



Economic Indicators

City of Oakland

PREPARED BY: THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT

CITY OF OAKLAND

OCTOBER 2012

Executive Summary

These economic indicators are intended to provide Oakland's city leaders and decision makers with benchmarks for economic development and a baseline against which to measure progress toward economic goals. This report outlines a few leading indicators that help articulate the factors that contribute to Oakland's economy and how those factors activities shape the city's economic well-being. The most important news is that, after the rollercoaster of the past decade, Oakland's economy has stabilized and is slowly regaining strength. This brief executive summary shares some highlights of the data presented in more detail on the following pages.

Oakland's businesses are a pillar of city revenues

Between fiscal 2010 and fiscal 2012, Oakland saw a marked increase in the number of business licenses issued and in the business tax revenues associated with those licenses. In fiscal 2011, residential and commercial rental property accounted for more than one-third (35%) of that income, with professional and semi-professional services generating an additional 23%. Revenue from sales tax has also risen steadily for the past two years. This rebound has been bolstered in part by high fuel costs – sales tax revenues from service stations increased 29% between 2010 and 2011. During the same period (fiscal 2010-12) transient occupancy tax revenues rose and then stabilized – from \$8.9 million in fiscal 2010 to \$12.4 million in fiscal 2012 – thanks to increased occupancy and higher room rates throughout the East Bay.

Of the nearly 25,000 business establishments in Oakland In 2011, almost half (44%) were in the professional, business and other service sectors. (This broad category essentially means professional businesses and the array of administrative, managerial and other services that support them.) What is known as the “clean and green sector” – encompassing green building, green manufacturing, green transportation, environmental services, energy research and services, recycling and remediation industries – has been a bright spot for

Oakland and is a promising area for growth in the future. Other sectors that were promising in the mid-2000s, including digital media and bioscience have not recovered as well, but the nonprofit sector is robust. Although the nonprofit sector does not contribute sales or property tax revenue to the city, these organizations represent a core strength for employment within the city.

Jobs for Oakland's residents remain a challenge

Oakland is home to nearly a quarter of the jobs available in Alameda County. In Alameda County, as in Oakland, most of the jobs have traditionally been in finance, insurance, and real estate (collectively referred to as FIRE) and the professional services sectors. Oakland has experienced a sharper loss of FIRE jobs, than the rest of the county. Manufacturing, on the other hand, has retained jobs in the city, but not in other parts of the county. Other sectors, such as public administration and education, have remained relatively steady or even experienced growth. Unemployment in Oakland has decreased to 15.6% in 2012, down from 16.9% the previous year, but still higher than for Alameda County as a whole. On the other hand, household incomes in Oakland fell less dramatically than in the rest of Alameda County between 2000 and 2010.

Commercial and residential real estate markets have stabilized

Commercial real estate in Oakland is priced competitively with comparable areas in the East Bay and the city enjoys a lower vacancy rate for commercial properties than Alameda or Contra Costa counties – perhaps indicating an opportunity for new commercial and industrial spaces. In the residential market, after plummeting from 2005 to 2007, home prices are stabilizing, as are the number of homes sold. And the market for rental apartments is very strong, following a trend of increasing demand for rentals across the Bay Area.

An Economic Dashboard

Economic indicators allow city leaders and citizens who live, work, and invest in Oakland to track the economic health of their city. Indicators can also provide a way for city leaders and decision makers to measure progress against goals and benchmarks set in future strategic plans. This report outlines a few leading indicators that help articulate the factors that contribute to Oakland’s economy and how those factors activities shape the city’s economic well-being.

The August 2012 report is a snapshot of how Oakland’s businesses and residents are faring in the aftermath of the financial downturn of the past five years. Going forward, this dashboard will be updated on a regular basis, as new data becomes available, to track the effectiveness of policies and the state of the city’s recovery.

Covered in this report:

City Revenues

- Business Tax Revenue
- New Businesses Attracted
- Establishments by Sector
- Sales Tax Revenues
- Top Sales Tax Generators
- Transient Occupancy
- Real Estate Tax

Employment

- Jobs by Sector
- Top Employers
- Unemployment Rates

Targeted Sectors

- Sector Spotlight

Real Estate

- Commercial Leasing
- Vacancy Rates
- Building Permits
- Residential Sales

Residents

- Population
- Income

Comparing 2010 to 2011: Stabilizing and Gaining Strength

As the **Indicators at a Glance** table shows, Oakland’s economy is stabilizing after the rollercoaster of the past decade. The unemployment rate is dropping and businesses continue to pick up steam, as reflected in the increase in jobs and business licenses. The residential real estate market has also regained its equilibrium. Each of these indicators will be explained and explored more fully in the following pages.

