



Office of the City Manager

ACTION CALENDAR

May 28, 2019

(Continued from March 26, 2019)

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 March 2019 (Attachment 1) and the updated Commercial District Dashboards (Attachment 2).

CURRENT SITUATION AND ITS EFFECTS

By a variety of indicators, Berkeley's economy continued to perform healthfully through 2018. However, there are also some indicators of slowed or flattening growth, such as decreasing sales tax revenues and increasing office vacancy. Recently, some Bay Area economists have pointed to regional trends that indicate that the current period of economic expansion, which has lasted for nearly a decade, has reached its apex, and a recession is likely to occur by 2022 or sooner.

Key findings include:

- **Berkeley's sales tax performance decreased from 2017 to 2018.** Annually, sales decreased 5.8% citywide from 2017 to 2018, inconsistent with the 9-county region (+0.2%) and decreasing more than the state (-1.1%). Sales tax revenues in Q2 2018 were lower than those in Q2 2017 by 2.2%, due chiefly to a decrease in sales tax generated by Retail activities (-2.2%). As of Q2 2018, the Food & Beverage Services subsector was the largest contributor to the city's sales tax revenue (34.5%), with Retail next at 28%.
- **Berkeley's unemployment rate remains low.** Berkeley's average unemployment rate for Q4 2018 (Oct – Dec) was 2.8 percent, up one tenth (0.1) of a percentage point from the same period during the previous year.
- **Office vacancy rates in Berkeley have increased from their nadir of 2016, but remain low compared to the East Bay.** Overall office availability increased six tenths of a percent from Q4 2017 (4.9%) to Q3 2018 (5.5%). 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 in Berkeley is \$3.40 per square foot.

- **Overall citywide ground floor commercial vacancy rates was up slightly to 5.0% in Q2 2018 (from 4.6% in Q4 2017).** In particular, West Berkeley and the North Shattuck districts have increased commercial vacancy rates this quarter, owing to key property turnovers that have larger square footages (2,000-10,000 square feet). The newly vacant spaces are being actively marketed for tenants and new leases are currently under development. In the majority of Berkeley's commercial districts vacancy rates have remained nearly flat, or slightly decreased. Downtown Berkeley's vacancy rate is 3.1%, the lowest rate since OED began collecting district-specific data in 2007.
- **Retail in commercial districts, as a share of total square footage, continues to decline, even as vacancy rates have largely remained stable (or slightly increased).** The percentage of ground floor commercial square footage occupied by retail uses has decreased from 44.8% in 2015 to 39.4% in 2018. During the same period, the overall citywide vacancy rate actually decreased nine tenths of a percent from 5.9% to 5.0%. 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).
- **Construction activity continues to increase.** Over the past three years, the number of housing units in the development pipeline has increased. As a result of this, construction activity has also increased. As of December 2018, there are 32 housing developments (with 5 or more housing units) that are entitled for development or under construction, which will contain 2,268 net new units; this represents a slight increase from the number of units that were entitled or under construction as of December 2017 (1,731). Looking ahead, an additional 1,183 net new units (in 28 distinct projects) are proposed in Berkeley.
- **Housing costs in Berkeley remain high for buyers for renters, consistent with the Bay Area region overall.** In 2018 Berkeley's median home sale prices remain higher than its neighboring communities, driven by a strong overall economy and limited housing inventory. As of December 2018 the median sale price for a single family home was \$1.24 million. Median citywide rents (including controlled units) in Berkeley have also increased slightly over the past year. Preliminary data from the City of Berkeley's Rent Stabilization Board for 2018 (anticipated release mid-March 2019) indicates the median rent for a studio is approximately \$1,800, up from \$1,600 in 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 March 2019. 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 (Berkeley Rent Stabilization Board, Redfin) and sales tax data (MUNI Services/Avenu Insights). Staff also analyzed data from City databases including business licenses, building permits and planning permits, and City publications such as rent board reports and start up information from the Berkeley Startup Cluster, and those of Berkeley's startup incubators and accelerators. Finally, early in the fourth quarter of 2018 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 2018, but others reflect the second quarter of 2018.

ENVIRONMENTAL SUSTAINABILITY

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

POSSIBLE FUTURE ACTION

Staff will, as directed by Council through previous and future referral items, assist other staff sections and partners to identify and frame policy ideas that support economic development priorities for the city.

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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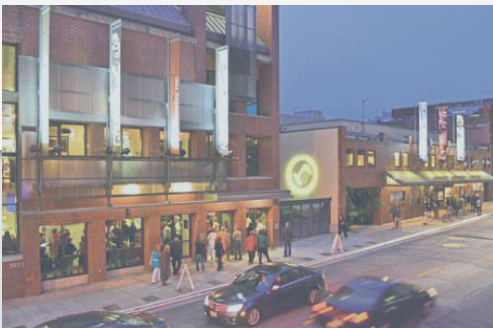
Attachments:

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



city of

BERKELEY



Economic Dashboard

March 2019

Office of Economic Development

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table of contents

CITYWIDE ECONOMIC DASHBOARD

EMPLOYMENT.....3-4

- Labor Force & Employment Figures
- Job Growth by Industry Sector – Diversity in the Small Business Sector

BUSINESS DEVELOPMENT.....5-6

- Top Employers
- Innovation Sector
- Small Business Revolving Loan Fund

COMMERCIAL ACTIVITY.....7-10

- Office Trends & Transactions
- Commercial Trends & Transactions
- Commercial Districts & Vacancy Rates
- Sales Tax Revenues

DEVELOPMENT & HOUSING.....11-12

- Construction & Pipeline
- Housing Costs

employment

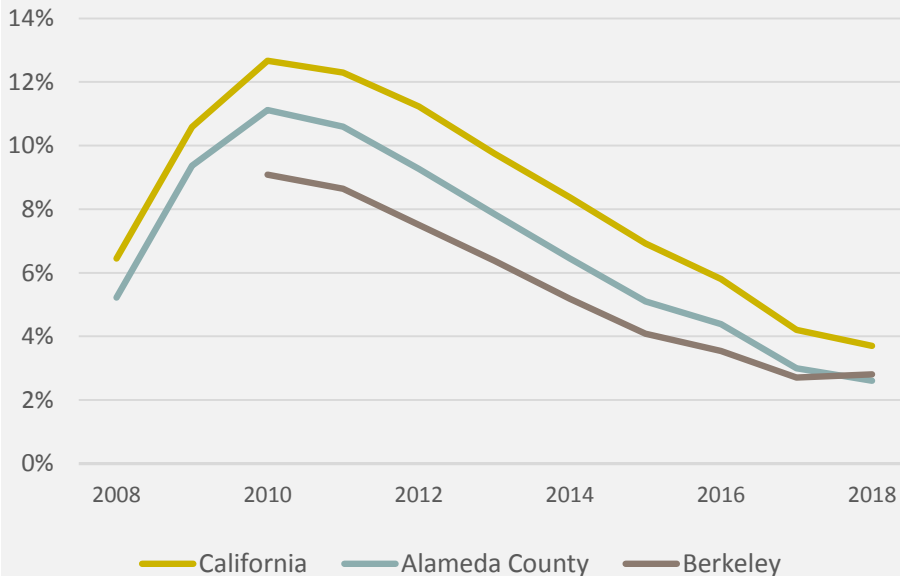
labor force & employment figures

City of Berkeley Averages, 2016-2018

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

Source: CA Employment Development Department, Labor Market Information Division

Unemployment Rates, Averages 2008-2018



Source: CA Employment Development Department (EDD), LMI Division, Q1 2018

Employment & Jobs: Fast Facts

- Berkeley's average unemployment rate for 2018 was 2.8%, up from 2.7% in 2017.
- For context, Alameda County's average unemployment rate in 2018 was 2.6%, while California's was 3.7%.
- The total number of jobs in Alameda and Contra Costa counties (combined) increased by 3,100 jobs to a total of 1,208,300 jobs.

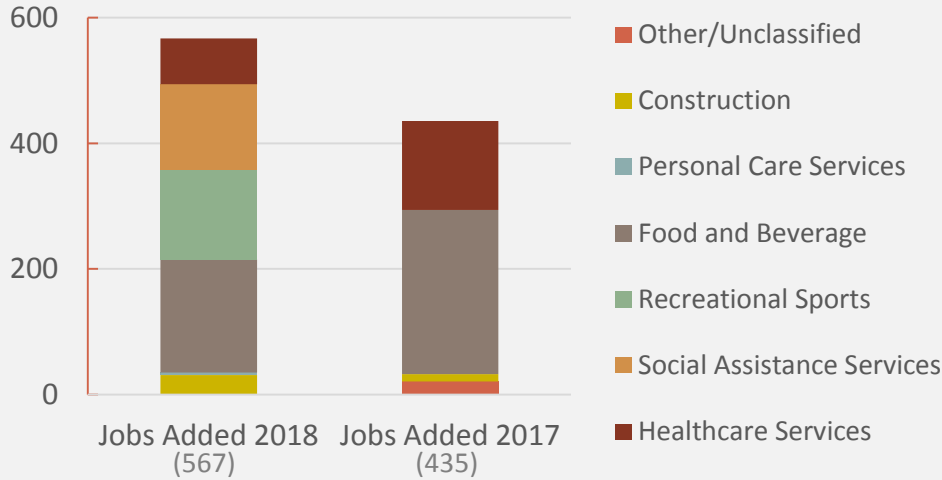


Sources: EDD, Quarterly Census of Employment and Wages (QCEW).
Photos: Berkeley Career Day and tours (April 2018).

employment

growth by industry sector

Jobs Added 2017-2018 by Industry Sector



Sector	Increase in Employment 2018	Increase in Employment 2017
Construction	5.5%	2.11%
Personal Care Services	1.7%	-0.12%
Food and Beverage	2.9%	4.37%
Recreational Sports	52.3%	27.64%
Social Assistance Services	5.0%	-1.30%
Health Care Services	1.2%	2.65%

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

Diversity in the Small Business Sector



From 2017 to 2018, Berkeley has seen a growth of (self-identified) women and minority owned businesses. In 2018, 42% of all active businesses in Berkeley identify as minority owned (up from 37% in 2017) and nearly 20% of startups in Berkeley have at least one woman founder.

