



Economic Indicators

City of Oakland

**PREPARED BY: THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT
CITY OF OAKLAND**

JULY 2014

Introduction to Quarter 1, January – March 2014

These economic indicators are intended to provide Oakland’s city leaders, decision makers and the public with up-to-date economic data and a baseline against which to measure the health of Oakland’s economy. The Indicators report will be updated and distributed quarterly. In addition to Q1 2014, this issue highlights some ways that the Oakland economy has changed since the recession with a look back at key indicators to 2009.

As the At-A-Glance table shows, Oakland’s economy as a whole is stabilizing and growing. The unemployment rate has dropped and jobs and business licenses are increasing. Real estate value is going up, but inventory is shrinking.

Indicators at a Glance – Q1 2014

Employment	Q1 2013	Q1 2014	Change
Number of Jobs	192,050	193,974	 1%
Unemployment Rate	11%	10.2%	 0.8%
Businesses	Q1 2013	Q2 2014	
Number of Businesses	25,316	25,183	 0.5%
Quarterly Sales Tax Revenue	\$ 9,795,233	\$ 10,484,770	 7%
Real Estate	Q1 2013	Q1 2014	
Single Family Home Sales	661	544	 -18%
Median Sale Price	\$296,000	\$350,000	 18%

In this report:

Quarterly Revenues

- Sales Tax
- Real Estate Transfer Tax
- Transient Occupancy Trends

Employment

- Unemployment
- Number of Jobs
- Workforce
- Jobs by Sector

Businesses

- Establishments by Sector
- Business Licenses
- Business Assistance Center

Real Estate

- Residential Sales
- Building Permits
- Commercial Leasing
- Development Pipeline

Quarterly Revenues

Sales tax, Real Estate Transfer Tax, and Transient Occupancy Tax are three revenue sources that are collected throughout the year. Each also provides an important barometer of economic activity.

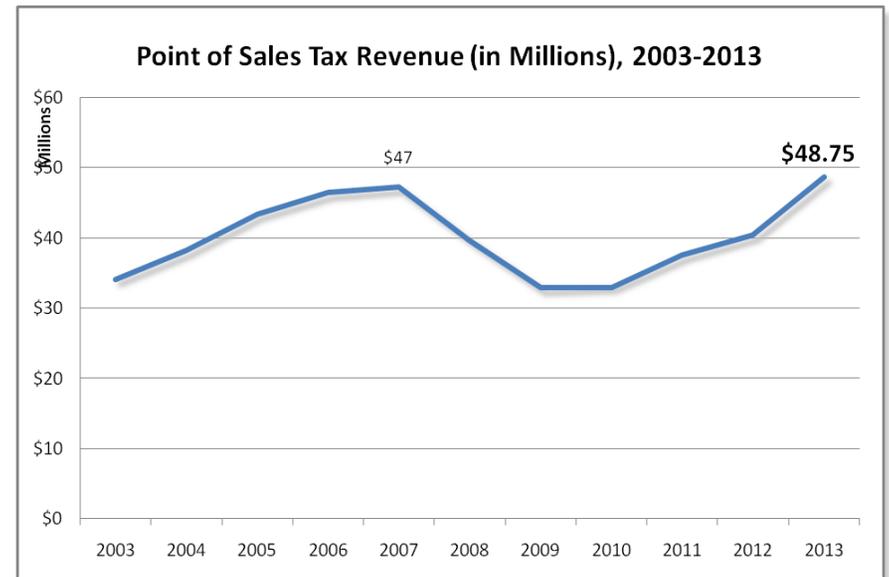
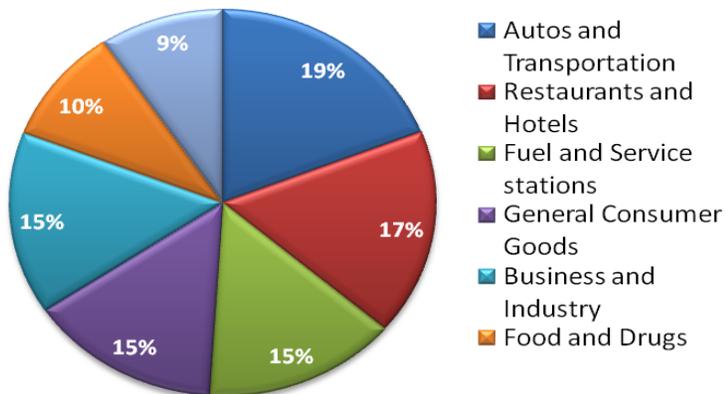
Sales Tax

