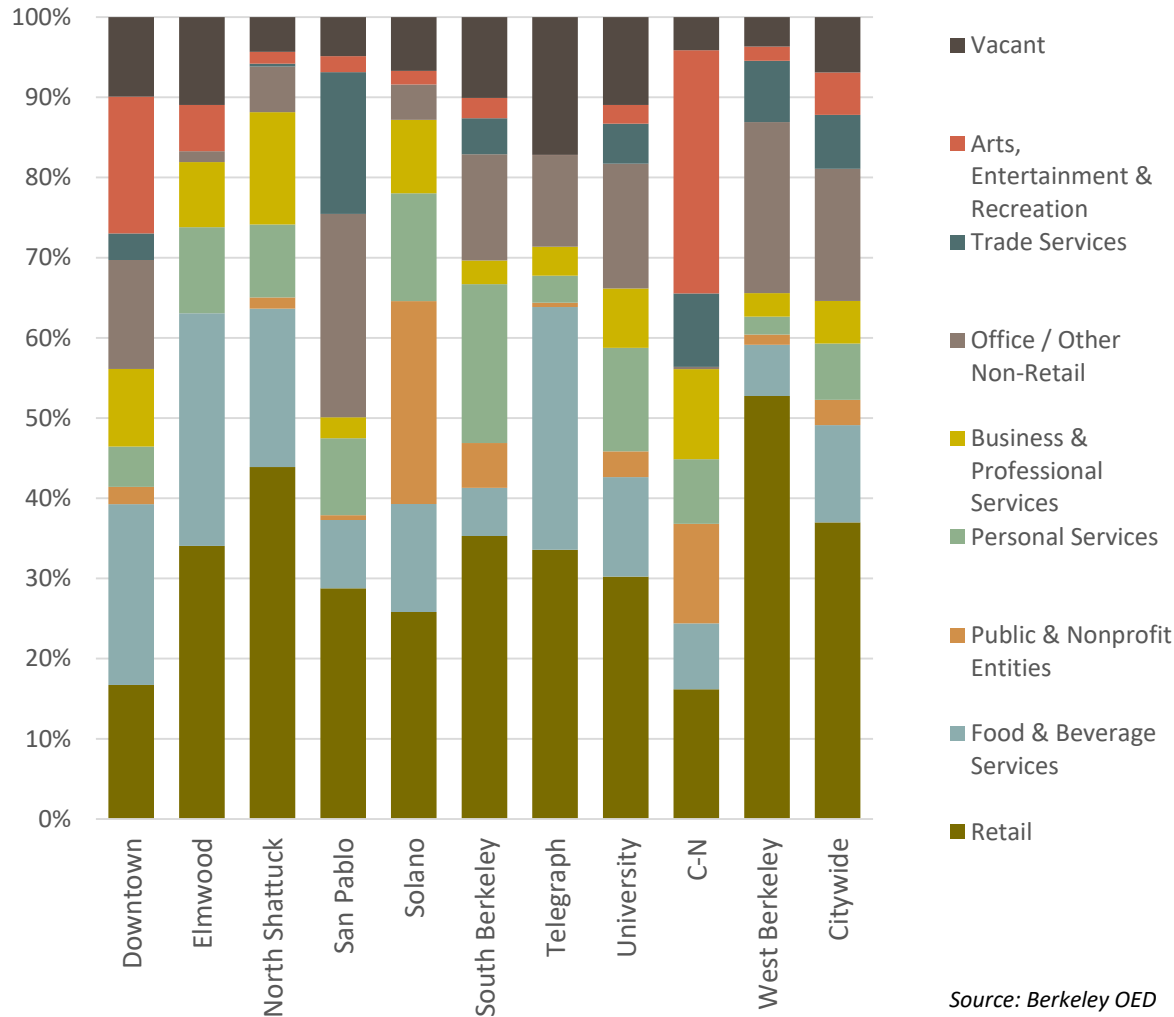
Source: OED, Q4 2020

COMMERCIAL ACTIVITY:

commercial districts & vacancy rates



Ground Floor Commercial Occupancy By Category, 2020 Q4



Vacancy Rates have increased

- 6.9%: ground floor citywide commercial vacancy rate (+ 1.5% from Q3 2019)
- 4-8%: typical commercial district storefront vacancy rates

