



Office of the City Manager

INFORMATION CALENDAR
February 27, 2018

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 February 2018 (Attachment 1), and the updated Commercial District Dashboards (Attachment 2).

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 healthfully through the second half of 2017. However, there were also some indicators of slowed or flattening growth, such as decreasing sales tax revenues and increasing office availability. Key findings include:

- **Berkeley's unemployment rate is down.** Berkeley's average unemployment rate for Q4 2017 (October – December) was 2.4 percent, down one and one tenth (1.1) of a percentage point from the same period during the previous year.
- **Office vacancy rates in Berkeley remain low compared to the East Bay.** Overall office availability rose to 4.97% in Q3 2017 from 4.4% in Q1 2017, and 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 15% from Q1 2017 to Q3 2017, to \$3.34 per square foot.
- **Annual sales tax performance decreased from 2016 to 2017.** Annually, sales decreased 3.4% citywide from 2016 to 2017, inconsistent with the 9-county region (+1.6%) and lagging behind the state (+2.8%). Sales tax revenues in Q2 2017 were lower than in Q2 2016 and Q2 2015, due almost entirely to a decrease in sales tax generated by Business to Business activities. As of Q2 2017, the Food & Beverage Services subsector was the largest contributor to the city's sales tax revenue (34%), with Retail next at 29%.

- **Citywide ground floor commercial vacancy rates decreased to 4.6% in Q4 2017 (from 4.7% in Q1 2017).** This decrease is due primarily to newly leased spaces in the San Pablo, Elmwood, Solano, and West Berkeley districts; each of these districts showed notable improvements in vacancy rates since Q1 2017. 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 West Berkeley, ground floor commercial vacancy fell to 1.9%, the lowest rate in the decade that OED has been tracking this data, nearly 7 percentage points lower than its high of 8.8% in 2016.
- **Retail in commercial districts, as a share of total square footage, has declined, even as vacancy rates have largely remained stable or declined.** The percentage of ground floor commercial square footage occupied by retail uses decreased from 44.8% in 2015 to 40.5% in 2017. During the same period, the overall citywide vacancy rate decreased from 5.9% to 4.6%. As retail has declined, ground floor commercial spaces have been increasingly occupied by office uses, personal services, and other non-retail uses (including non-conforming uses, leased spaces and pending development projects).
- **Commercial districts are increasingly reliant on food and beverage services as a driver of sales and food traffic.** Over the past seven years, food and beverage sales have steadily increased as retail has largely remained flat or decreased. By square footage, food and beverage tops retail in only one commercial district (Downtown), but by sales tax collected, food and beverage outpaces retail in five of Berkeley’s nine commercial districts.
- **Construction activity continues at a rapid rate.** Over the past three years, the number of housing units in the development pipeline has increased. As a result of this, construction activity has increased slightly since the first quarter of 2017. As of December 2017, there are 26 housing developments of 5 or more units that are entitled for development or under construction, which will contain 1,731 net new units; this represents a slight increase from the number of units that were entitled or under construction as of June 2017 (1,552). An additional 1,598 units (in 31 distinct projects) are proposed.
- **Housing costs in Berkeley rose just slightly for renters through Q2 2017, consistent with the rest of the Bay Area region¹.** Median citywide rents started to flatten in Q1 of 2017 (\$1,695, only a 1.8% increase from the prior year) but by Q2 of 2017, rents were up to \$1,750 for a studio (a 3.1% increase) from the prior quarter. Staff anticipates that increased inventory in Berkeley and the seasonality of rents will show a decrease by the end of 2017² but City of Berkeley Rent

¹ <http://www.berkeleyside.com/2017/12/06/rents-berkeley-oakland-still-reach-many/> (December 6, 2017).

² Also see: <http://www.berkeleyside.com/2017/12/06/rents-berkeley-oakland-still-reach-many/> (December

Stabilization Board data trails private research companies by two quarters. Home sale prices reached an all-time high in 2016 (\$1.2M was the median price for a Berkeley single-family home in Q2), mostly driven by a strong overall economy and limited housing inventory. In 2017, prices flattened a bit to \$1.1M in Q1 2017, but by the end of the year, ownership prices had increased slightly to \$1.15M (December 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 February 2018. The dashboards contain data from the second half of 2017 and details a short summary of the 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, Redfin) 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 start up information from and websites such as Crunchbase, LinkedIn, and those of Berkeley's startup incubators and accelerators. Finally, in the last quarter 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 2017, but others reflect the first two 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. Policy topics outlined in OED's Small Business Support Worksession Report (delivered January 16, 2018) include modifications to the zoning ordinance to support small businesses, increased support for small businesses navigating the permitting and licensing processes, and recruitment of nonprofit partners to pilot new small business retention programs.

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



city of

BERKELEY



Economic Dashboard

February 2018

Office of Economic Development

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employment

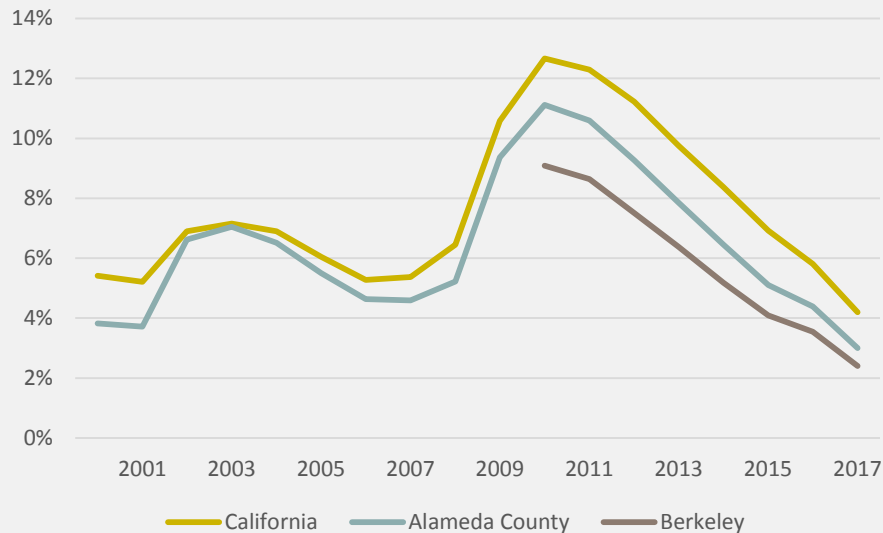
labor force & employment figures

City of Berkeley 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	63,500	62,000	2.4%

Source: CA Employment Development Department, Labor Market Information Division

Unemployment Rates, Averages 2000-2017



Source: CA Employment Development Department (EDD), LMI Division, Reported 12/2017

Employment & Jobs: Fast Facts

- Berkeley's average unemployment rate for Q4 2017 was 2.4%, slightly down from 3.5% in 2016.
- In comparison, Alameda County's average unemployment rate in Q4 2017 was 3.0%, while California's was 4.2%.
- The unemployment rate continues to fall despite slight increases in the overall participation in the labor force.
- As of the most recent jobs update in Q1 2017, there were 67,342 jobs located in Berkeley and 62,000 employed residents. Berkeley's jobs to employed residents ratio is calculated at approximately 1.09.

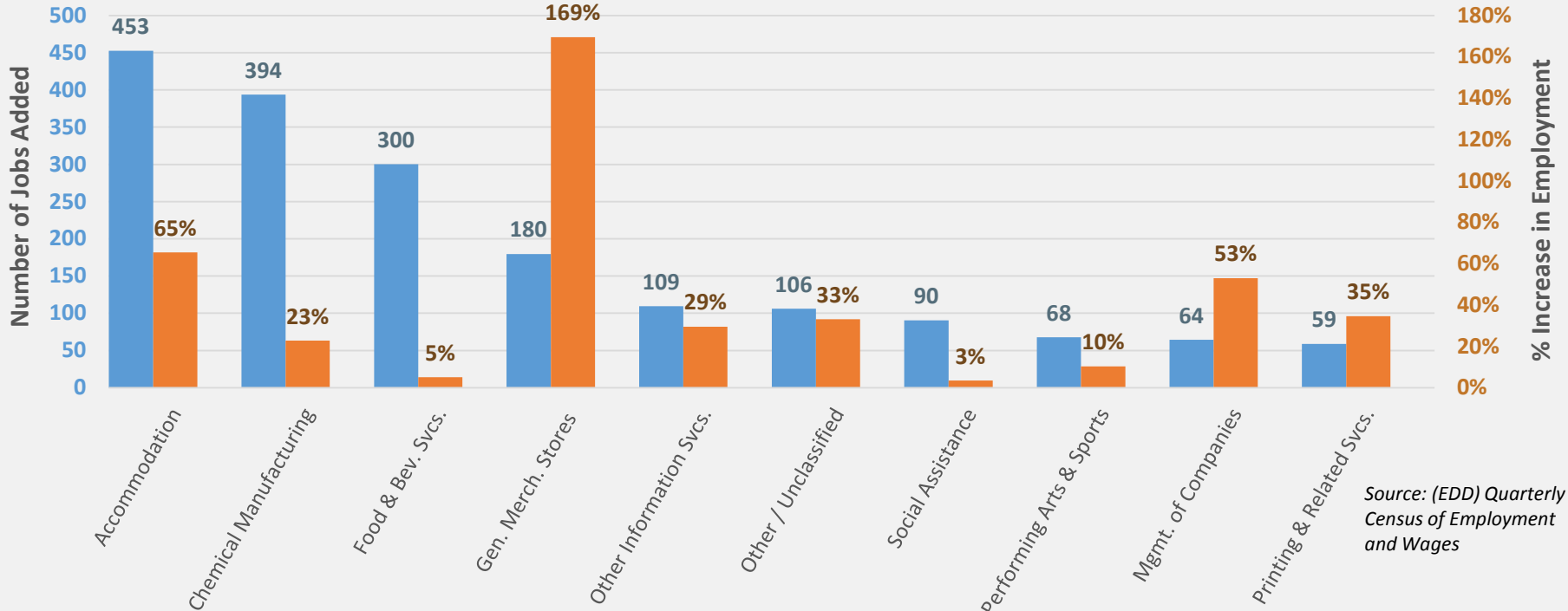


Source: CA Employment Development Department, Quarterly Census of Employment and Wages. Photos: Berkeley City College, UC Berkeley.