	Q1 2013	Q1 2014	Change
Quarterly Sales Tax	\$ 9,795,233	\$ 10,484,770	7%

Point of Sales tax increased 7% from Q12013 to Q12014. This continues a five year growth trend since 2009. For the first time since the recession, the total annual sales tax has surpassed the previous 2007 high of \$47M. Autos and Transportation and Restaurants and Hotels have been the largest contributors to this increase.

	2012	2013	Change
Annual Sales Tax	\$ 40,509,572	\$ 48,750,603	20%

Contribution to total Point of Sales Tax 4Q13



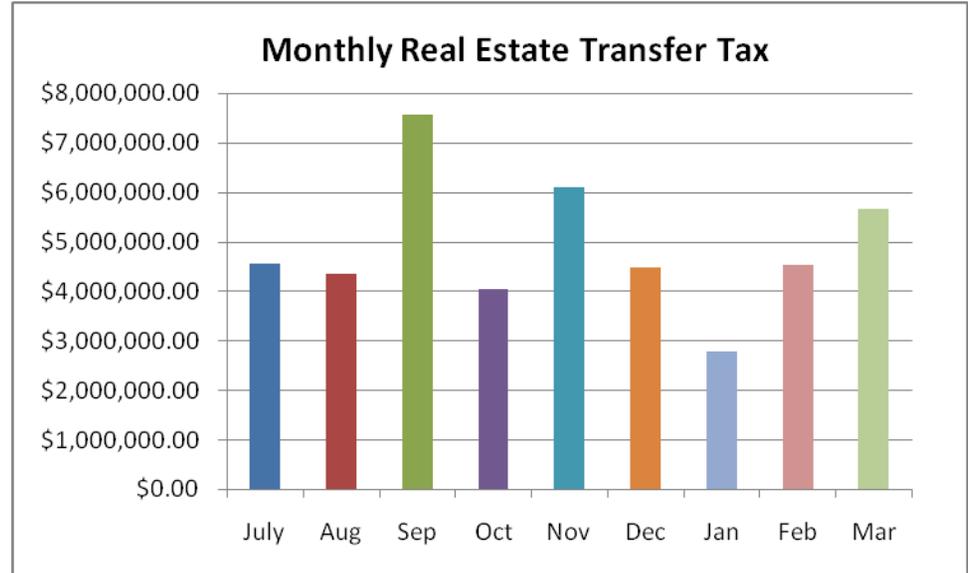
Top Sales Tax Generators

Major Industry Group	Q4 2013	% Change from Q4 2012
Autos and Transportation	\$ 2,073,789	19%
Restaurants and Hotels	\$ 1,883,279	17%
Fuel and Service stations	\$ 1,603,743	15%
General Consumer Goods	\$ 1,593,647	15%
Business and Industry	\$ 1,662,679	15%
Food and Drugs	\$ 1,058,217	10%
Building and Construction	\$ 1,027,373	9%
TOTAL	\$ 10,902,727	

Real Estate Transfer Tax

	Q1 2013	Q1 2014	Change
Real Estate Transfer Tax	\$ 7,807,927	\$ 12,973,533	66%

Total Real Estate Transfer Tax collected for Q1 was 66% larger than the same period last year. Slightly more than half the value of real estate transfers in Oakland this Fiscal Year has been in the residential market, or \$24 Million out of \$44 Million in transfers in the first three quarters of the Fiscal Year. Q1 is usually the slowest part of the year for real estate transactions.