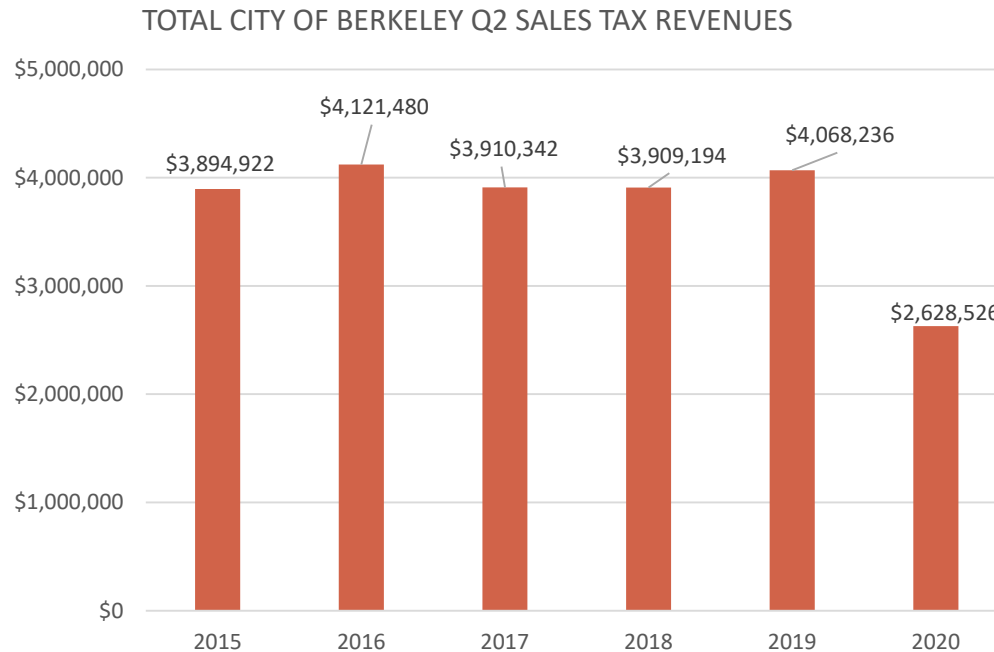
Source: Berkeley OED

COMMERCIAL ACTIVITY:

sales tax revenues – the pandemic hits



Sales tax revenues drop significantly



Source: MuniServices, Quarter 2 (April-June) 2015 to 2020, Nominal Values.

Total Annual Sales Tax Revenue - Past 4 Quarters	Q4 2019- Q3 2020	Change
City of Berkeley	\$16,355,379	-13.2%
Alameda County (total including cities)	\$328,424,125	-7.8%
State of California	\$7,050,811,392	-4.2%