Two new women-owned Berkeley-based startups established in 2018 include:

LookyLoo is an AI-Powered Social Commerce platform that helps women discover clothing that they can feel confident in. AI is named Lucy and is one of the first real female AI - conceptualized, built and trained by women.



MentorRoom is an open, virtual community built on the values of learning, sharing, and helping others. They aim to inspire students to follow their dreams and ambitious aspirations in life, by providing them with a virtual village of resources, tools, transparency, and extraordinary heroes.

business development

top employers & innovation sector

Berkeley's Largest 25 Employers, by Number of Employees

Ansys, Inc.	Meyer Sound Laboratories
Backroads Active Travel	OC Jones & Sons
Bayer Healthcare LLC	Siemens Corporation
Berkeley Bowl Produce	Solar Mosaic Inc.
Berkeley Cement Inc.	Sutter Bay Hospitals
Berkeley City College	Target
Berkeley Marina Doubletree	Thistle Health Inc.
Berkeley Repertory Theatre	Recreational Equipment Inc.
Berkeley Unified School District	University of California, Berkeley
City of Berkeley	US Postal Service
Genji Pacific	Whole Foods Market California Inc.
Kaiser Permanente	YMCA of the Central Bay Area
Lawrence Berkeley Laboratory	Source: EDD, QCEW Data Q1 2018

Innovation Sector Firms by Growth Stage	Number of Companies	Percentage of Overall
Startup Companies (no anticipated revenue for upcoming year)	180	56%
Emerging Companies (anticipated revenue, but no current profits)	81	25%
Established Companies (profitable, but do not necessarily have positive cash flow)	44	14%
Subsidiary Companies (owned or acquired by an established company)	15	5%
Total Start Up Firms in Berkeley	320	100%

Innovation Ecosystem: Role of Incubators

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



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

To fully cultivate an innovation ecosystem, it is important for Berkeley to both enable early-stage startups to **launch** here and **retain** these innovation businesses as they grow to become larger, more profitable corporations. While our earliest stage startups typically employ few people, they represent a tremendous opportunity for growth and have brought more than **\$1.069 billion** in investment to Berkeley. The key challenges preventing this sector's growth in Berkeley are the limited availability of suitable real estate that can accommodate growth companies' needs as they employ more people, public transportation, especially to West Berkeley, and workforce housing affordability.

business development

small business revolving loan fund

The City of Berkeley's Revolving Loan Fund (RLF) 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 \$2.4 million to 42 borrowers. There are currently 7 active loans. In Q4 2018, the Loan Administration Board (LAB) celebrated a new loan to Nabolom Bakery (see sidebar).

Portfolio Summary

	Total Loans	Active Loans
Number of RLF Loans	42	7
RLF \$ Loaned	\$1,995,527.00	\$620,000
Total Non-RLF \$ Leveraged	\$7,564,140	\$2,414,543
Private Sector Jobs Created	211	57
Private Sector Jobs Saved	101	77

Source: Berkeley OED

Current Borrowers Include:



ANTON
SALON



The Newest RLF Loan Recipient | Nabolom Bakery



Photos: Nabolom Bakery (bottom right) courtesy of Kelly Sullivan

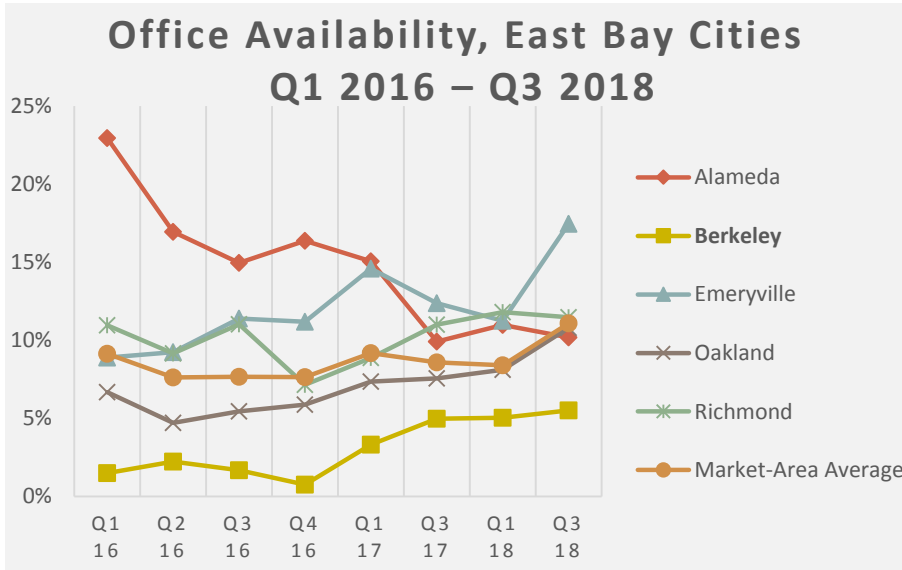
Nabolom Bakery and Pizzeria, co-owned by two East Bay natives Julia Elliot and Sabra Stepak, recently were approved for a small business loan from the Loan Administration Board to make improvements to the business and purchase new equipment. The ongoing relationship with the loan program has given them the opportunity to continue to grow their beloved Berkeley business and purchase a new pizza oven.

commercial activity

office trends & transactions

Q3 2018 Office Market, Berkeley	Indicators
Total Inventory	3,407,669 SF
Under Construction	42,000 SF
Availability Rate	5.50%
Qtr Gross Absorption	87,877
Qtr Net Absorption	11,252
YTD Net Absorption	65,467
Average Asking Rent	\$3.40 / SF

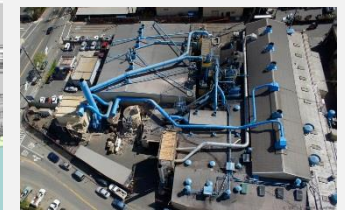
Source: Newmark Cornish & Carey, 3Q18 East Bay Office Market Report



Source: Newmark Cornish & Carey, 1Q18 East Bay Office Market Report

Office and Industrial Updates

- In 2018, Berkeley's 3Q office availability rate increased to 5.5%, a six tenths of a percent increase from 2017's 4.9%.



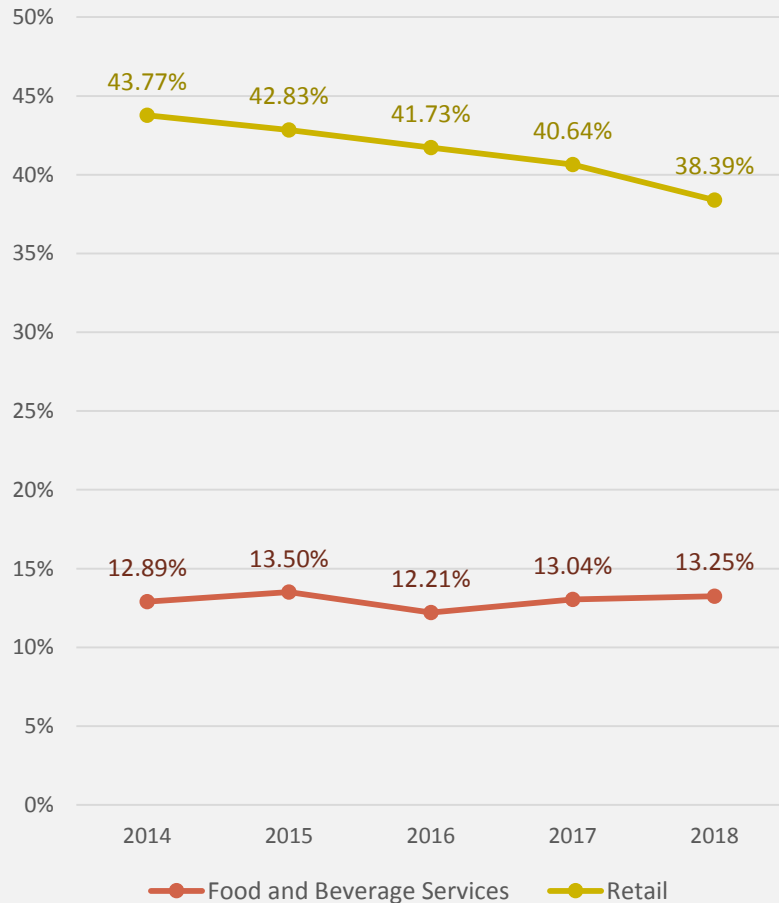
Notable listings:

- 600 Addison: The two-block-long swath of land along Aquatic Park has been owned by the Jones family since 1979. The site has an outstanding application for development of a premier life science research and development campus along the waterfront, and is being marketed as such.
- Pacific Steel Casting wound down its operations in summer 2018. The 8 acre site is being marketed as the 'Gilman Gateway'.

commercial activity

commercial trends & transactions

Citywide Inventory By Retail and Food Uses, By Square Footage, 2014-2018



Source: OED Vacancy Database

From 2014 to 2018, commercial square footage occupied by retail uses has decreased. Ground floor commercial spaces have been increasingly occupied by food and beverage services. **Family-owned** and **legacy businesses** (defined as in business for over 20 years) are active in both of these categories in Berkeley. **Two are spotlighted below:**



Kathmandu Imports - In 1985, Deepak Singh, the owner of Kathmandu Imports, was one of the first retailers from the Himalayan Kingdom of Nepal to open a shop in Berkeley. His family owned business has expanded to four locations and includes a restaurant and food market run by his son Darren. Kathmandu Restaurant will celebrate it's 25th anniversary in April 2019.

The Cheese Board Collective -The Cheese Board was established in North Berkeley in 1967 and became a collective in 1971 when the original two owners decided to sell the store, at cost, to six employees. Now it employees over 60 people with two storefronts. They celebrated their 50th anniversary in 2018, and will be expanding to a third storefront in 2019.

