

BERKELEY ECONOMIC PROFILE

December 2015



Office of Economic Development
Work Session Presentation to the Berkeley City Council
December 15, 2015

Agenda

- Economic Trends in Berkeley & the Region
- Review New OED Publications
 - *Berkeley Demographic & Economic Profile*
 - *Citywide Economic Dashboard*
 - *Commercial District Dashboards*
- Q & A

Key Takeaways

- The Berkeley economy is strong and getting stronger.
- Some structural challenges to broad economic opportunity persist.
- Berkeley is implementing programs and strategies to address these challenges.
- OED is releasing three publications to assist policy-makers and community members.



Data Sets

- Census Data on Income and Employment
- Bureau of Labor Statistics Employment Data
- Commercial occupancy data from commercial brokers, direct data collection by OED and business district organizations
- Sales Tax Data
- Business License Data
- Building permits & housing pipeline

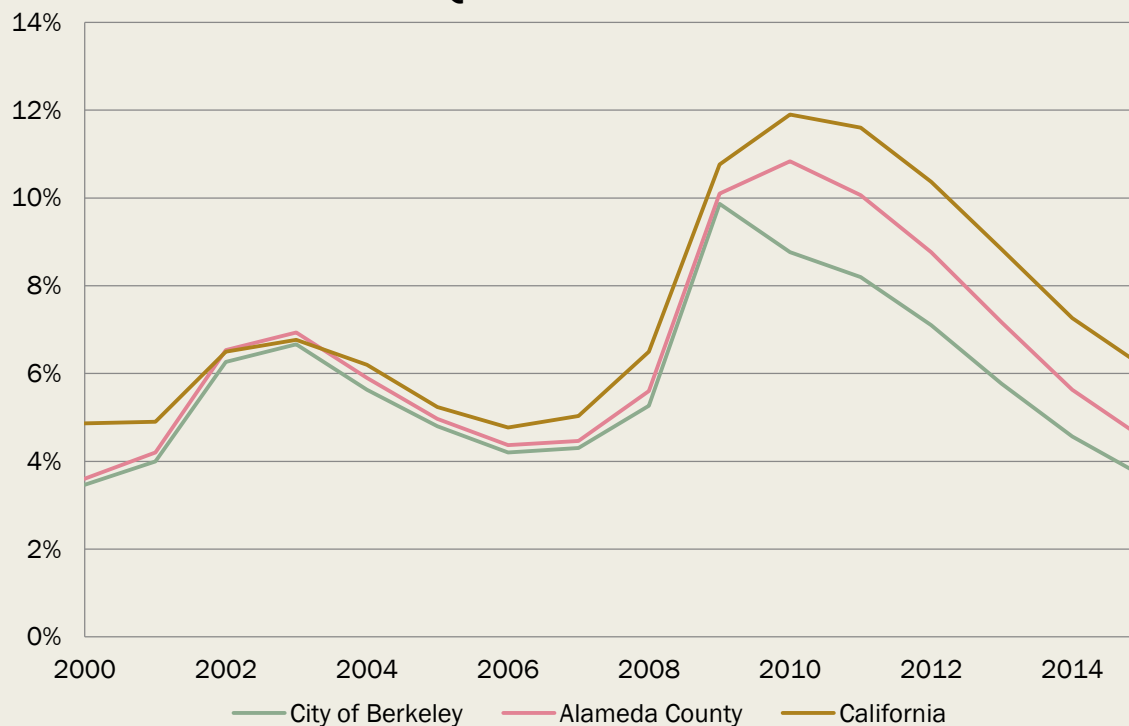


Photo: John Northmore
Roberts & Associates

Employment & Business Development

Key Finding: *Berkeley's unemployment rate is down and the number of jobs within the City is increasing.*