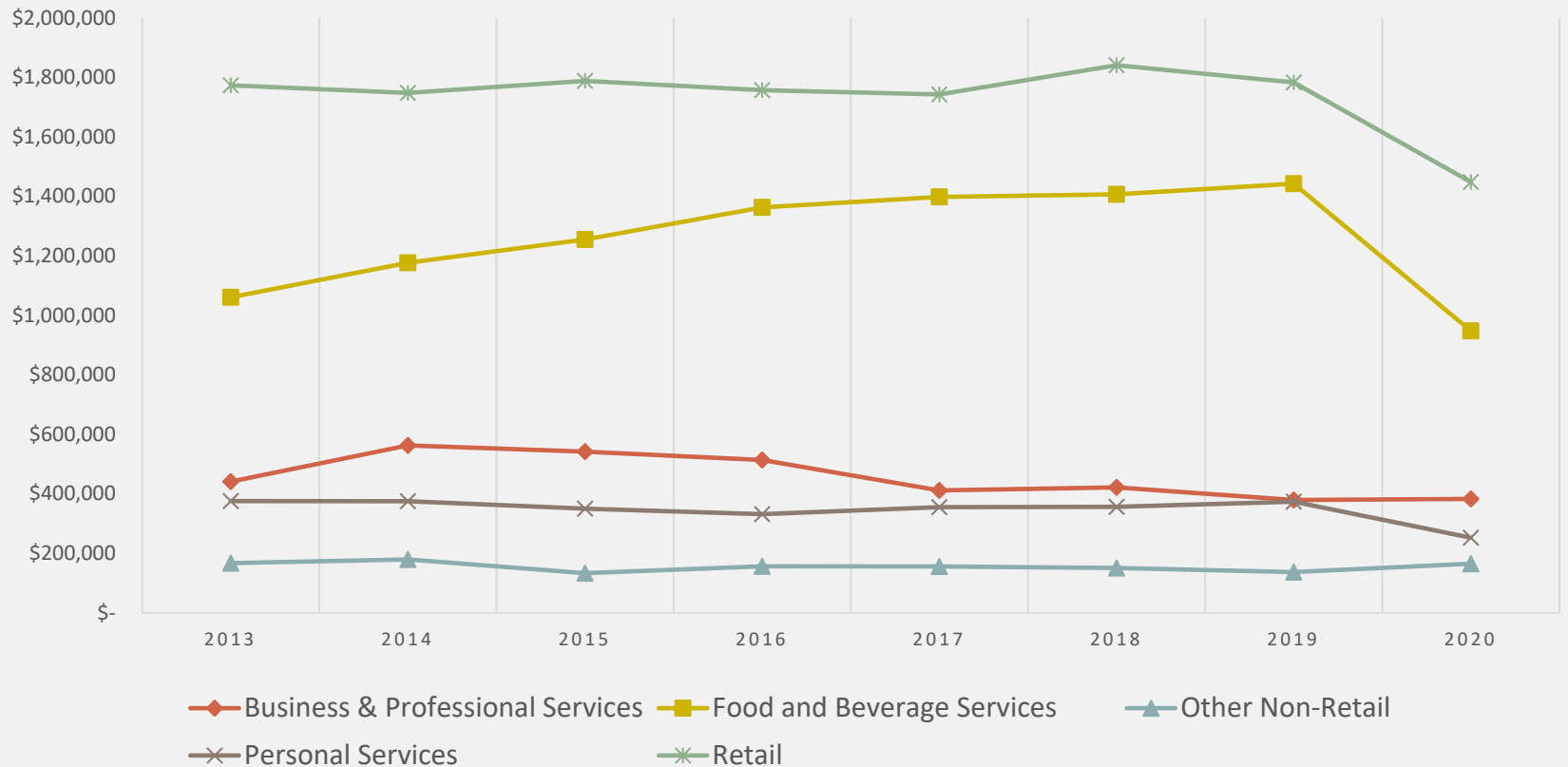
COMMERCIAL ACTIVITY:

sales tax revenues – the pandemic hits



Berkeley's largest sales tax revenue generators are most impacted

BERKELEY SALES TAX REVENUES (Q3) BY BUSINESS CATEGORY



Source: MuniServices, Quarter 3 (July- Sept) Collections 2013 to 2020

DEVELOPMENT & HOUSING:

