



Office of the City Manager

INFORMATION CALENDAR
September 12, 2017

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Jordan Klein, Economic Development Manager
 Subject: Berkeley Economic Dashboards

INTRODUCTION

The Office of Economic Development (OED) is pleased to present the Citywide Economic Dashboard update for September 2017 (Attachment 1), and the updated Commercial District Dashboards (Attachment 2).

CURRENT SITUATION AND ITS EFFECTS

Over the past four years, economic activity in Berkeley has recovered to its pre-recession levels and has experienced growth comparable with that of the Bay Area region. By a variety of indicators, including employment, business growth, commercial occupancy, and sales tax revenues, Berkeley's economy continued to perform healthfully through the second half of 2016. There were also some indicators of slowed or flattening growth in Q1 2017. Key findings include:

- **Berkeley's unemployment rate is down.** Berkeley's average unemployment rate for Q1 2017 (January – March) was 3.2 percent, down three tenths (0.3) of a percentage point from the same period during the previous year.
- **Office vacancy rates have increased slightly.** Overall office availability rose to 4.4% in Q1 2017 from a low of 1.5% in Q1 2016. However, Berkeley continues to have the lowest office availability rate of any municipality in the immediate East Bay sub-market. This is a function of several factors, including limited inventory, high regional demand for transit-adjacent workplaces, and the quick absorption of new office space by growing Berkeley companies. The average asking rate for office space rose by just under 10% from Q1 2016 to Q1 2017, to \$2.82 per square foot.
- **Annual sales tax performance continued to increase from 2015 to 2016.** Annually, sales increased 3.2% citywide from 2015 to 2016, consistent with the 9-county region (3.1%) and outpacing the state (2.1%). Comparing Q4 2016 with previous Q4s, however, we see that sales tax revenues in Q4 2016 decreased from both Q4 2014 and Q4 2015. The decrease is due almost entirely to a decrease in sales tax collected from the Chemical Products sector. As of Q4

2016, the Retail subsector was the largest contributor to the city's sales tax revenue at 43.6%, with Food & Beverage Services next at 34.3%.

- **Ground floor commercial vacancy rates decreased to 4.7% in Q1 2017 (from 6.5% in Q3 2016).** This decrease is due primarily to newly leased spaces in the North Shattuck, University, and West Berkeley districts; each of these districts showed notable improvements in vacancy rates since Q3 2016. In most commercial districts, vacancy rates remained nearly flat, and continued to fall within or below the threshold of “healthy” vacancy rates (4 to 8%). In Downtown Berkeley, ground floor commercial vacancy fell to 4.2%, the lowest rate in the decade that OED has been tracking this data, 69% lower than its rate in 2011 (13.5%).
- **The number of manufacturing firms increased by 5% from Q3 2015 to Q3 2016.** Overall, the manufacturing and wholesaling sectors represent 298 firms employing over 4,750 people. Total quarterly payroll for those firms grew by 11% from Q3 2015 to Q3 2016. Chemical manufacturing and food manufacturing, the two largest subsectors, account for more than 2,200 jobs as of Q3 2016, up by 2% from a year earlier.
- **Housing development activity has shown signs of slowing.** Prior to 2017, the year over year trend had been one of increasing numbers of housing units in the development pipeline. In May 2017, 22 multi-unit (5+ units) housing projects totaling 1,552 units were entitled for development or under construction; this is essentially flat from the number of units that were entitled or under construction in May 2016 (1,545). As of July 2017, there were 28 proposed multi-unit projects (totaling 1,460 units) seeking entitlement.
- **Housing costs in Berkeley flattened for renters through Q1 2017, consistent with other cities in the core of the Bay Area region¹.** Median citywide rents increased by 6.7% from 2015 (\$1,474) to 2016 (\$1,574), but started to flatten through Q1 2017 (\$1,601, only a 1.8% increase from 2016). Home sale prices had also followed a general upward trend in recent years and reached an all-time high of \$1.2 million in Q2 2016, but they leveled off by the end of the year and were flat at \$1.1 million from Q4 2016 to Q1 2017.

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. The dashboards are designed to make current economic information more accessible to Council, City staff, and the broader community. This information report provides the updated dashboard documents for September 2017. The dashboards contain data from the second half of 2016 and the first quarter of 2017 and details a short summary of the

¹ <http://www.sfgate.com/rentals/article/Bay-Area-2017-rents-are-falling-everywhere-except-11023345.php>

findings within. OED Staff updates 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/>.

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 (Red Oak Realty) and sales tax data (MUNI Services). Staff also analyzed data from City databases including business licenses, building permits and planning permits, and City publications such as rent board reports and the Government Alliance on Race and Equity (GARE) report research² from late 2016. Finally, in the early spring of 2017 OED staff updated its periodic occupancy survey of ground floor commercial spaces in commercial districts around the City. Due to a lag in availability of some data, many of the findings presented in the attached publications are most relevant to the second half of 2016, and others reflect the first and second quarters of 2017.

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 environmental sustainability goals, as well as the programs and public policies that encourage that pursuit, represents a core economic strength for Berkeley and a competitive advantage of the City and the region.

POSSIBLE FUTURE ACTION

Staff will, as directed by Council through previous and future referral items, assist the Planning Commission and other partners to identify and frame policy ideas that support economic development priorities. Likely policy topics include possible reductions in permitting discretion for desirable uses, providing accurate data and projections for expanding small businesses, and clarifying the allowances for incidental service and retail uses for manufacturers.

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.

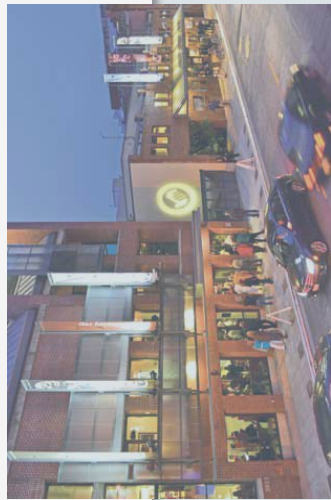
CONTACT PERSON

Jordan Klein, Economic Development Manager, (510) 981-7534

Attachments:

- 1: Citywide Economic Dashboard
- 2: Commercial District Dashboards

² Bahiru, Sahelit, *Equitable and Just Cities: The Use of Data and Indicators for City Equity Action Plans*, May 2017.



city of

BERKELEY

Economic Dashboard

September 2017 Update
Office of Economic Development

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.

table of contents

CITYWIDE ECONOMIC DASHBOARD	
EMPLOYMENT	3-4
• Labor Force & Employment Figures	
• Job Growth by Industry Sector	
BUSINESS DEVELOPMENT	5-6
• Top Employers	
• Innovation Sector	
• Small Business Revolving Loan Fund	
COMMERCIAL ACTIVITY	7-10
• Office Trends & Transactions	
• Manufacturing Trends & Analysis	
• Commercial Districts & Vacancy Rates	
• Sales Tax Revenues	
DEVELOPMENT & HOUSING	11-12
• Construction & Pipeline	
• Housing Costs	

employment

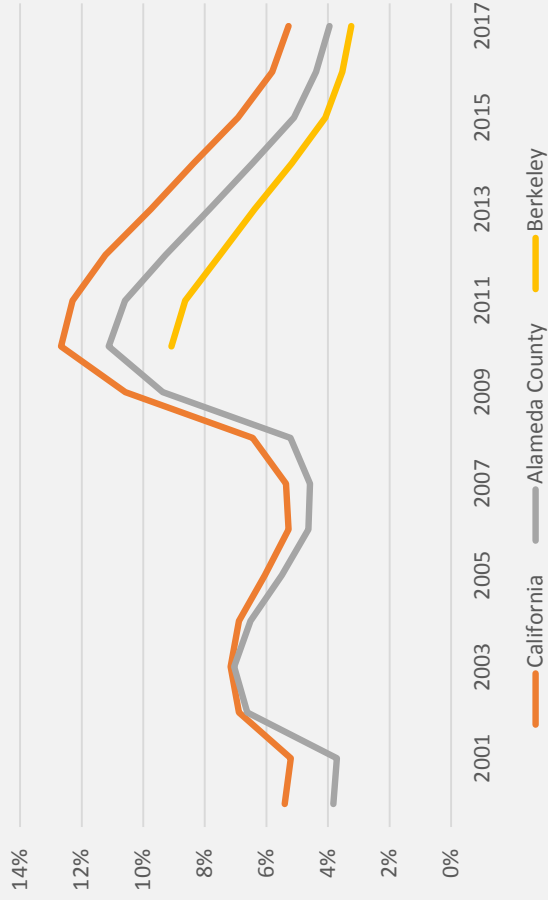
labor force & employment figures

Berkeley Q1 Averages, 2015-2017

Year	Labor Force	Employed Residents	Unemployment Rate
2015	61,200	58,700	4.1%
2016	62,166	60,000	3.5%
2017	62,633	60,633	3.2%

Source: CA Employment Development Department

Unemployment Rates, Q1 Averages 2000-2017



Source: CA Employment Development Department (EDD)