Unemployment Rates,
Q2 2000-2015



Source: CA Employment Development Department, Monthly Labor Force Data

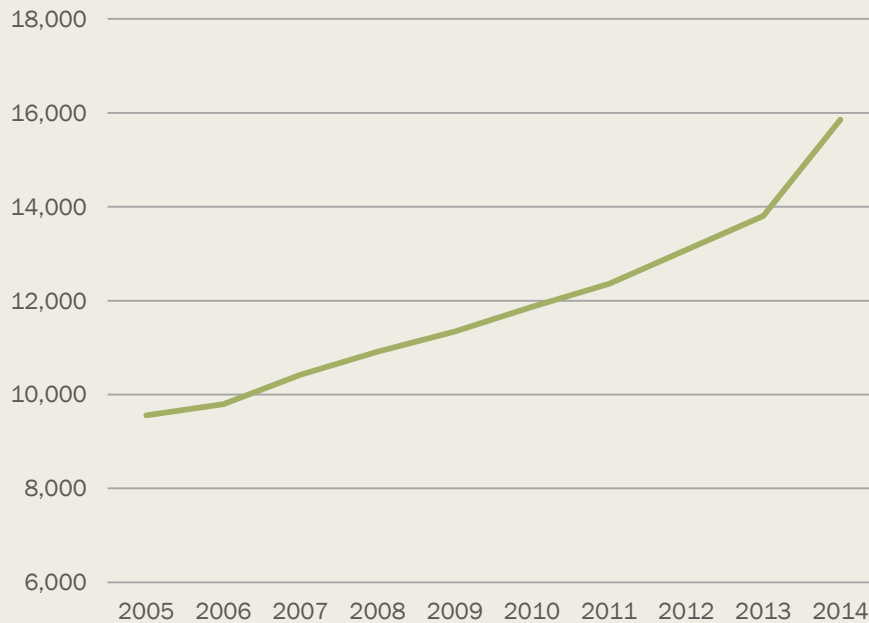


Photos: Carter Young

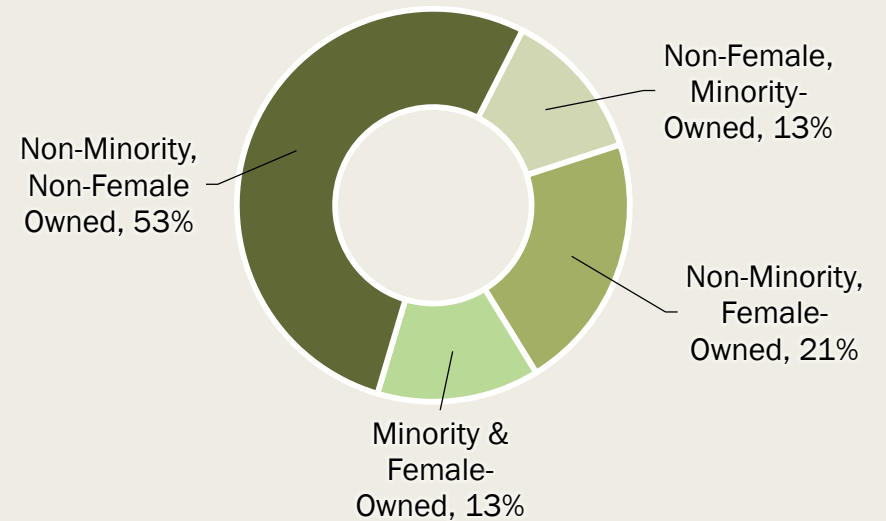
Employment & Business Development

Key Finding: *The number of jobs and businesses in Berkeley is increasing.*

Active Business Licenses, 2005-2014



Business Licenses by Ownership Type, 2014

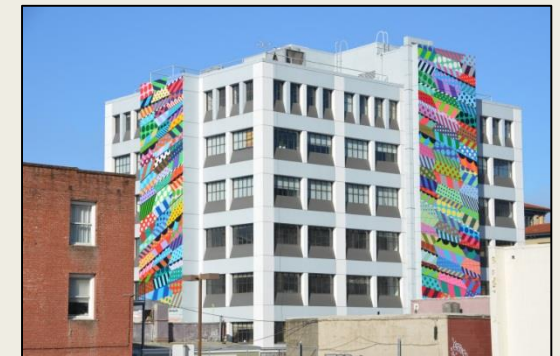
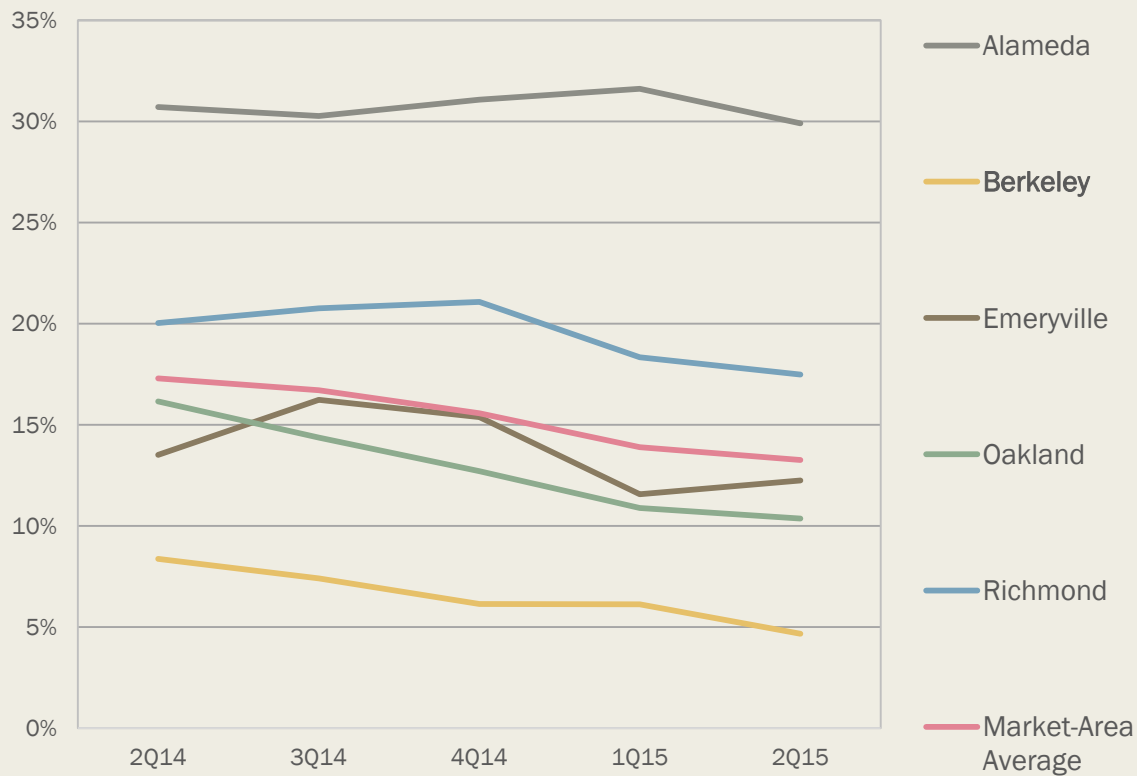


Source: City of Berkeley, Business License Database

Commercial Activity

Key Finding: *Office vacancy rates are down.*

Office Availability, East Bay Cities, 2014Q2 - 2015 Q2



WeWork Berkeley
Photo: Berkeleyside

Source: Newmark Cornish & Carey, I-880/I-80 2Q15 Office Market Report

Commercial Activity

Key Finding: *Ground floor retail vacancy rates are down.*

Vacancy Rates by District, Calculated by Square Footage, 2008 – 2015

District	2008 Q3	2010 Q1	2012 Q2	2014 Q4	2015 Q3
Downtown	15.1%	13.2%	10.7%	11.2%	8.4%
Elmwood	10.0%	10.7%	10.8%	2.0%	2.0%
North Shattuck	4.1%	10.5%	4.5%	1.6%	2.1%
San Pablo	6.0%	6.6%	7.9%	5.9%	7.3%
Solano	6.0%	6.3%	4.4%	4.2%	3.5%
South Berkeley	8.7%	11.0%	12.3%	8.9%	7.9%
Telegraph	17.2%	15.3%	17.9%	12.7%	7.1%
West Berkeley	8.6%		4.0%	3.9%	3.3%
University		10.9%			10.1%
Citywide Average	10.1%	10.9%	8.1%	6.6%	5.9%