Oakland Indicators at a Glance

Employment	2010	2011	% Change
Number of jobs	156,312	164,194	5.0%
Unemployment rate	16.9%	15.6%	-7.7%
Businesses	2010	2011	% Change
Number of businesses	21,040	24,725	17.5%
Number of business licenses	40,941	42,024	2.6%
Sales tax revenue	\$33,308,985	\$37,530,609	12.7%
Real Estate	2010	2011	% Change
Single family home sales	3,250	3,410	4.9%
Median sale price	\$245,000	\$240,000	-2.0%

City Revenues

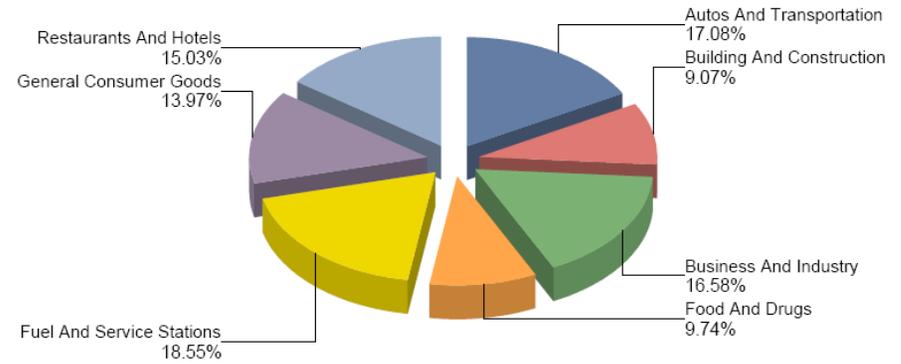
The City's annual budget across all funds is just under \$1 billion for the FY 2011-2012 budget. About 58% of those funds are restricted for specific purposes such as infrastructure, housing development, and bond-funded programs such as the Measure DD improvements at Lake Merritt. Restricted funds come from grants, fees, bonds or revenues that are collected for a specific purpose.

The remaining 42 % of the City's total budget is the General Fund which pays for basic programs and services such as police and fire protection, libraries, senior centers and recreation programs. The largest source of revenue to the General Fund comes from property tax.

Business Tax Revenue

Citywide business license estimates are based on the total number of businesses that have paid license fees within a given year. This number includes businesses headquartered in other cities, doing business in Oakland. In fiscal 2011, Oakland issued 1,083 more business licenses than in fiscal 2010, an increase of 2.65%. Fiscal 2012 saw a continuation of this trend. Collectively, these businesses generated \$47,704,712.44 in business tax revenue for the city in 2012. In 2012, license taxes paid by businesses in the Professional/ Semi-Professional Service sector generated 24% of tax revenue for the city, while businesses in the Residential and Commercial Rental Property sector generated 21% and 19% of tax revenue respectively.

Sector Revenue Contribution



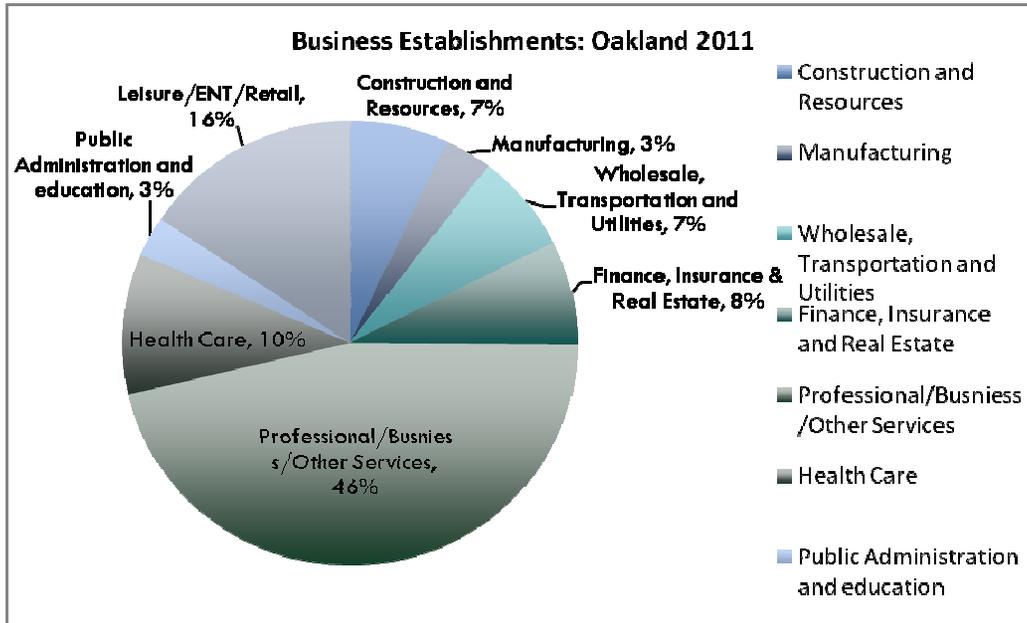
Source: HdL City to State comparison FY11-12

Oakland Business Licenses	Fiscal 2010	Fiscal 2011	Fiscal 2012
Total Business Licenses Issued	40,941	42,024	42,841
Total Business Tax Revenues	\$44,508,641.06	\$48,862,301.78	\$47,704,712.44

SOURCE: OAKLAND BUDGET & REVENUE DEPT

New Businesses Attracted

During the months of June, July and August roughly 40 new businesses were engaged with the potential for trading in Oakland. These businesses present the opportunity for an estimated 1,000 new jobs gain.