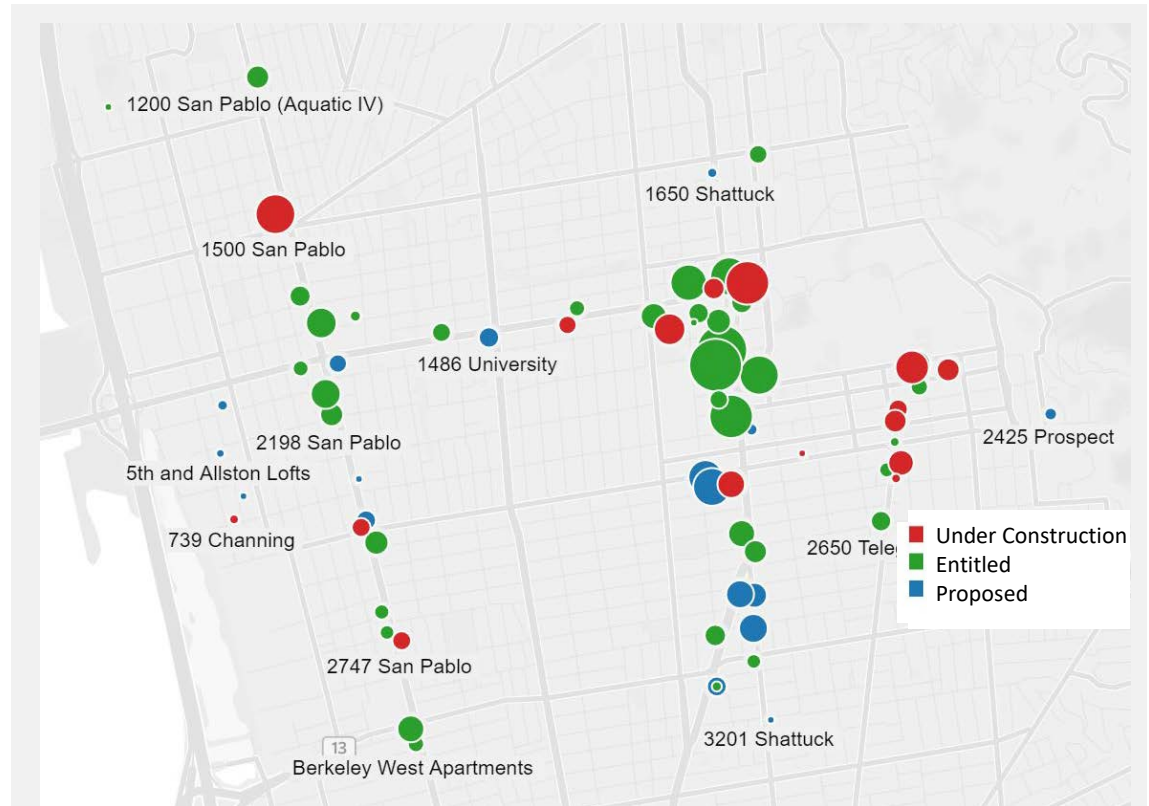
construction & pipeline



More Housing is on its way

72: housing developments proposed, entitled for development, or under construction (by mid-2020)

Multi-Family Residential Developments, 2020



Data Source: City of Berkeley Planning Department Pipeline Report (May 2020); Map: [Red Oak Realty](#) (September 2020).

DEVELOPMENT & HOUSING:

housing costs



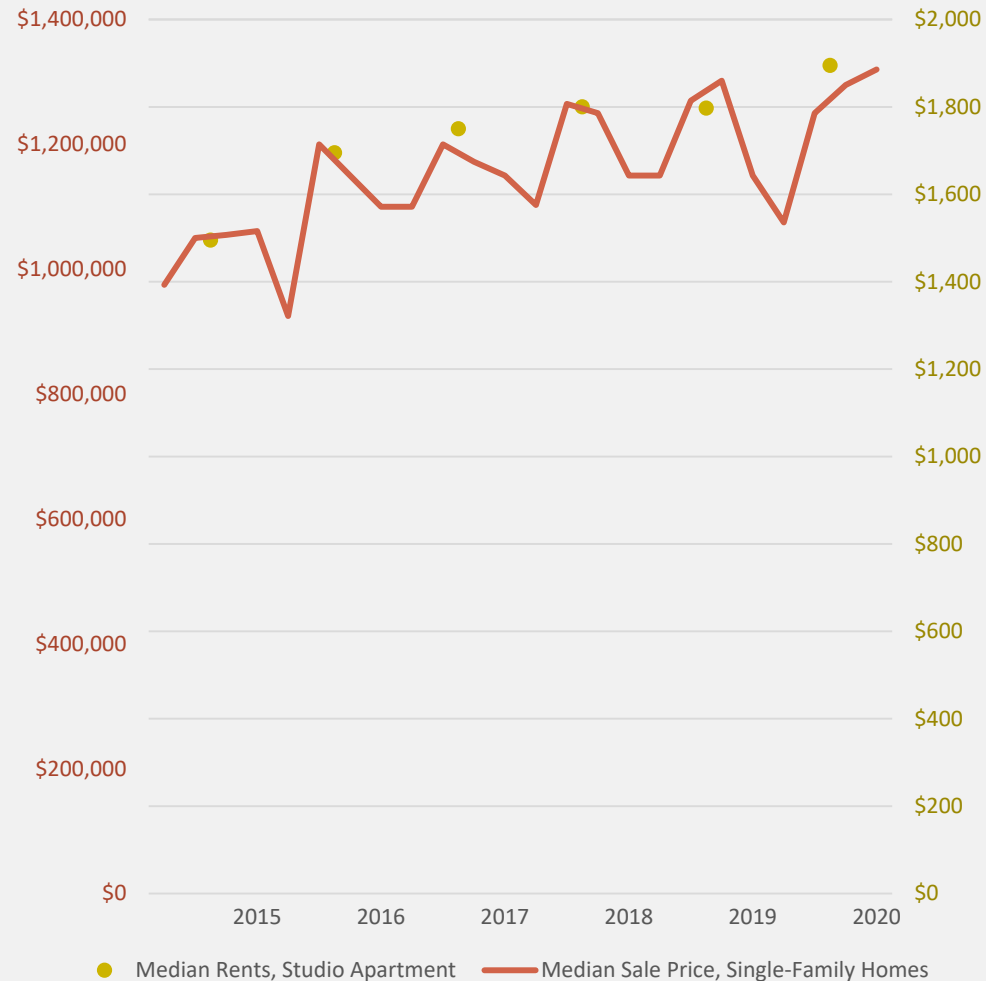
Home sales prices rise

- **\$1.3 million:** median sale price of a single family home in Berkeley in Nov. 2020
- **14.8%:** yearly increase in single family home values
- **4.1%:** increase in sales volume
- **79%:** sold above list price

Rental prices drop

- **3%:** market rate rent decrease for multi-bed units year over year (to \$3,099)