Employment & Jobs: Fast Facts

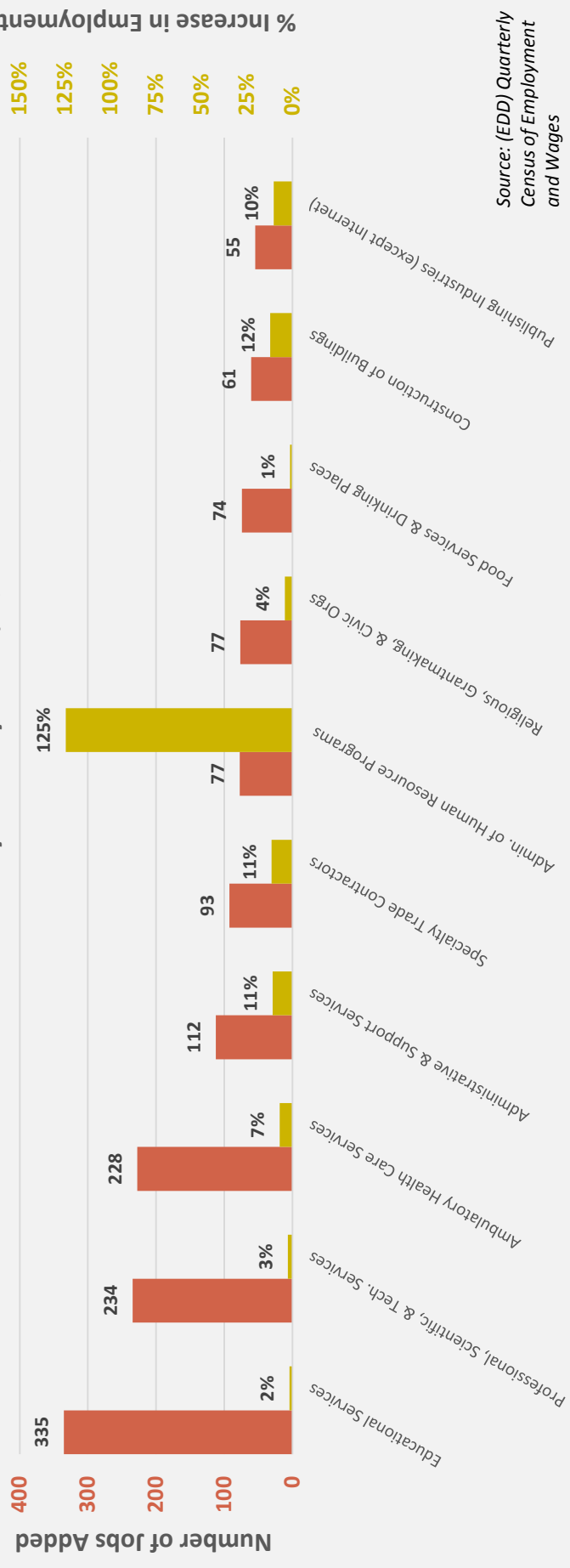
- Berkeley's average unemployment rate for Q1 2017 (January – March) was 3.2%, slightly down from 3.5% during the same period in 2016.
- In comparison, Alameda County's average unemployment rate in Q1 2017 was 4.0%, while California's was 5.3%.
- The unemployment rate continues to fall despite steady increases in the overall participation in the labor force.
- As of the most recent jobs update in Q3 2016, there were 68,173 jobs located in Berkeley and 60,700 employed residents. Berkeley's jobs to employed residents ratio is calculated at approximately 1.12.
- The industry sectors with the largest job growth between Q3 2015 and Q3 2016 were Educational Services (335 jobs added), Professional, Scientific, and Technical Services (234 jobs added), and Ambulatory Health Care Services (228 jobs added).

Source: CA Employment Development Department, Quarterly Census of Employment and Wages

employment

growth by industry sector

Greatest Number of Jobs Added by Industry Sector, Q3 2015 - Q3 2016



Emerging Industries* in Berkeley (by % Increase in Employment), Q3 2015 - Q3 2016

Sector	Employees Q3 2015	Employees Q3 2016	Percent Increase in Employment	New Firms
Data Processing, Hosting, and Related Services	34	80	132%	3
Administration of Human Resource Programs	62	139	125%	9
Miscellaneous Manufacturing	93	114	23%	3

*Includes sectors with a minimum of 3 new firms

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

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
Berkeley Bowl Produce	MSCI Inc.
Berkeley Cement Inc.	OC Jones & Sons
Berkeley City College	Recreational Equipment Inc.
Berkeley Marina Doubletree	Siemens Corporation
Berkeley Repertory Theatre	University of California, Berkeley
Berkeley Unified School District	US Postal Service
California Alumni Association	Weatherford Motors Inc.
City of Berkeley	Whole Foods Market California Inc.
Dynavax Technologies Corporation	YMCA of the Central Bay Area
Kaiser Permanente	<i>Source: EDD, QCEW Data Q3 2016</i>

From Q3 2015 to Q3 2016, two new businesses joined the list of top 25 employers, above:

- California Alumni Association – the official alumni association for the University of California, Berkeley
- OC Jones & Sons – a general engineering and heavy civil construction contractor

Innovation Sector: Co-working

- With the May 2017 opening of The Office: Berkeley at 1935 Addison St, the City of Berkeley is now home to at least 10 co-working spaces. With 6 in Downtown, 2 in South Berkeley, and 2 in West Berkeley, these spaces include more than 70,000 square feet of office space, host more than 750 members, and represent more than 320 Berkeley-based businesses, non-profits, and community based organizations.
- Co-Working spaces range from 20% occupancy for some of the newest (i.e. The Office: Berkeley) to almost full capacity for some of the more established (i.e. WeWork, which only has two hot desks available currently).
- These co-working spaces collectively host more than a dozen events per month, either for the community or their own members.

Source: City of Berkeley, Office of Economic Development (OED)

The Office: Berkeley

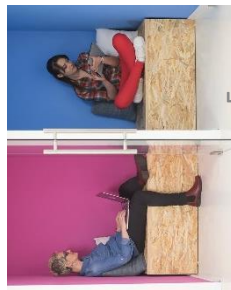


Photo Credits: The Office: Berkeley

business development

small business revolving loan fund

The City of Berkeley's Revolving Loan Fund 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 \$2.2 million to 41 borrowers. There are currently 7 active loans. In Q1 2017, the RLF loaned \$50,000 to Anton Salon (see sidebar).

Portfolio Summary	Total Loans	Active Loans
Number of RLF Loans	41	7
RLF \$ Loaned	\$2,298,417	\$555,000
Total Non-RLF \$ Leveraged	\$5,907,840	\$758,243
Private Sector Jobs Created	205	37
Private Sector Jobs Saved	49	23

Source: Berkeley OED

Current Borrowers Include:

- EBMG**
- KITCHEN ON FIRE**
- Minuteman Press**
WE DESIGN, PRINT & PROMOTE...YOU!
- BioFuel Oasis**

ANTON SALON



Photo and Text Credit: Berkeley Times

Anton Salon opened nearly three years ago as the culmination of a dream shared by José Escobedo and Joseph Aguiar, two former health-care industry professionals. Drawing on their health-care experience, they opened the salon with a focus on quality customer care and an emphasis on the therapeutic elements of beauty. Since opening, Anton Salon has increased its staff (now 11 total) and added more services.

With the help of a loan from Berkeley's Revolving Loan Fund, José and Joe were recently able to expand into an adjoining space. The new Anton Salon Spa Annex allows them to expand their offerings beyond their hair services to manicures, pedicures, and makeup stylings. The loan has given them the opportunity to continue to grow their thriving Berkeley business.

commercial activity

office trends & transactions

Q1 2017 Office Market, Berkeley	Indicators
Total Inventory	3,054,217 SF
Under Construction	0 SF
Availability Rate	4.42%
Qtr Gross Absorption	13,786
Qtr Net Absorption	-87,226
YTD Net Absorption	-87,226
Average Asking Rent	\$2.82 / SF

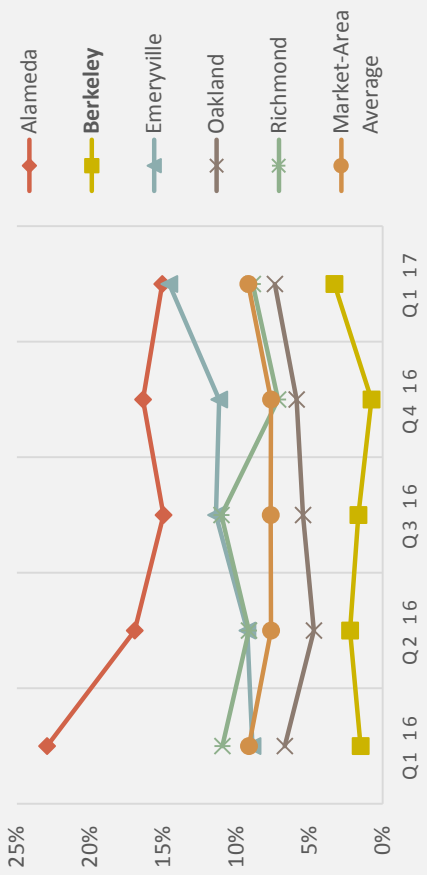
Source: Newmark Cornish & Carey, 1Q17 East Bay Office Market Report

Office Market Highlights

- Overall office availability rose to 4.42% in Q1 2017 from 1.50% in Q1 2016. Yet Berkeley continues to have the lowest office availability of any municipality in the immediate sub-market.
- In Q1 2017 there was no new construction in Berkeley, nor was there any in the entire East Bay sub-market.
- Notable transactions:
 - 2001 Addison, a 28,805-square-foot, three-story office building, was sold for \$9.8 million (\$377/SF). The building is 100% leased primarily by the University of California and Regus Office Centers.
 - The Pacific Lutheran Theological Seminary relocated from the Berkeley hills to a 13,000 sq ft space at 2000 Center Street in Downtown.

Office Availability, East Bay Cities

Q1 2016 - Q1 2017



Source: Newmark Cornish & Carey, 1Q17 East Bay Office Market Report

commercial activity

manufacturing trends & analysis

Manufacturing & Wholesaling, Q3 2016	Indicators
Total Jobs	4,796
Total Firms	298
Total Quarterly Payroll	\$95,123,269

Source: QCEW Data Q3 2016.

- Berkeley’s largest manufacturing subsectors by employment are chemical manufacturing (1,733 jobs) and food manufacturing (511 jobs).
- Manufacturing employment decreased by 2% between Q3 2015 and Q3 2016, but there was a 5% increase in the number of firms and total manufacturing quarterly payroll increased by 11%.
- The two subsectors with the greatest job growth from Q3 2015 to Q3 2016 were transportation equipment manufacturing (47 jobs added) and beverage & tobacco product manufacturing (41 jobs added).
- The average number of employees per manufacturing firm in Q3 2016 is 21; the median is 5 employees.

Source: QCEW Data Q3 2015 – Q3 2016.

Manufacturing Spotlight

BAUMI

On May 24, the Bay Area Urban Manufacturing Initiative (BAUMI) brought together representatives from more than 25 cities across the Bay Area, including the City of Berkeley, to begin exploring additional policies and programs to support local manufacturers.