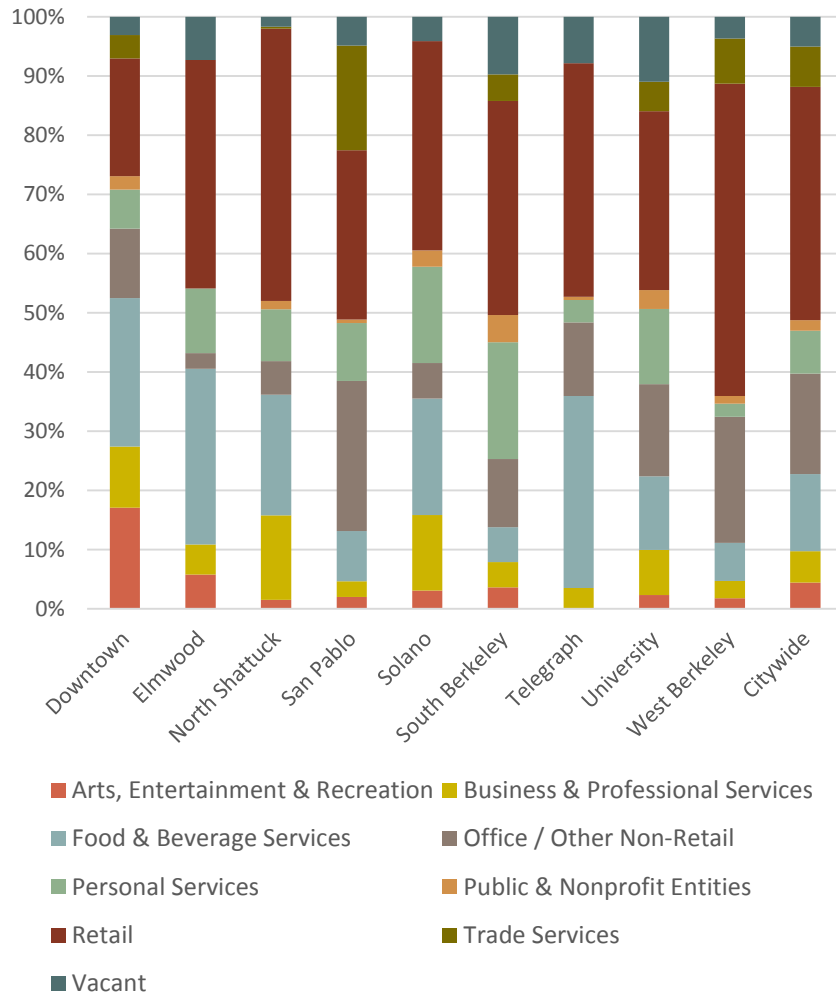
Images: Daily Cal August 2018 (top), Cheese Board Collective (below)



commercial activity

commercial districts & vacancy rates

Ground Floor Commercial Occupancy by Category (2018 Q4)



Vacancy Rates by District, Calculated by Square Footage, 2014 – Q4 2018

District	2014 Q4	2015 Q3	2016 Q3	2017 Q1	2017 Q4	2018 Q4
Downtown	11.2%	8.4%	4.7%	4.2%	4.6%	3.1%
Elmwood	2.0%	2.0%	1.5%	9.7%	5.4%	7.3%
North Shattuck	1.6%	2.1%	2.6%	0.4%	0.4%	1.7%
San Pablo	5.9%	7.3%	5.9%	6.0%	5.5%	4.9%
Solano	4.2%	3.5%	7.5%	7.0%	4.8%	4.1%
South Berkeley	8.9%	7.9%	8.2%	7.9%	9.6%	9.7%
Telegraph	12.7%	7.1%	5.1%	5.8%	7.1%	7.9%
University	4.4%	9.4%	14.2%	9.2%	12.0%	11.0%
West Berkeley	3.9%	3.3%	8.8%	2.7%	1.9%	3.7%
Citywide Avg.	6.6%	5.9%	6.5%	4.7%	4.6%	5.0%

Source: Berkeley OED

Citywide, the ground floor commercial vacancy rate has increased to 5.0%, a slight increase from the fourth quarter of 2017. Downtown Berkeley's vacancy rate is 3.1%, the lowest since OED began collecting district-specific vacancy data in 2007.

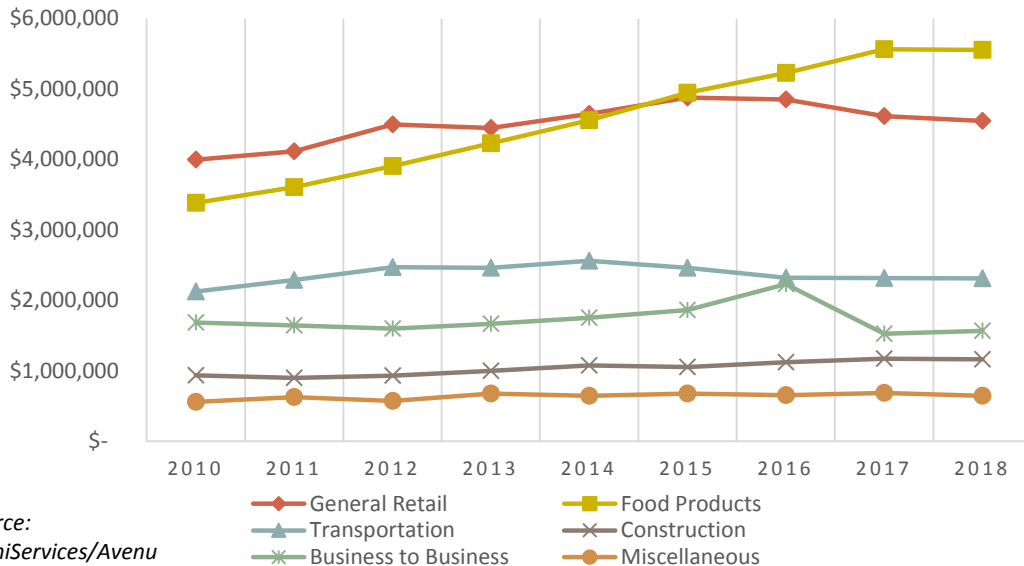
Source: Berkeley OED

commercial activity

sales tax revenues

Total Annual Sales Tax Revenue - Past 4 Quarters	Q3 2016 – Q2 2017	Q3 2017- Q2 2018	Change
City of Berkeley	\$17,589,373	\$16,560,358	-5.8%
SF Bay Area (Nine County Region)	\$1,504,754,233	\$1,508,172,860	+0.2%
State of California	\$6,602,237,647	\$6,530,119,183	-1.1%

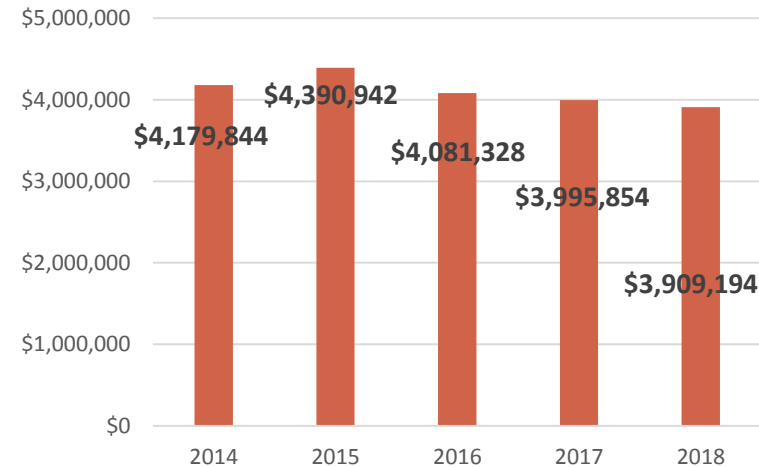
ANNUAL SALES TAX BY BUSINESS CATEGORY



Source: MuniServices/Avenu

CITY OF BERKELEY

Q2 SALES TAX REVENUES, 2014-2018



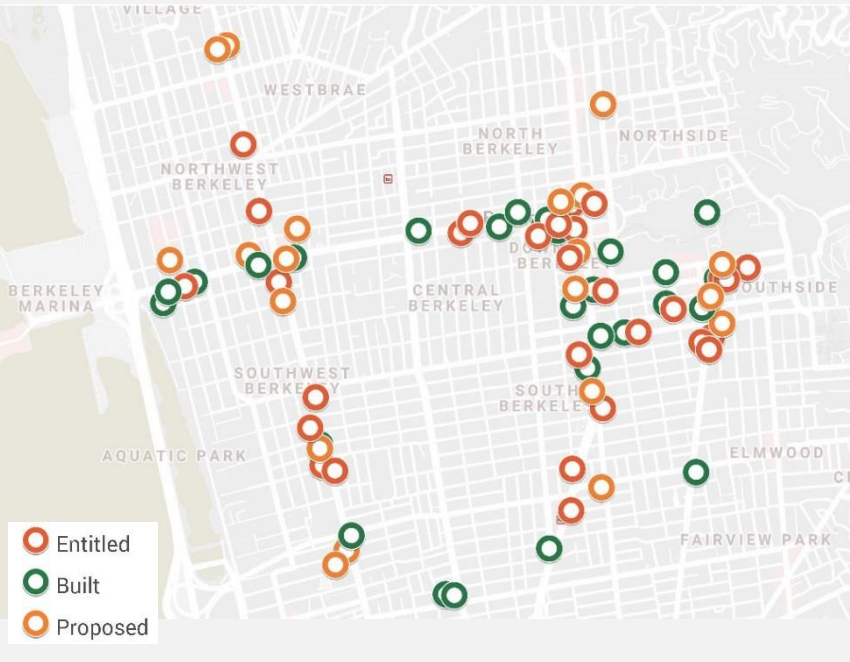
Source: MuniServices/Avenu (Figures Adjusted for 2018 \$)

Berkeley's **quarter over quarter** sales tax revenues decreased by 2.2% from the second quarter of 2017 to the second quarter of 2018. The drop over this period was due to the 2.2% decrease in *Retail* (General Retail) sales tax collected and a 6.3% decrease in sales tax collected from the *Construction Category* (Building Material sales etc.). As of Q2 2018, the *Food and Beverage* subsector continued to be the largest contributor to the city's sales tax revenue (34.5%), with *Retail* the next largest (28.0%). The *Transportation Category* is the third largest contributor providing 7.2% of the total sales tax collected in Q2 2018.

development & housing

construction & pipeline

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



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

As of January 2019, there are currently 32 housing developments of 5 or more units that are entitled for development or under construction, which will contain 2,268 net new units; this represents a slight increase from the number of units that were entitled or under construction as of December 2018 (1,919). An additional 1,183 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.