Housing Prices in Berkeley 2015-2020



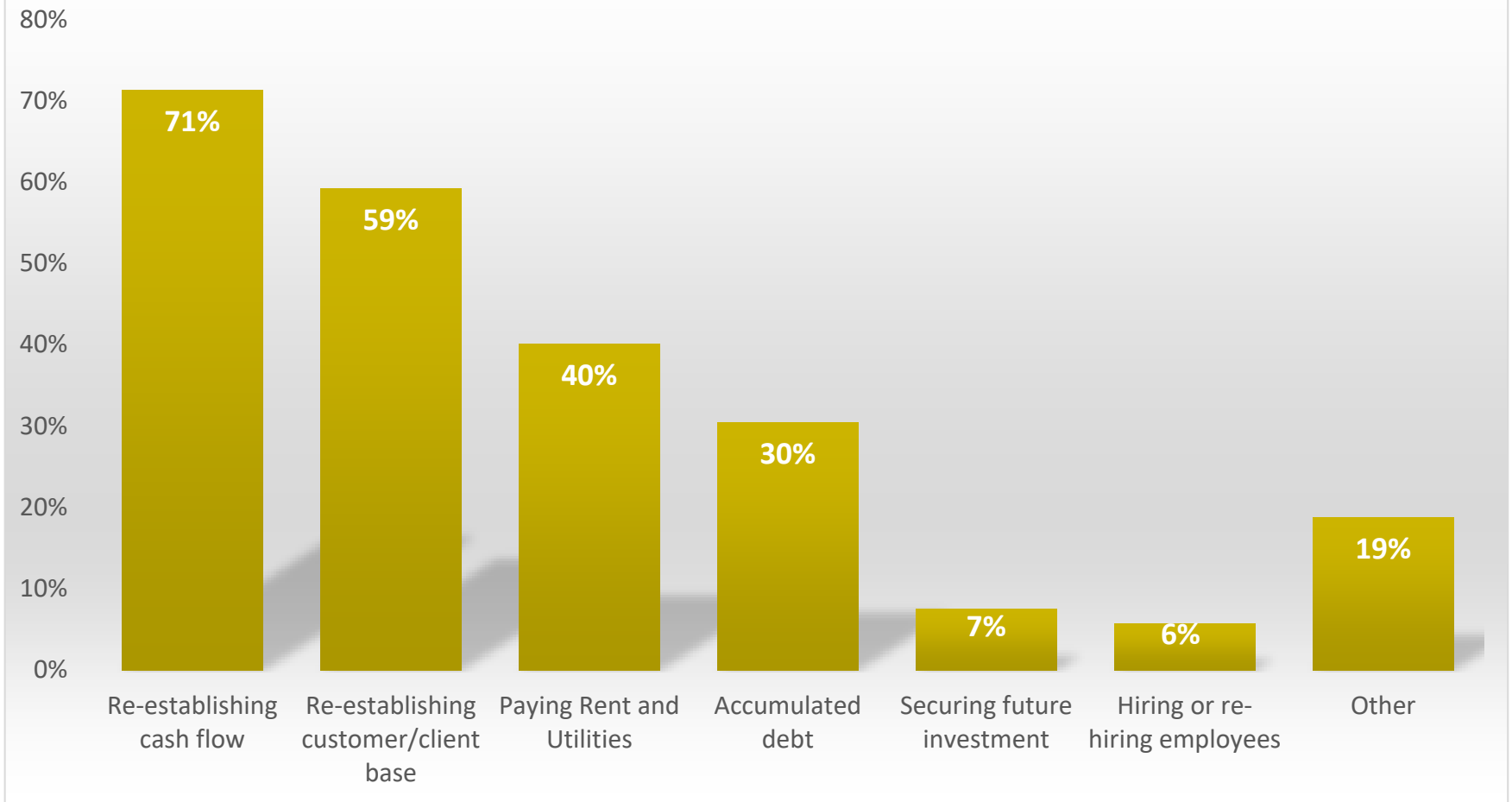
Sources: MLS, Redfin, and City of Berkeley Rent Stabilization Board

COVID-19 BUSINESS IMPACT:

business challenges inform city response



Greatest Business Recovery Challenges (Expected)



Source: April 2020 East Bay EDA Business Recovery survey, 561 Berkeley business responses



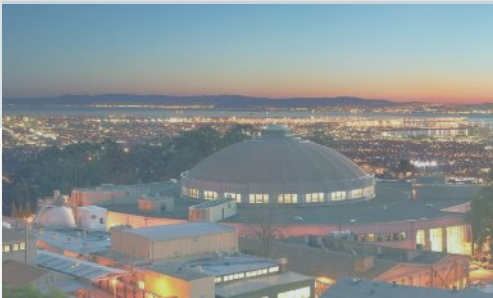
FACE COVERINGS REQUIRED



- ✓ CUSTOMERS
- ✓ STAFF
- ✓ VENDORS

Everyone must cover their nose and mouth with a mask, bandana, or other cloth barrier.

CITYOFBERKELEY.INFO/COVID-19



COVID-19 CRISIS RESPONSE & RECOVERY

BUSINESS & ARTS SUPPORT:

small business revolving loan fund & resiliency loan program



Revolving Loan Fund (RLF)

Portfolio Summary 2020	Total Loans	Active Loans
Number of RLF Loans	44	8
RLF \$ Loaned	\$2,693,417	\$760,000
Total Non-RLF \$ Leveraged	\$7,870,426	\$2,364,010
Private Sector Jobs Created	218.5	51
Private Sector Jobs Saved	102.5	77

Source: Berkeley OED, June 2020

Supporting Berkeley's existing small businesses

RLF recipient Kitchen on Fire pivots to online classes



Current RLF Borrowers Include:

NABOLOM BAKERY



RLF recipient Nabolom Bakery sets up for outdoor commerce

BUSINESS & ARTS SUPPORT:

Business & Arts Relief Grants



COVID-19 Small Business & Arts Organization Emergency Grant Program

 Awarding 763 business & arts continuity grants, totaling \$1.66M, in 6 weeks time



MARCH 2020



- Berkeley City Council allocates \$2,000,000 for the Business and Arts Continuity emergency relief grant program

1,058 Business Grant Applications Received

APRIL 2020



- Grant applications go Live
- Berkeley Relief Fund campaign raises additional \$842,000 in private donations for the relief grant program

71 Arts Grant Applications Received

700 Business Grants Awarded Totaling \$1,669,999

MAY 2020



- Grant awards are processed and recipients receive funding

63 Arts Grants Awarded Totaling \$954,542

SMALL BUSINESS CONTINUITY GRANTS BY SECTOR

251
RESTAURANTS

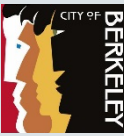
85
PERSONAL SERVICES

142
RETAIL

222
OTHER SERVICES

TOTALING: **\$1,669,999**

BUSINESS & ARTS SUPPORT:



Outdoor Commerce

Outdoor Dining

Over 50 installations of public and private outdoor commerce established in 2020.



Technical Assistance

OED coordinated a [webpage](#) and a [guide](#) to assist businesses with outdoor commerce installations and worked with local architects and designers to provide design templates and pro-bono assistance.



Street Bar
And Casual Outdoor Dining in front of The UC Theatre
Open to the Public
Every Friday & Saturday



Clockwise: 'Outfront' at the UC Theater, online orders at Café Buenos Aires, pick up food at Imm Thai Restaurant, and curbside service at Picante.



Which permit is right for my business?



SIDEWALK SEATING (PAGE 3)

- For applicants wishing to serve food and/or alcohol or increase their outdoor dining capacity a sidewalk seating application is likely the most appropriate.
- For applicants conducting personal service businesses outdoors (i.e. hair and nail salons) with reservations and personal protective equipment (PPE) in place.
- Sidewalk seating or sidewalk area for personal service is controlled by the permittee and may be used for patrons with reservations.



PARKLETS (PAGE 4)

- For applicants that want to provide extra outdoor space for queuing, or "to-go" food consumption, or fitness classes construction of a parklet may be a better fit.
- Parklets are considered public space. The parklet sponsor(s) is/are required to maintain the space.



BUSINESS & ARTS SUPPORT:

COVID-19 Emergency Operations Center Response



New avenues for City-Business communications



Our mission is to assist businesses, entrepreneurs, artists, and community organizations to access services, feel welcome in Berkeley, and thrive.

New COVID-19 restrictions

Emergency rules seek to save lives amidst pandemic's worst phase yet.

OPEN

- critical infrastructure
- delivery & takeout
- childcare
- hotels (essential travel only)
- grocery stores (20% capacity)
- non-urgent medical & dental
- retail stores (20% capacity)

CLOSED

- dine-in restaurants
- playgrounds
- museums & galleries
- gyms & fitness
- hair & nail salons
- personal care services
- bars & wineries

New emergency COVID-19 restrictions take hold

Due to a surge of COVID-19 hospitalizations threatening the regional health care system, the City of Berkeley, along with five Bay Area counties, has updated its [COVID-19 Health Order](#) to align with new State rules limiting certain activities that could further escalate the already rapid spread of the virus.

Determined by State of California, the rules affect industries ranging from restaurants, which are now limited to take-out and delivery, to hair salons and personal care services, which are required to close.

Local orders started on Monday December 7 at 12:01am and will last for four weeks until 11:59pm on January 4.

[Read about what's open, what's closed and what's changed in Berkeley here.](#)

City Council Public Hearing on Adeline Corridor Specific Plan

Tonight, December 8, 2020
6:00PM

The Adeline Corridor Specific Plan, General Plan and zoning amendments along with environmental review documents will be considered for adoption by the City Council.

[See the special Council meeting agenda and participate virtually.](#)



Image Credits: City of Berkeley



Berkeley Businesses Help Protect Public Health

- Berkeley businesses implemented *site specific protection plans* to keep customers and employees safe.
- Berkeley employers participated in *group testing programs* for front line workers to help ensure safe workplaces.



BUSINESS & ARTS SUPPORT:



#DiscoveredinBerkeley business marketing campaign

Highlighting small businesses with notable pandemic “pivots” through the #DiscoveredinBerkeley marketing campaign

See more on:

- DiscoveredinBerkeley.com
- [Instagram @DiscoveredinBerkeley](https://www.instagram.com/DiscoveredinBerkeley)
- Berkeleyside

RECENT STORIES

Berkeley childcare providers find solutions, enable human interaction in time of isolation
By Local sponsor, Aug. 25, 2020
Local childcare providers have risen to the challenge of looking after their charges during the pandemic. They have even found silver linings amid the heightened restrictions.

Black-owned businesses in Berkeley demonstrate the city's economic resilience
By Local sponsor, June 26, 2020
The stories of three Black enterprises demonstrate Berkeley's economic diversity and ingenuity of its entrepreneurs, even amidst a pandemic.



Discover how Berkeley childcare providers are finding solutions and enabling human interaction in time of isolation.

Learn more about childcare providers across Berkeley



Berkeley-based **food businesses** are responding to the shelter-in-place order with ingenuity and community support.

Learn more about Berkeley's innovative businesses



BERKELEYHOLIDAYS.COM *Gift Guide*

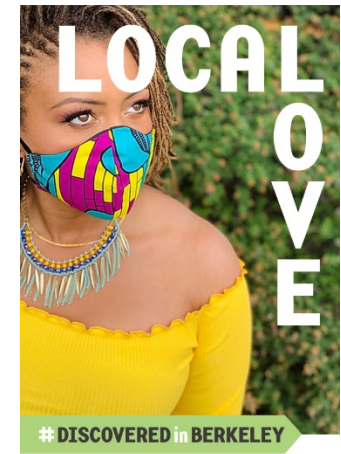
Spoil your friends and family over the holidays—and enable economic recovery—with gifts from **Fourth Street Fine Art**.

Support local businesses this holiday season



A host of Berkeley **makers and bakers** are nourishing locals and building community, despite the challenges of 2020.

Learn more about Berkeley's innovative businesses



Discover Black-owned businesses in Berkeley, like **Lola's African Apparel**, which employs Nigerian tailors and seamstresses to make contemporary and traditional styles.

Learn more about Black-owned businesses in Berkeley



BUSINESS & ARTS SUPPORT:



#BerkeleyHolidays Gift Guide and marketing campaign

Promoting safe local shopping during the holiday season

- 155: Berkeley businesses featured, including 86 Woman-owned and 36 Minority-owned businesses.
- 12k: BerkeleyHolidays.com page views
- 4k: clicks generated to merchant sites
- 450k+: #BerkeleyHolidays social media posts & digital media impressions in local publications





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BERKELEY



Office of Economic Development (OED)

See the OED website for past Economic Dashboards and other economic reports:

<https://www.cityofberkeley.info/oed/reports/>

Contact OED for more information:

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