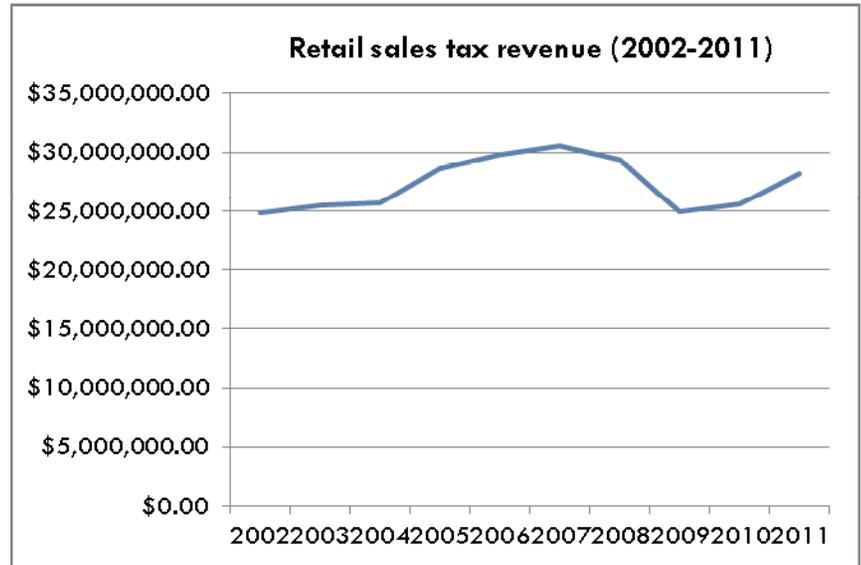
SOURCE: ECONOVUE

Establishments by Sector

In 2011, EconoVue reports 24,725 establishments were located in the city of Oakland. This is a 17% increase from 2010. The Professional/Business/Other Services sector represents 44% of businesses in Oakland. This broad category includes personal services; professional, scientific and technical services; management of companies and enterprises; and administrative, support, waste management and remediation services. The Leisure/Entertainment/Retail industry holds 15% of business establishments. FIRE, Construction, and Manufacturing each represent 7% of businesses located in Oakland.

Sales Tax Revenues

Revenue from sales tax, an important source of income for Oakland has risen steadily for the past two years. Alameda and Contra Costa Counties have seen similar rebounds, though not as dramatic as Oakland’s. Oakland’s rebound has been bolstered by high fuel costs. Sales tax revenues from service stations increased 29% between 2010 and 2011, from \$4.4 million to \$5.6 million. Combined Fuel and Service Stations and Auto sales make up the largest source of sales tax revenue, contributing \$11.3 million of Oakland’s revenue, in 2011. In addition, nearly all other retail categories saw an increase in revenue, helping to return retail sales tax revenues almost to pre-2007 levels.



Manufacturing and Wholesale, Auto sales, Fuel and Service Stations as well as eating and drinking places are the major contributing sectors to the 2011 retail sales revenue.

Top 25 Sales Producers (Alphabetically)

Audi Mazda of Oakland	Give Something Back
Best Buy	Harborside Health Center
Broadway Volkswagen	Home Depot
Chevron	Honda of Oakland
Chevron	Mercedes Benz of Oakland
Coliseum Lexus	Oakland Coliseum
CVS Pharmacy	One Toyota of Oakland
Downtown Saab-Subaru- Toyota	Oncesource Supply Solutions
East Bay Restaurant Supply	Safeway
Enterprise Commercial Truck	Southwest Jet Fuel
Food Maxx	Target
	Walgreens
	Walmart
	Westside Building Material

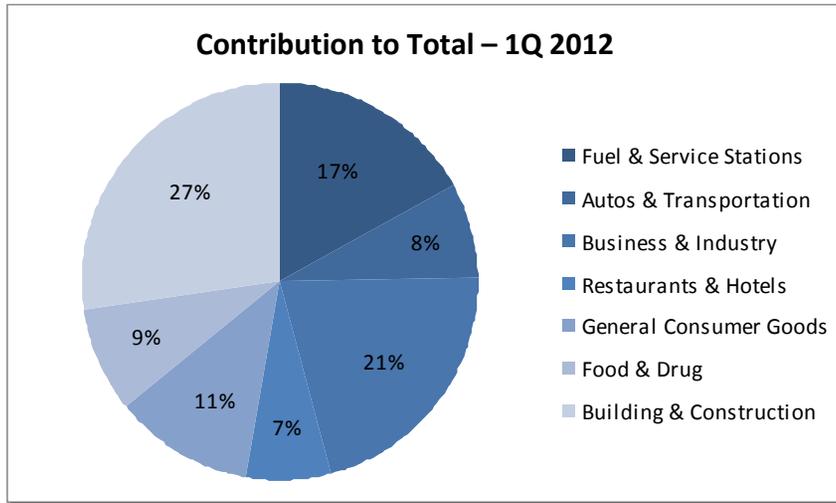
Source: HdL – City of Oakland Sales Tax Update Q1 2012

Total Annual Sales Tax Revenues	2010	2011	% Change
Oakland	\$33,308,985	\$37,530,609	13%
Alameda County	\$188,456,860	\$202,807,827	8%

Source: HdL.