Transient Occupancy Trends

	Q1 2013	Q1 2014	Change
Transient Occupancy Tax	\$2,417,304	\$ 2,863,466	18.5%

Hotel Occupancy in the Oakland/East Bay region increased between 2013 and 2014 by 9.42% and the average daily rate increased by 15.3%. Hotel rates have increased substantially throughout the region over the last four years. February and the first quarter is typically a slower month for hotels.

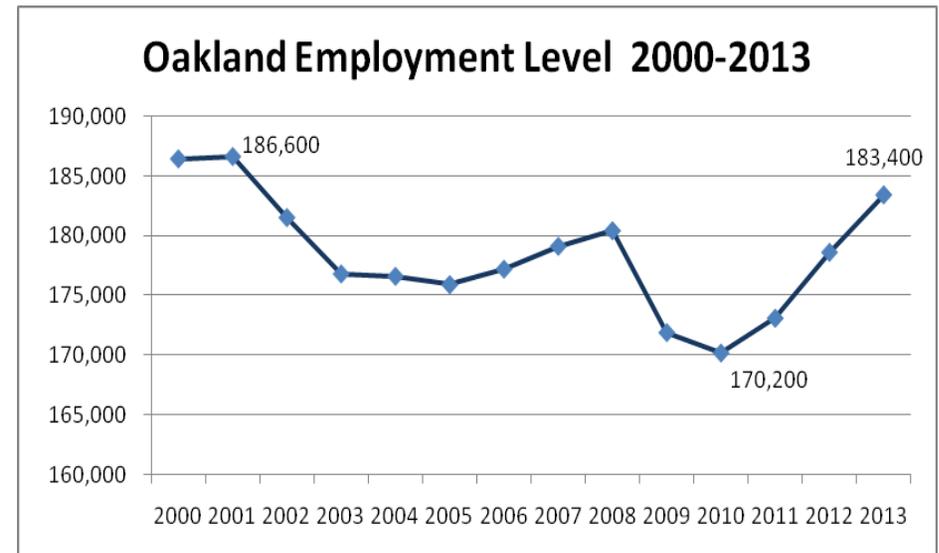
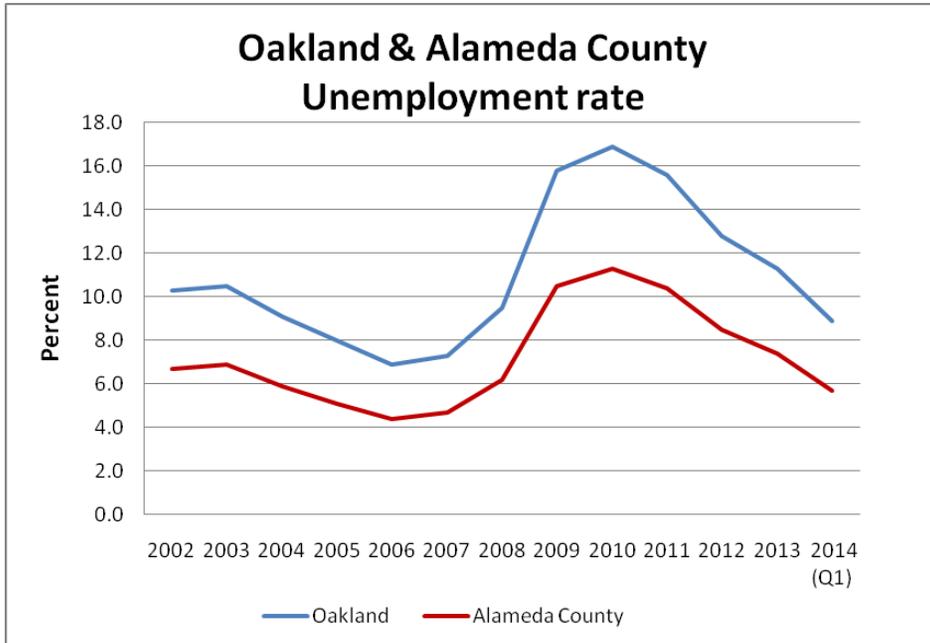
Oakland/East Bay Hotel Business Trends (February 2014)			
	2013	2014	% Change
Average Daily Room Rate	\$104.45	\$120.44	15.31%
Occupancy Percent	69.00%	75.50%	9.42%
Revenue per Available Room	\$72.04	\$90.95	26.25%

Source: Visit Oakland, PFK Consulting

Employment

	Q1 2013	Q1 2014	Change
Unemployment	12.7%	10.3%	-18.9%
	Q1 2013	Q1 2014	Change
Number of Jobs	180,667	183,867	2%

The average unemployment for Q1 2014 (January-March) was 10.3%, down significantly from the same time period last year. The table on the left shows this promising trend. This compares with an unadjusted unemployment rate of 5.8% in Alameda County, 7.3 percent in California and 6.3 percent for the nation during the same period. As shown in the table on the right, employment in Oakland climbed to 183,400 jobs in 2013, up from a low of 170,200 in 2010.



	Q1 2013	Q1 2014	Change
Workforce	206,300	205,000	-0.6%

The size of Oakland’s workforce has shrunk slightly since last year.

Source: CA Employment Development Department-Labor Market Information Division

A Restructured Economy: Changes in jobs by sector in Oakland, 2009-2014

Sector	2009	2010	2011	Q1 2014	% change since 2009
Construction and Resources	9,686	9,411	10,018	7,036	-27%
Manufacturing	10,399	12,746	12,647	8,116	-22%
Wholesale, Transportation and Utilities	15,347	13,930	14,674	17,375	13%
Health Care	20,844	19,642	20,654	32,592	56%
Public Administration and Education	28,937	28,394	29,037	26,570	-8%
Leisure, Entertainment and Retail	23,792	21,343	22,338	31,026	30%
Leisure and Entertainment	11,637	9,417	9,850	16,204	39%
Retail	12,155	11,926	12,488	14,822	22%
FIRE, Professional Services and Information	60,816	50,846	54,826	56,755	-7%
Finance, Insurance and Real Estate	14,319	8,939	9,605	11,167	-22%
Professional Services	17,322	15,373	17,052	17,018	-2%
Information and Digital Media	4,977	3,992	4,321	6,214	25%
Business and Other Services	24,198	22,542	23,848	22,356	-8%
Total Sector Jobs*	169,821	156,312	164,194	179,470	6%

*Total does not include 14,504 unclassified jobs.

Source: East Bay EDA, InfoUSA, EconoVue

While the overall number of jobs in Oakland has increased in the last five years, the distribution of this increase in some sectors and relative decline in others show how the city's economy has restructured post-recession. Construction, Finance and Real Estate, Public Administration and Manufacturing are all at lower levels than they were prior to the recession. Throughout the East Bay, Construction and Real Estate are still making up ground; Manufacturing, while it has declined, is forecasted to increase.¹ Meanwhile, Health Care jobs have increased by more than 50% in Oakland, with Leisure and Entertainment, Retail, and Information and Digital Media also showing large gains.

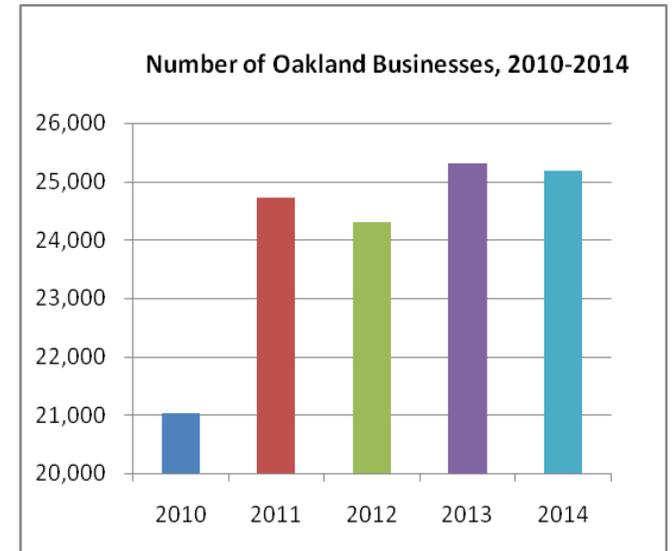
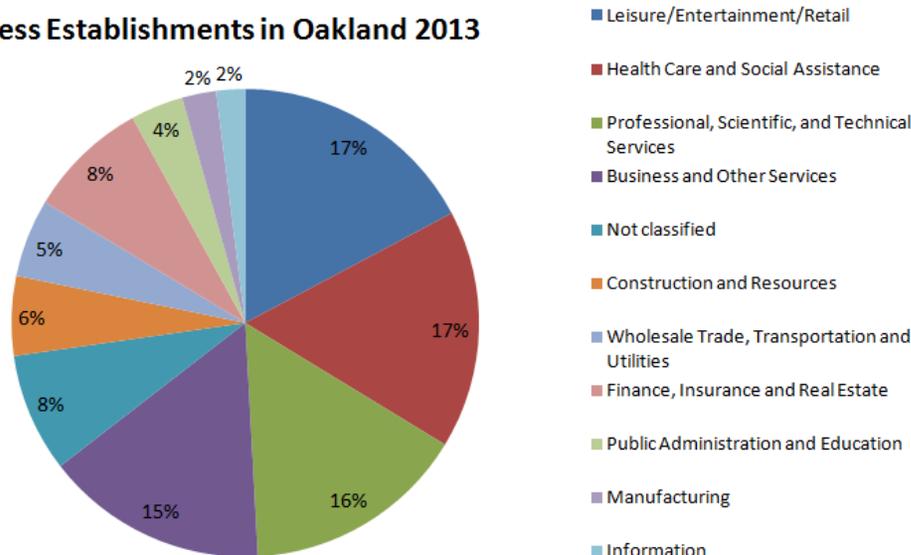
¹ East Bay EDA, East Bay Economic Outlook, 2014-2015.

Businesses

There were about 25,200 business establishments in Oakland in Q1 2014. This is a slight decrease from Q2 2013, but overall a maintenance of the steady gain in business growth over the last five years, during which time Oakland has experienced a 20% increase in the total number of businesses.

	Q1 2013	Q1 2014	Change	2010	Change 2010-2014
Number of Businesses	25,316	25,183	-0.53%	21,040	20%

Business Establishments in Oakland 2013

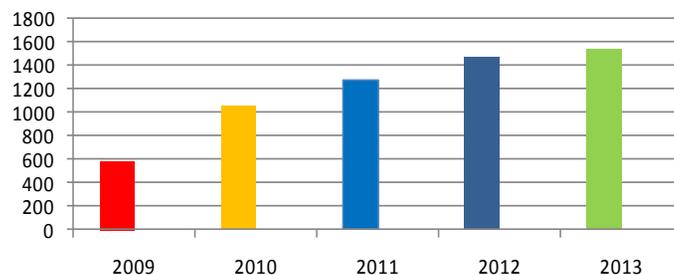


Source: East Bay EDA, InfoUSA

Business License Activity, January-March 2014

The number of business licenses issued includes 'property rentals' (i.e. homes with lodgers etc.) whereas the number of businesses excludes private property rentals. The number of licenses is up from Q1 2013 (43,773). 1,496 new businesses were licensed this quarter, while 2,126 licenses expired. Over 1500 businesses were served at the Oakland Business Assistance Center last year.

Businesses Served at the Business Assistance Center 2009-2013



Source: City of Oakland Budget and Revenue Division; Business Assistance Center

	Q1 2014
Total Business Licenses (includes apartment rentals)	44,246
Number of New Businesses	1,496
Number of Closed Businesses	2,126

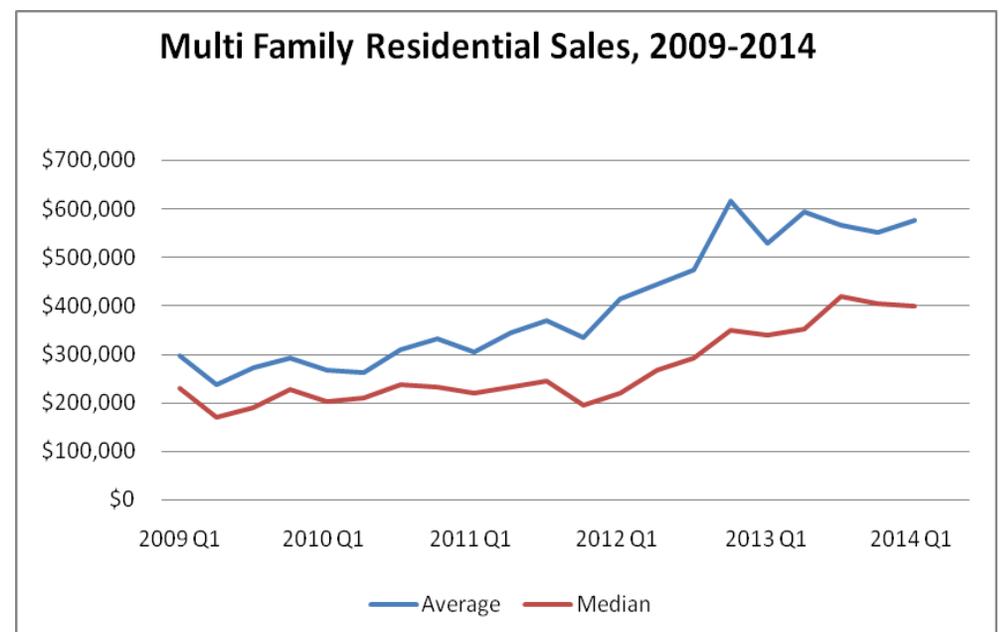
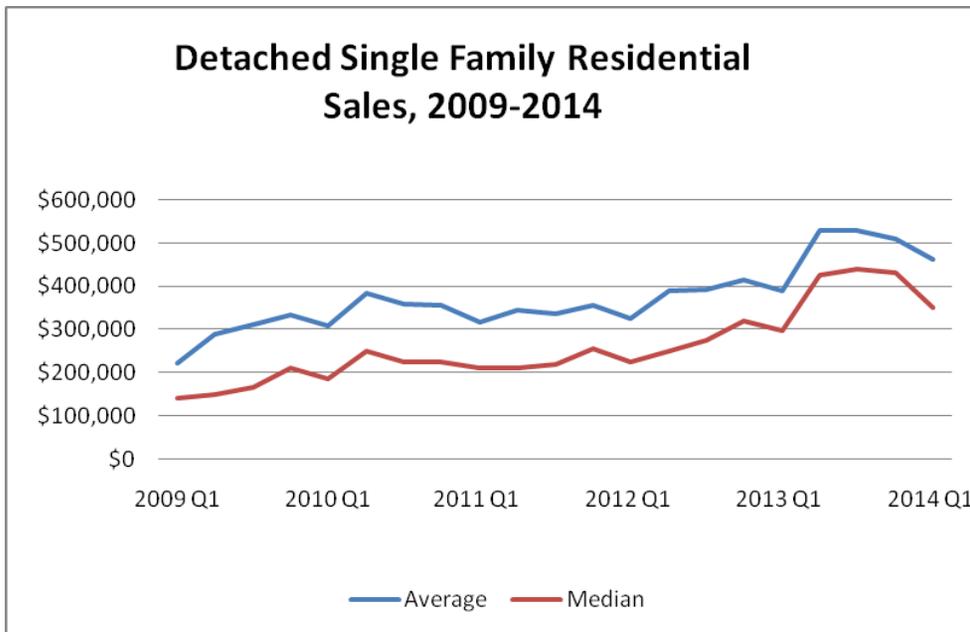
Real Estate

Residential

Median sales prices for both detached single family homes and condominiums are about 18% higher than Q1 2013. Since the first quarter of the year is usually the slowest for home sales, this figure actually masks the magnitude of the overall increase in Oakland real estate prices. In addition, interest rates increased at the end of 2013, causing average sale prices for single family homes to dip from their median high of \$439,000 in Q3 2013. Sale prices for homes in Oakland are varying wildly, from foreclosures priced in the few thousands to \$8 Million, per trulia.com.

	Q1 2013	Q1 2014	Change
Median Detached Single Family Home Sale Prices	\$296,000	\$350,000	18.2%
	Q1 2013	Q1 2014	Change
Median Multi Family Home Sale Prices	\$340,000	\$400,000	17.6%

Source: HdL Companies



Building Permits

There were 87 Single Family and zero Multi Family building permits issued between Q3 2012 and Q1 2014. An additional 4,422 housing units have been approved by the Planning Department, but have not started construction.

Real Estate – Commercial Leasing

The U.S. industrial sector has led the country's commercial real estate recovery, and the industrial market is in a time of significant growth. At 5%, the industrial vacancy rate in Oakland is the 5th lowest in the nation, with the nearby SF Peninsula reporting the nation's lowest industrial vacancy rate at 3.7%. Oakland's retail vacancy rate is also low at 3.4%. Office vacancy remains higher than the rest of the East Bay at 11.4%.

Commercial Real Estate Market, Q1 2014						
	Existing Inventory		Vacant	Vacancy	Under Construction	Annual Average Quoted Rates
	Buildings	Rentable Area (SF)	area (SF)	rate	(SF)	(\$/SF/pa)
Office Market						
Oakland	1,041	27,786,369	3,157,260	11.4%	0	\$22.16
Total East Bay	5,678	113,037,210	11,987,441	10.6%	2,000	\$23.14
Industrial Market						
Oakland	1,635	40,028,323	1,989,684	5.0%	0	\$7.17
Total East Bay	8,548	281,140,752	21,543,684	7.7%	2,355,436	\$8.25
Retail Market						
Oakland	3,241	19,823,184	665,283	3.40%	255,000	\$19.49
Total East Bay	13,447	126,792,144	5,896,548	4.7%	285,978	\$21.21

Source: Co-Star

Development Pipeline

Inventory is clearly shrinking for key areas of real estate, including both single-family and multi-family residential and industrial—as well as retail in some parts of the City. To address unmet need for demand, Oakland has several major projects in the development pipeline:

- The Oakland Army Base: construction of a new marine terminal and 1 million square feet of trade and logistics space that will generate approximately 2,000 jobs;
- The Brooklyn Basin Project: including 3,100 units of housing, 30 acres of open space, and 200,000 square feet of commercial space, generating approximately 8,000 jobs over the build-out of the project;
- New retail projects: since 2011, more than 1 million square feet of new or improved leasable retail space have been completed or are in the pipeline;
- Adopted Specific Plans: the Broadway Valdez District and West Oakland Specific Plans set a framework for development and streamlining the entitlements process. A nexus study is underway to re-set impact fees and affordable housing policies to bring them in line with the new market.