employment

growth by industry sector

Greatest Number of Jobs Added by Industry Sector, Q3 2016 - Q1 2017



Emerging Industries* in Berkeley (by % Increase in Employment), Q3 2016 – Q1 2017

Sector	Employees Q3 2016	Employees Q1 2017	% Increase in Employment	New Firms
Information Services	20	23	29%	3
Fabricated Metal Product Manufacturing	13	16	8%	3
Food Services and Drinking Places	379	402	5%	23

*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	Lifelong Medical Care
Ansys, Inc.	Meyer Sound
Bayer Healthcare LLC	MSCI Inc.
Berkeley Bowl Produce	OC Jones & Sons
Berkeley Cement Inc.	Recreational Equipment Inc.
Berkeley City College	Siemens Corporation
Berkeley Marina Doubletree	Target
Berkeley Repertory Theatre	University of California, Berkeley
Berkeley Unified School District	US Postal Service
City of Berkeley	Weatherford Motors Inc.
Genji Pacific	Whole Foods Market California Inc.
Kaiser Permanente	YMCA of the Central Bay Area
Lawrence Berkeley Laboratory	<i>Source: EDD, QCEW Data Q1 2017</i>

From Q3 2016 to Q1 2017, two new businesses joined the list of top 25 employers, above. They are described below:

- Genji Pacific - is a premier provider of sushi and Japanese cuisine. Chief outlets for the packaged foods are at Whole Foods Market.
- Target – is the second-largest discount store retailer in the United States and recently opened a second location in Berkeley.

Innovation Sector: Start Ups

- Berkeley is home to over 250 startups, 45% of these firms are in software, nearly a quarter (24%) in biotech (including medical devices, healthcare and life sciences), and 16% in clean tech (including renewable energy, energy efficiency, energy storage, and clean transportation).
- 20% of Berkeley Start Ups report to having at least one female founder.

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

Cyclotron Road @ Lawrence Berkeley Laboratory

Cyclotron Road is a technology incubator program intended to support entrepreneurs tackling climate change from academic laboratories until their ideas are mature enough to earn financial backing from chemical or oil and gas companies, or possibly even private investors. A Cyclotron Road company, Opus 12, was listed as one of Rolling Stone's Top 25 Visionary Companies alongside Elon Musk (see right).

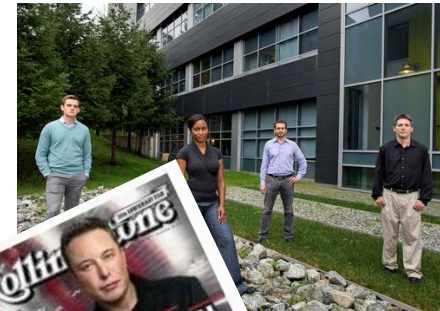


Photo Credits: The New York Times, Rolling Stone

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 Q2 2017, the RLF loaned \$50,000 to Kitchen on Fire (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	\$6,264,659	\$758,243
Private Sector Jobs Created	205	37
Private Sector Jobs Saved	49	23

Source: Berkeley OED

Current Borrowers Include:

Logos for current borrowers: California Jazz Conservatory, BioFuel Oasis, ANTON SALON, SLINGFIN, Kitchen on Fire, EBMC, and Minuteman Press.



Photo: Chef Olive adds a finishing touch to a dish at the Kitchen on Fire Cooking School (North Berkeley).

Founded in 2005, Kitchen on Fire cooking school is located in Berkeley's Epicurious Garden, an expansion and continuation of the gourmet cuisine legacy birthed on that very block. With the help of a second loan from Berkeley's Revolving Loan Fund, the owners were able to expand their course offerings and upgrade their kitchen classroom. The ongoing relationship with the loan program has given them the opportunity to continue to grow their thriving Berkeley business.

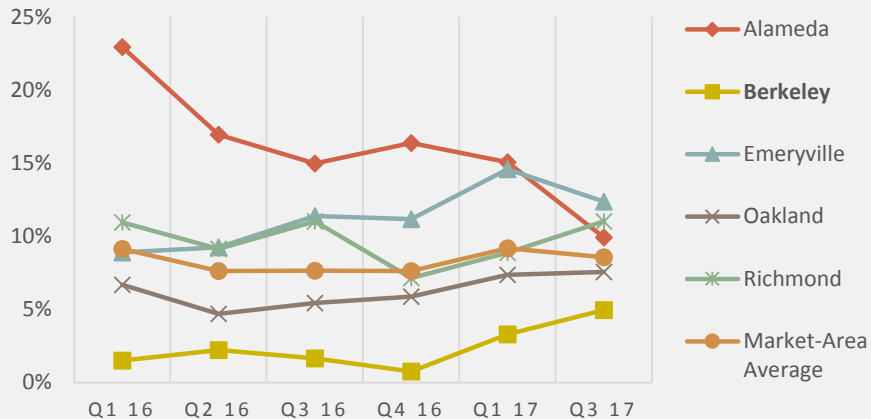
commercial activity

office trends & transactions

Q3 2017 Office Market, Berkeley	Indicators
Total Inventory	3,054,217 SF
Under Construction	35,000 SF
Availability Rate	4.97%
Qtr Gross Absorption	80,005
Qtr Net Absorption	8,777
YTD Net Absorption	-134,599
Average Asking Rent	\$3.34 / SF

Source: Newmark Cornish & Carey, 3Q17 East Bay Office Market Report

Office Availability, East Bay Cities Q1 2016 – Q3 2017



Source: Newmark Cornish & Carey, 3Q17 East Bay Office Market Report

Office Market Highlights

- Overall office availability rose slightly to 4.97% in Q3 2017 from 4.42% in Q1 2017. Yet Berkeley continues to have the lowest office availability of any municipality in the immediate sub-market. (4.97% out of 8.5% total in the East Bay I-80 Corridor Submarket).
- Notable transactions:
 - 2929 Seventh Street, a 40,702-square-foot lab building, had a lease renewal by Dynavax Technologies Corp. Demand remains strong and inventory remains low for the biotech sector in Berkeley.
 - The former Pacific Lutheran Theological Seminary located at 2770 Marin Avenue was purchased by Zaytuna College, the first accredited Muslim college in the United States. Zaytuna paid \$10 million for the 10-acre hilltop seminary. The college, integrates Islam with the Western canon and has approximately 50 students enrolled per semester.

Source: Newmark Cornish & Carey, 3Q17 East Bay Office Market Report, OED

commercial activity

small business spotlight

Berkeley's Small Businesses By the Numbers (employing 50 or less)	Indicators
Total Jobs in Berkeley accruing from small businesses (~26,000 jobs out of ~65,000 total)	41%
Total Percentage of Berkeley's Businesses that are "small" (50 or less employees)	97%
Total Percentage of firms that employ more than 100 people (62 firms)	1%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Wages and Employment (QCEW), Q4 2016

Business Diversity

- **65%** of firms are 'locally owned'
- **37%** of active businesses in Berkeley are **minority and/or female owned**
- Small business (employing 50 or less) in Berkeley are diverse by industry sector. Top concentrations include:
 - **Accommodation and Food Services** (18%)
 - **Health Care** (16%)
 - **Professional, Scientific and Technical Services** (12%) and **Retail Trade** (12%).

Source: QCEW Data Q3 2016, and City of Berkeley Business License Data.

Small Business Support Package – Response Outreach

From August through December of 2017, OED engaged directly with small business owners and managers around Berkeley to learn more about the issues and trends impacting small businesses, and presented its findings to council in January 2018.

Business Challenges:

OED compiled results from five online surveys of Berkeley business owners, and conducted 34 detailed one-on-one interviews to gather feedback.

Small Business Forum

On December 6, 2017 the City of Berkeley Office of Economic Development partnered with Buy Local Berkeley to engage small businesses and learn about shared challenges and successes. Over 50 business owners turned out to talk with us about their concerns and strategize about what OED can do to support them.