Top Sales Tax Generators

Business and Industry saw the largest sector growth between the first Quarter of 2011 and the first Quarter of 2012. Fuel and Service Stations as well as Autos and Transportation are still the greatest contributors to the sales tax by major business group.



Source: HdL City to State comparison FY11-12

Transient Occupancy

Hotel Occupancy in the Oakland/East Bay region increased between 2011 and 2012 by 3.6%. The average daily rate increased by 5.1% between this period as well. As a result, the revenue per available room increased by 7.5%, surpassing the city of San Francisco's hotel market in 2012.

Oakland/East Bay Hotel Business Trends (month of July)

	2011	2012	% Change
Average Daily Room Rate	\$98.61	\$103.67	5.10%
Occupancy Percent	77.90%	75.20%	3.60%
Revenue per Available Room	\$80.74	\$74.11	9.00%

Source: PFK CONSULTING MAY 2012 REPORT

Sales tax - Major Industry Group	1Q 2012	1Q 2011	% Change
Fuel and Service stations	\$1,698,598	\$1,468,832	15.6%
Autos and Transportation	\$1,630,508	\$1,522,278	7.1%
Business and Industry	\$1,473,533	\$1,234,984	19.3%
Restaurants and Hotels	\$1,471,654	\$1,382,259	6.5%
General Consumer Goods	\$1,324,563	\$1,199,991	10.4%
Food and Drugs	\$938,422	\$868,561	8.0%
Building and Construction	\$875,605	\$700,726	25.0%
TOTAL	\$9,412,883	\$8,377,631	12.4%

Total Sales Tax increased 12.4%, from Q1 2011 to Q1 2012, this is attributed to recently opened businesses for gains from general consumer goods, new car dealers and the business and industry groups.

Real Estate Tax

Transfer and Property Tax provide the city with a major source of funding. An amount of \$3,386,863.98 in transfer tax was received from 770 documents for the month of July 2012.

Employment

Jobs

In Oakland, jobs in finance, insurance, and real estate (FIRE) experienced the sharpest decline, while other sectors remained relatively steady. Though modest, the public administration and education sector has shown the strongest growth, especially since 2011. Oakland is home to nearly a quarter of the jobs available in Alameda County.

The East Bay Economic Development Alliance expects professional, scientific and technical services to grow in the region. Much of that growth is supported by Oakland's professional services sector. The construction industry, while hard hit from 2007 on, has a significant presence in Oakland and provides diverse services from materials and supply to green design and construction.

Changes in jobs by sector in Oakland, 2009-2011

Sector	2009	2010	2011
Construction and Resources	9,686	9,411	10,018
Manufacturing	10,399	12,746	12,647
Wholesale, Transportation and Utilities	15,347	13,930	14,674
Health Care	20,844	19,642	20,654
Public Administration and Education	28,937	28,394	29,037
Leisure, Entertainment and Retail	23,792	21,343	22,338
Leisure and Entertainment	11,637	9,417	9,850
Retail	12,155	11,926	12,488
FIRE, Professional Services and Information	60,816	50,846	54,826
Finance, Insurance and Real Estate	14,319	8,939	9,605
Professional Services	17,322	15,373	17,052
Information and Digital Media	4,977	3,992	4,321
Business and Other Services	24,198	22,542	23,848
Total	169,821	156,312	164,194

SOURCE: ECONOVUE

Top 20 Employers in Oakland	Oakland Employees	Business Type
Alameda County	8,800	Government
State of California	7,480	Government
City of Oakland	5,000	Government
Oakland Unified School District	4,496	School district
Kaiser Permanente	4,413	Health Care
Alta Bates Summit Medical Center	3,623	Health Care
Children's Hospital & Research Center	2,600	Health Care
Bay Area Rapid Transit	1,499	Public Transit
Peralta Community College District	1,400	Education
Clorox Co.	1,004	Consumer Goods
Alameda-Contra Costa Transit District	1,000	Public Transit
Wells Fargo Bank	667	Financial Services
US Postal Service	646	Mailing & Shipping
Safeway Inc.	589	Retail/Grocery
Pandora Media Inc.	530	Digital Media
Port of Oakland	470	Container Port/airport
Nestle Dreyer's Ice Cream	404	Manufacturing
Cost Plus Inc.	376	Retail
Oakland Marriot City Center	300	Leisure/Entertainment
Union Bank NA	300	Financial Services

