



Economic Indicators – Quarter 3

City of Oakland







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

DECEMBER 2014

Introduction to Quarter 3, July - September 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 is updated and distributed quarterly to the CED Committee and online at www.business2oakland.com.

Economic Dashboard – Q3 2014

| Employment | Q3 2013 | Q3 2014 | Change |
|-------------------------------------|---------------|---------------|---|
| Number of Jobs | 182,133 | 187,067 |  2.7% |
| Unemployment Rate | 11.4% | 9.4% |  -18% |
| Businesses | Q3 2013 | Q3 2014 | |
| Number of Business Licenses | 54,498 | 59,154 |  8% |
| Quarterly Sales Tax Revenue (Q2) | \$ 10,721,761 | \$ 11,628,844 |  8.5% |
| Real Estate | Q2 2013 | Q2 2014 | |
| Median Single Family Sale Price | \$439,000 | \$507,500 |  16% |
| Median Multi Family Home Sale Price | \$420,000 | \$535,000 |  27.4% |

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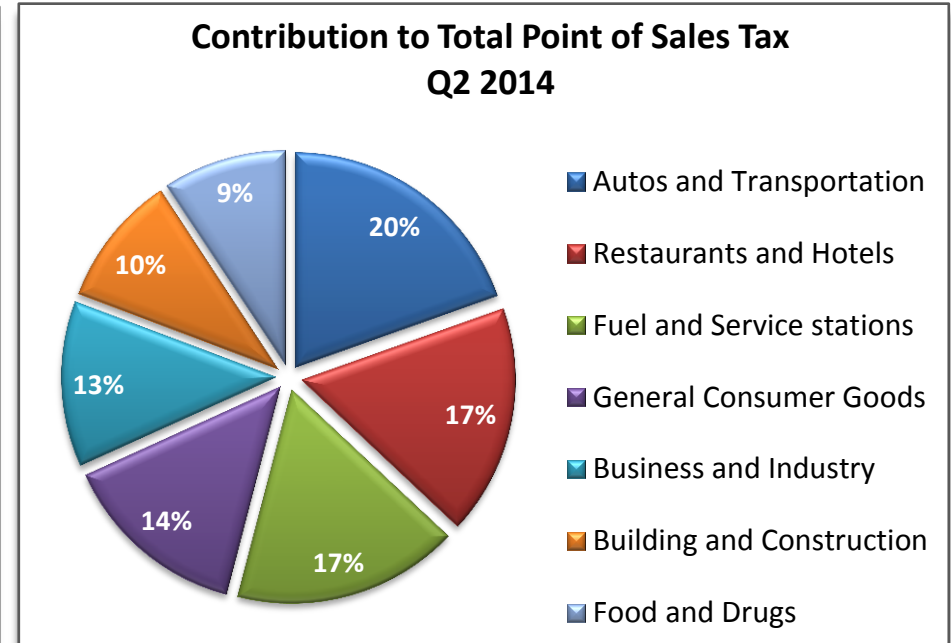
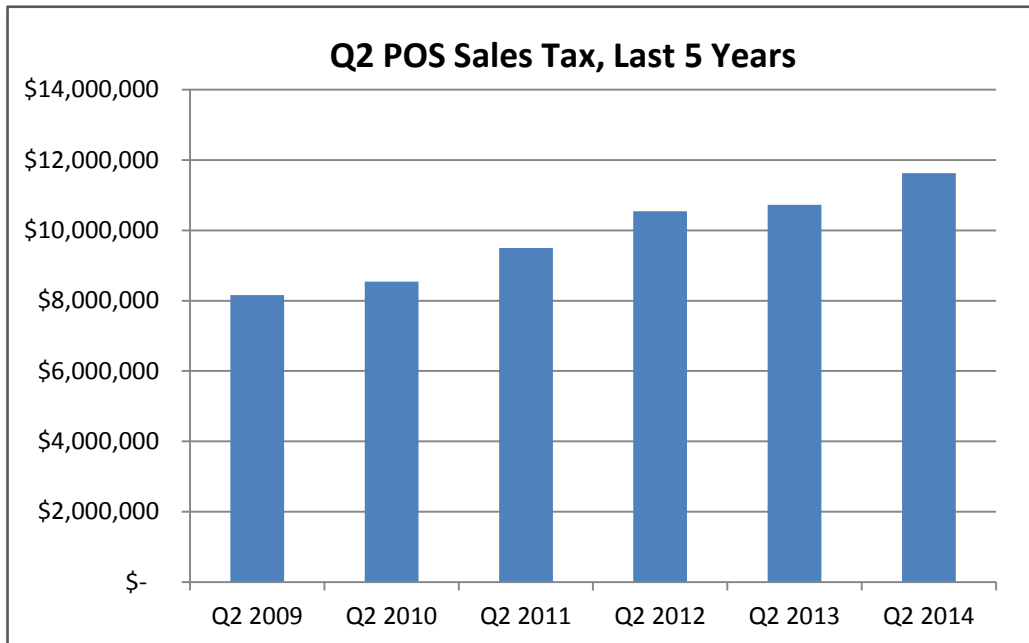
Revenues

Sales Tax, Real Estate Transfer Tax, and Transient Occupancy Tax are reported on a quarterly basis. Sales Tax reporting lags a quarter due to the grace period for payment. Sales and Transient Occupancy (Hotel) Taxes have increased, while Real Estate Transfer Taxes are lower than last year.

Quarterly Sales Tax (Q2)

| | Q2 2013 | Q2 2014 | Change |
|---------------------|---------------|---------------|--------|
| Quarterly Sales Tax | \$ 10,721,761 | \$ 11,628,844 | 8.5% |

Point of Sales tax increased 8.5% from Q2 2013 to Q2 2014, continuing a five year growth trend. Adjusted for inflation, Quarterly Sales Tax revenues have grown 29% since 2009. The bulk of Oakland’s sales tax revenue comes from automobiles and transportation, including sales of transit cars, followed by fuel and restaurant sales.



Quarterly Real Estate Transfer Tax

| | Q2 2013 | Q3 2014 | Change |
|--------------------------|--------------|--------------|--------|
| Real Estate Transfer Tax | \$16,496,538 | \$13,615,277 | -17% |

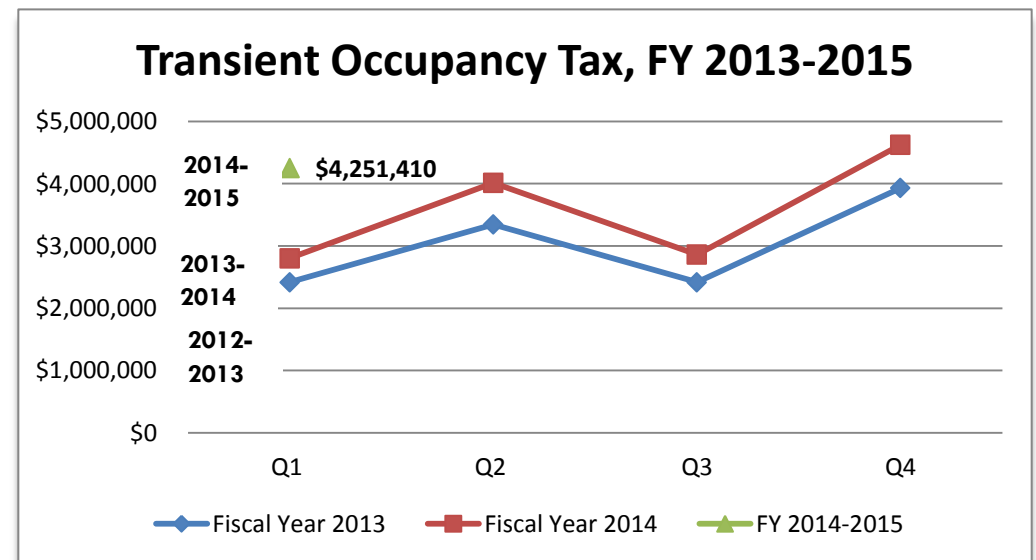
Oakland's quarterly real estate tax has declined from the same quarter last year, but this is primarily due to the absence of any major transactions, not to the overall health of the real estate market. The previous Fiscal Year (2013-2014) saw about \$11 Million in large, one time sales of large commercial properties. This quarter, 83% of the city's transfer tax revenue came from residential sales.

| Parcel Type | Transfer Tax Collected | No. of Transactions |
|--|------------------------|---------------------|
| Commercial | \$1,276,178.40 | 48 |
| Industrial/Institutional;/Recreational | \$368,595.00 | 19 |
| Vacant | \$250,177.71 | 40 |
| Unknown | \$387,666.59 | 53 |
| Residential | \$11,332,659.04 | 1336 |
| Totals | \$13,615,276.74 | 1496 |

Quarterly Transient Occupancy Tax

| | Q3 2013 | Q3 2014 | Change |
|-------------------------|-------------|-------------|--------|
| Transient Occupancy Tax | \$2,803,650 | \$4,251,410 | 52% |

Hotel stays and the transient occupancy tax they yield typically follow a seasonal variation, with peaks in summer and during the holidays. However, higher revenues are seen throughout last fiscal year, and this quarter, which is typically lower, has begun at a level almost reaching the peak of last year.

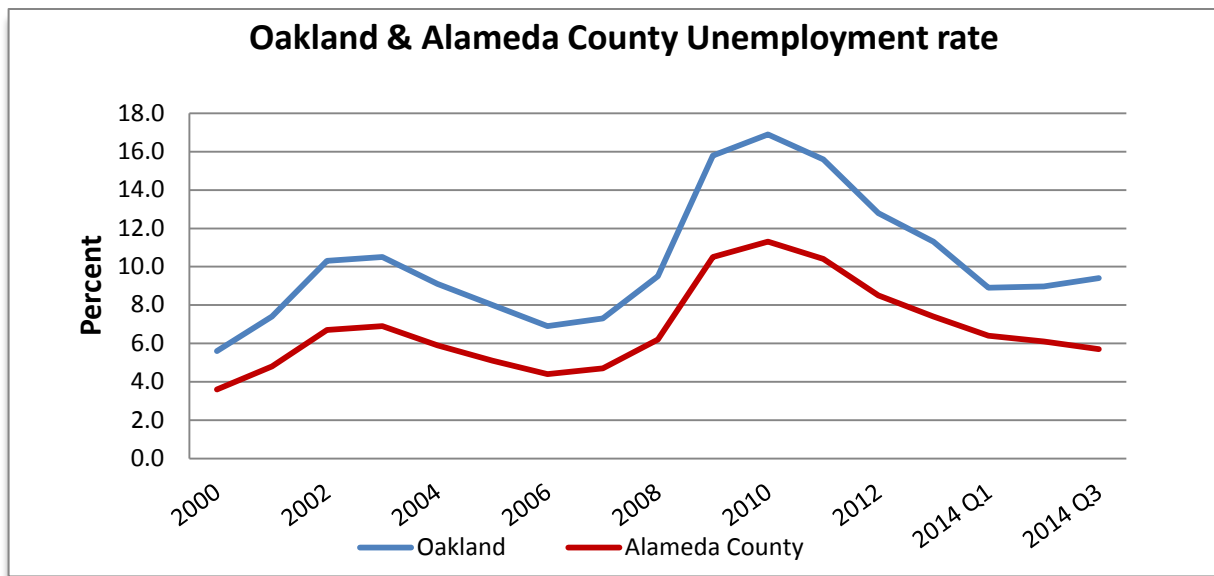


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Employment

| | Q3 2013 | Q3 2014 | Change |
|----------------|---------|---------|--------|
| Unemployment | 11.4% | 9.4% | -18% |
| | Q3 2013 | Q3 2014 | Change |
| Number of Jobs | 182,133 | 187,067 | 2.7% |

The average unemployment for Q3 2014 (July - September) was 9.4 percent, down 18 percent from the same time period last year. This compares with an unadjusted unemployment rate of 5.7% in Alameda County, 7.3 percent in California and 5.9 percent for the nation in September 2014. The table below shows that unemployment has declined for the last five years in the city and the county. It is still higher than 2006-2007 levels.



Oakland added five thousand jobs in the last year, as the total number of jobs in Oakland climbed to 187,100 in Q3 2014, from 182,133 in Q3 2013. Meanwhile, the size of the workforce has remained fairly constant, at 206,333. The increase in jobs with a steady number of workers supports the decline in unemployment.

Source: CA Employment Development Department-Labor Market Information Division

| | Q3 2013 | Q3 2014 | Change |
|-----------|---------|---------|--------|
| Workforce | 205,800 | 206,333 | 0.3% |

Business Activity, Q3 July-September 2014

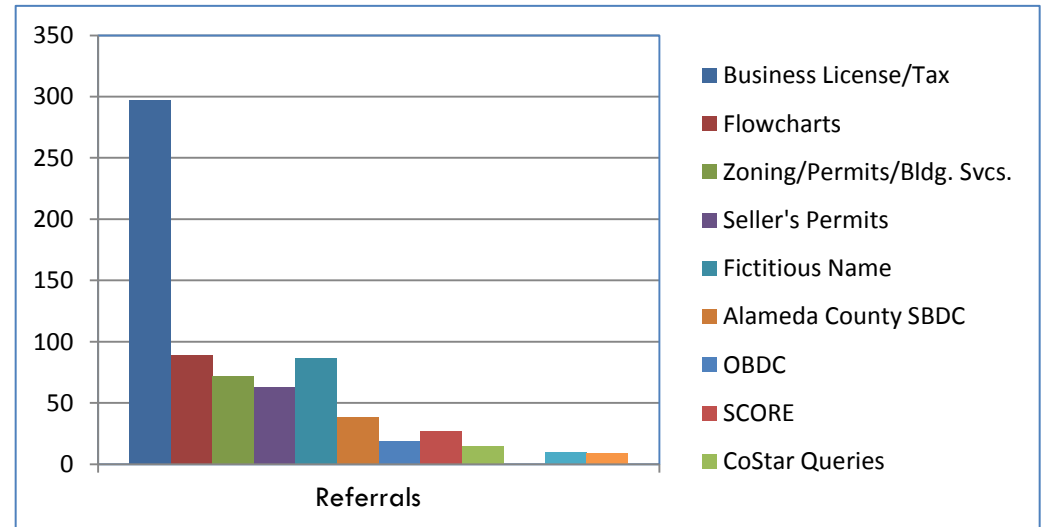
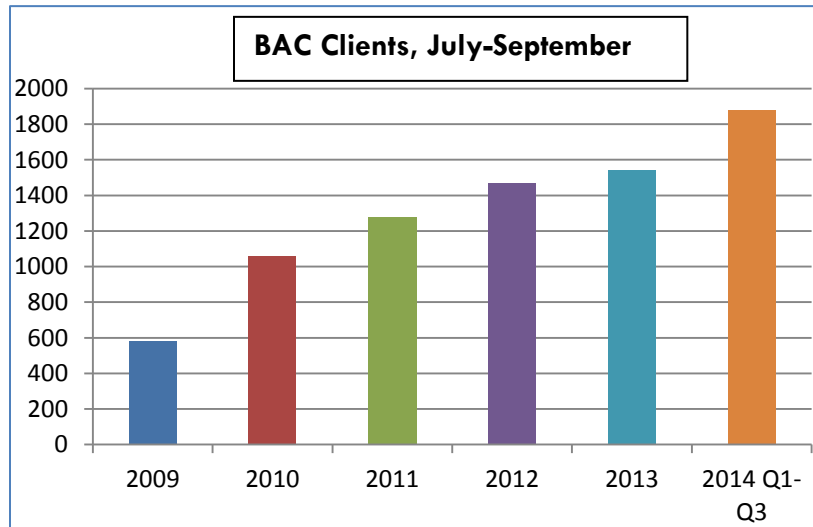
The number of business licenses issued includes 'property rentals' (i.e. homes with lodgers etc) and home-based businesses. 21,993 licenses, or 37% of the total, are residential property rentals. 1,536 new businesses were licensed this quarter, while 1,193 licenses ended.

| | Q3 2014 |
|---|---------|
| Total Business Licenses (includes apartment rentals) | 59,154 |
| Number of New Licenses | 1,536 |
| Number of Ceased Licenses | 1,193 |

Sources: City of Oakland Economic Development Department, City of Oakland Budget and Revenue Division; Oakland Business Assistance Center

Business Assistance Center

The Oakland Business Assistance Center has helped more people in the first three quarters of 2014 than in any of its previous years. Of the 725 people assisted this quarter, most were referred to the Business Licensing office. Other assistance includes steps to open a business, zoning and permits, demographic or real estate searches and small business loans and programs



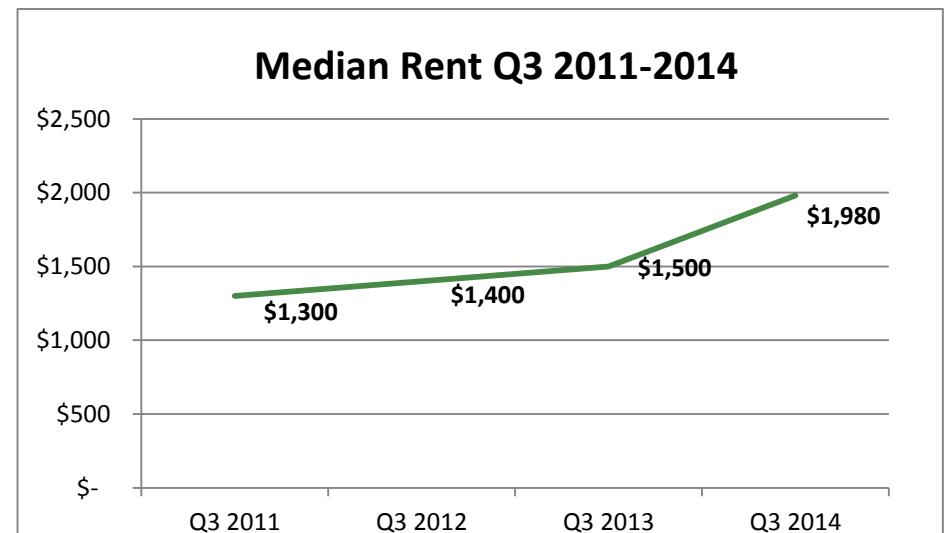
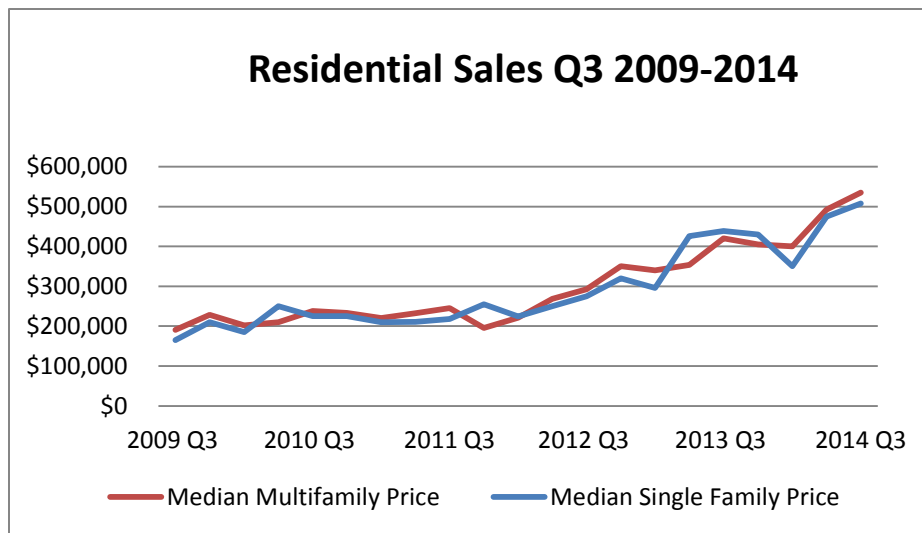
Real Estate

Residential

| | Q3 2013 | Q3 2014 | Change |
|--|-----------|-----------|--------|
| Median Detached Single Family Home Sale Prices | \$439,000 | \$507,500 | 16% |
| | Q3 2013 | Q3 2014 | Change |
| Median Multi Family Home Sale Prices | \$420,000 | \$535,000 | 27.4% |
| | Q3 2013 | Q3 2014 | Change |
| Median Rent | \$ 1,500 | \$ 1,980 | 32% |

Median sales prices for detached single family homes have increased 16% since Q3 2013, while multifamily homes have increased just over 27%. Home values are close to their pre-recession peak, which was \$550,000 in 2007. Countywide, the median single family home cost has increased by 16%, with Emeryville, Newark, and Pleasanton all seeing median home values rise by more than 20%.

Oakland median rents saw a similar jump as multifamily home sales. Q3 rents, measured September 30th, increased 32% since last year. As shown below right, this jump follows several years of slower 7-8% annual growth.



Source: HdL Companies, trulia.com, zillow.com

Building Permits

| | Q3 2013 | Q3 2014 |
|------------------------------|---------|---------|
| Residential Building Permits | 4 | 22 |

There were 22 Single Family and zero Multifamily building permits issued in Q3 2014.

Real Estate – Commercial Leasing

Oakland’s commercial vacancies have increased in all categories since Q2, but Industrial and Retail rents are rising. The office vacancy rate in Oakland climbed from 10.3% to 11.2%. In comparison, San Francisco reported an office market vacancy rate of 7.0% last quarter and a lease rate of \$59.28 (SF OEWD). Industrial vacancies in Oakland climbed slightly from 4.8% to 5.2%, and retail vacancies rose from 3.0% to 3.2%. Overall, Oakland’s office vacancies are higher than the East Bay office market, while Industrial and Retail vacancies are lower than the surrounding market. Office rates per square foot fell by \$0.70, while Industrial and Retail rates grew by \$1.50/sf and \$1.10/sf each.

| Commercial Real Estate Market, Q3 2014 | | | | | | |
|--|--------------------|--------------------|---------------------|-----------------|-------------------------------|--|
| | Existing Inventory | | Vacant area (SF) | Vacancy rate | Under Construction (SF) | Annual Average Quoted Rates (\$/SF/pa) |
| | Buildings | Rentable Area (SF) | | | | |
| Office Market | | | | | | |
| Oakland | 1,037 | 27,860,626 | 3,130,579 | 11.2% | - | \$21.24 |
| Total East Bay | 5,681 | 113,093,463 | 12,334,437 | 10.9% | 10,000 | \$24.06 |
| Industrial Market | | | | | | |
| Oakland | 1,630 | 38,334,914 | 2,002,941 | 5.2% | - | \$8.31 |
| Total East Bay | 8,545 | 280,255,233 | 20,741,344 | 7.4% | 2,153,145.00 | \$8.47 |
| Retail Market | | | | | | |
| Oakland | 3,262 | 19,685,700 | 621,551 | 3.2% | 55,000 | \$21.80 |
| Total East Bay | 13,484 | 126,554,275 | 5,339,591 | 4.2% | 271,450 | \$21.95 |

Development Pipeline

There are 25 projects under construction or just recently completed, including 1219 housing units and 2,886,000 square feet of commercial space. An additional 51 projects are in the pipeline, including 10,803 residential units and 3,458,500 square feet of commercial space. This is a significant increase in residential development activity from last year and last quarter, when there were just over 1000 units under construction and 8000 in the pipeline.

| HOUSING | | COMMERCIAL | |
|--|---------------|---|--------------------|
| Under Construction | Units | Under Construction | Square Feet |
| Market Rate | 278 | Transportation/Logistics | 475,000 |
| Senior/Affordable | 941 | Retail | 181,000 |
| | | Medical | 2,130,000 |
| | | | |
| Total Units Under Construction | 1,219 | Total Commercial SF Under Construction | 2,886,000 |
| Pipeline | Units | Pipeline | Square Feet |
| Market Rate | 9673 | Retail | 498,500 |
| Senior/Affordable* | 1130 | Retail/Office | 900,000 |
| | | Retail/Hotel/Office | 650,000 |
| | | Retail/Entertainment | 120,000 |
| *Minimum. Some projects still under determination. | | Office | 910,000 |
| | | Medical | 380,000 |
| | | | |
| Total Units in Pipeline | 10,803 | Total Commercial SF in Pipeline | 3,458,500 |