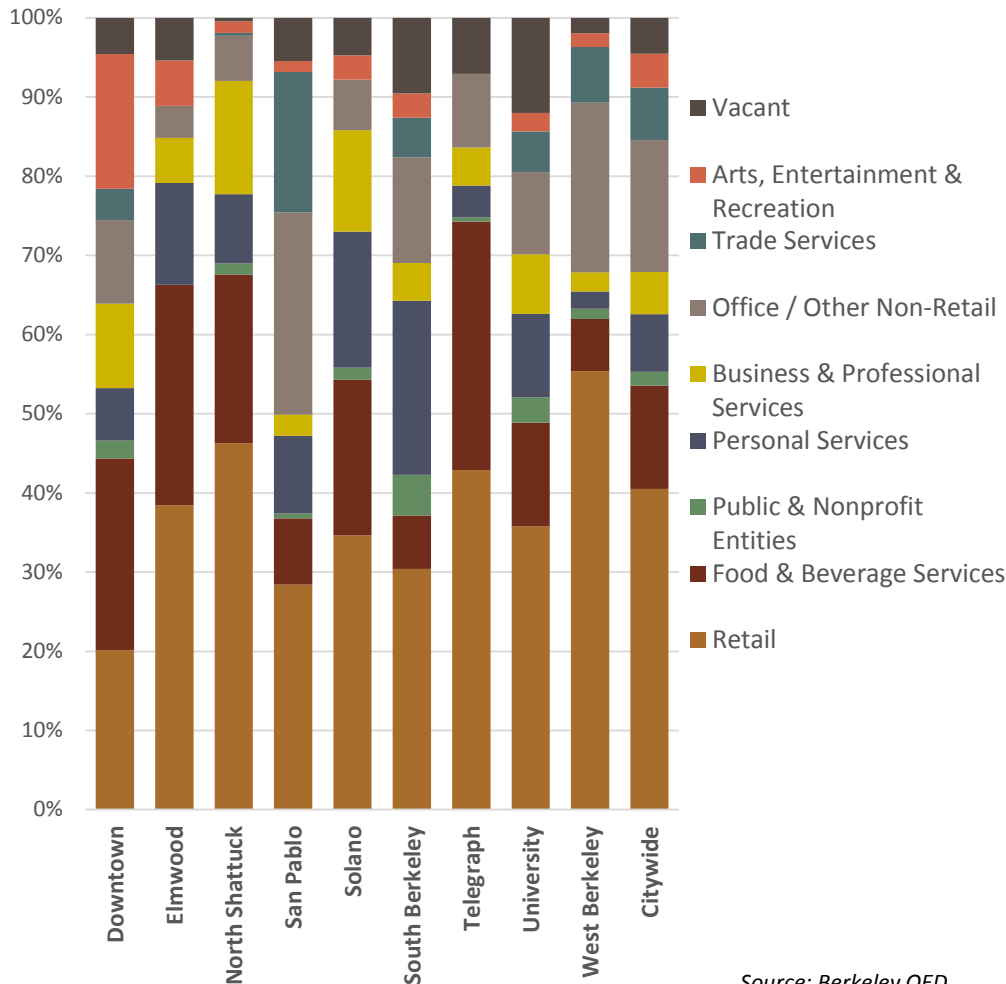


Graphic and Photo Credits: OED Staff

commercial activity

commercial districts & vacancy rates

**Ground Floor Commercial Occupancy
By Category, 2017 Q4**



Source: Berkeley OED

**Vacancy Rates by District, Calculated by
Square Footage, 2014 – 2017**

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

Source: Berkeley OED

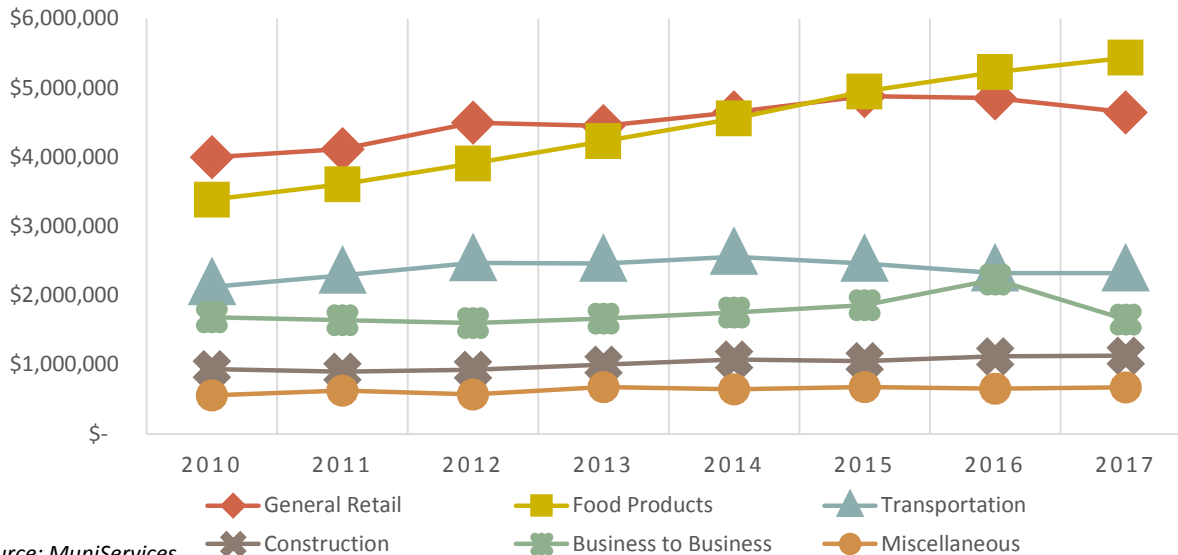
Citywide, the ground floor commercial vacancy rate has decreased over the course of 2017 to 4.6%, its lowest point since Q2 2012. Vacancy rates remained fairly consistent in most districts, with West Berkeley showing notable improvement since Q3 2016. In 2017, both the Elmwood and University districts experienced significant increases in their vacancy rates.

commercial activity

sales tax revenues

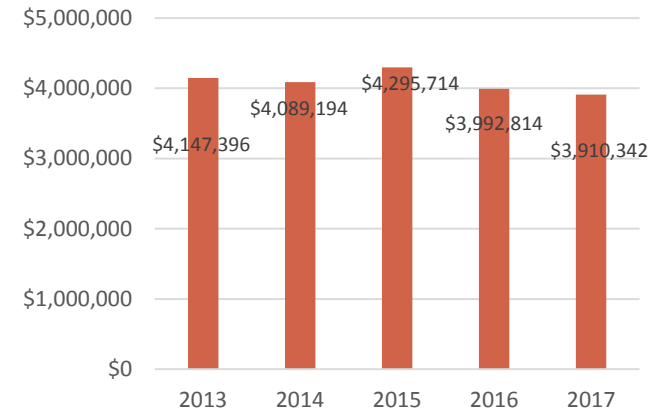
Total Annual Sales Tax Revenue - Past 4 Quarters	Q3 2015 – Q2 2016	Q3 2016 – Q2 2017	Change
City of Berkeley	\$16,406,369	\$15,861,716	-3.4%
SF Bay Area (Nine County Region)	\$1,456,872,751	\$1,480,317,370	+1.6%
State of California	\$6,374,288,970	\$6,553,798,962	+2.8%

City of Berkeley Annual Sales Tax Revenue by Business Category 2010-2017



Source: MuniServices

City of Berkeley Q2 Sales Tax Revenues 2013-2017 (in 2017 \$)



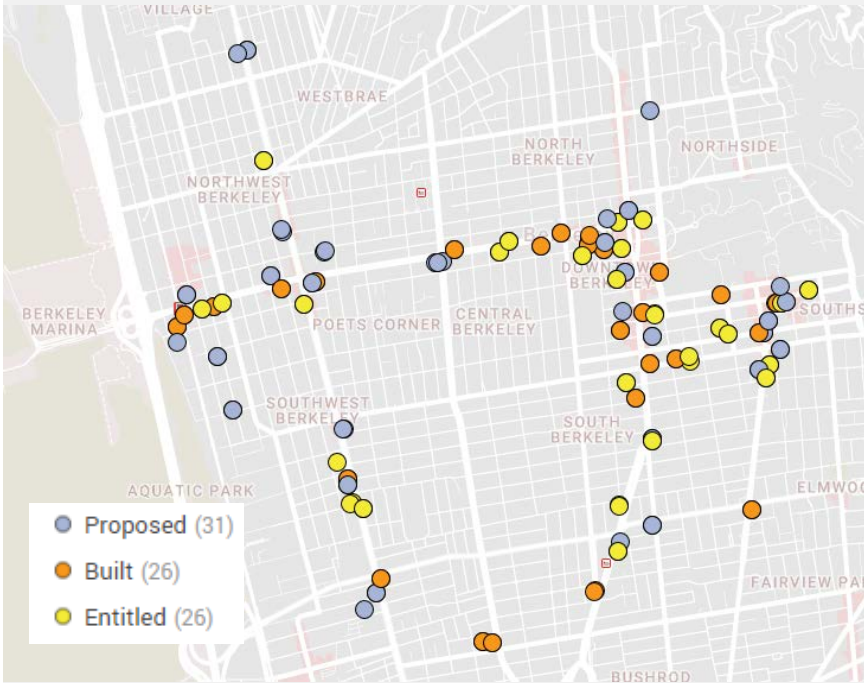
Source: MuniServices

Berkeley's total annual sales tax revenues decreased by 3.4% from 2016 to 2017. This drop was due almost entirely to a decrease in sales tax collected from *Business and Professional Services* (Business to Business sales) sector during that period. As of Q2 2017, the *Food and Beverage* subsector was the largest contributor to the city's sales tax revenue (34%), with *Retail* the next largest (29%). Commercial districts have become increasingly reliant on the Food and Beverage sector as a driver of sales and foot traffic; by ground floor commercial square footage Food and Beverage edges Retail in only one commercial district (Downtown) but by *sales tax collected*, Food and Beverage outpaces retail in five of nine total commercial districts (Downtown, Elmwood, North Shattuck, Solano, and Telegraph).

development & housing

construction & pipeline

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



Data Source: City of Berkeley Planning Department (December 2017); Map: OED
 As of December 2017, there are currently 26 housing developments of 5 or more units that are entitled for development or under construction, which will contain 1,731 net new units; this represents a slight increase from the number of units that were entitled or under construction as of June 2017 (1,552). An additional 1,598 units (in 31 distinct projects) are proposed. The overall trend in the last two years has been one of increasing numbers of units in the development and construction pipeline; by comparison, only about 1,100 units were built from 2005 to 2015.

