



STRATEGIC  
ECONOMICS

# Berkeley Corridors Rezoning Small Business Anti-Displacement Strategies

City of Berkeley Planning Commission

2/4/2026

# Presentation Overview

1. Study Methodology and Key Findings
2. Real Estate Trends and Proposed Rezoning Implications for Small Businesses
3. Potential Small Business Anti-Displacement Tools

# **Study Methodology and Key Findings**

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# Study Methodology

## Literature Review and Case Study Research

- Focus on California cities, including SF, Emeryville, and Long Beach.
- Cross-referenced with academic literature on small business anti-displacement

## Data Analysis

- US Census Bureau's American Community Survey (2013 and 2023)
- California Department of Tax and Fee Administration
- CoStar and LoopNet

## Interviews and Stakeholder Engagement

- Five local real estate brokers/investors/developers
- City of Berkeley Office of Economic Development
- Save Berkeley Shops Community Organization

## Regional and State Policy Review

- Possible frameworks for implementing small business anti-displacement strategy

# Summary of Key Findings

- There are fewer small businesses operating in Berkeley today than there were ten years ago
- Rezoning is unlikely to drive a spike in rents along the three corridors
- Any redevelopment along the corridors will be gradual and limited
- National retail trends, increasing operating costs, and changing consumer preferences are creating challenges that pose bigger threats to small businesses than the corridor rezoning
- Small businesses are likely to benefit from having more people living in the surrounding area
- The corridor neighborhoods have increasing shares of higher income households, which can be a positive change for small businesses
- The City has options to address challenges that small businesses could face as a result of the corridor rezoning

# **Real Estate Trends and Proposed Rezoning Implications for Small Businesses**

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# Parcel Ownership Patterns Impact Redevelopment Potential, Regardless of Zoning

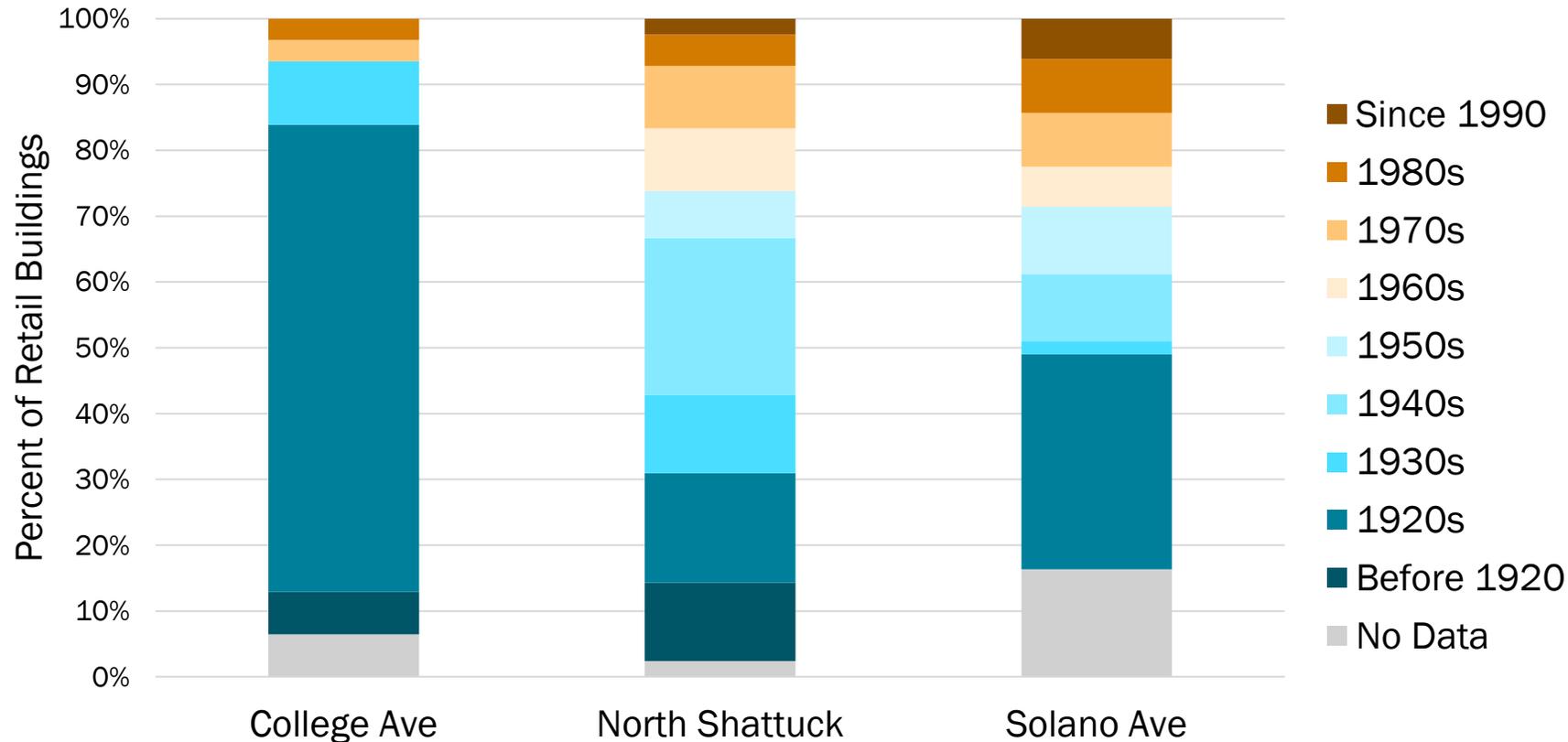
	Parcels with individual/family owner	Parcels with corporate owner Solano Avenue			Total Parcels
		Single parcel	2 contiguous parcels	3+ contiguous parcels	
College Avenue*	18	2	4	0	24
North Shattuck Avenue	49	10	2	1	62
Solano Avenue	48	10	3	1	62
<b>Total</b>	<b>115</b>	<b>22</b>	<b>9</b>	<b>2</b>	<b>148</b>