Photo Credit: Berkeley OED

Monkeylectric

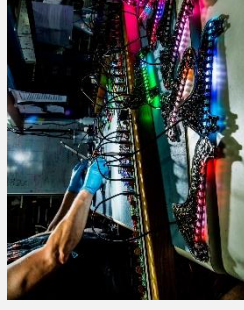


Photo Credit: New York Times

Monkeylectric, a West Berkeley company that produces multi-colored LED bike lights, was the subject of a May 31 *New York Times* article on entrepreneurship. The increasingly popular brand, they write, “sits at the intersection of safety and art, with an overlay of whimsy.”

STEM Career Awareness Day

On April 27, the City of Berkeley partnered with East Bay businesses and other cities to engage high school students in East Bay STEM* Career Awareness Day. Students learned about career opportunities and the diversity of STEM jobs in the region.



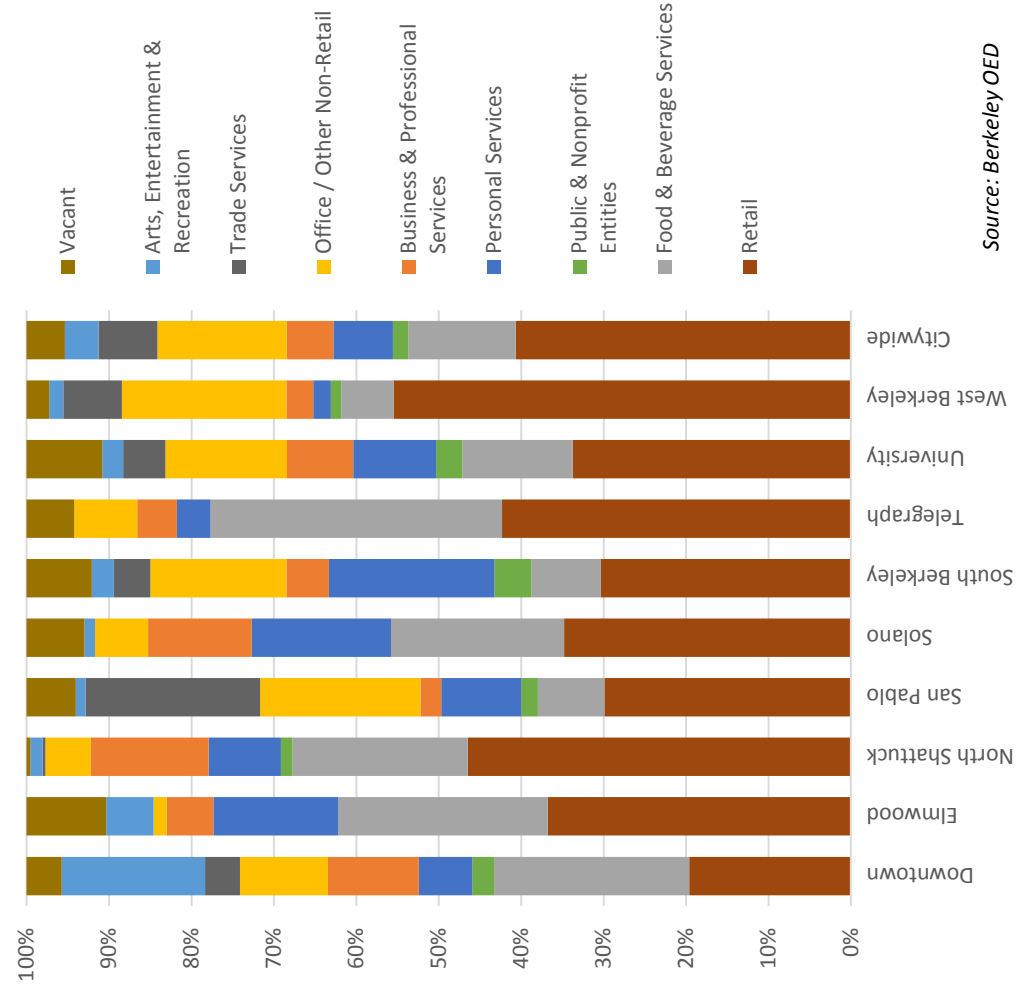
Photo Credit: Joint BioEnergy Institute

*Science, Technology, Engineering, & Math

commercial activity

commercial districts & vacancy rates

Ground Floor Commercial Occupancy By Category, 2017 Q1



Source: Berkeley OED

Vacancy Rates by District, Calculated by Square Footage, 2012 – 2017

District	2012 Q2	2014 Q4	2015 Q3	2016 Q3	2017 Q1
Downtown	10.7%	11.2%	8.4%	4.7%	4.2%
Elmwood	10.8%	2.0%	2.0%	1.5%	9.7%
North Shattuck	4.5%	1.6%	2.1%	2.6%	0.4%
San Pablo	7.9%	5.9%	7.3%	5.9%	6.0%
Solano	4.4%	4.2%	3.5%	7.5%	7.0%
South Berkeley	12.3%	8.9%	7.9%	8.2%	7.9%
Telegraph	17.9%	12.7%	7.1%	5.1%	5.8%
University	-	4.4%	9.4%	14.2%	9.2%
West Berkeley	4.0%	3.9%	3.3%	8.8%	2.7%
Citywide Average	8.1%	6.6%	5.9%	6.5%	4.7%

Source: Berkeley OED

Citywide ground floor commercial vacancy has fallen to 4.7% as of Q1 2017, its lowest point since Q2 2012. Vacancy rates remained fairly consistent in most districts, with North Shattuck, University, and West Berkeley all showing notable improvements since Q3 2016. Elmwood experienced a significant increase in vacancy rate compared to the previous three years and currently has the highest vacancy rate of all city districts (9.7%).

commercial activity

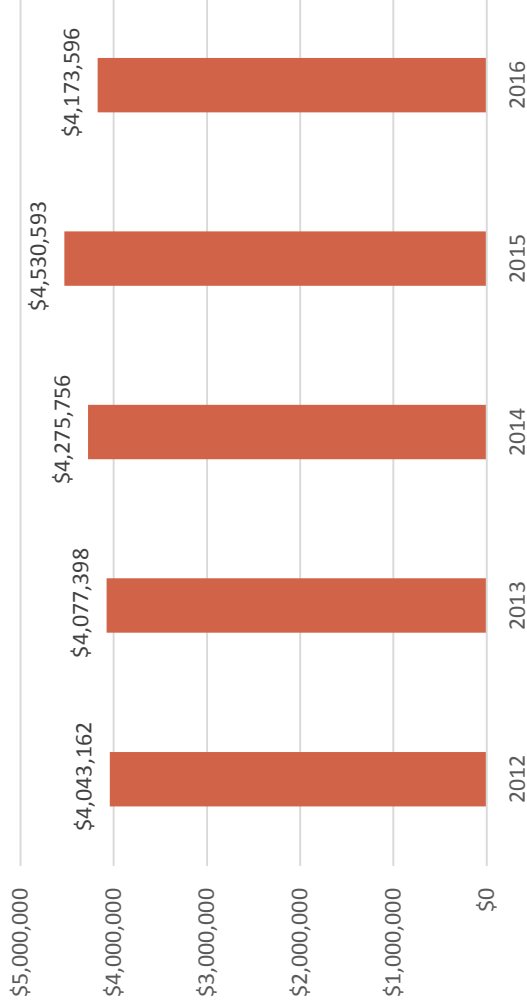
sales tax revenues

Total Annual Sales Tax Revenue - Past 4 Quarters	Q1 2015 – Q4 2015	Q1 2016 – Q4 2016	Change
City of Berkeley	\$17,565,958	\$18,126,801	+3.2%
SF Bay Area (Nine County Region)	\$1,429,253,457	\$1,473,744,244	+3.1%
State of California	\$6,316,966,544	\$6,452,073,079	+2.1%

Source: MuniServices

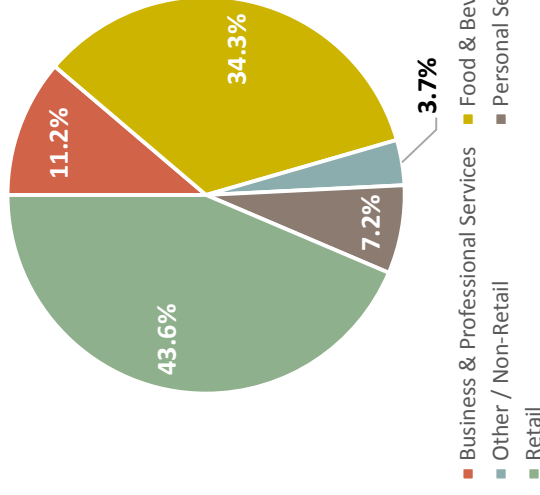
City of Berkeley

Q4 Sales Tax Revenues, 2012-2016 (in 2016 \$)