Pipeline Project Highlights



Images: UC Berkeley Real Estate

Bancroft Residence/Stiles Hall

The Bancroft Residence Hall project will bring new student housing to Bancroft Way along with retail and new space for Stiles Hall, which is home to the community service hub of UC Berkeley. The project, bounded by Bancroft Way, Dana St, and Durant St. includes beds for 775 students along with study and activity space. The new building is slated to open in August 2018.



Images: Overaa, City of Berkeley, and Yelp

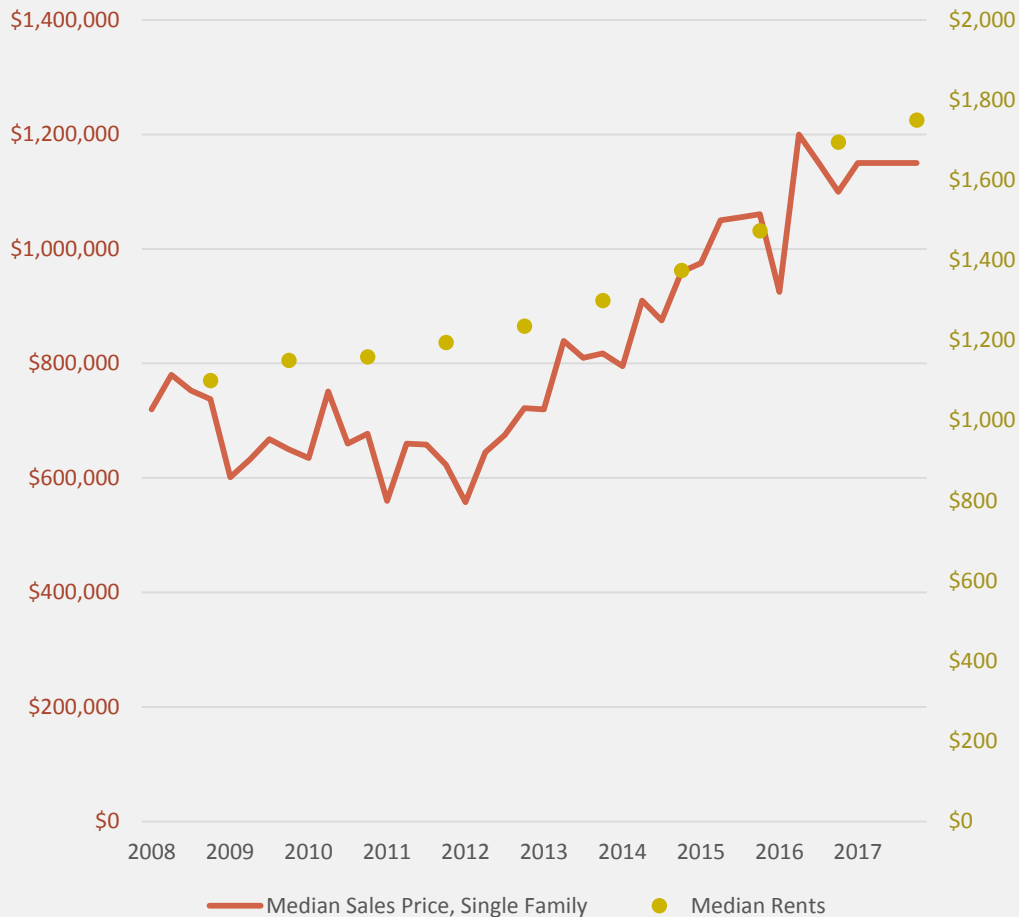
Center Street Garage

In May 2018, the City is poised to open the fully rebuilt Center Street Garage with over 700 parking spaces and north America's largest covered public bike parking facility. The new development, constructed by Overaa, will also feature an alternative energy micro-grid.

development & housing

housing costs

Housing Prices in Berkeley, 2008-2017



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

Median Sale Price, Single-Family Homes, Dec. 2017

Alameda	\$825,000
Albany	\$1,200,000
Berkeley	\$1,150,000
El Cerrito	\$900,000
Emeryville	\$640,000
Lafayette	\$777,500
Oakland	\$695,000
Richmond	\$435,250
San Leandro	\$649,400

Sources: MLS, Courtesy RedFin; Berkeley Rent Stabilization Board

Over the past decade, housing costs in Berkeley have, on average, continued to rise for renters, and ownership prices have followed a general upward trend since 2012. Ownership prices reached an all-time high in 2016 (\$1.2M in Quarter 2), mostly driven by a strong overall economy and limited housing inventory. As of Q4 2017, ownership prices are back up from the first quarter, (by \$50,000 from \$1.1M) while rental prices are increasing: the median citywide rent increased in Q2 2017 to (\$1,750 for a studio), marking a 3.24% change from the same period in 2016 (\$1,695).

downtown

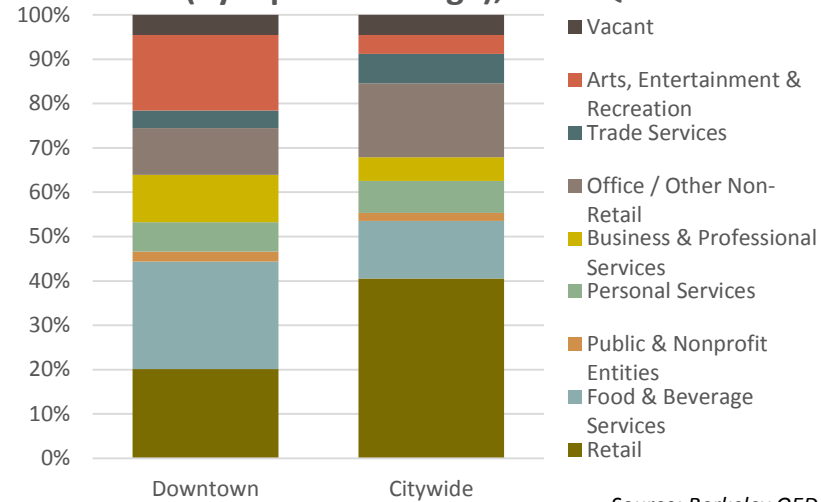
2017q4 snapshot



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 17.0% of total ground floor commercial space in the district compared to 4.3% citywide. As of Q4 2017, the vacancy rate in Downtown is 4.6%, less than a half of the 2014 vacancy rate of 11.2%. Sales tax revenue generated in 2017 by Food & Beverage services businesses (\$963,651) continues to rise from 2012 (\$707,899). Sales tax revenue from the Business & Professional Services (business to business sales) has dropped from its high in 2016, mirroring the citywide trend.