Source: Business Times – March 30-April 5, 2012

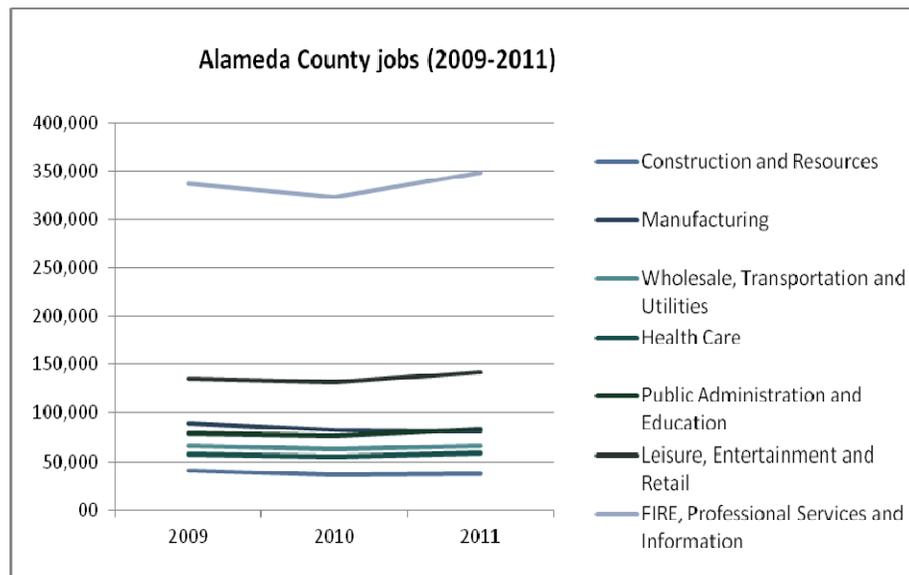
In Oakland, jobs in many sectors are beginning to recover, but professional jobs, particularly in finance, insurance and real estate remain profoundly depressed.

Jobs	2010	2011	% Change
Oakland	156,312	164,194	5.0%
Alameda County	604,349	639,544	5.8%

SOURCE: ECONOVUE

Oakland has experienced a slightly slower employment growth rate than Alameda County.

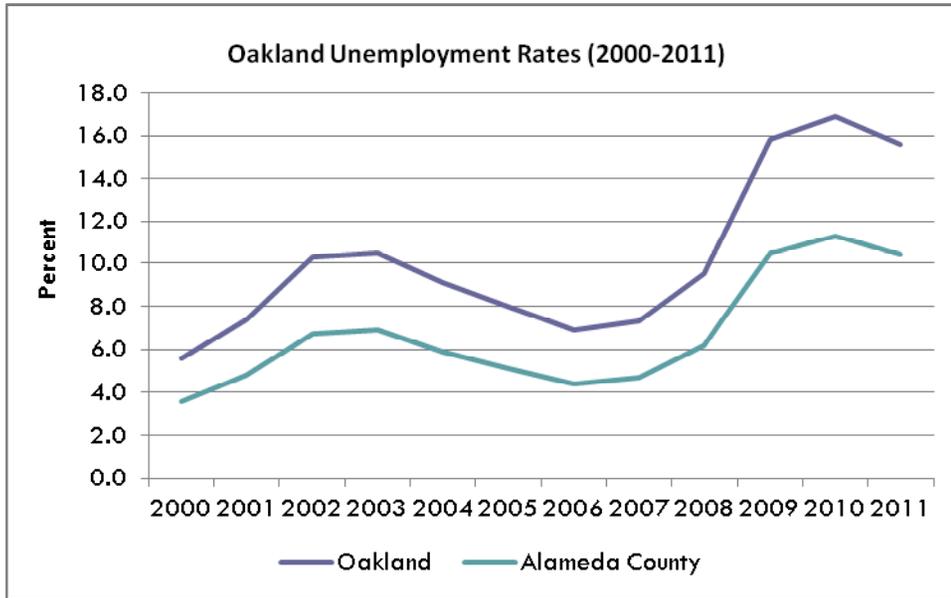
In Alameda County, as in Oakland, most of the jobs are within the FIRE and professional services sectors. At the county level, however, those sectors are retaining more positions than in Oakland. Manufacturing, on the other hand, has retained jobs in the city, but not in other parts of the county.



Source: EconoVue

Oakland Employers

Oakland is a strong government center with major related employment. Other top employers are in a variety of business types. Many of Oakland's businesses are within the employee ranges of 5-200 employees.



Source: State of California Employment Development Department (EDD)

Oakland's Unemployment Rate has come down from 15.6% to 13.1%, between September 2011 and September 2012.

Unemployment

In September 2011, the city of Oakland had a labor force of 204,600 and an unemployment rate of 13.1%. Though this is a decrease from the previous year's rate of 15.6%, recovery from the decline has been sluggish. This is significantly higher than the Alameda county average of 8.6%, a total of 4.5 percentage points lower than Oakland's unemployment rate. While it's important to bear in mind that unemployment figures do not account for the long-term unemployed and those who have stopped looking for work, the number of individuals in the labor force for Oakland, as well as in Alameda County, has been relatively steady.

Labor Force	2011	2012	% Change
Oakland	203,600	204,600	0%
Alameda County	524,100	772,400	+32%

Source: State of California Employment Development Department (EDD)

Targeted Sectors

The City is focusing its business retention, expansion and attraction efforts on the economic sectors which are most dynamic- contributing revenue, jobs, “cache” and/or helping strengthen other parts of the City’s economic base. These include:

- Food & Beverage
- Wellness/Healthcare
- Green/Clean Technology/ Green Building
- International Trade/Goods Movement
- The Creative Economy, comprised of:
 1. Technology and its “ecosystem” of software, hardware, social media, communications innovations, including accompanying technical design and engineering activities; and
 2. Custom, Advanced and Artisan Production and Industrial Arts, Print, Film & Photography, related Mechanical Design & Engineering, Interior Design and Fabrication, Architecture and Urban Design

As the City builds its partnership with cluster businesses, it is expected that collaborative public/private partnerships will form to foster and grow the social capital and shared learning of sector businesses. The support of the City as a participant in the growth of these clusters will boost social capital and networking, thereby boost innovation and lead to the expansion and generation of new Oakland-based businesses in this field.