Pipeline Project Highlights



Images: Johnson Lyman Architects

The Standard on Bancroft

The Standard, at 2580 Bancroft Way, will bring new student housing right across from the campus. The project will bring 122 units for housing along with a pool, and study lounge. The new building is slated to open in 2021.

Two Projects Approved through Senate Bill 35

The law requires cities to approve compliant projects providing 50% of residential units at affordable rents within 90 days of submittal.



1601 Oxford

Satellite Affordable Housing Associates will provide 37 residential units, including 34 affordable units for seniors.



2012 Berkeley Way

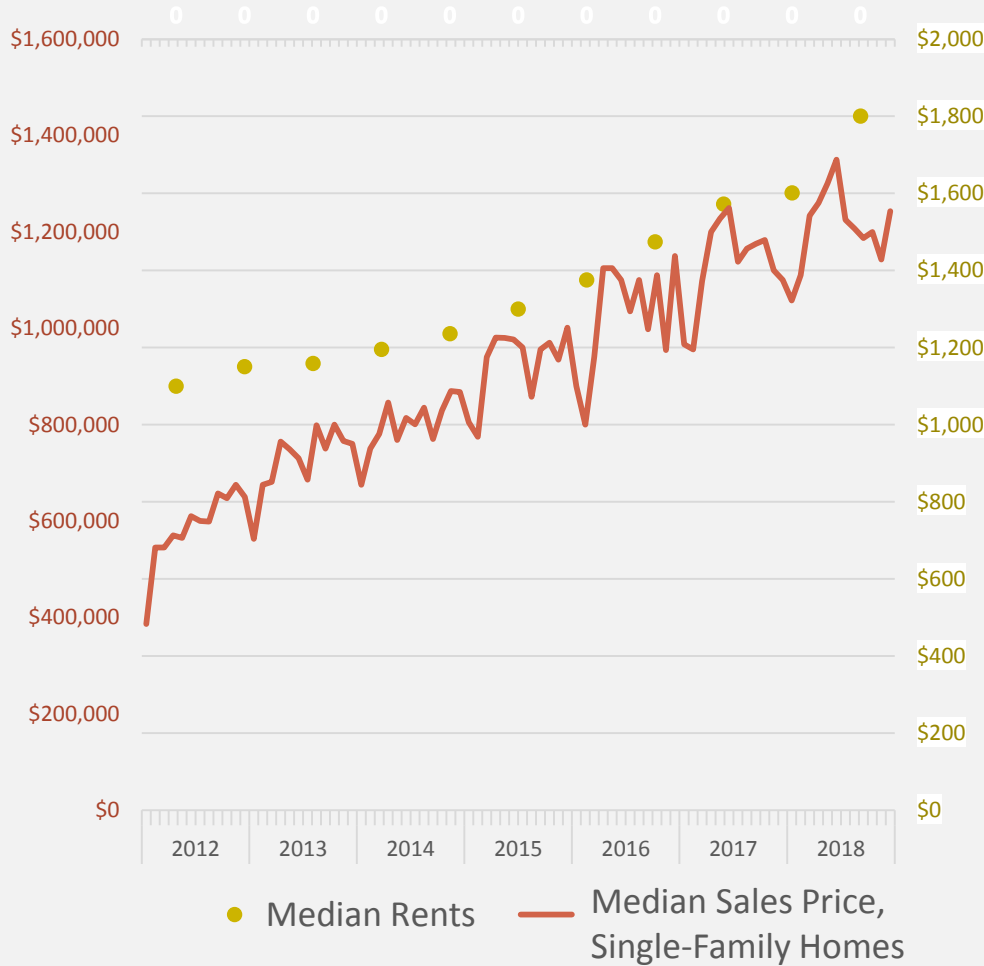
This project will be the largest ever permanent housing project for homeless and low-income residents with 89 rental units affordable, 53 permanent supportive housing units for people who were previously homeless and 44 short-term shelter beds, 12 of which will be for veterans.

Images: Leddy Maytum Stacy Architects (left) and 1601 Oxford HKIT Architects (right).

development & housing

housing costs

Housing Prices in Berkeley 2012-2018



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

Median Sale Price, Single-Family Homes, Dec 2018

Alameda	\$938,000
Albany	\$695,000
Berkeley	\$1,240,000
El Cerrito	\$900,000
Emeryville	\$538,000
Lafayette	\$990,000
Oakland	\$677,000
Richmond	\$551,000
San Leandro	\$638,000

Sources: MLS via Redfin (top), San Francisco Chronicle November 25, 2018 (bottom)

Since 2012, home sale prices have trended upward, with Berkeley outpacing its neighboring cities. Rents have also increased to \$1,800 per month for a studio in 2018.

SFGATE LOCAL NEWS SPORTS REAL ESTATE BUSINESS A

Amid a slowing market, North Berkeley bungalow sells for nearly 70 percent over asking

By Amy Graff, SFGATE Updated 8:44 am PST, Sunday, November 25, 2018

downtown

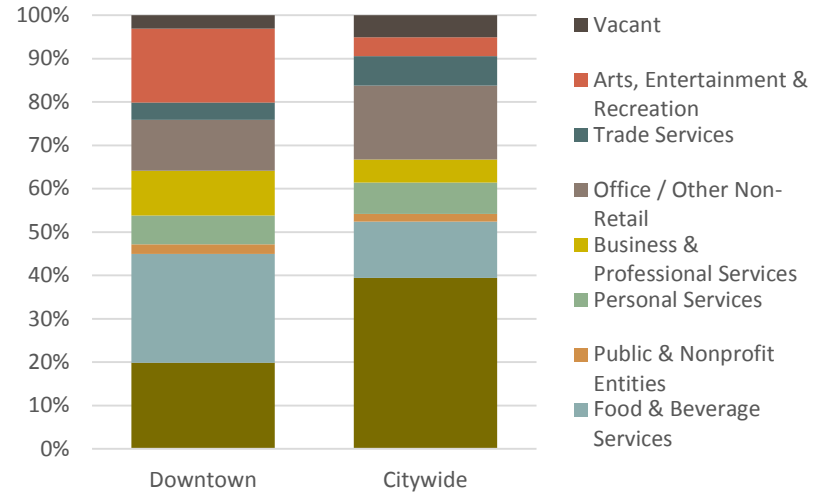
2018 Q4 snapshot



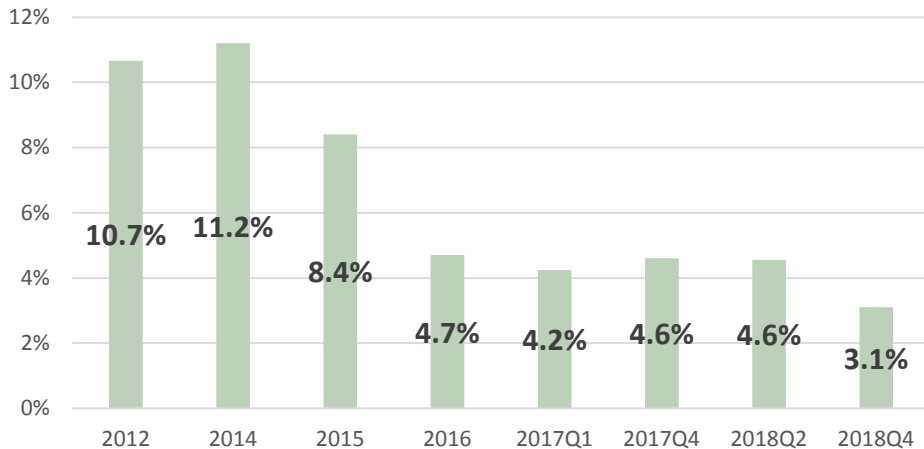
Downtown Berkeley serves as the City's core commercial district, meeting the daily needs of residents, students, workers, and visitors. The district benefits from a significant concentration of arts and entertainment uses, which occupy 17.0% of total ground floor commercial space in the district compared to 4.4% citywide. As of Q4 2018, the vacancy rate in Downtown is 3.1%, which is down from 4.6% in Q2 2018. Sales tax revenue generated in 2018 by Food & Beverage services in Downtown continues to rise coming in over one million dollars in 2018 (\$1,070,390). Sales tax revenue from Retail uses has increased as well. 2018's total is slightly up (15%) from 2017's marks to just over a half million dollars (\$542,435).