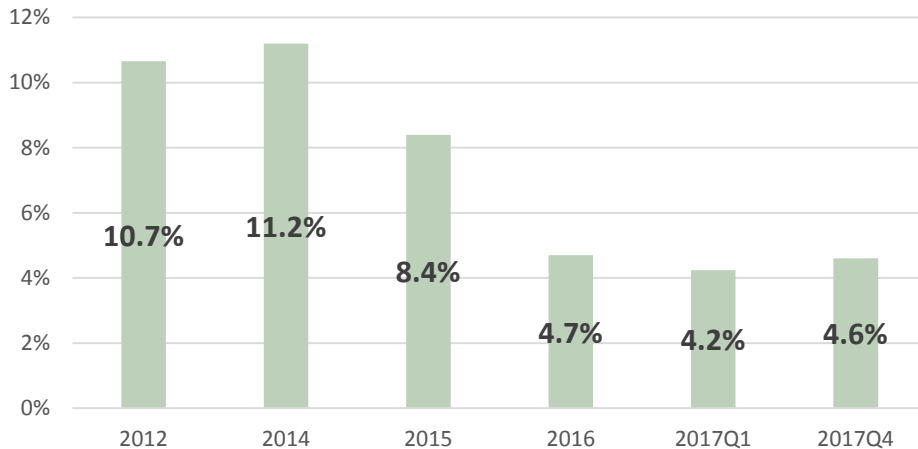


Ground Floor Commercial Business Mix (by Square Footage), 2017 Q4



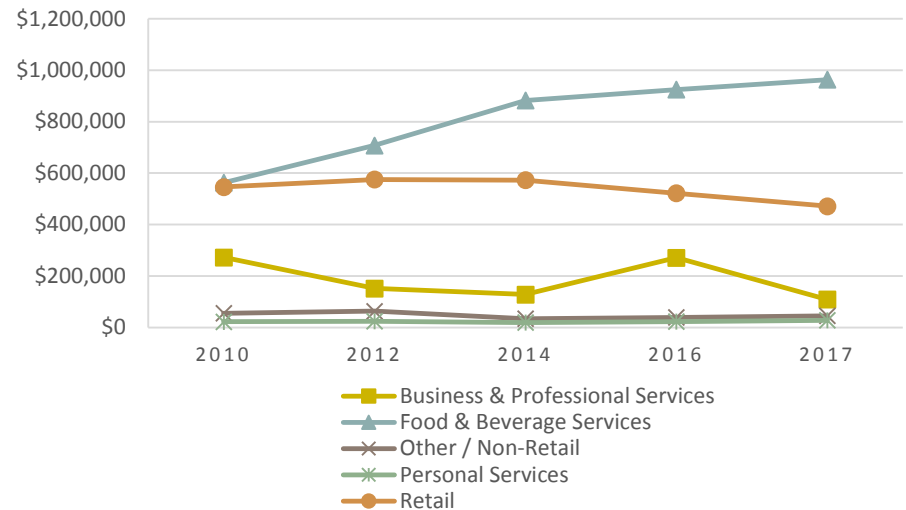
Source: Berkeley OED

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



Source: Berkeley OED

SALES TAX REVENUE BY SECTOR, 2010-2017



Source: MuniServices

elmwood

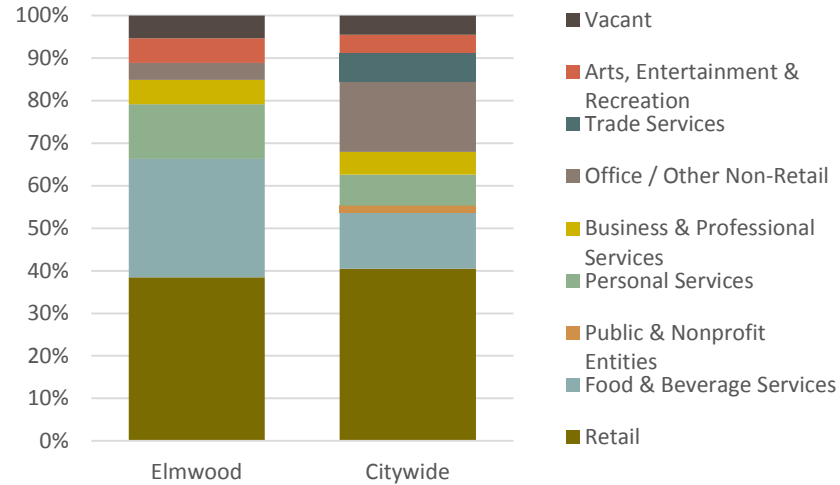
2017q4 snapshot



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 Q4 2017, the district's vacancy rate by square footage was 5.4%, an increase from 2016's low of 1.5%. The increase is due primarily to the closure of large apparel retailers Jeremy's and lululemon, at the key intersection of College and Ashby Avenues. In 2015, the Food & Beverage sector (\$227,807) surpassed Retail (\$159,581) as the top sales tax generating sector in the district, though food dipped a bit in 2017 with a 2.4% decrease from 2016.

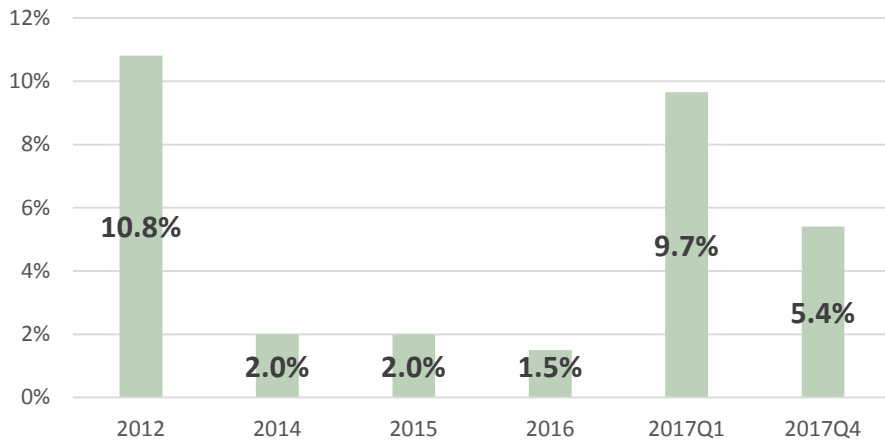


Business Mix (by Square Footage), 2017 Q4



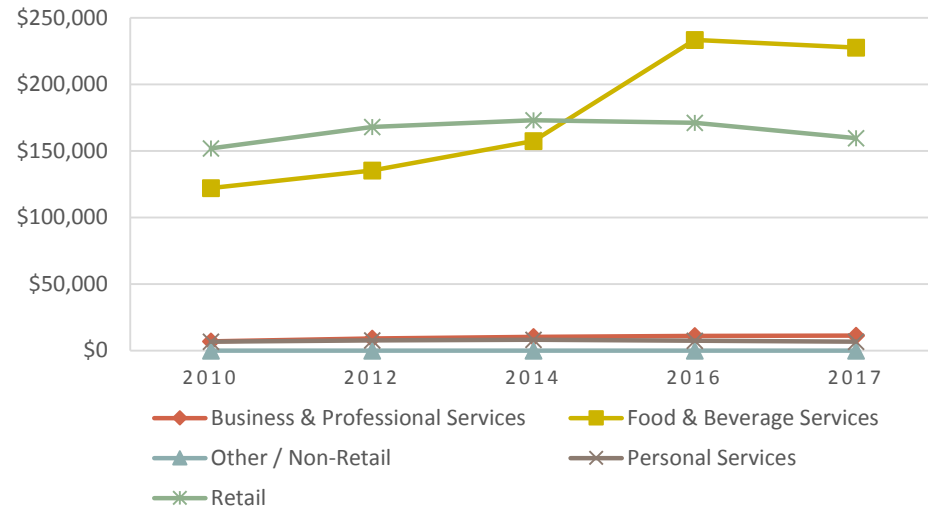
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

north shattuck

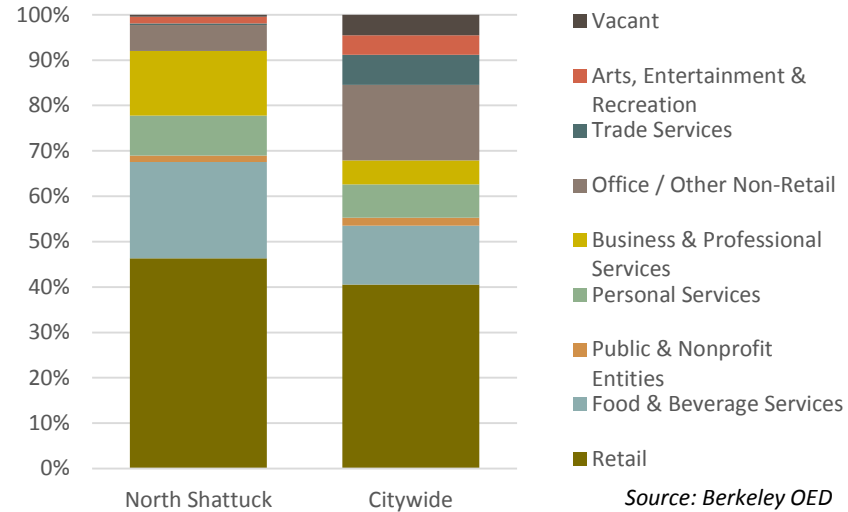
2017q4 snapshot



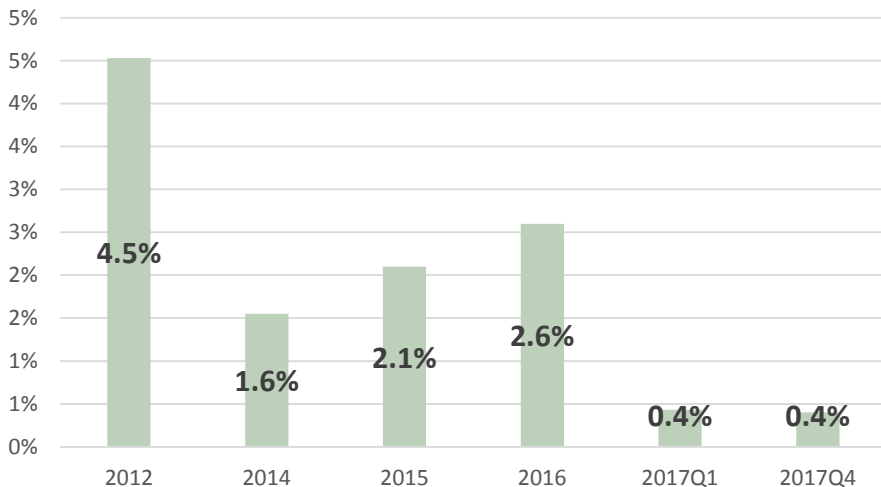
North Shattuck is one of Berkeley's oldest commercial districts, alternately known as the "Gourmet Ghetto." The district is characterized by a high concentration of well-known, long-standing, and celebrated restaurants, including Chez Panisse and the Cheese Board. North Shattuck is both a walkable, neighborhood-serving commercial district as well as a global destination for food and dining. As of Q4 2017, the district's vacancy rate by square footage was 0.4%, its lowest rate in the past six years. New leases to look for in 2018 may include Cheese Board restaurant expansion at Shattuck and Vine Streets.