Source: MuniServices

City of Berkeley 2016 Q4 Sales Tax Revenues by Subsector



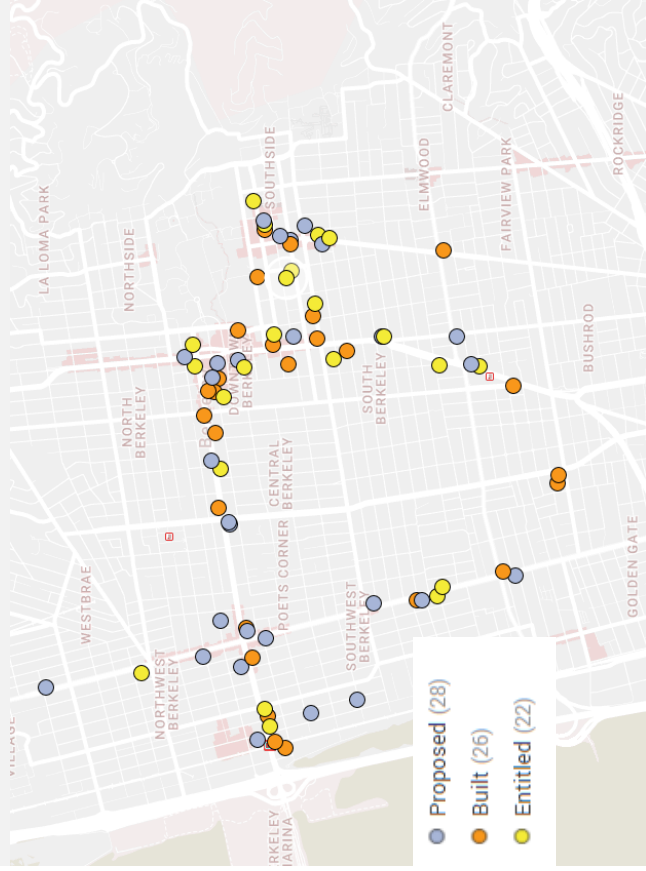
Source: MuniServices

Berkeley's total annual sales tax revenues increased by 3.2% from 2015 to 2016, a slightly higher rate than in the Bay Area and a full percentage point higher than the rate statewide. Focusing just on Q4, however, the city's sales tax revenues decreased in Q4 2016 compared with Q4 2015, due almost entirely to a decrease in sales tax collected from the Chemical Products sector during that period. In Q4 2016, the *Retail* subsector was the largest contributor to the city's sales tax revenue (43.6%), with *Food & Beverage Services* the next largest (34.3%).

development & housing

construction & pipeline

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



Data Source: City of Berkeley Planning Department (June 2017); Map: OED

As of July 2017, there are currently 22 housing developments of 5 or more units that are entitled for development or under construction, which will contain 1,552 net new units; this represents a slight increase from the number of units that were entitled or under construction as of May 2016 (1,545). An additional 1,460 units (in 28 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 completed from 2005 to 2015.

Pipeline Project Highlights



Images: UC Berkeley Real Estate

Berkeley Way West

Construction of a new 320,000-square-foot academic building is underway in the lot bounded by Berkeley Way, Shattuck Ave, and Hearst Ave. The building will house the UC Berkeley School of Public Health, School of Education, and Department of Psychology, with ground floor retail planned along Shattuck Ave.



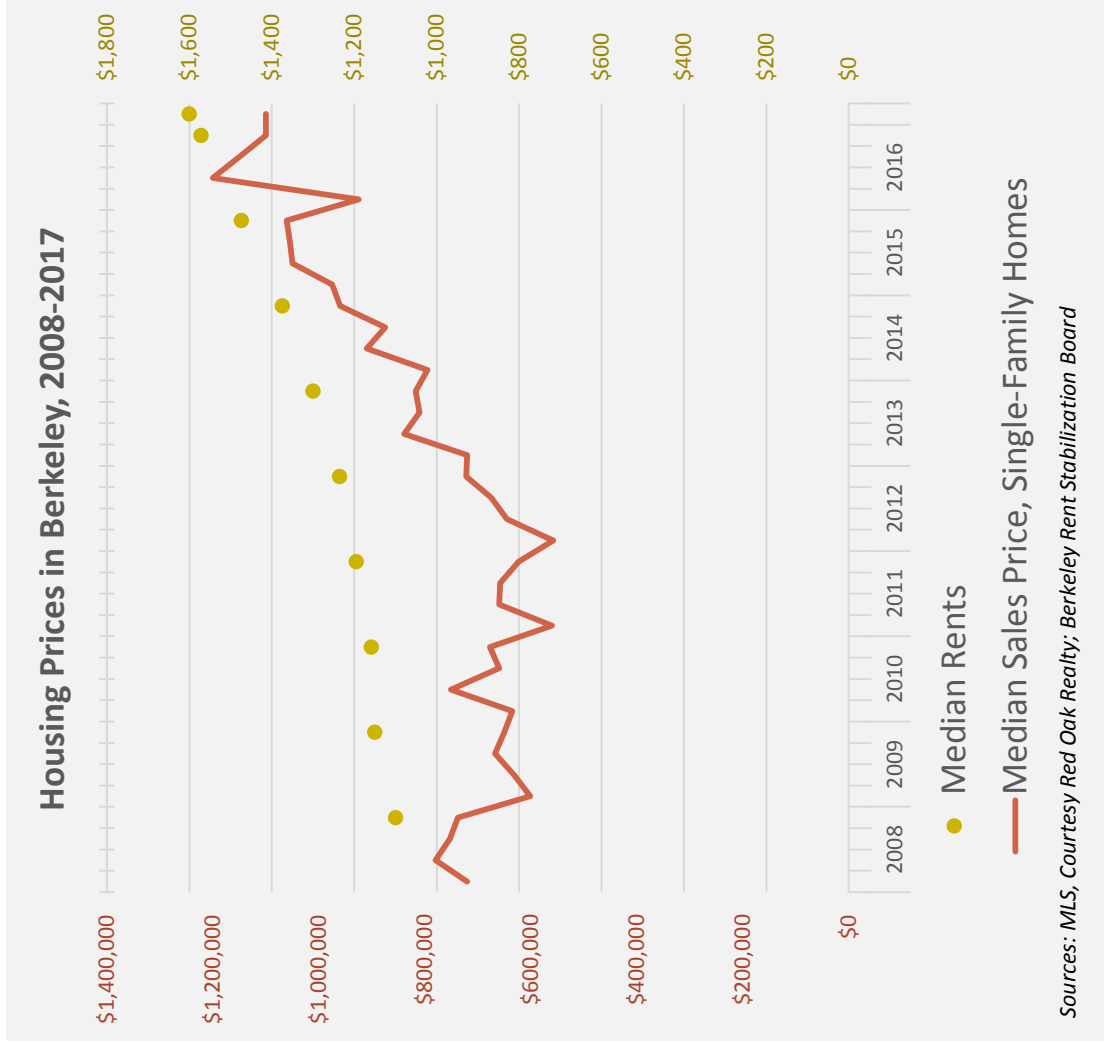
Images: Ted Friedman, Berkeleyside; Studio KDA

2121 Durant Ave

In June 2017, an historic home was relocated a short distance from Durant Ave to Haste St in order to build new infill housing in its original location. The new development, designed by Berkeley firm Studio KDA, will be a 6-story, 50-unit mixed-use building with ground-floor retail.

development & housing

housing costs



Median Sale Price, Single-Family Homes, Q1 2017	
Alameda	\$990,000
Albany	\$975,750
Berkeley	\$1,100,000
El Cerrito	\$915,000
Emeryville	\$842,500
Lafayette	\$1,449,000
Oakland	\$650,000
Richmond	\$400,000
San Leandro	\$581,500

Sources: MLS, Courtesy Red Oak Realty;
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. Both ownership and rental prices reached all-time highs in 2016, driven by a strong overall economy and limited housing inventory. As of Q1 2017, ownership prices have come down a bit from their high, while rental prices are starting to flatten: the median citywide rent still increased from Q4 2016 to Q1 2017, but at a much slower rate (1.8%) than from 2015 to 2016 (6.7%).

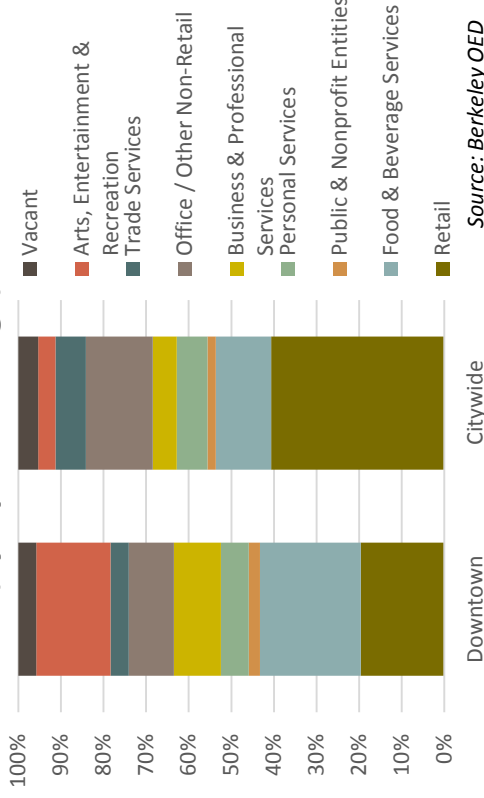


downtown | 2017 snapshot

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 uses, which occupy 17.4% of total ground floor commercial space in the district compared to 4.1% citywide. As of Q1 2017, the vacancy rate in Downtown had fallen to 4.2%, less than a third of the 2011 vacancy of 13.5%. Sales tax revenue generated in 2016 by Food & Beverage services businesses (\$924,631) rose by 4.6% from 2014 (\$882,275). Sales tax revenue from the Business & Professional Services sector has continued to rise, mirroring the citywide trend.