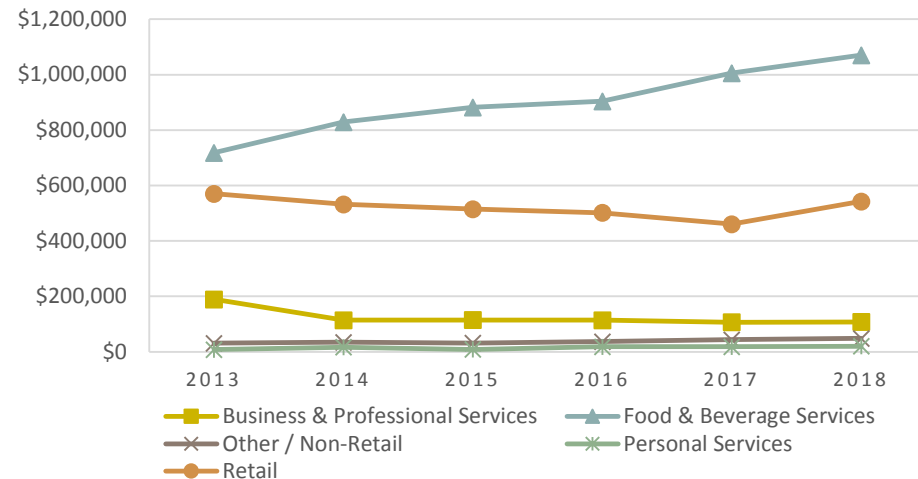
Ground Floor Commercial Business Mix (by Square Footage), 2018 Q4



Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2018



Sales Tax Revenue by Sector, 2013-2018



Source: Berkeley OED

Source: MuniServices / Avenu

elmwood

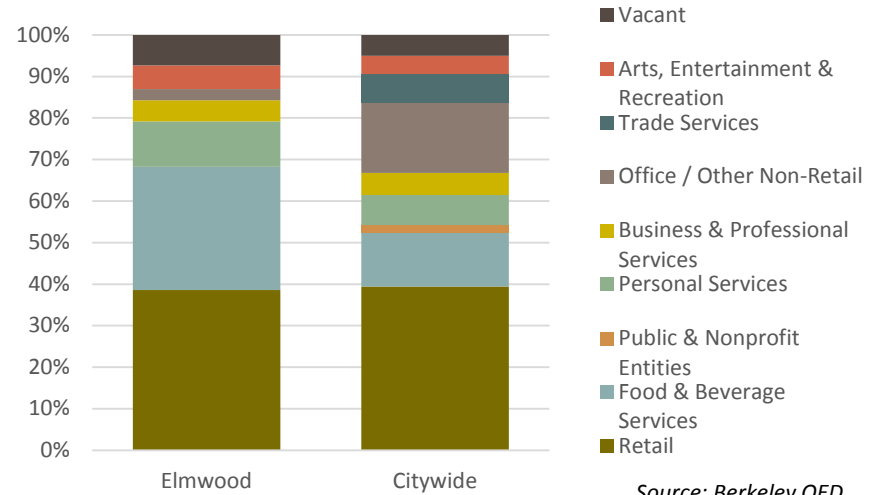
2018 Q4 snapshot



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 2018, the district's vacancy rate by square footage was 7.3%, a decrease from the Q2 2018 high of 10.4%. Most of the remaining vacant storefronts in the Elmwood continue to be actively marketed for lease. Despite the lower vacancy rate this quarter, the sales tax collected from Retail and Food and Beverage uses continue to decline from the 2016 peak.

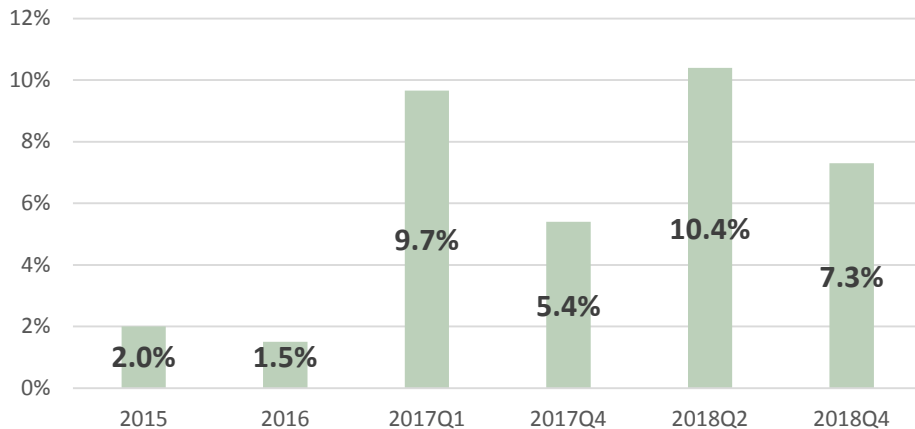


Business Mix (by Square Footage), 2018 Q4



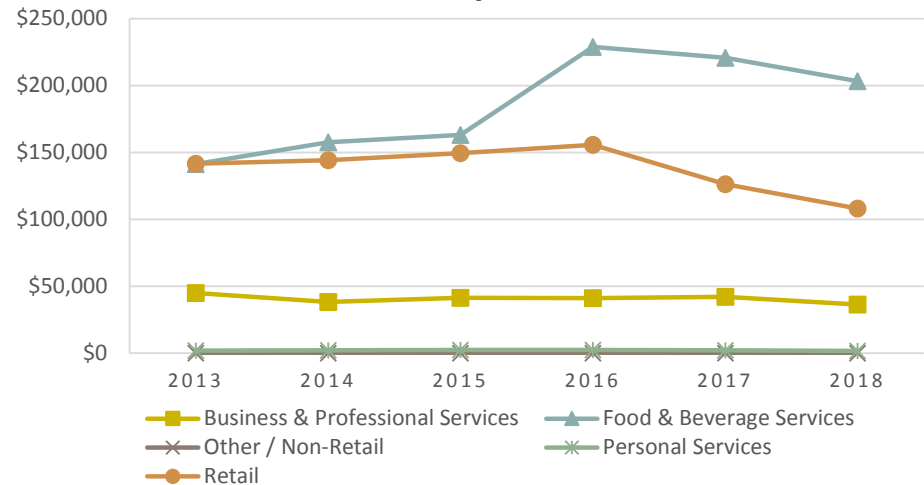
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/ Avenu

north shattuck

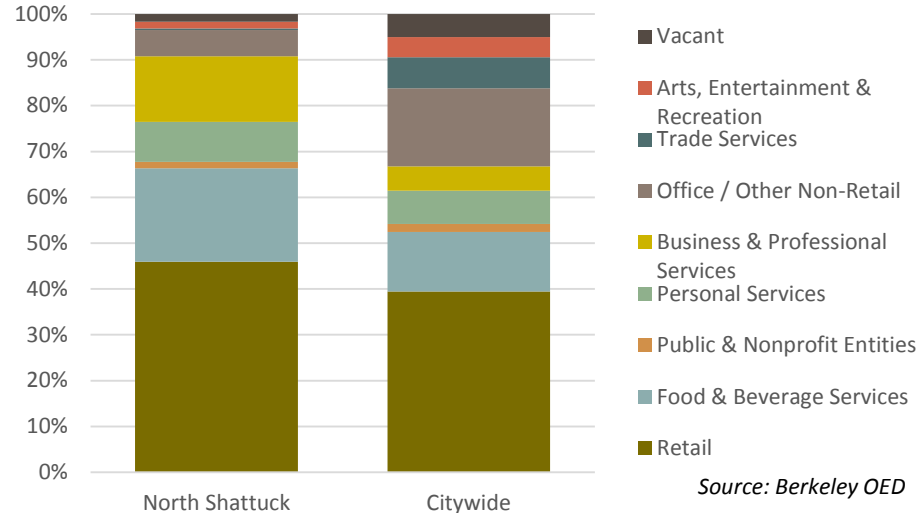
2018 Q4 snapshot



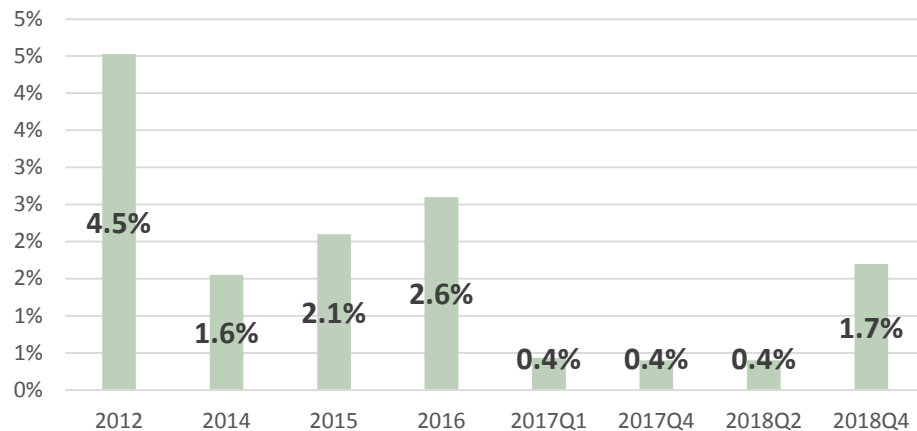
North Shattuck is one of Berkeley's oldest commercial districts, alternately known as the "Gourmet Ghetto." The district is characterized by a high concentration of well-known, long-standing, and celebrated restaurants, including Chez Panisse and the Cheeseboard. North Shattuck is both a walkable, neighborhood-serving commercial district as well as a global destination for food and dining. As of Q4 2018, the district's vacancy rate by square footage was 1.7%, which has risen since Q2 2018. While the end of this quarter saw the closing of two long-standing operations, Virginia Bakery and the Produce Center (both in business 30+ years), two new establishments to look forward to in 2019 include a Cheeseboard expansion at the corner of Shattuck and Vine Streets and Cupcakin' Bakeshop at Shattuck and Virginia Streets.