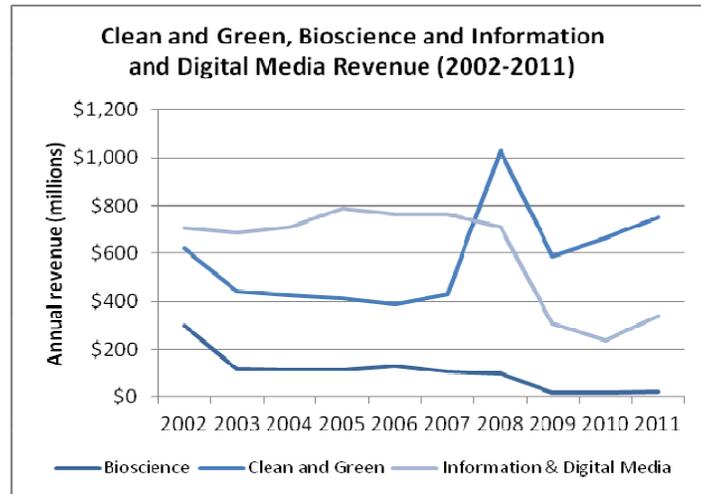
Sector Spotlight

A strong clean and green economy

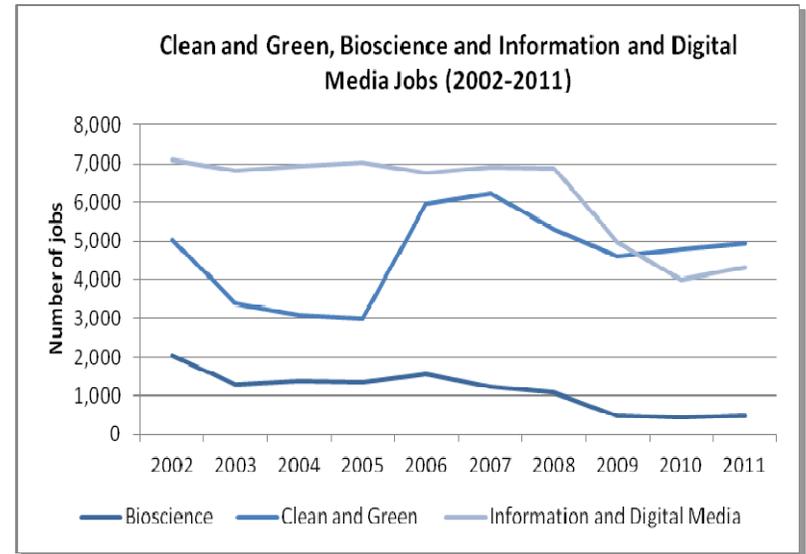
One of the bright lights in Oakland's economy is the clean and green sector defined by companies which offer a product or service which reduces environmental impacts. This includes firms that specialize in energy efficiency, renewable energy, green building products and services, and/or collect, process, or make products from recyclable materials. Using the definition above, the overall number of green businesses in Oakland is estimated conservatively at about 200. These are not necessarily all "green tech" businesses, but businesses with a product or service designed to reduce energy, material, or water use. The overall number of jobs ascribed to the clean and green sector in Oakland is estimated conservatively at 3000 or more, with the majority of the non-recycling based jobs (roughly 2500) being fairly high paying professional positions. In the last 2 years alone, at least 4 major green and clean firms have moved to Oakland, currently accounting for over 300 jobs.

Although revenues are off of their 2008 peak, they have remained strong.

The more than 200 Clean and Green sector businesses, in Oakland, are responsible for over 3,000 jobs.



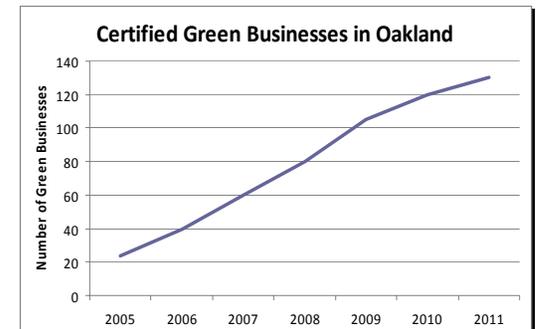
Source: EconoVue



Source: National Center for Charitable Statistics.

Employment in the sector has also remained relatively stable.

Beyond this large cluster of Oakland firms offering a specific green product or service, Oakland also has over 150 Certified Green Businesses which have green operations that meet or exceed standards for energy and water efficiency, and minimization of solid waste generation and use of toxic materials.



Source: Sustainable Oakland, 2011 Annual Report.