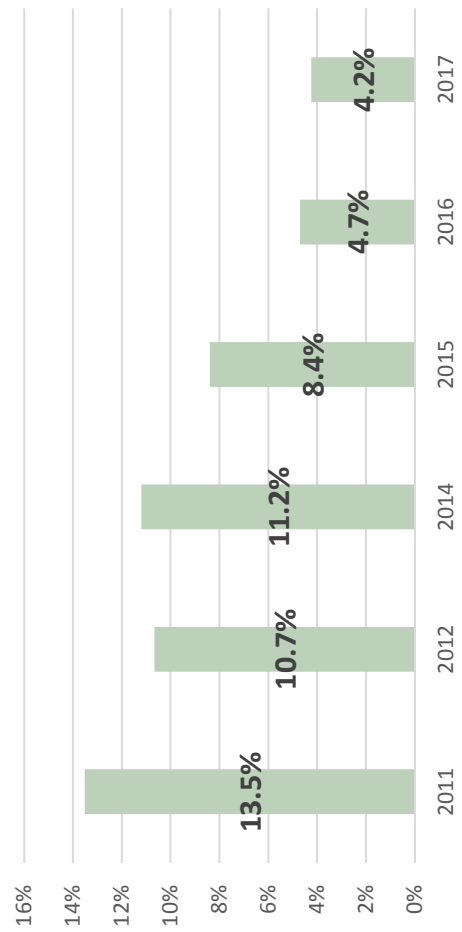


Ground Floor Commercial Business Mix (by Square Footage), 2017



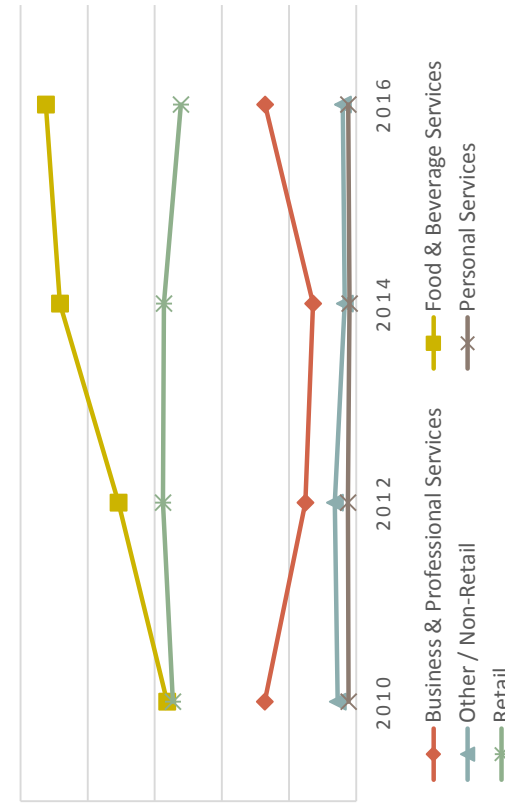
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016

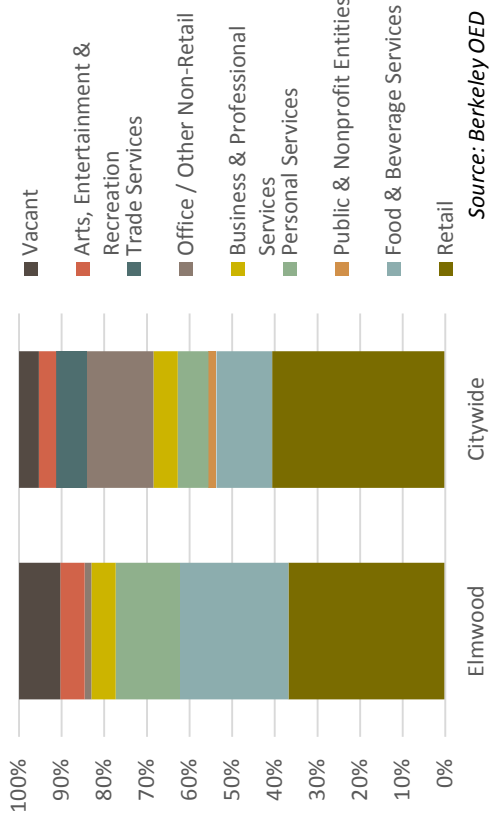




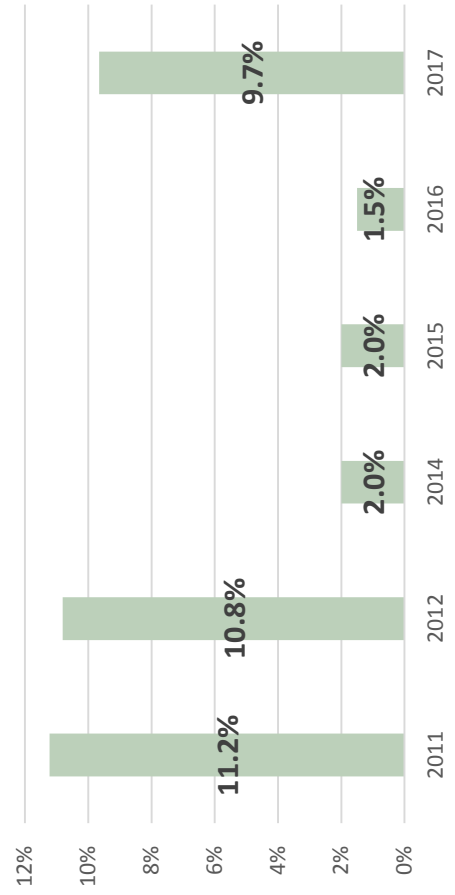
Elmwood is a compact three block commercial district along College Avenue near the Berkeley-Oakland border and the neighboring Rockridge shopping district. The Elmwood district is characterized by a high concentration of Food & Beverage services, and is a walkable, neighborhood-serving commercial district. As of Q1 2017, the district's vacancy rate by square footage was 9.7%, a significant increase from 2016's low of 1.5%. The increase is due primarily to the closure of large apparel retailers Jeremy's and lululemon, as well as restaurants; La PanotiQ, AG Ferrari, and The Advocate shuttered in late 2016 and early 2017. In 2016, the Food & Beverage sector (\$233,446) surpassed Retail (\$171,234) as the top sales tax generating sector in the district, with a 32% increase from 2014.



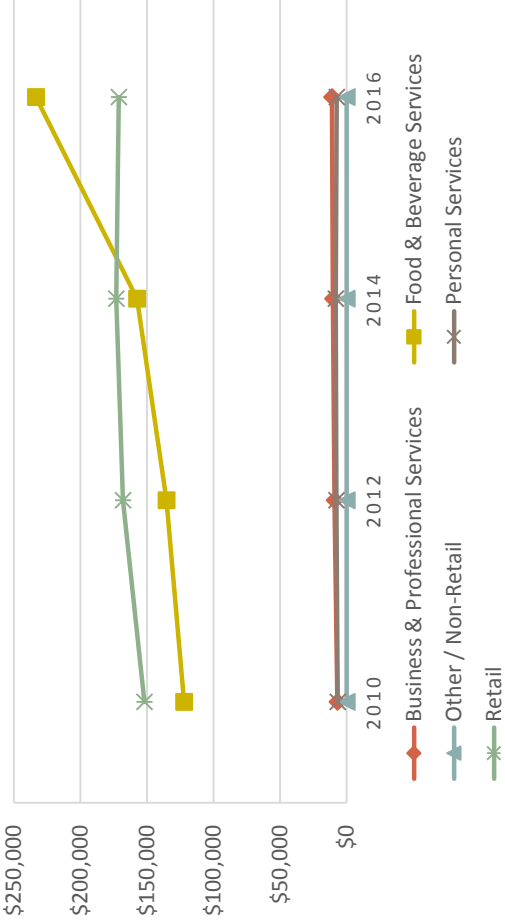
Ground Floor Commercial Business Mix (by Square Footage), 2017



Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



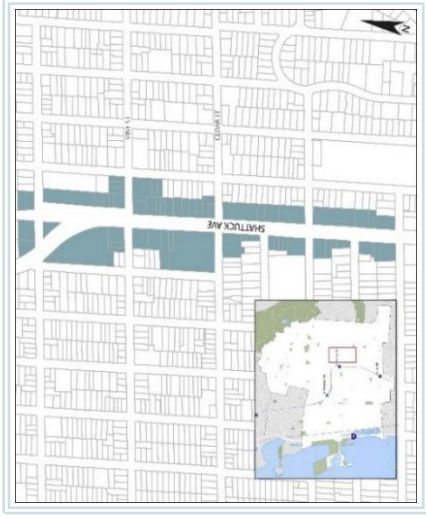
Sales Tax Revenue by Sector, 2010-2016



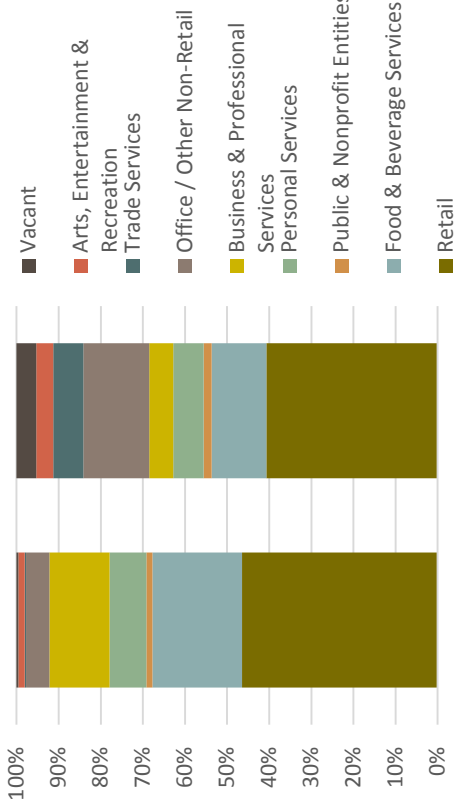


north shattuck 2017 snapshot

North Shattuck is one of Berkeley's oldest commercial districts, alternately known as the "Gourmet Ghetto." The district is characterized by a high concentration of well-known, long-standing, and celebrated restaurants, including Chez Panisse and the Cheese Board. North Shattuck is both a walkable, neighborhood-serving commercial district as well as a global destination for food and dining. As of Q1 2017, the district's vacancy rate by square footage was 0.4%, its lowest rate in the past six years. New leases include Berkeley Running Company (Feb 2017) and Agrodolce restaurant (late 2016).