Business Mix (by Square Footage) 2018 Q4

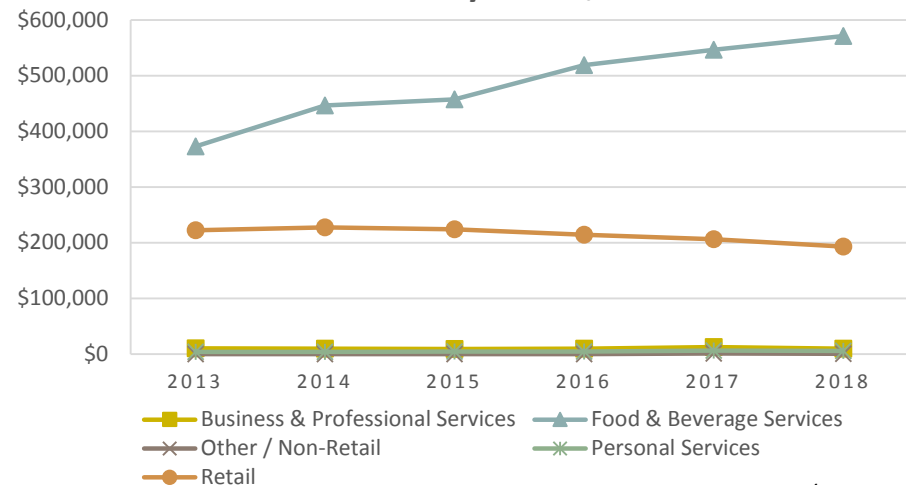


Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/ Avenu

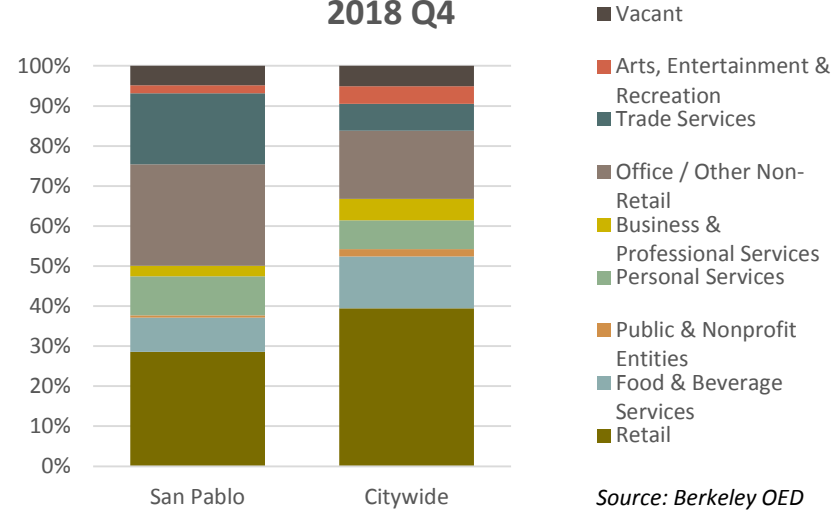
san pablo | 2018 Q4 snapshot



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 (8.5%) and Personal Services (9.8%). In Q4 2018, the district's vacancy rate by square footage was 4.9%, the lowest recorded in 5 years, a slight decrease from Q2 2018. Retail Sales tax revenue has decreased by 17% in the last year but continues to be the largest source of tax revenue for the Avenue.

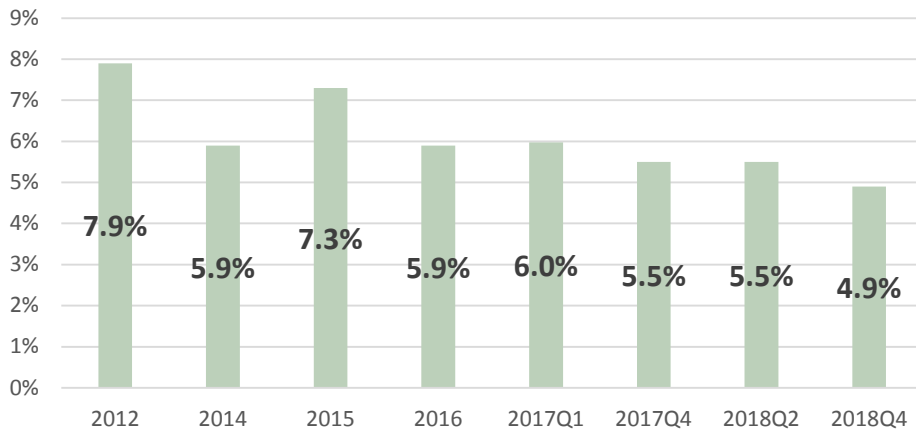


Business Mix (by Square Footage) 2018 Q4



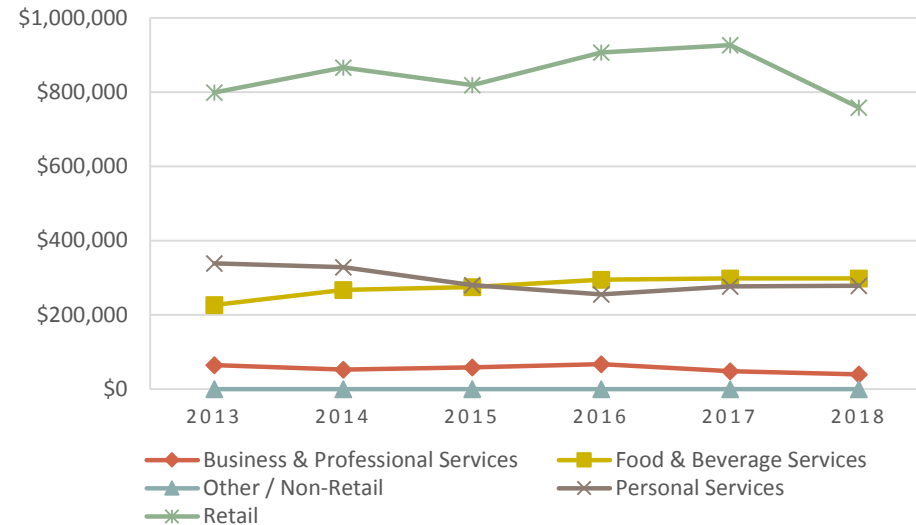
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/ Avenu

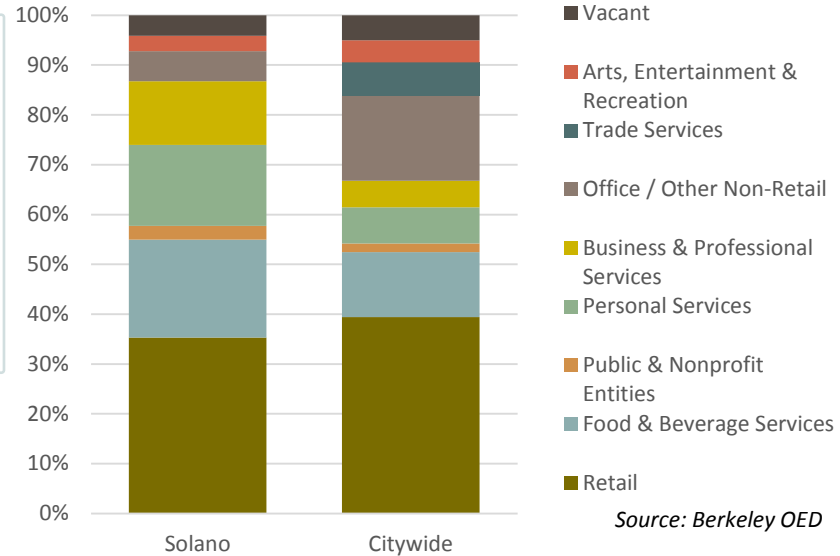
solano | 2018 Q4 snapshot



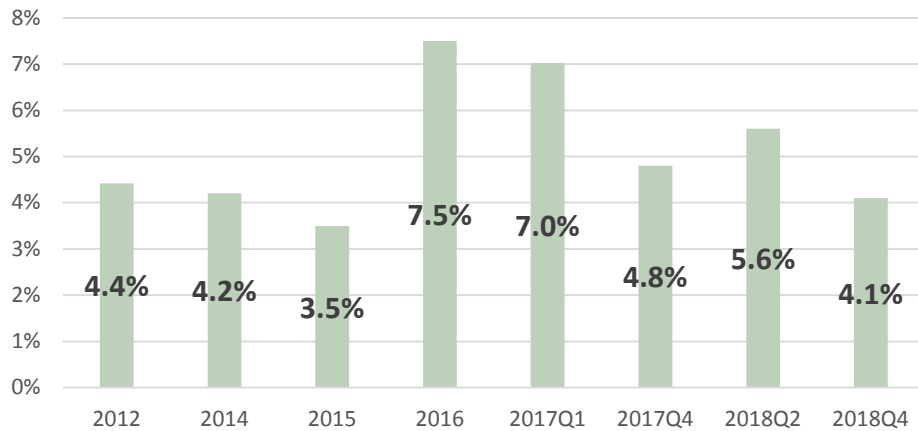
Solano is a small commercial district in North Berkeley, with a total of 130 commercial spaces and approximately 191,000 square feet of commercial space. It shares a border with Albany and is situated next to a large elementary school and an active neighborhood of single-family homes. Solano has a large key asset (the former Oaks Theatre) that is due to be occupied by a climbing gym in 2019. The district's vacancy rate by square footage was 4.1%, a decrease from Q2 2018 (5.6%). Despite the decrease in vacancy in 2018, Solano Avenue is showing a slight decrease in both Retail and Food and Beverage sales tax revenue over the same period.



Business Mix (by Square Footage), 2018 Q4

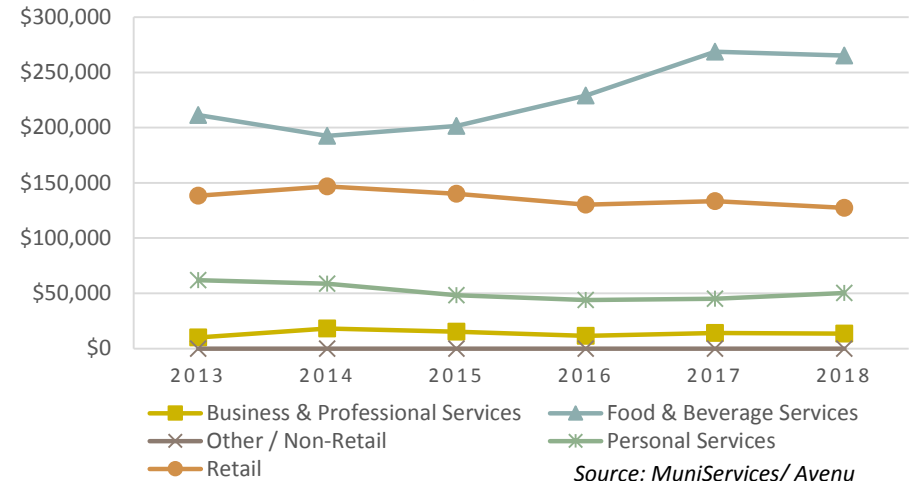


Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018

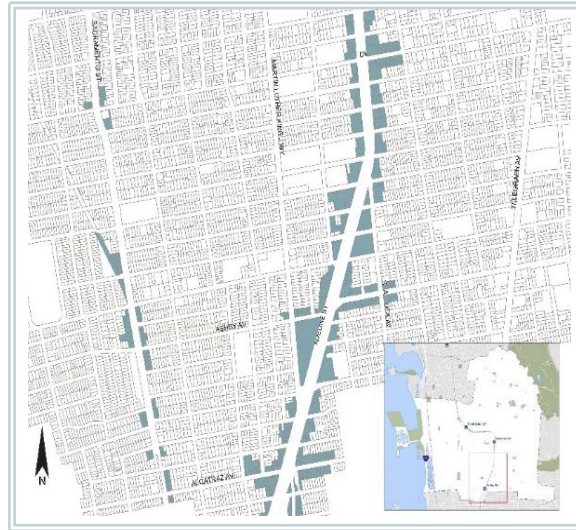


south berkeley

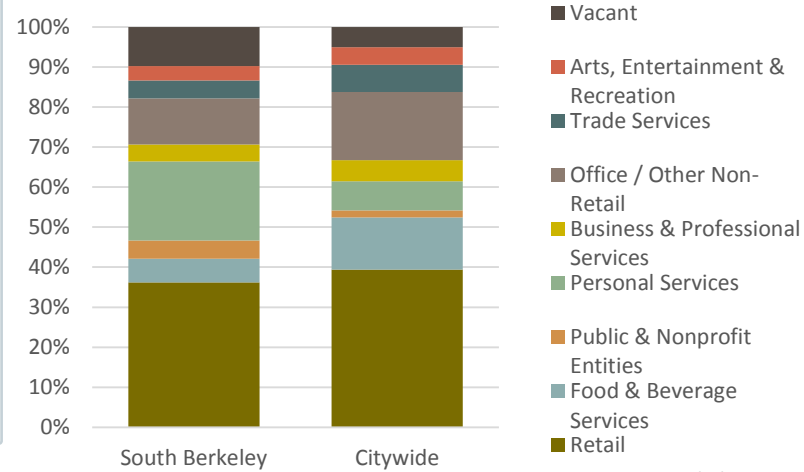
2018 Q4 snapshot



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. As such, retail sales tax revenue in South Berkeley has increased steadily since 2013. The area also features a high concentration of Personal Services businesses (19.7% vs. 7.2% citywide) but is under-served by Food & Beverage services, which account for only 5.9% of ground floor commercial space, as compared to 13% citywide. As of Q4 2018, the district's vacancy rate by square footage was 9.7%, similar to the rate in 2017.

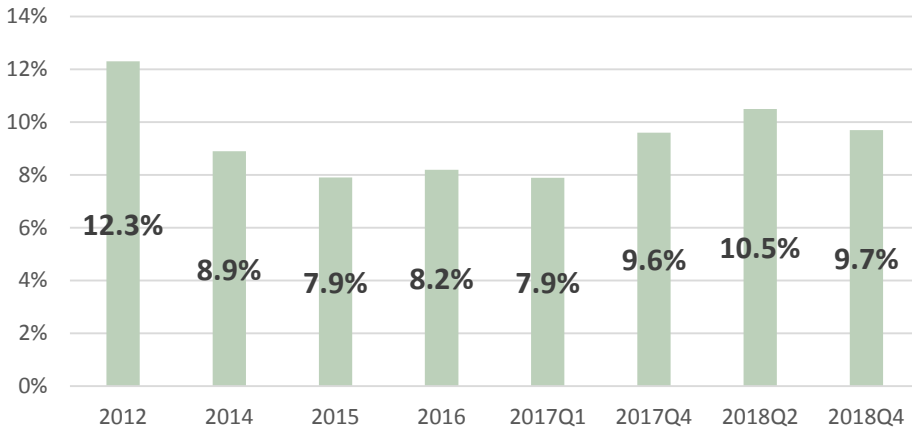


Business Mix (by Square Footage) 2018 Q4



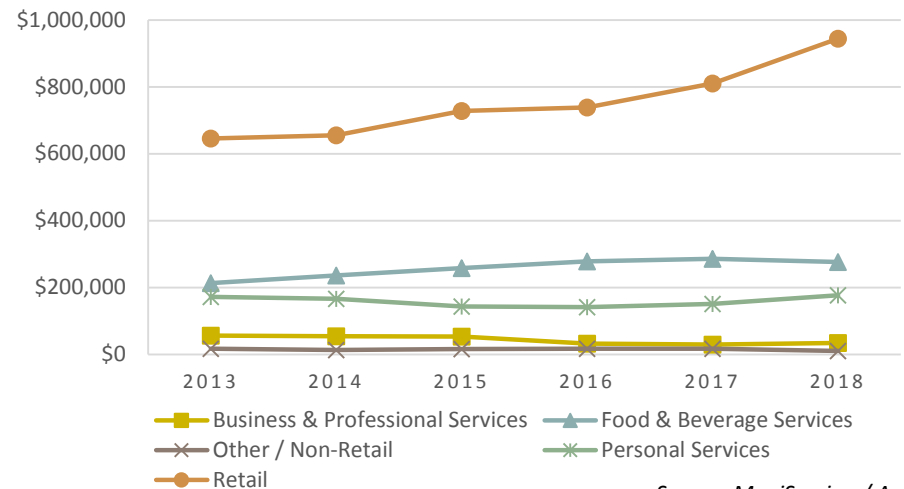
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/ Avenu

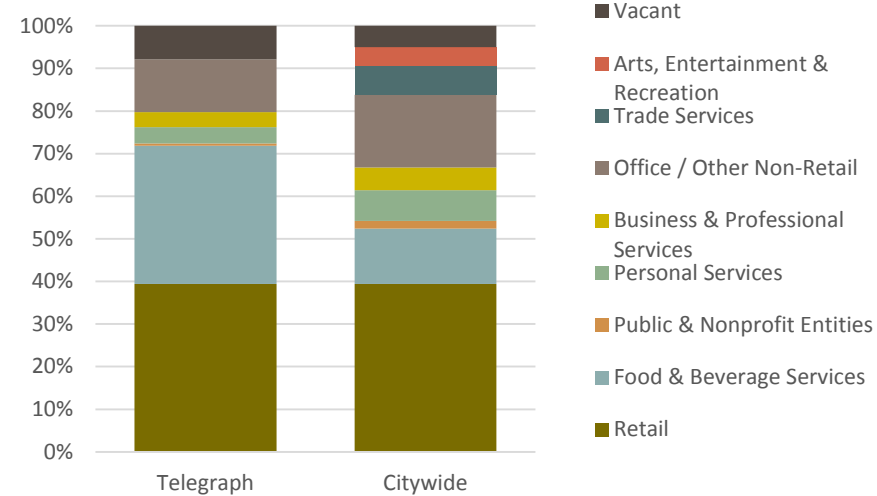
telegraph | 2018 Q4 snapshot



The Telegraph district has undergone significant change over the past several years. Food & Beverage services have shown a dramatic increase since 2012, with 32.4% of Food & Beverage services accounting for ground floor commercial space in the district, as compared to 13.0% Citywide. As of Q4 2018, the district's ground floor commercial vacancy rate is 7.9%, significantly lower than the peak of 17.9% in 2012. Looking ahead, new commercial spaces will accompany new housing developments that are anticipated to open along Telegraph Avenue in 2019, including the Nexus Building at Blake and the Enclave at Haste Street.

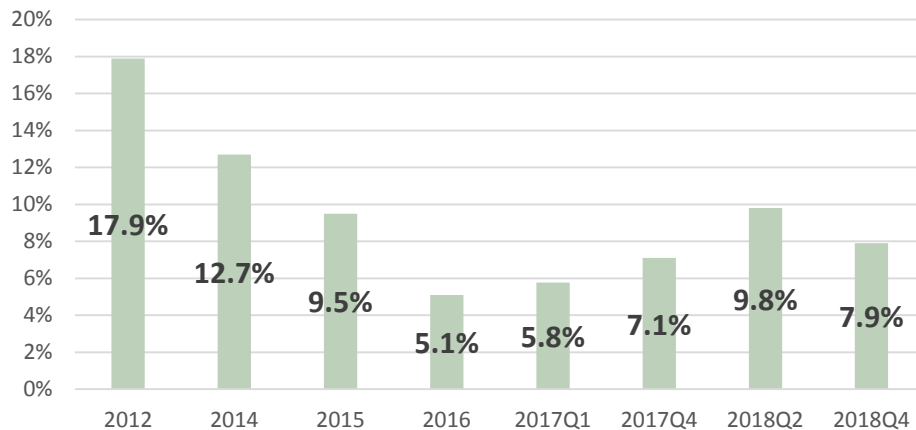


Business Mix (by Square Footage), 2018 Q4



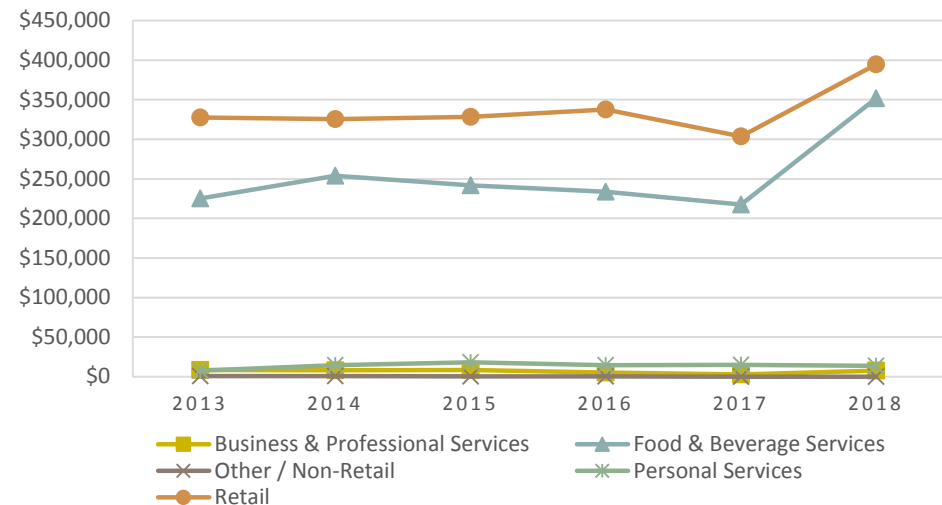
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2012-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/ Avenu

university

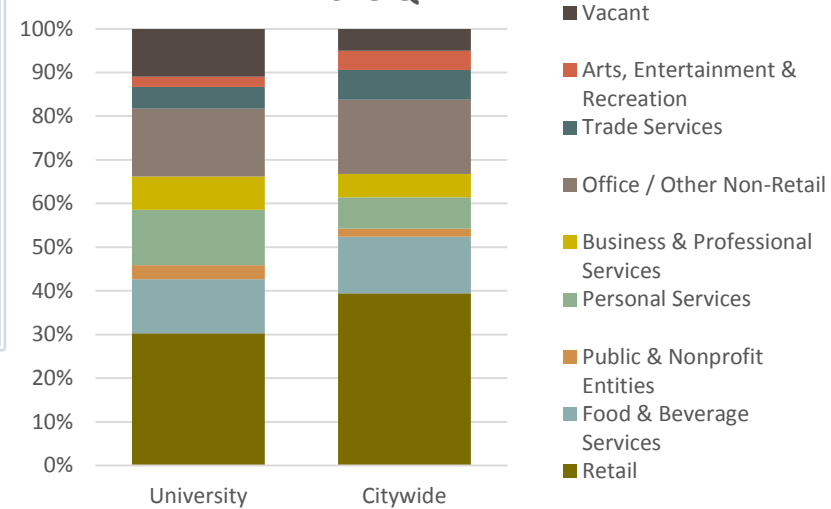
2018 Q4 snapshot



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 2018, Food & Beverage Services generated the most sales tax revenue for the district though Personal Services and Retail are close behind. The district is over represented in personal service (12.7% vs. 7.2% citywide) and public and non-profit uses (3.2% vs. 1.8% citywide) contributing to the atypical sales tax figures. In the last half of 2018, the vacancy rate along University Avenue decreased 4.2%, to 11% in Q4 2018.

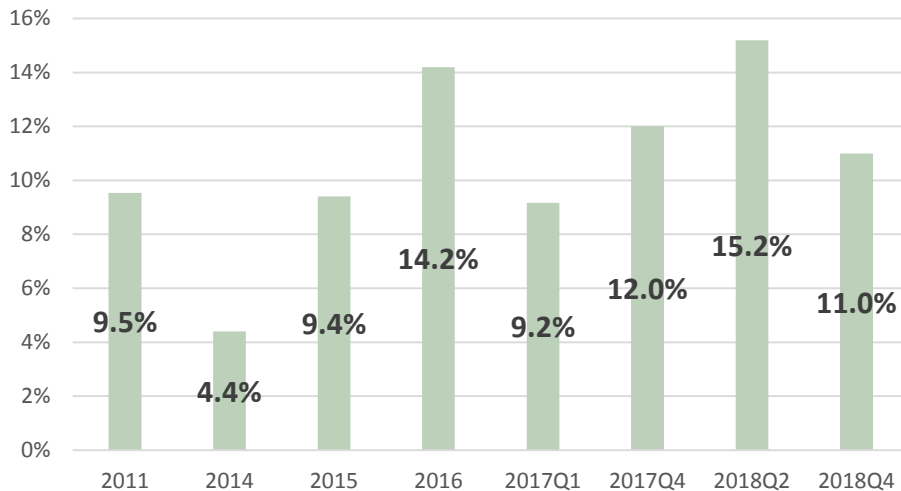


Business Mix (by Square Footage) 2018 Q4



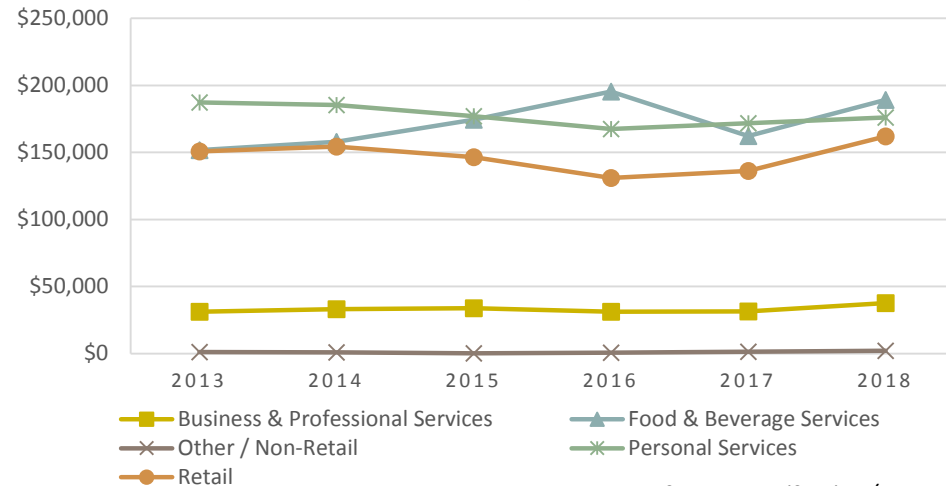
Source: Berkeley OED

Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: MuniServices/Avenu

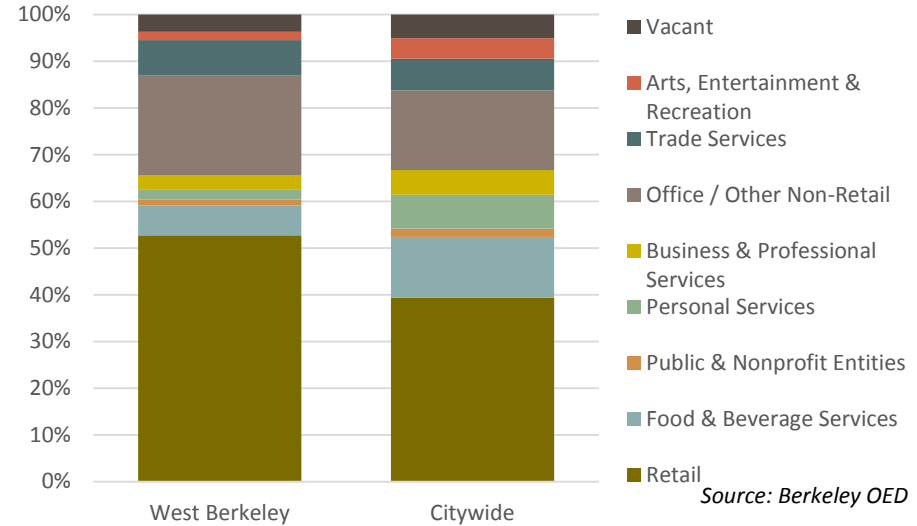
west berkeley | 2018 Q4 snapshot



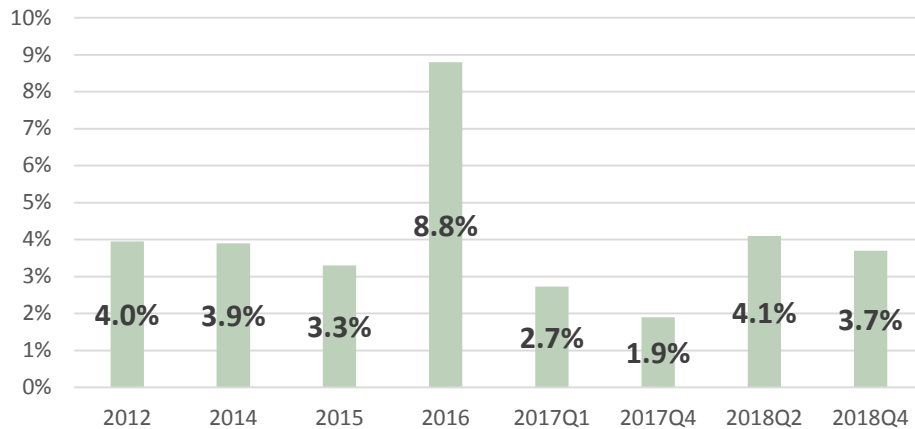
West Berkeley represents all commercial spaces west of San Pablo Avenue, including 4th Street and the Gilman Corridor. There are a number of major, large-floor-plate retailers, and a dense cluster of home supplies and construction businesses. There is also a higher percentage of non-retail commercial uses, including manufacturing and warehousing. Retail accounts for 52.7% of ground floor commercial space in the district, as compared to 39.4% citywide. The commercial vacancy rate as of Q4 2018 is 3.7%, significantly lower than 2016's high of 8.8%. New retail outlets are coming online in this area, though the sales tax revenue from retail continues to decrease from its peak in 2016 (\$4.22M).



Business Mix (by Square Footage), 2018 Q4

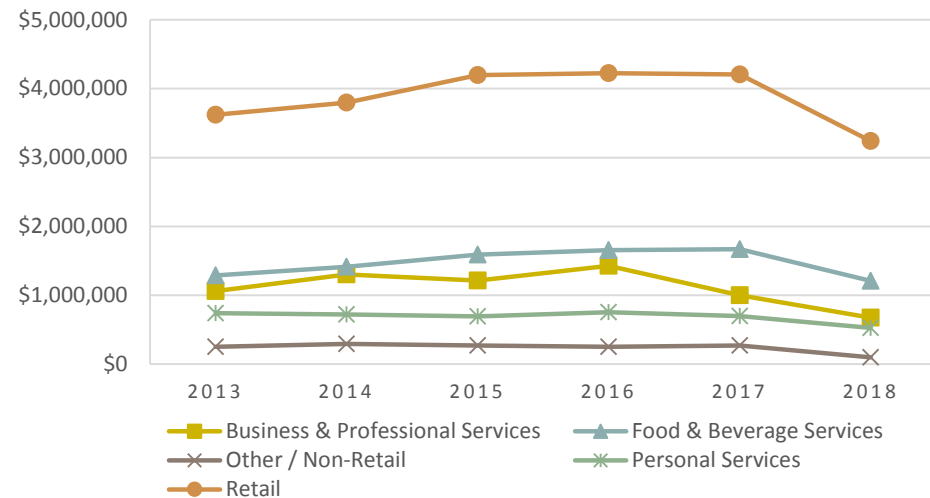


Ground Floor Commercial Vacancy Rate (by Square Footage), 2011-2018



Source: Berkeley OED

Sales Tax Revenue by Sector, 2013-2018



Source: Q3 2018, MuniServices/Avenu