Real Estate

Commercial properties for lease

Commercial real estate in Oakland is priced competitively with comparable areas. For instance, office space in Walnut Creek rents at an annual rate of \$29.21 per square foot, significantly more than the average of \$25.07 quoted for *Downtown* Oakland. Similarly, warehouse properties in Richmond lease for \$7.58 per square foot annually, compared with \$7.87 per square foot in Oakland. Oakland also enjoys a lower vacancy rate for commercial properties than the surrounding counties.

Vacancy Rates

As the relatively low vacancy rates attest (for instance 5.9% in Oakland for industrial space compared to 10.5% for the East Bay as a whole), supply of high quality, move-in ready commercial real estate is a barrier for entry for businesses wishing to enter Oakland.

Building Permits

More than 13,000 building permits, representing construction investment of more than \$288 million, were issued in 2011.

Commercial Real Estate Market, 2nd quarter 2012						
	Existing Inventory		Vacant area (SF)	Vacancy rate	Under Construction (SF)	Annual Average Quoted Rates (\$/SF)
	Buildings	Rentable Area (SF)				
Office Market						
Oakland	1,070	28,123,816	3,459,260	12.3%	68,640	\$20.10
Total East Bay	5,715	113,677,275	13,736,831	12.1%	312,640	\$22.85
Industrial Market						
Oakland	1,651	40,221,151	2,372,150	5.9%	14,944	\$7.87
Total East Bay	8,647	286,875,106	29,983,981	10.5%	207,740	\$7.16
Retail Market						
Oakland	3,252	23,193,490	855,784	3.7%	71,950	\$19.52
Total East Bay	13,459	133,244,667	6,495,034	4.9%	710,469	\$21.41

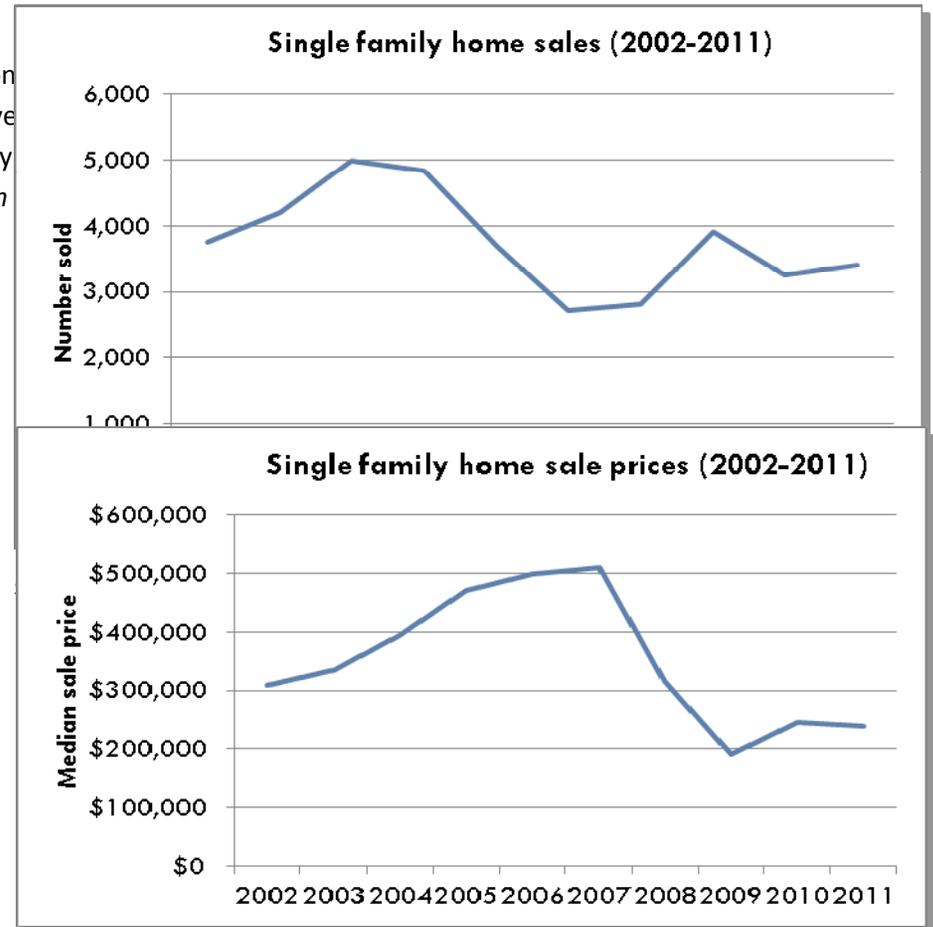
SOURCE: COSTAR

Oakland offers competitive commercial property rates in the East Bay.

Residential property sales

As in the rest of the country, Oakland's residential market was badly hurt in the economy as has the number of homes sold. Meanwhile, the market for rental apartments is very tight in the East Bay Area. The rent for a one-bedroom, one-bath apartment in Oakland has risen steadily over the last few years, out of San Francisco's rental market ("Rental competition fierce in SF's market," San Francisco Chronicle, 2/1/11).

The median single home sale prices have begun to stabilize after experiencing a peak and plummet from 2007-2009. The sales of these properties have also begun to stabilize.



SOURCE: METROSCAN AND HDL PROPERTY DATA, CITY OF OAKLAND PRELIMINARY TAX REPORTS.