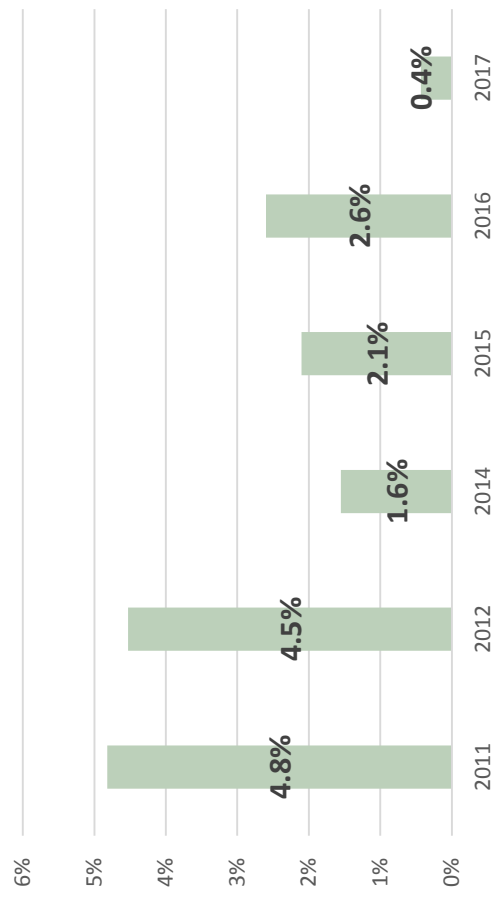


Ground Floor Commercial Business Mix (by Square Footage), 2017



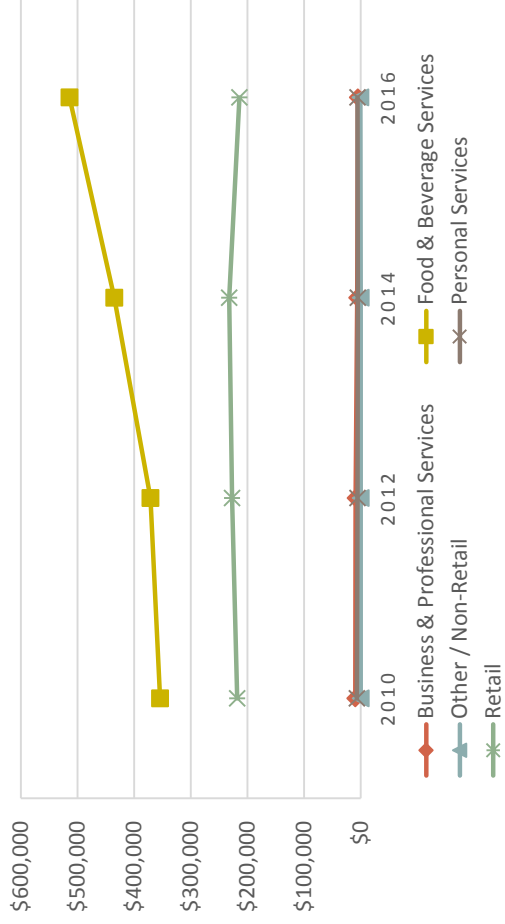
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016



City of Berkeley | Office of Economic Development | 510.981.7530

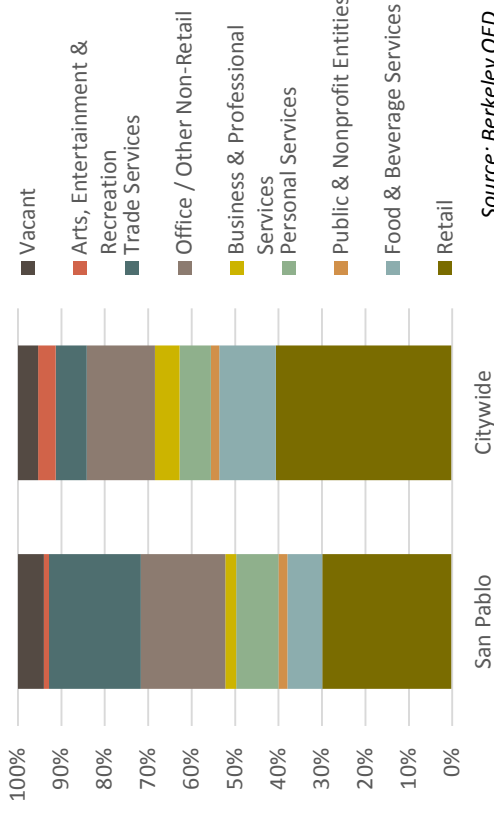


San Pablo Avenue is Berkeley's largest commercial corridor, running the entire north-south length of the City. San Pablo is characterized by a high concentration of Trade Services, including over 60 automobile services businesses. San Pablo functions more as a regional destination for specific uses rather than a walkable, neighborhood-serving commercial district; as such, it features smaller percentages of Food & Beverage Services and Personal Services.

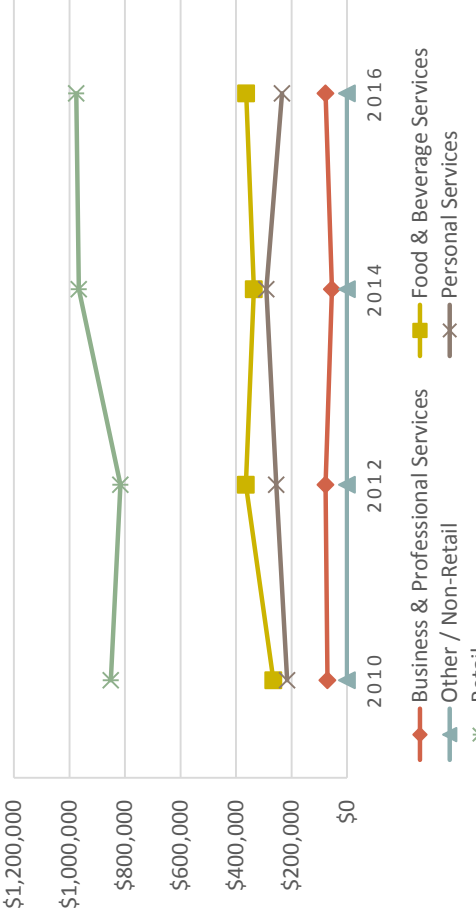
As of Q1 2017, the district's vacancy rate by square footage was 6.0%, a very slight increase from 2016. Retail performance along the San Pablo corridor, as measured by sales tax revenue, has increased slightly (0.9%) since 2014.



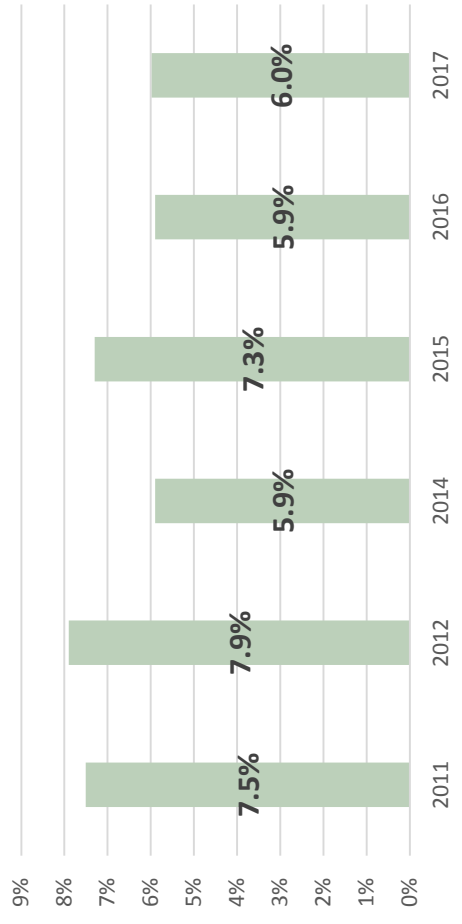
Ground Floor Commercial Business Mix (by Square Footage), 2017



Sales Tax Revenue by Sector, 2010-2016



Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017

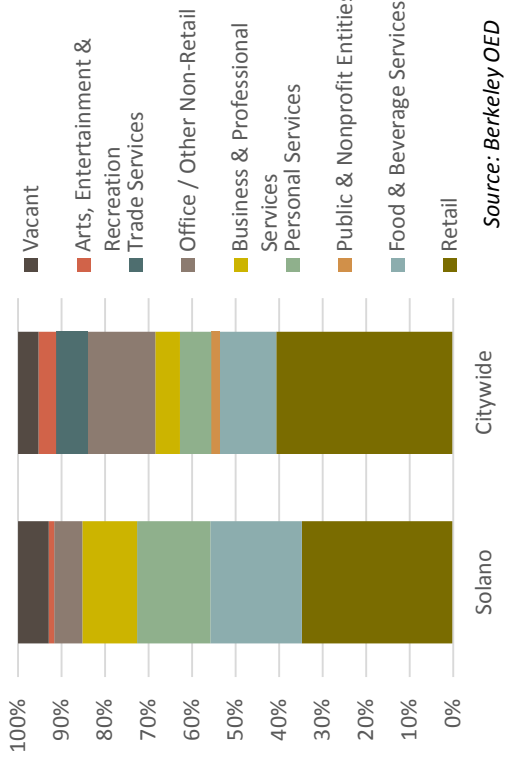




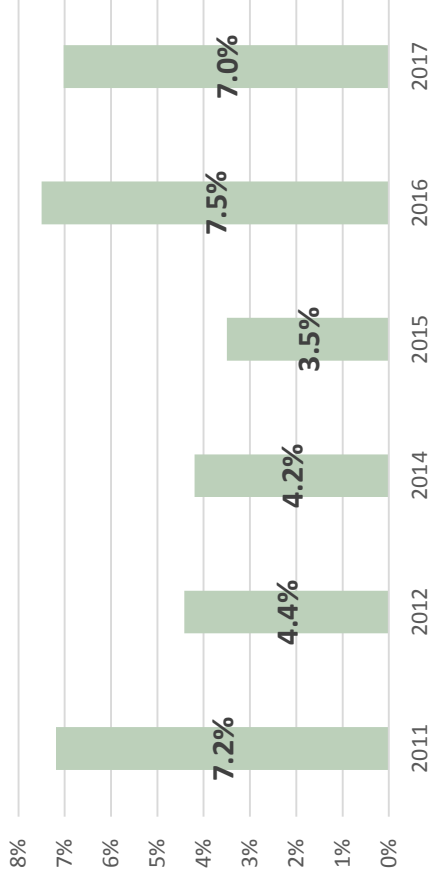
Solano is a small commercial district in North Berkeley, with a total of 130 commercial spaces and approximately 191,000 square feet of commercial space. It shares a border with Albany and is situated next to a large elementary school and an active neighborhood of single-family homes. Solano has key vacancies (i.e. the Oaks Theatre) that are ripe for a catalyst project. Discounting the Oaks' large vacant floorplate (10,447 sq. feet), the district's vacancy rate by square footage was 7.0%, a slight decrease from 2016 but still twice the 2015 rate of 3.5%.