Sources: CoStar, 2025; Strategic Economics, 2026

Notes: College Avenue parcel counts include only parcels between Webster and Russell

# Building Age, Which Impacts Retail Space Quality and Rents, Varies by Corridor

Decade Built of Retail Buildings, by Corridor



- College Avenue has a significantly higher share of buildings built in the 1920s and prior.
- North Shattuck and Solano Avenue have more varied building ages but still have very few buildings built since the 1980s.

Sources: CoStar, 2025; Strategic Economics, 2026

## Retail Market Indicators in the Corridors Suggest Generally Strong Conditions, With Some Variation Among the Corridors

- Vacancy rates are relatively low for all three corridors
- Rents vary based on the quality and layout of the space, not the building age
- Property owners with older retail spaces appear to prefer to retain their existing tenants and not raise rents as the space might be hard to fill to due broader market conditions



# There is No Evidence To Suggest That Landlords Will Automatically Increase Rents If Upzoning is Adopted

Retail rents on recently upzoned corridors do not indicate significant rent premiums following zoning changes

## Rent Comparisons:

- The Elmwood: Retail rents average \$3.25 per square foot, per month
- Rockridge: Retail rents range \$3.25-\$4.00 per square foot, per month
- Telegraph Avenue: Retail rents range \$2.50-\$4.25 per square foot, per month

# Parcel Size and Construction Costs Limit the Type of Development That Will be Viable in the Commercial Corridors

- Buildings above eight stories are unlikely to be financially feasible due to construction costs relative to revenue yields
- Building over eight stories results in a significant jump in construction costs, due to a shift in construction type
- Developers recognize that anything taller than eight stories would seem out of place along these corridors

# **Potential Small Business Anti- Displacement Tools**

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# Policy Interventions Considered, but Determined Infeasible for Implementation

Policy Intervention	Description	Feasibility Constraint
Commercial Rent Control	Imposes limits on commercial rent increases.	Prohibited by state law
Commercial Deed Restrictions	Commercial rent rates are restricted in the property's deed for a set duration.	Prohibited by state law
Density Bonus	An increase to the allowable height or density of a building, in exchange for features such as affordability or reduced commercial rents.	Added density does not provide financial incentives to developers, based on feasible building types and state density bonus laws

# Construction-Phase Disruption For Businesses Adjacent to Construction

## Issues and Considerations:

Construction of new buildings could impact businesses in adjacent or nearby buildings by impacting traffic patterns, lessening pedestrian activity, blocking business entrances, or producing additional noise.

## Mitigation Tools:

- "Open for Business" Campaign: Building on City's existing small business marketing to promote businesses in and near
- Partial or full forgiveness of gross receipts taxes accrued during the construction phase
- Partial or full rebate on the City's portion of sales taxes accrued during the construction phase
- Business interruption fund to make up for lost revenues

# Direct Displacement From Redevelopment

## Issues and Considerations:

Business located in buildings slated for demolition and redevelopment would need to relocate or close.

Buildings can be planned for redevelopment, but existing businesses can continue to operate for extended periods, depending on development timing.

## Mitigation Tools:

- Early notification of redevelopment, allowing business owners time to explore other location options
- Lease renewal mediation services
- Legal assistance in reviewing leases and negotiating with landlords
- Waive relocation permitting fees
- Funding for relocation assistance
- Empty storefront penalties

# Changes in Neighborhood Character From Adding Higher Density Buildings to Historic Retail Districts

## Issues and Considerations:

Potential for redevelopment to affect the physical character of the corridors in ways that do not benefit small businesses.

This could occur if new retail space is poorly located, lacks good visibility or easy access, is poorly configured to optimize retail operations, or if key infrastructure is lacking.

## Mitigation Tools:

- Ground floor design standards focused on promoting pedestrian activity and functional shopfront spaces
- Infrastructure improvements to promote transportation connectivity and pedestrian activity
- Façade improvement program