Residents

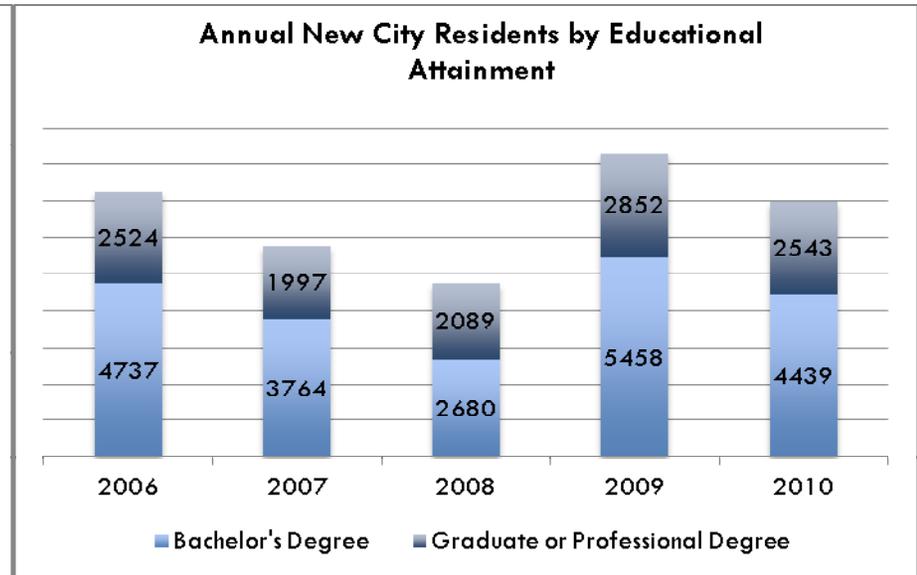
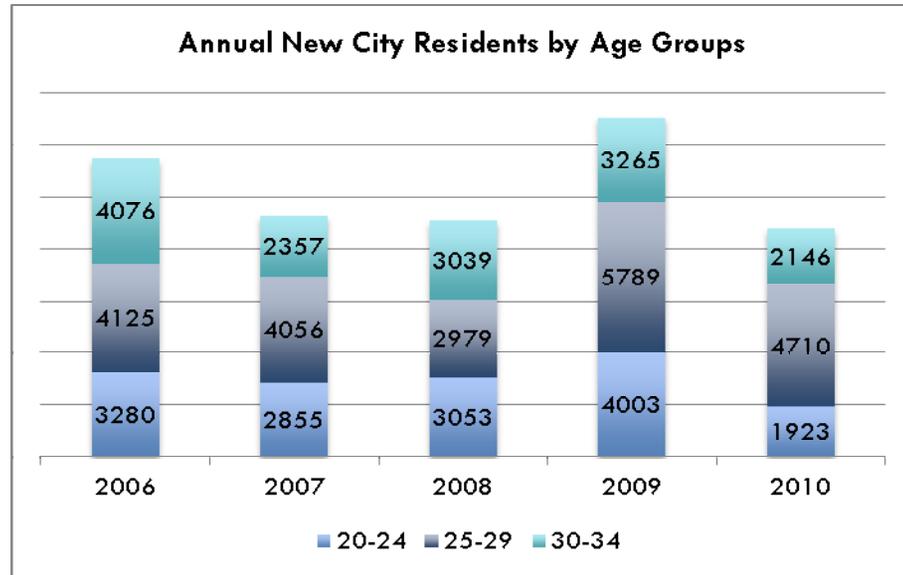
Population

Over the past ten years, Oakland has lost residents while Alameda County has gained population. However, Oakland continues to attract a population of young and educated residents with an average of 2,400 residents per year with Graduate or Professional degrees moving into the city.

Annual New Residents: Oakland	2006	2007	2008	2009	2010	Annual Average
Total Moved From a Different County	16,205	10,341	13,078	14,651	13,246	13,504
Total Moved From a Different State	5,771	4,530	3,916	6,171	3,967	4,871
Total Moved From Abroad	4,328	4,638	3,550	3,547	3,444	3,901
By Age Group						
20-24	3,280	2,855	3,053	4,003	1,923	3,023
25-29	4,125	4,056	2,979	5,789	4,710	4,332
30-34	4,076	2,357	3,039	3,265	2,146	2,977
By Educational Attainment						
Bachelor's Degree	4,737	3,764	2,680	5,458	4,439	4,216
Graduate or Professional Degree	2,524	1,997	2,089	2,852	2,543	2,401

Region	2000	2010	% Change
Oakland	399,484	390,724	-2.2%
Alameda County	1,433,741	1,510,271	5.3%

The in-migration population is significantly young and educated. This demographic brings expertise and longevity and is able to contribute meaningfully to the Oakland economy.



US CENSUS/ACS ESTIMATES

Income

When adjusted for inflation, incomes across the East Bay fell between 2000 and 2010. In Oakland, the median household income fell less dramatically than in the rest of Alameda County.

Median Household Income	2000	2010	% Change
Oakland	\$50,721	\$49,721	-2.0%
Alameda County	\$83,507	\$67,169	-19.6%

Source: US Census Bureau, American Communities Survey.
All amounts are in 2010 dollars.