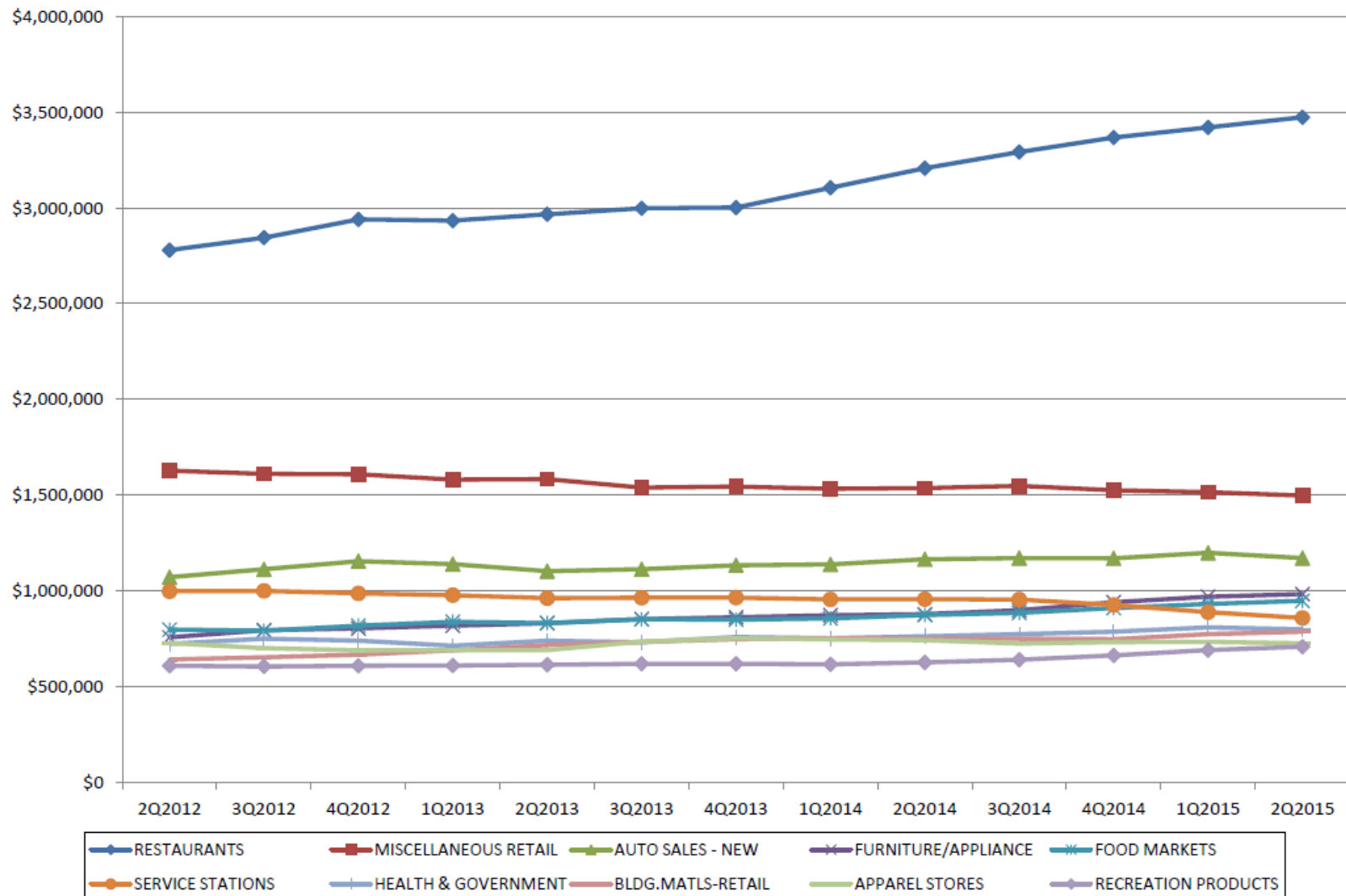
Source: City of Berkeley, Office of Economic Development Field Research