Business Mix (by Square Footage), 2017 Q4

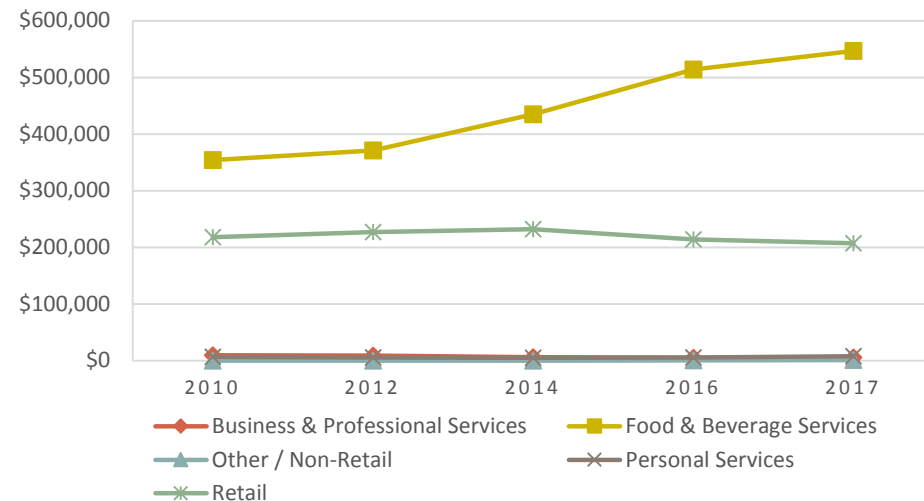


Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017

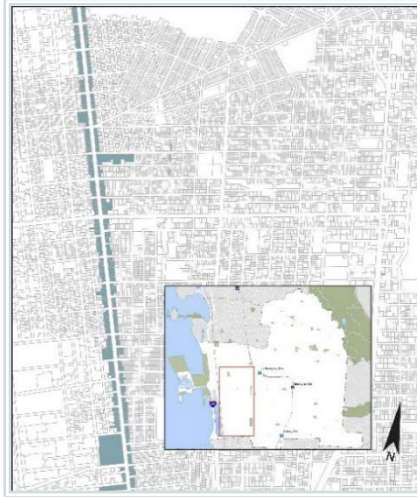


Source: MuniServices

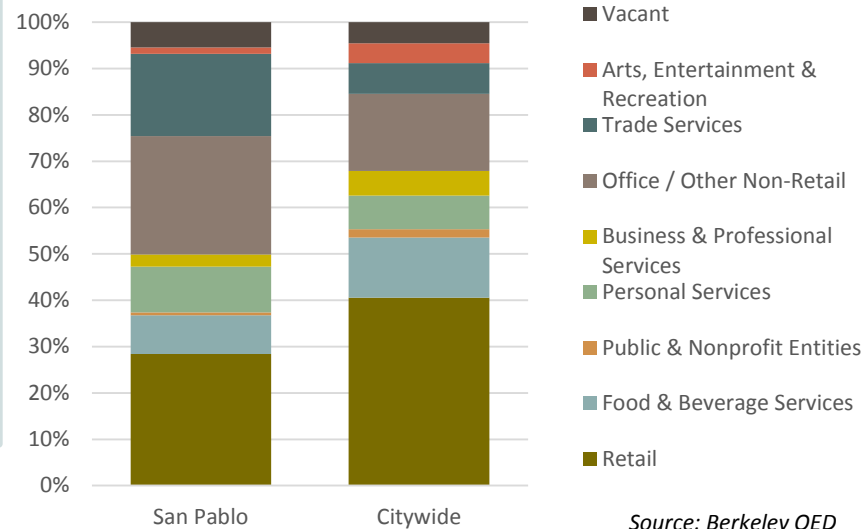
san pablo | 2017q4 snapshot



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 (17.7%), 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 (8.3%) and Personal Services (9.8%). As of Q4 2017, the district's vacancy rate by square footage was 5.5%, the lowest recorded in 5 years. Retail performance along the San Pablo corridor, as measured by sales tax revenue, has been increasing since (up 23%) 2012.

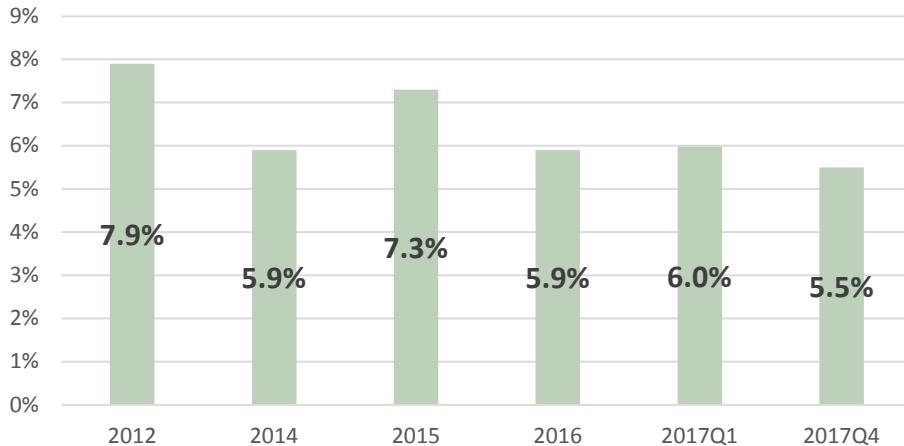


Business Mix (by Square Footage), 2017 Q4



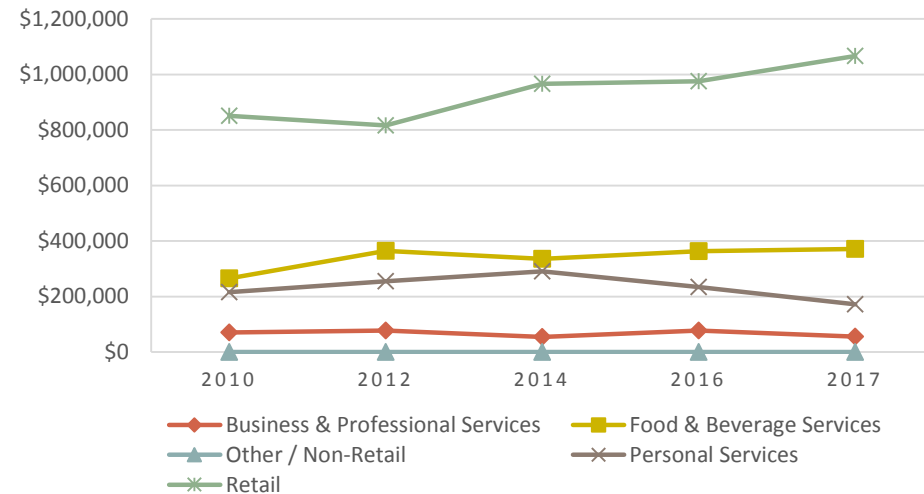
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

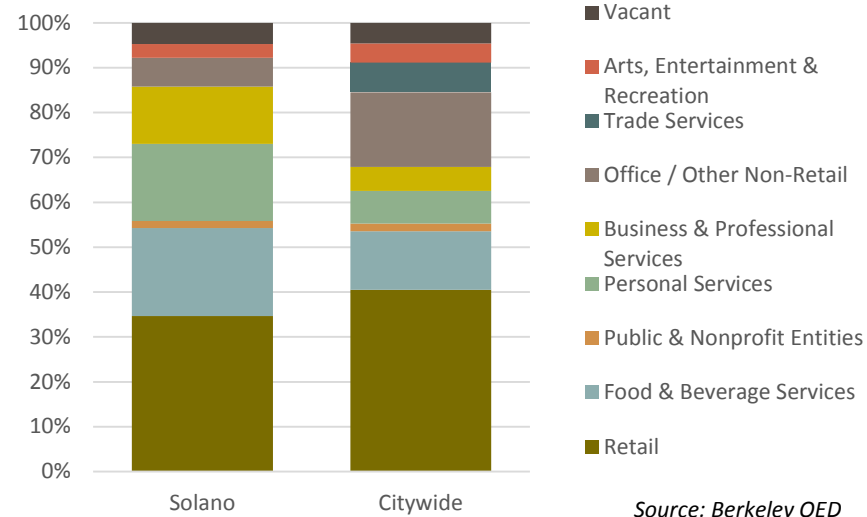
solano | 2017q4 snapshot



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 key vacancy (the Oaks Theatre) that is due to be occupied in early 2018. The district's vacancy rate by square footage was 4.8%, a decrease from the start of 2017, the Q1 rate was 7%. Food and Beverage continues to perform by sales tax revenue, showing a steady increase.

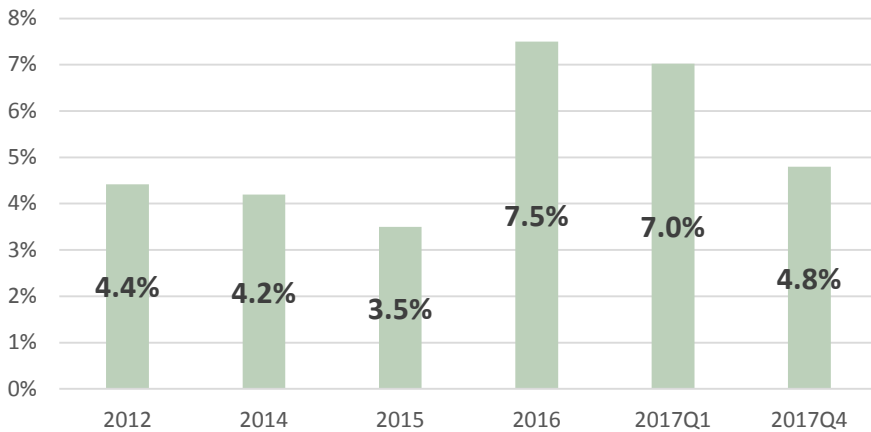


Business Mix (by Square Footage), 2017 Q4



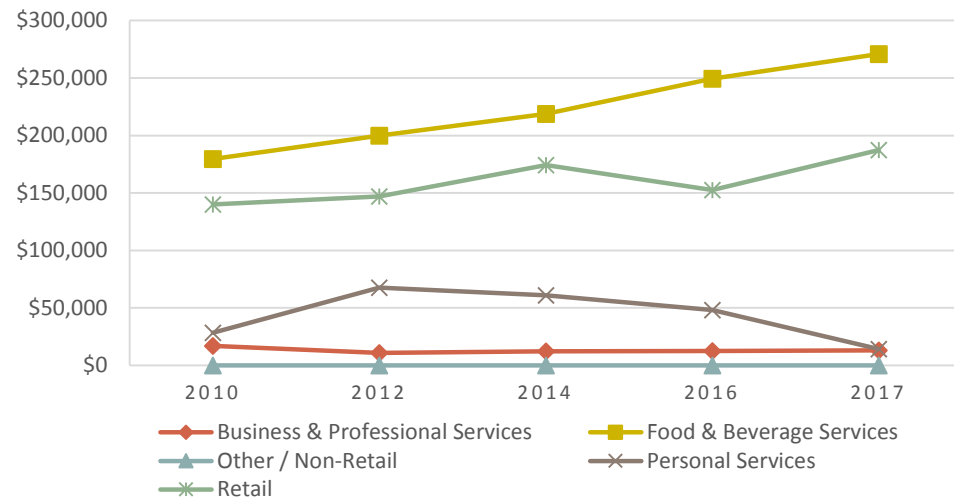
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

south berkeley

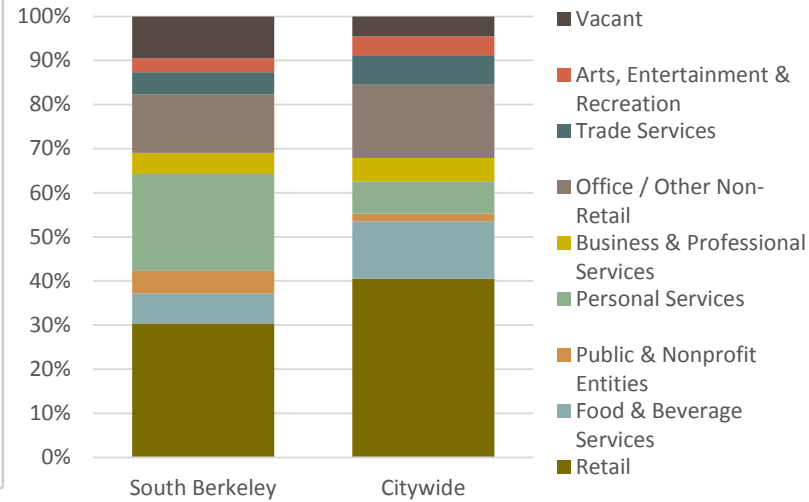
2017q4 snapshot



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 (22% vs. 7.3% citywide) but is under-served by Food & Beverage services, which account for only 6.8% of ground floor commercial space, as compared to 13.0% citywide. As of Q4 2017, the district's vacancy rate by square footage was 9.6%, a slight decrease from the start of 2017. Retail revenue, as measured by sales tax revenue, has increased steadily since 2010.

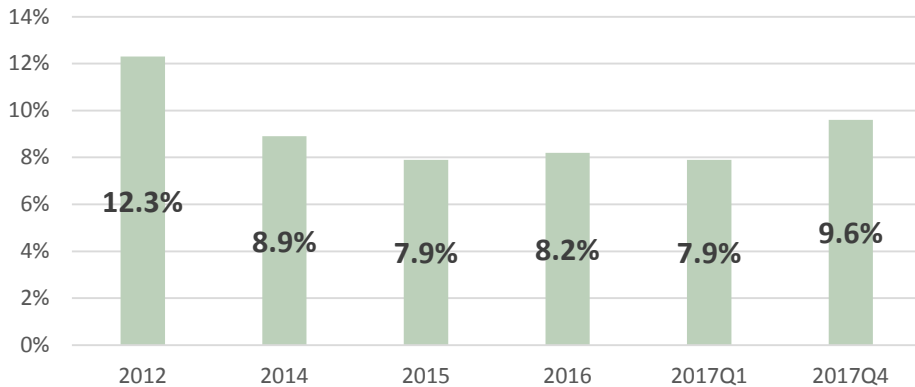


Business Mix (by Square Footage), 2017 Q4



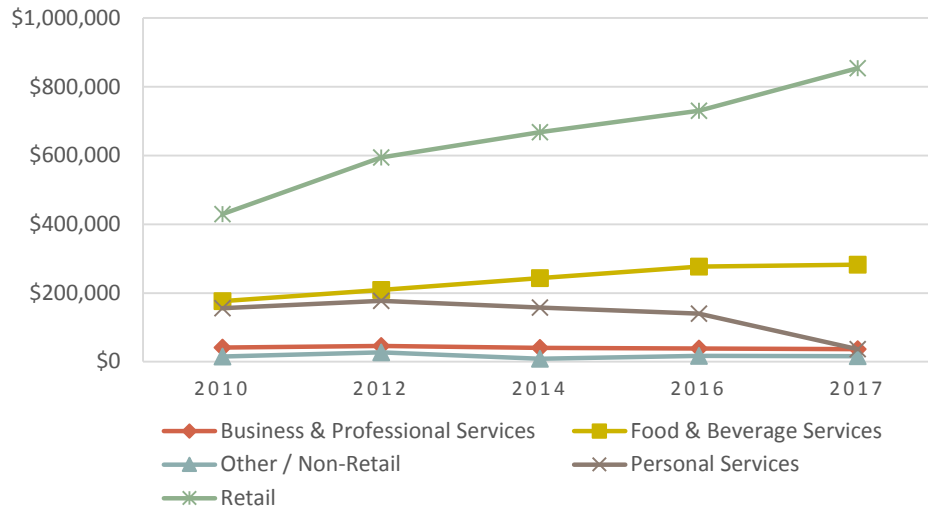
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

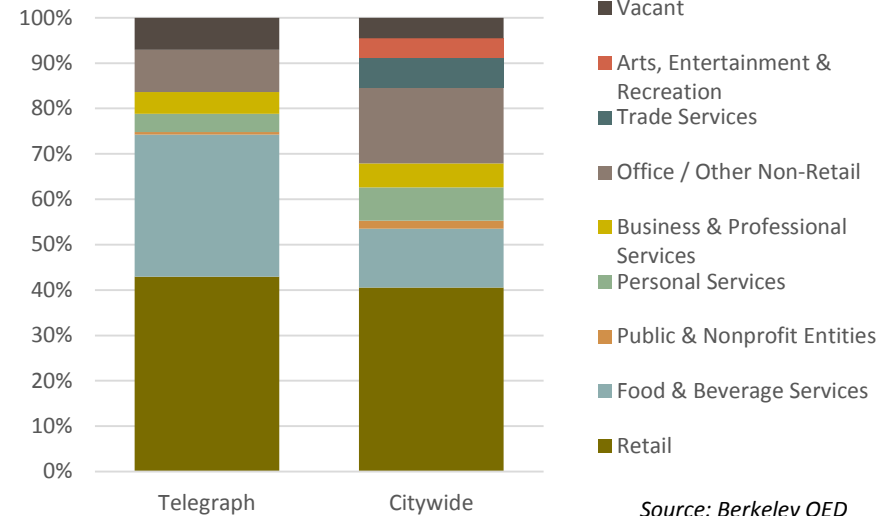
telegraph | 2017q4 snapshot



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 31.3% of ground floor commercial space in the district, as compared to 13.0% citywide. As of Q4 2017, the district's ground floor commercial vacancy rate is 7.1%, a slight increase from 5.8% at the start of 2017 in Q1, yet still significantly lower than the peak of 17.9% in 2012.

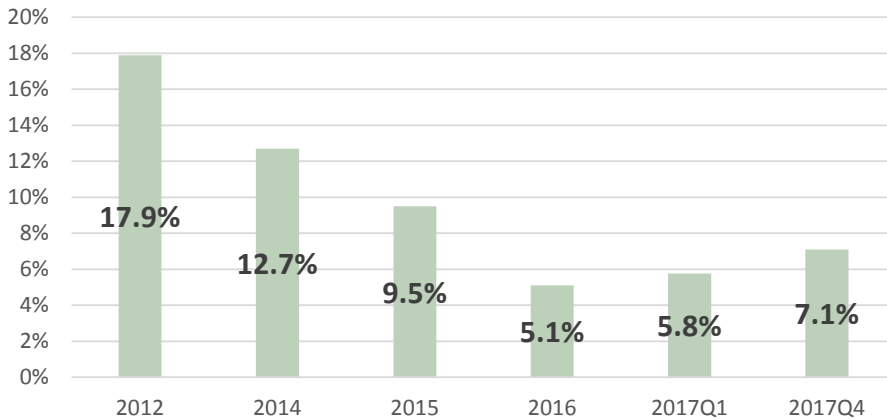


Business Mix (by Square Footage), 2017 Q4



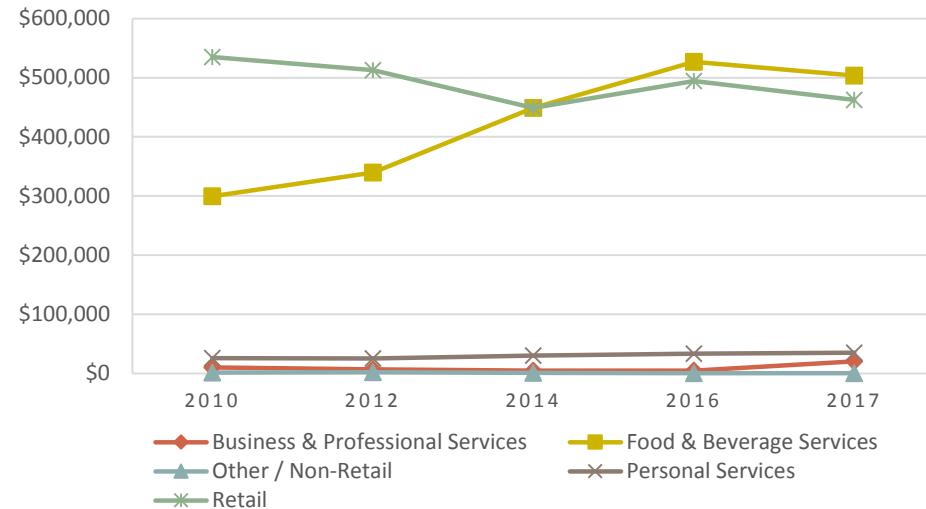
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

university

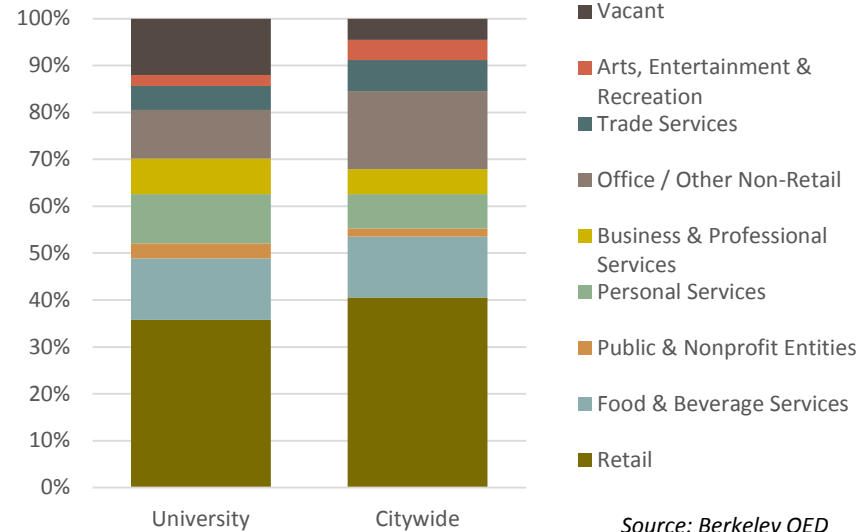
2017q4 snapshot



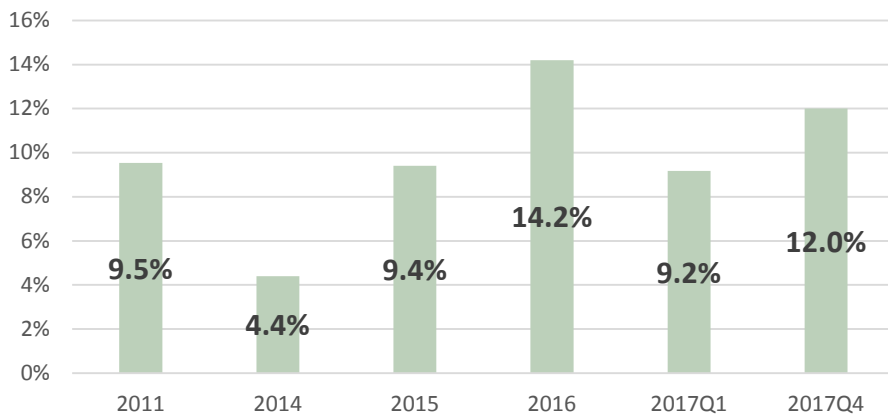
University Avenue, from Martin Luther King Jr Way to the waterfront, spans many of the City's neighborhoods and serves as the gateway to the UC Berkeley Campus. In 2017 retail just edged out personal services for the strongest sales tax generating group in the district, followed closely by Food & Beverage. As of Q4 2017, the district's vacancy rate had increased to 12%, up 3% from the start of 2017. The sales tax picture along University may change with newly leased spaces coming online in late 2017, and a new hotel underway at Sacramento.



Business Mix (by Square Footage), 2017 Q4

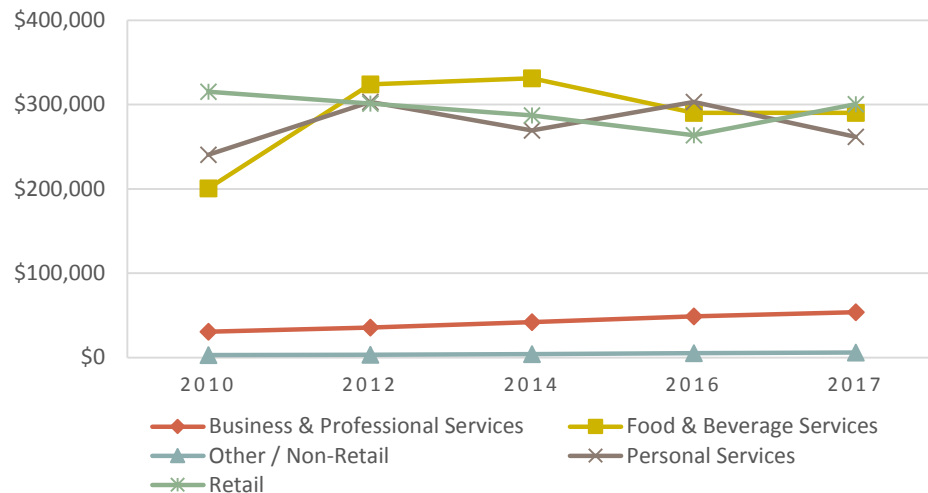


Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2017



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

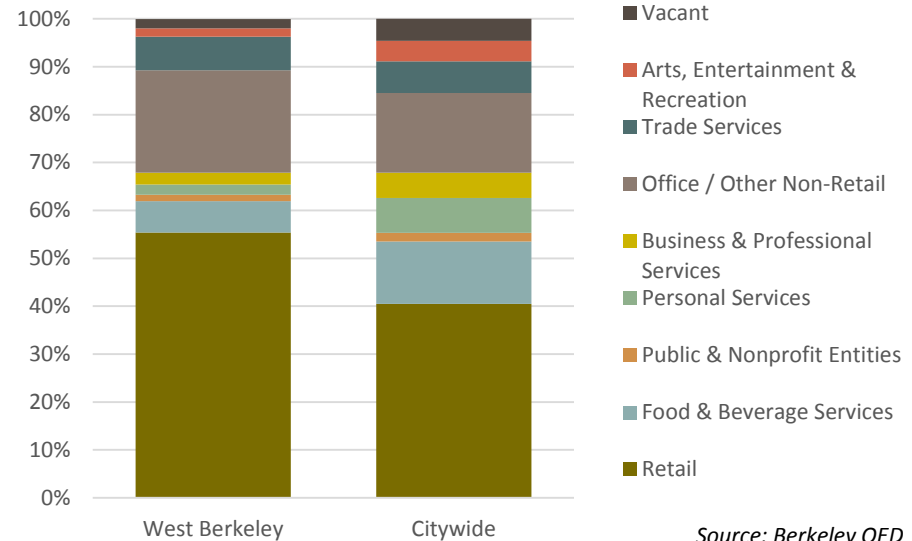
west berkeley | 2017q4 snapshot



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 55.4% of ground floor commercial space in the district, as compared to 40.5% citywide. The commercial vacancy rate as of Q4 2017 was 1.9%, a sharp decrease from 2016 and a five year low. New retail outlets are coming online in this area, though the sales tax revenue was down slightly from retail in 2017 (reporting from Q2), the expectation is it will increase in 2018.

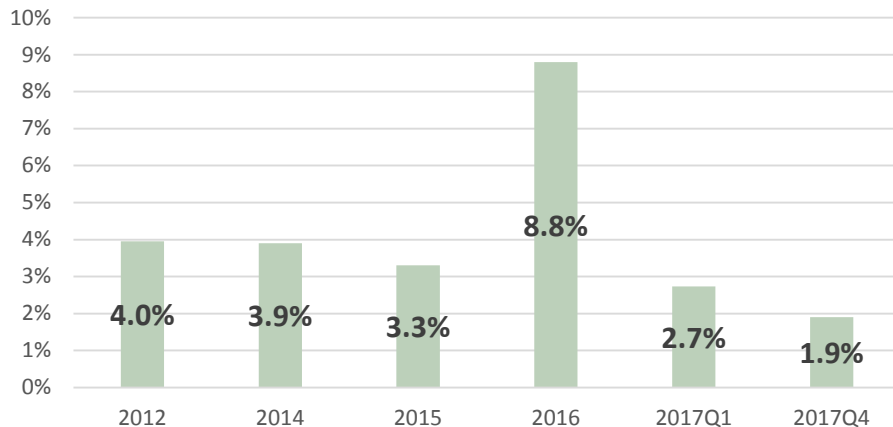


Business Mix (by Square Footage), 2017 Q4



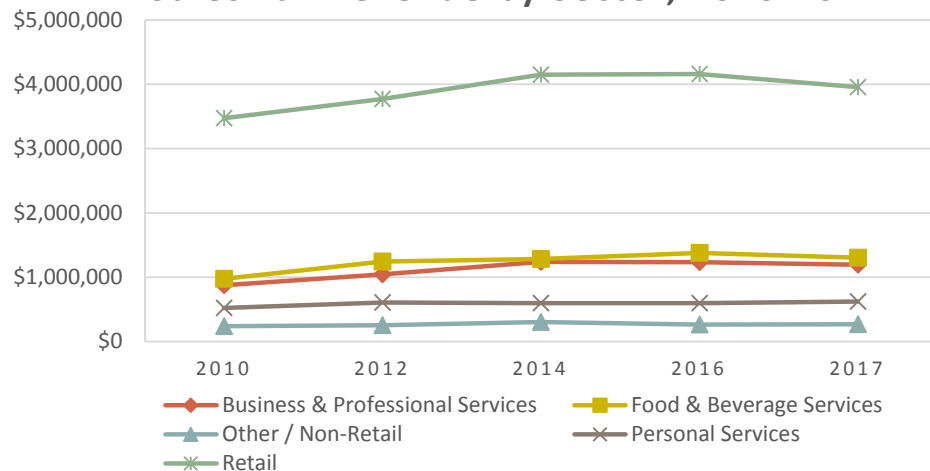
Source: Berkeley OED

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



Source: Berkeley OED

Sales Tax Revenue by Sector, 2010-2017



Source: MuniServices