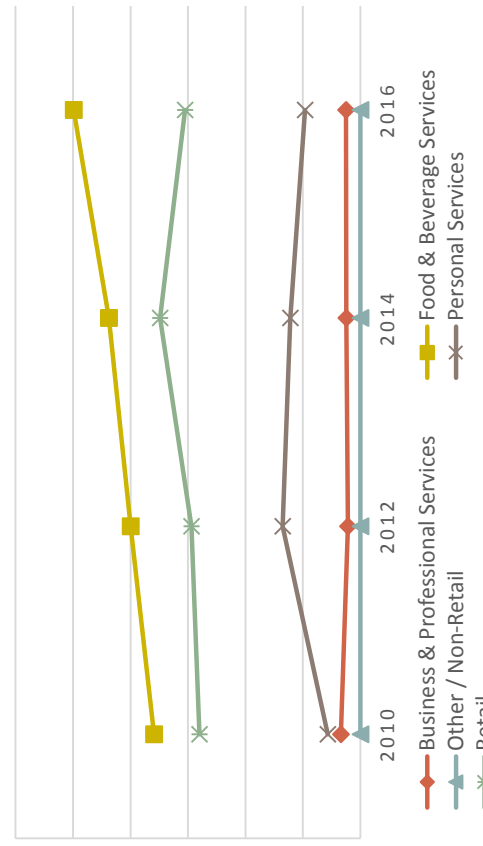
Ground Floor Commercial Business Mix (by Square Footage), 2017



Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Sales Tax Revenue by Sector, 2010-2016



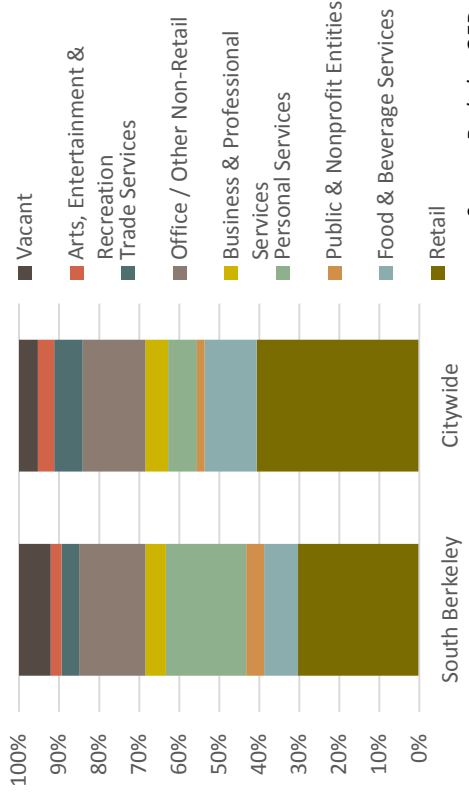


south berkeley 2017 snapshot

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 (20.1% vs. 7.2% citywide) but is under-served by Food & Beverage services, which account for only 8.4% of ground floor commercial space, as compared to 13.0% citywide. As of Q1 2017, the district's vacancy rate by square footage was 7.9%, a slight decrease from 2016. Food & Beverage Services, as measured by sales tax revenue, has increased steadily since 2010.

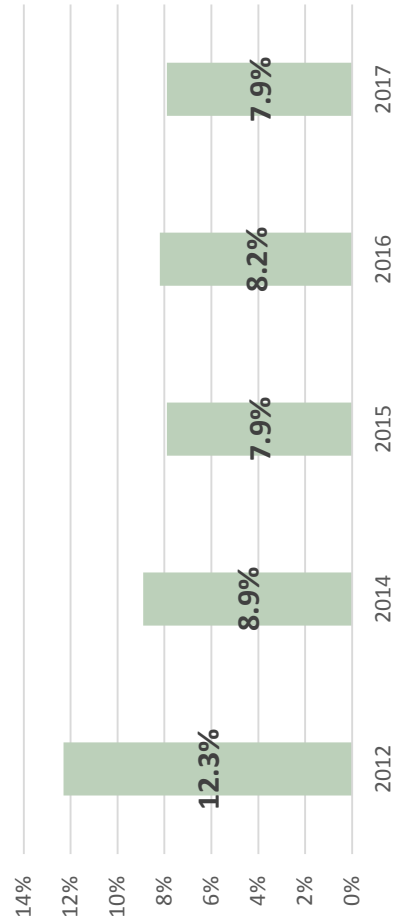


Ground Floor Commercial Business Mix (by Square Footage), 2017



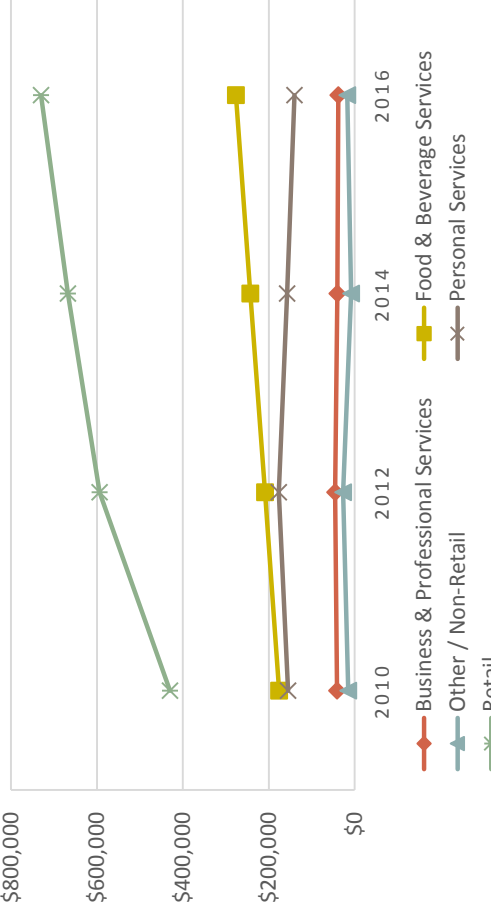
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016



City of Berkeley | Office of Economic Development | 510.981.7530

Source: MuniServices

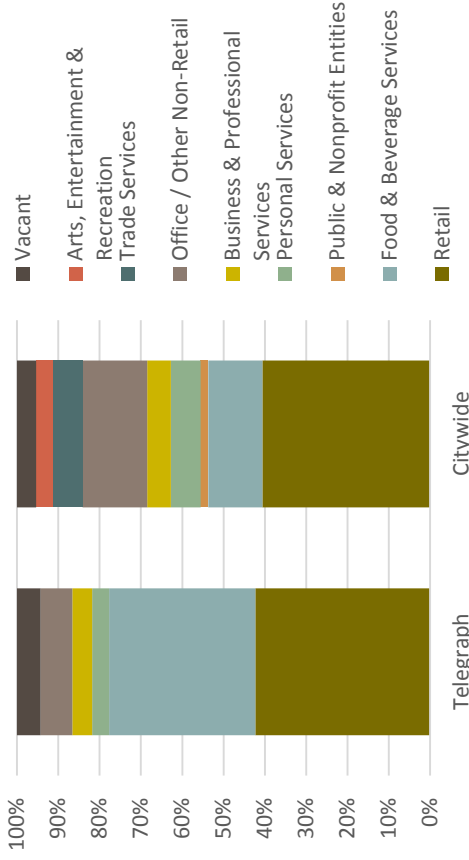
telegraph | 2017 snapshot



The Telegraph district has undergone significant change over the past several years. Retail performance began to recover in 2016 after its nadir in 2014. Food & Beverage services has shown a dramatic increase since 2012, and in 2016 the sector surpassed Retail as measured by sales tax revenue. Food & Beverage services now account for 35.4% of ground floor commercial space in the district, as compared to 13.0% citywide. As of Q1 2017, the district's ground floor commercial vacancy rate is 5.8%, a slight increase from 5.1% in 2016, yet still significantly lower than the peak of 17.9% in 2012.

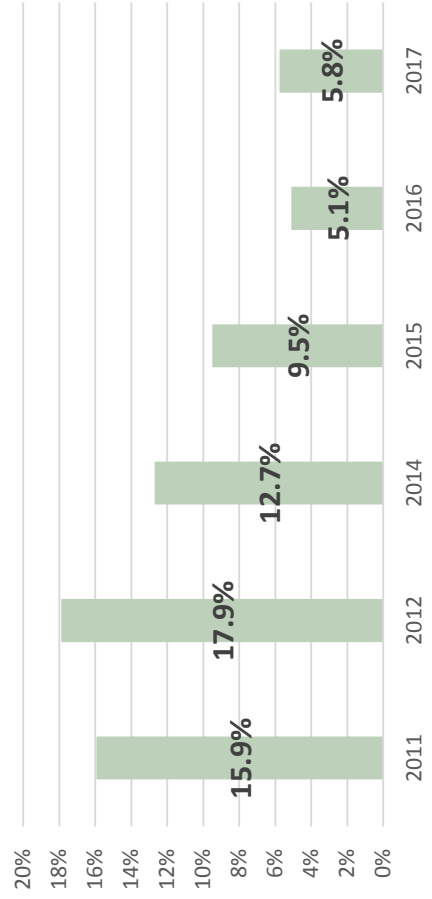


Ground Floor Commercial Business Mix (by Square Footage), 2017



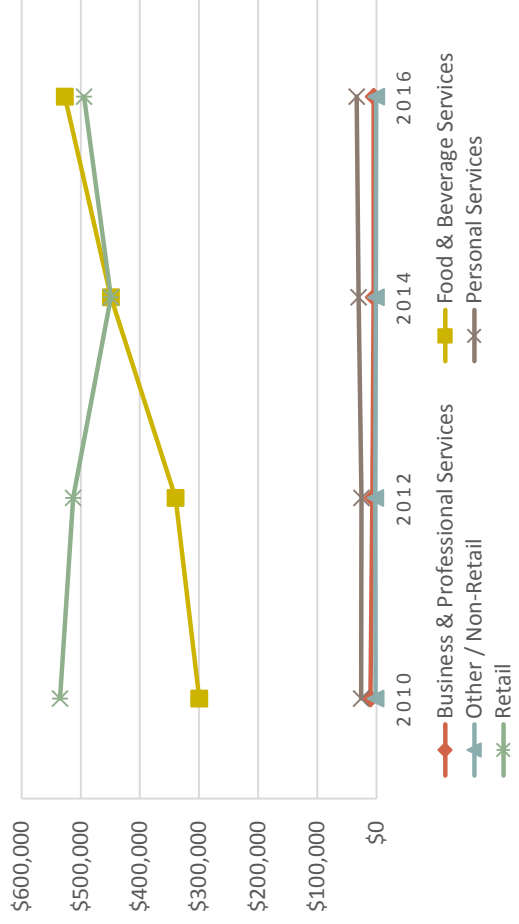
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016