Trending: Experiential Retail

Commercial Activity

Key Finding: *Sales tax revenues are increasing.*

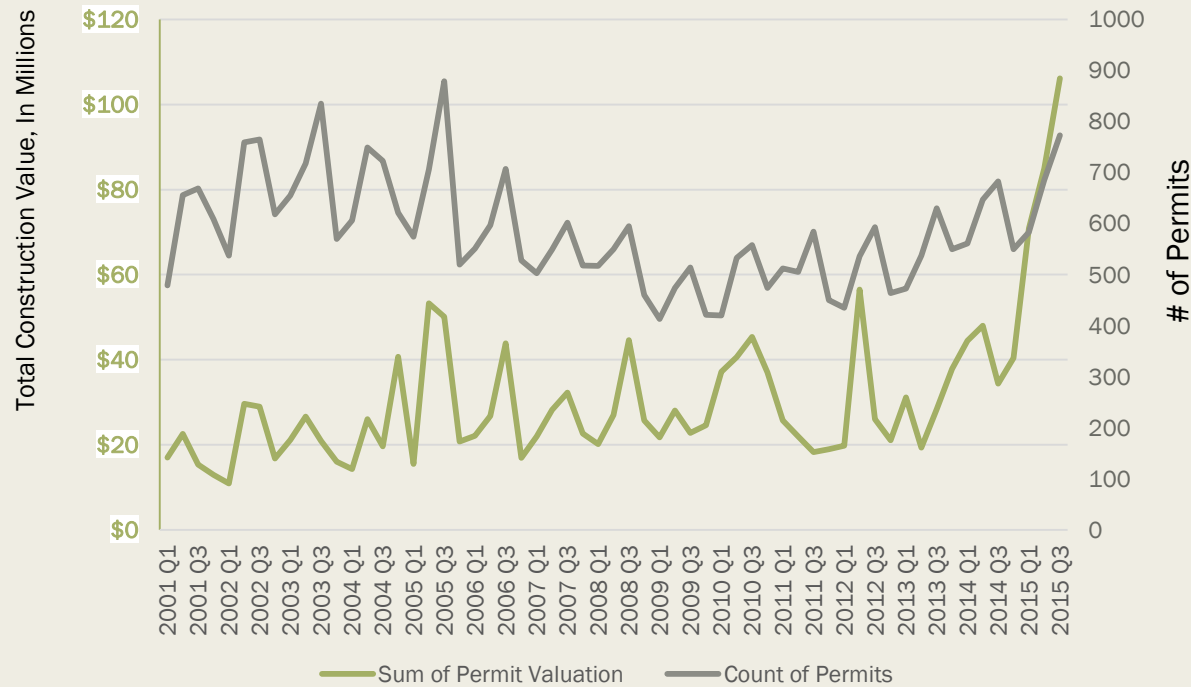


Source: MUNI Services

Development

Key Finding: *Construction has reached record levels, and there is a high volume of housing units in development.*

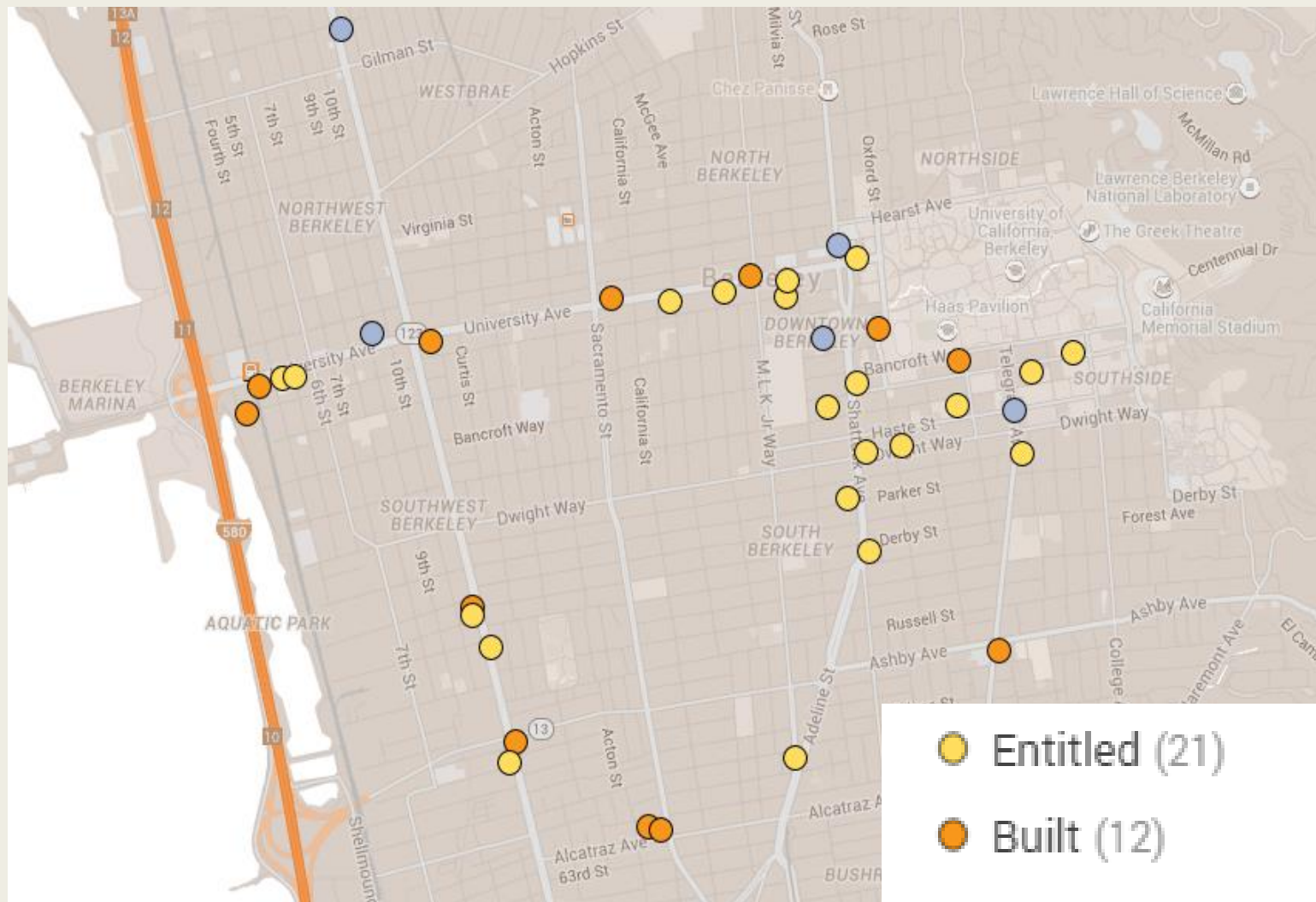
Building Permits in Berkeley by Quarter, Construction Value and #, 2001 Q1 - 2015 Q3



Construction of Wareham Development's 740 Heinz

Source: City of Berkeley, Building Permits Database

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



Source: City of Berkeley, Planning Department

Challenges & Opportunities Amid the Boom

- Economic Equity
- Housing
- Cost of Doing Business
- Levels of Discretion
- Public Realm



Photos: Ira Serkes

Strategies for Equitable Economic Development

- Robust Workforce Development Program
- Local Hire
- Access to Capital
- Internship Opportunities
- Women Entrepreneurs
- Corner Store Initiative
- Focus on South Berkeley



Berkeley Economic Dashboard

- *Summary:* Information about trends in employment, business development, real estate
- *Data sources:* Bureau of Labor Statistics, Sales Tax Data, Commercial Occupancy Data, City of Berkeley datasets
- *Audiences:* Policy-makers, community stakeholders
- *Production:* Updated every 6 months (as staffing allows)



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Economic Dashboard

January – June (Q1 and Q2) 2015

Office of Economic Development

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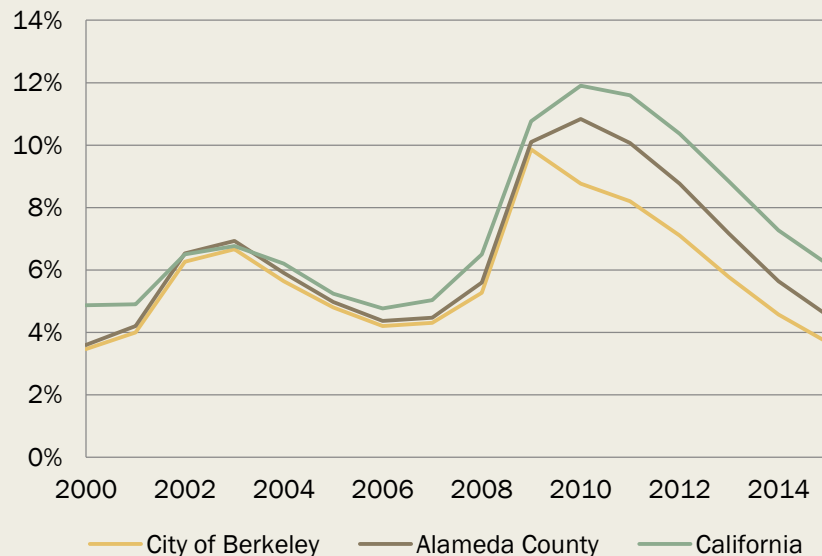
employment

labor force & employment figures

Berkeley Q2 Averages, 2013-2015

Year	Labor Force	Employed Residents	Unemployment Rate
2015	61,267	59,000	3.67
2014	60,500	57,767	4.57
2013	60,167	56,667	5.77

Unemployment Rates, Q2 2000-2015



employment & jobs: fast facts

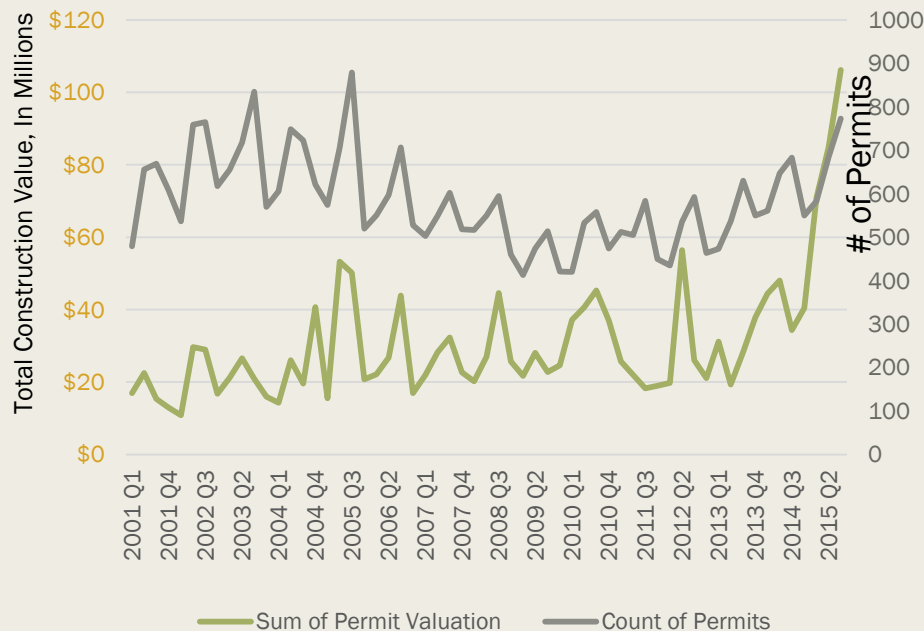
- Berkeley's average unemployment rate for Q2 2015 (April – June) was 3.7 percent, down 0.9 percent from the same period during the previous year.
- In comparison, Alameda County's average Q2 unemployment rate in Q2 was 4.5 percent, while California's was 6.2 percent.
- Berkeley's unemployment rate has fallen below its pre-recession low-point in 2006.
- As of Q4 2014, there were 65,423 jobs located in Berkeley. Berkeley's jobs to employed residents ratio is calculated at approximately 1.11.
- The industry sectors that showed the greatest job growth in Berkeley from 2013 to 2014 include beverage stores, chemical manufacturing, and construction and trade contractors.

Sources: CA Employment Development Department, Monthly Labor Force Data; Bureau of Labor Statistics, Quarterly Census of Employment and Wages

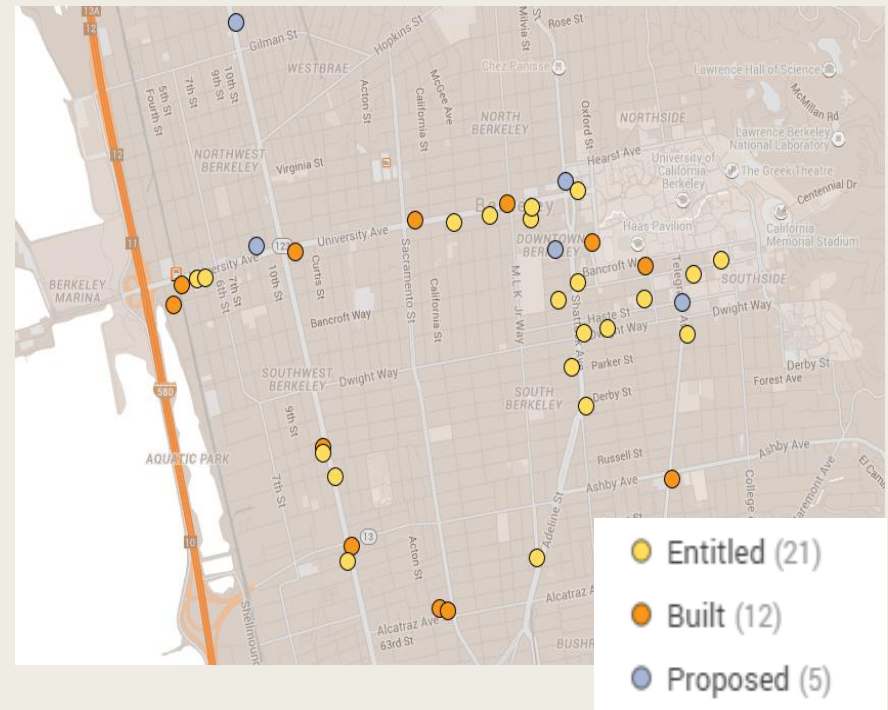
development & housing

construction & pipeline

Building Permits in Berkeley by Quarter, Construction Value and #, 2001 Q1 - 2015 Q3



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



Berkeley is currently experiencing a construction boom that is unlike anything the City has seen before. In 2015, the number and total valuation of building permits spiked significantly. Whereas over the past decade the total valuation of building permits typically fell between \$20 and \$40 million per quarter, in the latest quarter that number has spiked to over \$100 million. This is driven by major construction projects (e.g., 740 Heinz) as well as an increase in single-family home renovations.

There are currently 22 multi-unit (5+ units) housing projects totaling 1,414 housing units that are entitled for development or under construction. An additional 5 multi-unit projects totaling 556 units are proposed and seeking entitlement. By comparison, a total of 858 units have been constructed since 2005. The majority of these development projects are clustered along University Avenue, San Pablo Avenue, and in the Downtown and Telegraph districts.

Commercial District Dashboards

- *Summary:* Information about commercial districts
- *Data sources:* Sales tax data, Commercial Occupancy Data
- *Audiences:* Community stakeholders, policy-makers
- *Production:* Updated annually



Photo: Carter Young

downtown | 2014-2015 snapshot

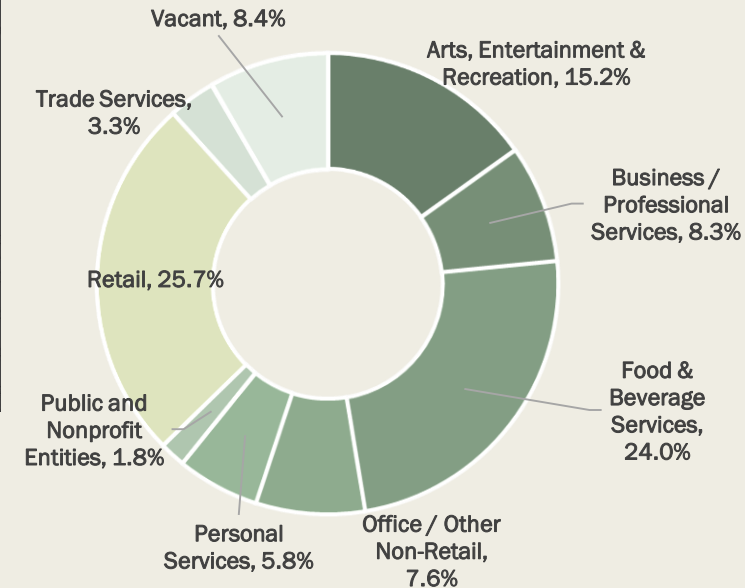


Downtown Berkeley serves as the City's core commercial district, meeting the daily needs of residents, students, workers and visitors. The district benefits from a significant concentration of arts and entertainment (15% of total ground floor commercial space in the district). Additionally, a number of new office tenancies and residential developments contribute to increased pedestrian activity in the area.

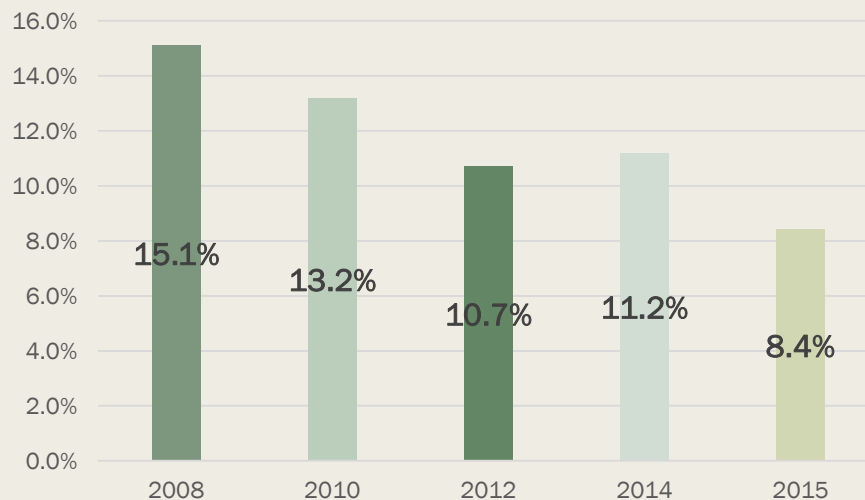
As of Q3 2015, the vacancy rate in Downtown Berkeley had fallen to 8.4%. Sales tax revenue generated by food and beverage services businesses continues to rise, mirroring the Citywide trend.



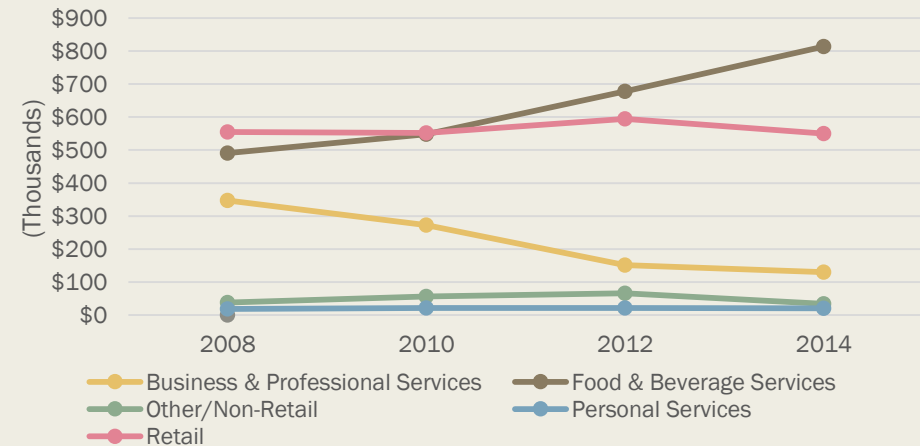
Business Mix (by Square Footage), 2015



Ground Floor Commercial Vacancy Rate (by Square Footage), 2008-2015



Sales Tax Revenue by Sector, 2008-2014



Berkeley Demographic & Economic Profile

- *Summary:* Information about Berkeley's population, business sectors
- *Data sources:* US Census Bureau, OED data compilation
- *Primary Audiences:* Businesses and developers making locational decisions
- *Production:* Updated periodically, as necessary, at least once every 5 years



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Demographic & Economic **Profile**

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about Berkeley

Incorporated: 1878
Encompasses: 10.5 square miles
Average Annual Temperature: 58° F (48°F low, 68°F high)

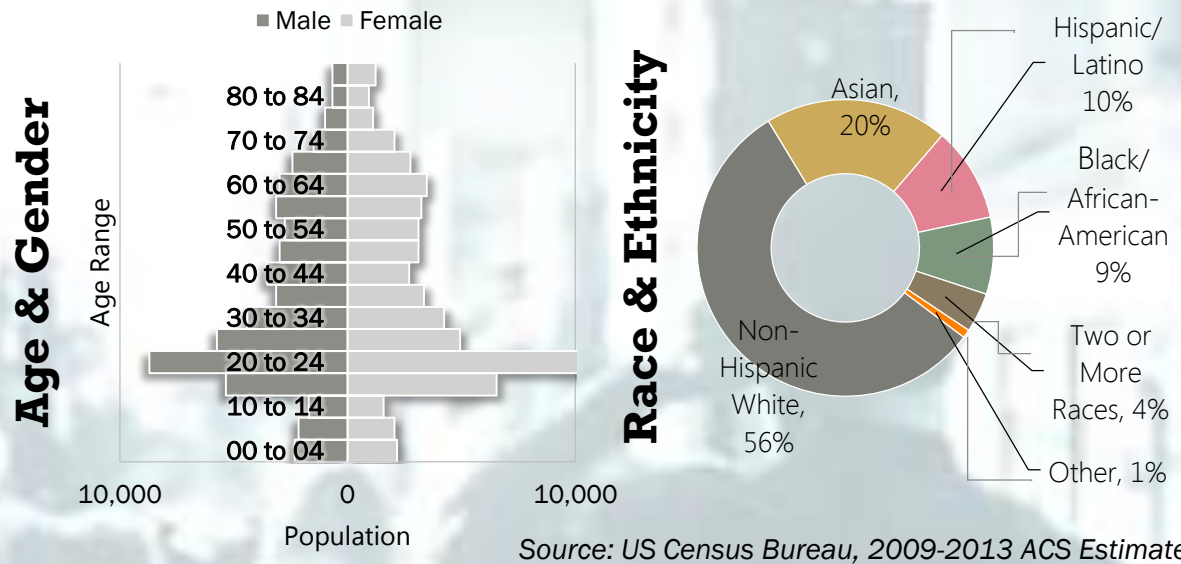
Berkeley is a "City of Firsts," where a culture of innovation and an engaged citizenry inspire new industries, trendsetting cuisine and a nationally recognized arts scene. Berkeley is also a city of neighborhoods alive with a terrific quality of life including walkable streets, bike routes, access to transit, excellent schools, and thriving commercial districts.

Demographic Snapshot	
Population	114,037
Median Age	32
Housing Units	49,922
Owner-Occupied Units	19,128 (42%)
Median Home Sales Price (2014)	\$785,000
Average HH Income	\$97,635
Bachelor's Degree or Higher (age 25+)	69.7%

Sources: US Census Bureau, 2009-2013 ACS Estimates, 2015 City of Berkeley Housing Element

46,000 students
67,104 jobs within the city
1.65 million visitors per year
\$4.04 billion total spending power

Sources: Downtown Berkeley Association; California Employment Development Department



Amenities

- A vibrant Downtown Arts District that draws over 2 million visitors annually
- 8 distinctive shopping districts
- 16 Berkeley Unified School District K-12 schools
- A perfect "Walk Score" of 100 in Downtown
- 50+ parks, 105 walking trails
- 5 libraries

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 new attractions are expected to increase that number to nearly two million by 2018.



Nearly **26,000** riders pass through the Downtown Berkeley BART station per weekday, making it **the busiest station** in the entire BART system outside of San Francisco.

Transit Access

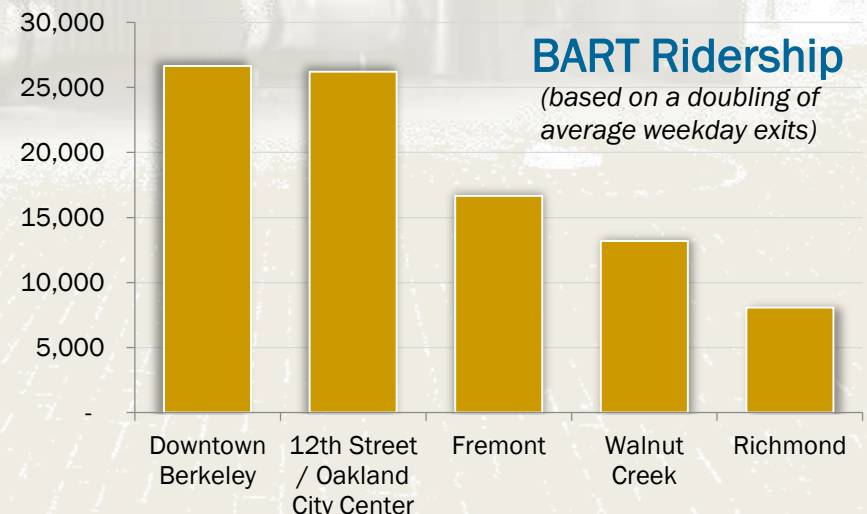
Rail: Bay Area Rapid Transit and Amtrak

Bus: AC Transit, 10+ lines

Auto: 5,000+ parking spaces in downtown, with 2,777 in off-street lots and garages

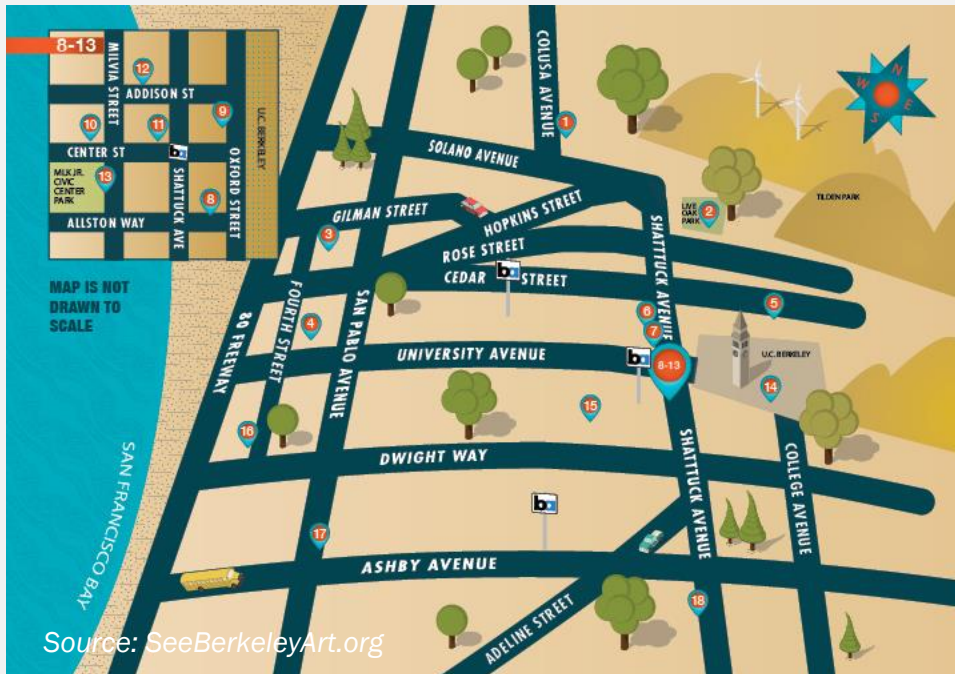
Airports: Oakland International (12 mi), San Francisco International (20 mi), San Jose International (45 mi)

Deep Water Ports: Oakland (6 mi), Richmond (8 mi), San Francisco (12 mi)



Source: Bay Area Rapid Transit

Berkeley's Downtown Arts District



1. Traywick Contemporary
2. Berkeley Art Center
3. Shibumi Gallery
4. Trax Gallery
5. Ames Gallery
6. ACCI Gallery
7. Firehouse Gallery North
8. David Brower Center
9. Berkeley Art Museum and Pacific Film Archive (opening 2016)
10. 1947 Center Street Lobby Gallery
11. Berkeley Central Arts Passage
12. Addison Street Windows Gallery
13. Civic Center Juried Art Exhibition
14. Worth Ryder Art Gallery
15. Headquarters
16. Paulson Bott Press
17. Kala Art Institute
18. La Pena Cultural Center
19. Art House Gallery and Cultural Center
20. Bancroft Library Garden



Anchored by a renowned theatre, a fabled live-music venue, as well as an art-house multiplex, the Downtown Arts District brings over 1.7 million residents and visitors to Downtown Berkeley per year, to dine at its restaurants, drink in its wine bars and browse its shops. And with both a new art museum and another live-music venue under development, this number is expected to grow to over two million by 2016.

Arts District Venue	Annual Patrons
Berkeley Repertory Theater	250,000
Freight & Salvage	90,000
Aurora Theater	30,000
Movie Theaters	683,000
Central Library	685,000
Jazzschool	7,000
Other Venues	8,000
Berkeley Art Museum / Pacific Film Archive (coming soon)	200,000*
UC Theater (coming soon)	120,000*

* Projected

Q & A



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