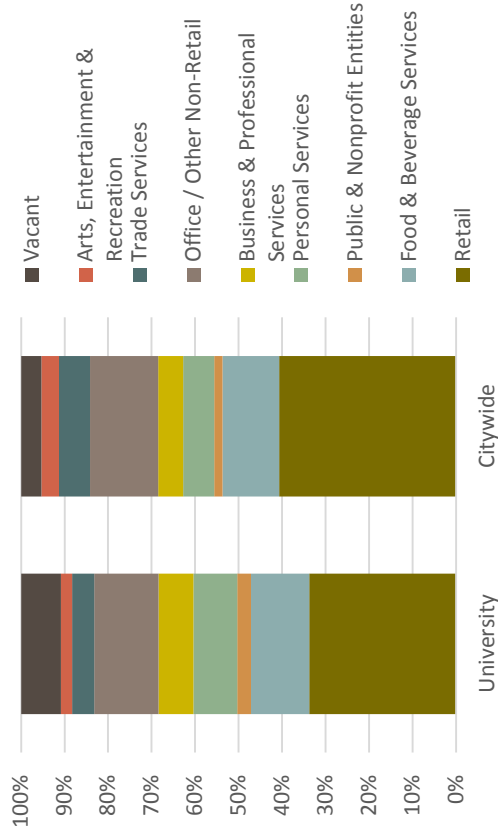




University Avenue, from Martin Luther King Jr Way to the waterfront, spans many of the City's neighborhoods and serves as the gateway to the UC Berkeley Campus. Personal Services have become the strongest sales tax generator in the district (2016), followed closely by Food & Beverage. As of Q1 2017, the district's vacancy rate had decreased to 9.2% from its high in 2016. The vacancy rate had increased each year from 2014 to 2016, but new spaces have been leased along the corridor and more housing and retail spaces are slated to open in late 2017.

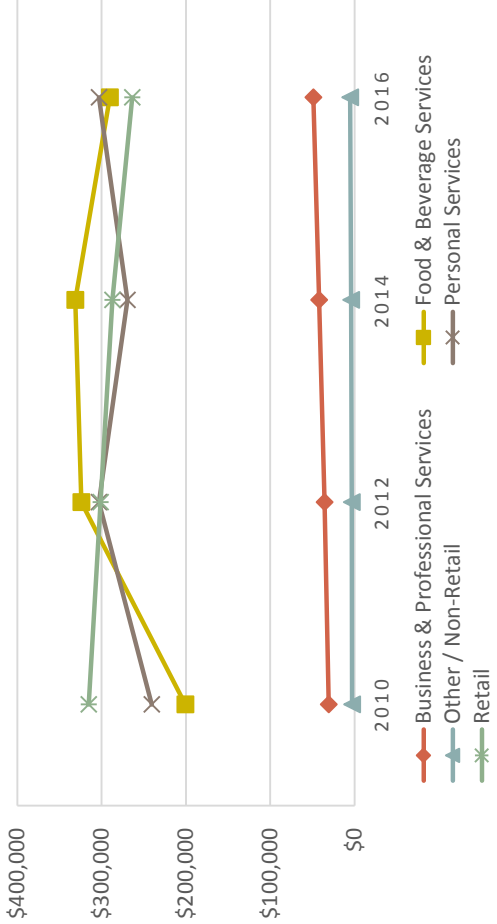


Ground Floor Commercial Business Mix (by Square Footage), 2017



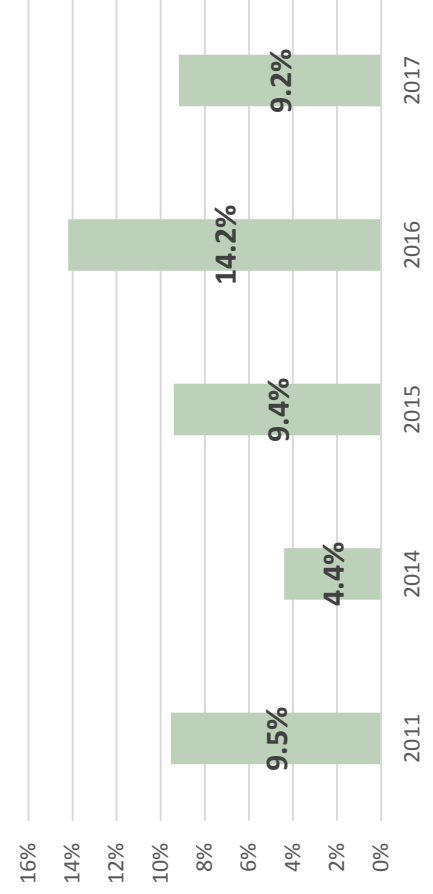
Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016



Source: MuniServices

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED

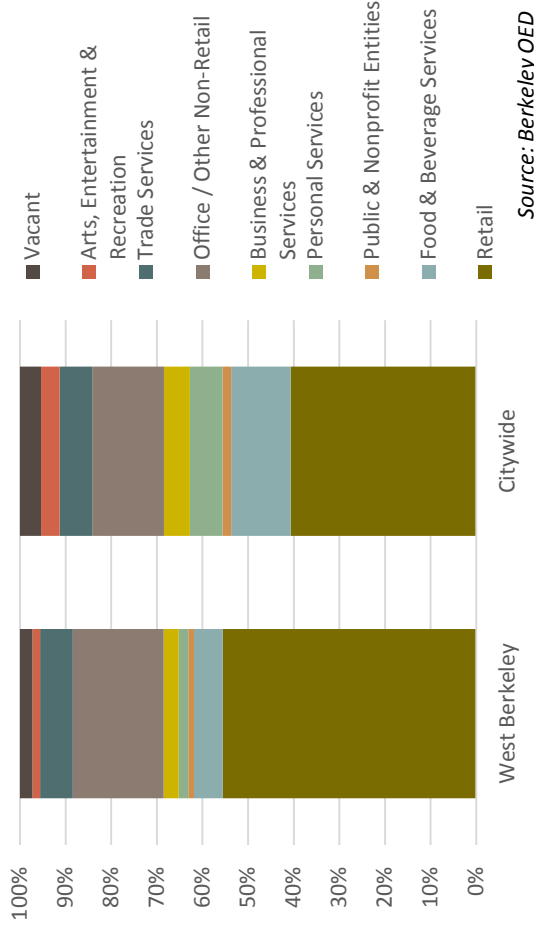


west berkeley | 2017 snapshot

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 nearly 55.5% of ground floor commercial space in the district, as compared to 40.6% citywide. The commercial vacancy rate as of Q1 2017 was 2.7%, a sharp decrease from 2016 and a six year low. This is due primarily to pending development in the large mixed-use, industrial space at 901 Gilman, formerly occupied by Pyramid Brewing, which was vacant in 2016.

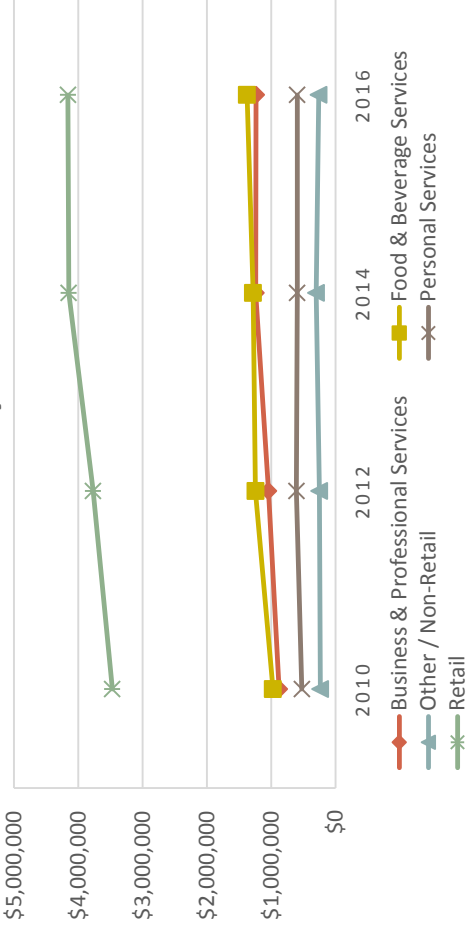


Ground Floor Commercial Business Mix (by Square Footage), 2017



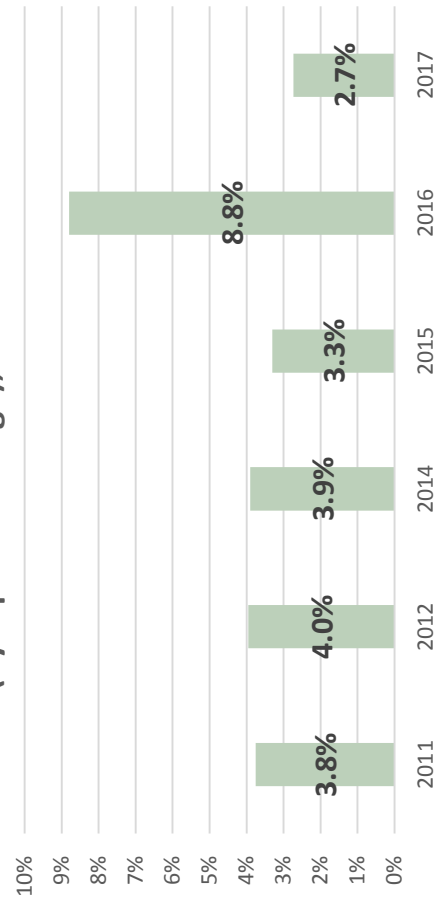
Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2016



Source: MuniServices

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED