



# Opportunities

## GROWING YOUR BUSINESS IN OAKLAND

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## NEW! OPPORTUNITIES HIGHLIGHTS ECONOMIC DEVELOPMENT IN OAKLAND

Welcome to the premiere issue of *Opportunities*, a publication of the City of Oakland's Economic Development Division. Our mission is to foster investment and development in Oakland that contributes to its growth, vitality and sustainability.

Oakland's business climate is reflected in our ability to attract, retain and support business and investment. The cornerstone of economic development centers on the well-being of our hometown enterprises—they are the ambassadors of the Oakland experience. Local and national developers with properties and projects in Oakland will tell you that while working with the City they have encountered innovative and friendly staff who helped close a deal or move a project forward.

The City is succeeding on many key economic development fronts: new residential developments; expansion of existing businesses; attraction of new businesses including several exciting restaurants; and restoration of historic and cultural amenities. Strategic public and private investment have come together to enliven districts and neighborhoods throughout the City.

A visit to Uptown, Oakland's downtown arts and entertainment district provides a glimpse of the City's future. New housing, the restored Fox Oakland Theater and scores of art galleries, restaurants and nightclubs have joined the Paramount Theater, Oakland Ice Center and established merchants to bring new life to this district.

We believe effective communication is essential to developing strong partnerships that will continue to move Oakland forward. *Opportunities* is one of our key tools to keep businesses informed and acquainted with development news and opportunities in the City of Oakland. It was designed with the business community in mind to provide useful information that can help you improve your company's competitive edge and profitability.

Future quarterly issues will update Oakland's economic profile, offer key indicators to track major developments and investment activity, highlight business services and spotlight Oakland's dynamic business community.

We want *Opportunities* to be of great value to you, and we welcome your feedback, suggestions and ideas at [edcomments@oaklandnet.com](mailto:edcomments@oaklandnet.com).

**WALTER COHEN, DIRECTOR**  
Community and Economic Development Agency (CEDA)

# City on the Move:

ECONOMIC DEVELOPMENT IN OAKLAND



## DINING & DIVERSIONS: DOWNTOWN AND BEYOND

**B**ay Area residents are discovering the blossoming dining and entertainment scene in Oakland. New eateries with respected chefs dot the downtown, Uptown and even quieter residential neighborhoods like Glenview. Restaurants such as Flora, Wood Tavern, Franklin Square Wine Bar, Bellanico, Marzano, Camino, Pizzaiolo, Levende East, Ozumo, Spice Monkey, Xyclo, Adesso and Cocina Poblana are drawing rave reviews and hungry crowds. Foodies look forward to the completion of the Jack London Market, a grand food hall and culinary center, at Jack London Square later this year.

With the grand re-opening of the Fox Oakland Theater to its full 1920's glory, Oakland's entertainment scene jumped up a notch. Hosting a variety of live acts in Oakland's Uptown district, the Fox Oakland anchors the new housing, entertainment and dining options in the area. Clubs and bars like the Air Lounge, The Uptown, The Den at the Fox Theater, Avenue, Somar, Mua and Yoshi's attract locals and out-of-towners for live music, cocktails, food, dancing and conversation. Just up the street, the Paramount Theatre hosts the Oakland Symphony, Oakland Ballet and other top national and international artists.

Oakland's dynamic art scene is flourishing. During monthly first Friday Art Murmur events, Uptown area galleries stay open into the evening and street performers, vendors and massive outdoor art events like the Great Wall of Oakland add to the festivities. Third Thursday Oakland Art nights feature galleries from Jack London Square to the downtown area. The Oakland Museum of California offers many special events including First Fridays After Five, where patrons sample food and libations while wandering the galleries and enjoying live performances.

Stay up to date at [www.meetdowntownoak.com](http://www.meetdowntownoak.com)

**T**he City of Oakland has shown remarkable strength as it rides out the current economic turmoil. In fact, Oakland was recently honored by the *San Francisco Business Times* for eight high profile real estate transactions, ranging from commercial building sales to completed residential projects and restored cultural venues. We'll take a closer look at what's happening in Oakland in this inaugural issue of *Opportunities*, a quarterly newsletter providing the latest news and resources about starting, relocating or growing a business in Oakland.

### NEW HOUSING BRINGS MORE RESIDENTS DOWNTOWN

Oakland continues to show signs of new life in the downtown area. The plan initiated in 1999 to bring 10,000 new residents into downtown is well underway, with multiple newly built residential developments already occupied, and many others in the works. This influx of residents has begun to create a stronger urban core and attract new amenities such as retail, restaurants and entertainment.

### RESTAURANTS AND ENTERTAINMENT DRAW CROWDS

Oakland's dining scene has created quite a buzz, with the addition of several high-profile restaurants in diverse neighborhoods from Glenview and Temescal to Uptown and Jack London Square (see sidebar). More choices are expected soon including four-star chef Daniel Patterson's Bracina in Jack London Square, a Mission-style taqueria from the owners of the uptown hotspot Flora and a 350-seat restaurant in the historic Lake Merritt Municipal Boathouse by the operators of San Francisco's popular Beach Chalet and Park Chalet restaurants.

Entertainment choices have also multiplied. The newly renovated Fox Oakland Theater now offers live performances, and the office space wrapping the theater has become the permanent home for the Oakland School for the Arts. An active arts scene has developed in Uptown and along the Broadway corridor, and new bars, clubs and lounges offer East Bay residents new nightlife choices on the east side of the bridge.

### RETAIL SHOWS UPWARD TREND IN 14 OF CITY'S DISTRICTS

Oakland's retail indicators also show positive movement. While experts indicate that the current recession may have begun as early as April 2008, 14 retail districts throughout Oakland reported growth in sales tax revenue during the third quarter of 2008—the latest quarter available—when compared with third quarter 2007. Geographically varied districts reporting revenue growth included Rockridge, Laurel, Jack London Square, Golden Gate, Old Oakland and nodes along MacArthur Boulevard and Shattuck Avenue. The City's new retail strategy to support retailers and address retail gaps for Oakland shoppers should help increase this trend (see **Shop Locally**, page 6).



NEW COMMUNITY BENEFIT DISTRICTS IN THE DOWNTOWN OAKLAND AND LAKE MERRITT/  
UPTOWN AREAS ARE PROJECTED TO INFUSE \$25.6 MILLION IN NEW DOLLARS TO  
ENHANCE THE GREATER DOWNTOWN AREA OVER THE NEXT 10 YEARS.

## MAJOR INVESTORS FIND APPEAL IN OAKLAND'S DYNAMICS

Oakland has also attracted major investment by key players in commercial real estate. The CIM Group's most recent \$412.5 million purchase of five downtown Oakland office buildings totals 1.7 million square feet and adds to the firm's Oakland portfolio which already featured two major downtown hotels. Why this large and varied investment in Oakland? "Downtown Oakland is an emerging urban district with solid infrastructure including an extensive public transportation network," said Scott Stafford, Vice President of Investments for the CIM Group.

San Francisco-based real estate investor SKS Investments also showed its enthusiasm for Oakland by purchasing the historic Wakefield building as well as the Key System Building and an adjacent empty lot, where they plan to build a LEED-certified 20-story office tower and incorporate the Key System Building into its facade (see **Oakland's Stellar Investment Dynamics**, page 5).

## ENTREPRENEURS SEEK BENEFITS OF DOING BUSINESS IN OAKLAND

Oakland continues to attract entrepreneurs—since July 1, 2008, more than 3,377 new business tax accounts have been established. Oakland's central Bay Area location and strong demographics, as well as its tax incentives, lower fees and redevelopment dollars contribute to its appeal.

Businesses located in the city's Enterprise Zone saved nearly \$14 million since July 1, 2008, on hiring tax credits averaging \$5000 per employee. Business owners also benefit from Oakland's nine Business Improvement and Community Benefit Districts (BIDs and CBDs), including two new CBDs dedicated to enhancing the Downtown Oakland and Lake Merritt/Uptown areas. Projections indicate these districts will generate approximately \$40 million for enhanced maintenance, public safety, visitor services, marketing and beautification over their respective terms.

Brisk leasing activity also shows Oakland's diverse economic landscape. Bio-pharmaceutical firm Cerexa, Inc. signed for 38,000 square feet in Center 21, while nonprofit St. Vincent De Paul inked a deal for warehouse space valued at \$1.4 million. On the waterfront, Ports America signed a 50-year lease deal valued at \$700 million with the Port of Oakland to manage and upgrade five outer harbor berths generating about 6,000 jobs. General professional service businesses such as law, engineering and consulting firms have also leased office space in the downtown area.

## CONSTRUCTION CONTINUES DESPITE THE SLOWDOWN

Building in Oakland has kept up a good pace during the economic downturn. Since July 1, 2008, the City of Oakland has issued building permits valued at more than \$259 million in new construction and renovations of residential and commercial properties. Major projects now underway include:

**GATEWAY AREA.** The Oakland Redevelopment Agency has initiated plans to develop 165 acres of land inside the former Oakland Army Base at the Oakland side of the San Francisco-Oakland Bay Bridge. Possible uses include maritime, light industrial, logistical industries, offices, film services, retail, wholesale and parkland/open space.

**HOSPITAL PROJECTS.** Local hospitals plan over \$2 billion in seismic upgrades and new or enhanced facilities:

- + Kaiser Medical Center continues the phased replacement of its existing facilities with a state-of-the-art medical center campus; the first new building at West MacArthur and Broadway will soon be occupied.
- + Alta Bates Summit Medical Center plans to construct and upgrade an acute care hospital tower and a relocated emergency department to meet current seismic standards.
- + Alameda County Medical Center, the County's public hospital and trauma center, plans an expansion, seismic retrofitting and a new parking structure.

In addition, Children's Hospital & Research Center Oakland plans seismic upgrades and replacement of certain portions of their facility in the future.





## HIGH NATIONAL RANKINGS SHOW OAKLAND'S STRENGTH

### RESIDENTIAL RENTAL:

RANKED AS THE SIXTH BEST MARKET IN THE NATION BY THE 2009 NATIONAL APARTMENT INDEX CONDUCTED BY **MARCUS & MILLICHAP RESEARCH SERVICES**

### INDUSTRIAL:

RANKED SEVENTH IN ITS U.S. INDUSTRIAL MARKET STRENGTH FORECAST FOR 2008-2012 BY **GRUBB & ELLIS**

### RETAIL:

RANKED 11TH BEST RETAIL MARKET IN THE U.S. IN **MARCUS & MILLICHAP'S 2009 MARKET FORECAST**

### COMMERCIAL:

RANKED AMONG THE TOP 10 BEST OFFICE INVESTMENT MARKETS IN THE U.S. IN **GRUBB & ELLIS' 2009 GLOBAL REAL ESTATE FORECAST**

**JACK LONDON MARKET.** Construction of the Jack London Market and parking garage is well underway by Ellis Partners LLC at Jack London Square, Oakland's popular waterfront destination. The six-story market will serve as a focal point for food-related activities, including California's largest produce and food market accompanied by an eclectic array of restaurants, culinary shops and a cooking school. The top four floors will feature Class A office space. Opening is expected in late 2009.

### FEDERAL STIMULUS FUNDS EXPECTED TO BRING OTHER BENEFITS

The City of Oakland's allocation from the Federal Stimulus Package will also benefit local businesses and residents. The Metropolitan Transportation Commission (MTC) recently announced it would

allocate \$70 million for the rail link between the Coliseum BART Station and the Oakland International Airport. "This gives us an opportunity to bring people into Oakland and makes Oakland their choice for convenient air travel," says Aliza Gallo, Business Development Coordinator for Oakland's Community and Economic Development Agency (CEDA). The Port of Oakland also expects to receive \$32 million from the stimulus package to complete a harbor dredging project to accommodate larger container ships, and funds are also expected to help dig a fourth bore for the Caldecott Tunnel to ease access into Oakland.

## OAKLAND'S ECONOMIC DEVELOPMENT TEAM CAN HELP YOU:

- + Start a new business
- + Find a location for your business
- + Find out what licenses and permits you'll need
- + Get financing guidance and identify sources for a business loan
- + Facilitate recruiting qualified employees
- + Identify funds to renovate or rehab your space
- + Lower your energy costs
- + Lower your state business taxes
- + Find out the benefits of locating in a redevelopment area
- + Learn about cost-saving financial incentives
- + Explore how your business fits into an upcoming major project
- + Make connections with others in your industry
- + Get technical support specific to your industry sector

Learn more about CEDA's resources at [www.business2oakland.com](http://www.business2oakland.com).

## OAKLAND'S STELLAR INVESTMENT DYNAMICS: SKS Investments, Inc.

**W**hen San Francisco-based SKS Investments, Inc., an investor and developer of commercial real estate properties, first showed interest in Oakland, CEDA staff scheduled a meeting with principal Paul Stein. SKS had divested most of its San Francisco portfolio and was looking for new investment opportunities. When Stein and his team took a tour of Oakland's development opportunities with City officials, they fell in love with downtown Oakland.

"Nobody believed us ten years ago when we targeted San Francisco's South of Market area for investment," said Paul Stein, Managing Partner. "When we walked through downtown Oakland, we knew instantly that we had found the same investment dynamics, only better!" Oakland's blend of historic Class B buildings and stately Class A buildings, along with a burgeoning upscale restaurant scene, outstanding transportation systems and excellent real estate values provided SKS Investments with the incentive they needed.

In February 2007, SKS acquired the historic Wakefield Building at 426 17th Street, which was built in 1927 and extensively upgraded for office use in 2002. CEDA staff then introduced SKS principals to the owners of the long-vacant historic Key System Building located in the heart of Oakland's downtown. This building and an adjacent empty lot had suffered seismic damage and two decades of changing development plans and ownership. SKS purchased both sites in 2007 and has begun plans for a new LEED-certified 20-story office tower in the vacant lot at 1100 Broadway. They have incorporated the Key System Building into the overall site plan.

### CITY OF OAKLAND DEMOGRAPHIC PROFILE:

**CITY SIZE:**  
56 SQUARE MILES

**2008 POPULATION ESTIMATE:**  
416,480

**NUMBER OF HOUSEHOLDS:**  
145,506

**AVERAGE HOUSEHOLD INCOME:**  
\$67,500

**MEDIAN AGE:**  
36





## SHOP LOCALLY: New Strategy Tackles Retail Needs in Oakland

By shopping close to home, consumers save time and money, use less gas, avoid traffic and protect the environment. With retail options somewhat limited, many Oakland residents expend their buying power in neighboring communities. Oakland economic development and planning officials are hard at work to change that.

### STUDY SHOWS LARGE GAP IN RETAIL CHOICES FOR CONSUMERS

The Community and Economic Development Agency (CEDA) hired the Conley Consulting Group to complete a study evaluating the retail situation in Oakland, including a look at 54 retail shopping areas, or nodes, within the city. The report, entitled the Oakland Retail Enhancement Strategy was completed in March 2008.



What did they find? The study confirmed what most locals already know—retailers are missing a grand opportunity in Oakland. The city's 420,000 residents now spend over \$1 billion outside of Oakland on comparison goods—things like home furnishings, clothing, sporting goods and appliances—alone. These purchases reflect almost 75% of Oakland's potential sales in this category. Bringing these shoppers back home would generate an additional \$1 million in sales tax revenue and support over 10,000 new jobs.

The study also found that residents, especially those in East and West Oakland, are severely underserved by grocery stores. Residents must often make convenience purchases, such as groceries, toiletries and other goods, from neighborhood corner stores or more expensive mini-marts. Leakage from these sales could support five new full-sized supermarkets or more specialty food stores. In addition, the study found that people employed in Oakland who live elsewhere could support an \$232 million in sales of comparison goods and food and drink.

### NEW RETAIL STRATEGY PROPOSES VARIED SHOPPING CHOICES

This gap in retail spending has captured the attention of City leaders. The City Council has adopted a multi-pronged set of plans to address the retail gap, support existing retailers and ensure a retail friendly climate in Oakland. These include recruiting developers for a 10-acre retail development on Upper Broadway; working with local and national grocery representatives to expand options in underserved neighborhoods; and reaching out to existing retailers to increase awareness of the considerable resources available through the City, including financial incentives, tax credits and façade and tenant improvement grants.

The City's Marketing Division is stepping up outreach to local businesses through the popular ShopOakland.com and MeetDowntownOak.com sites—both designed to increase foot traffic in Oakland's commercial districts. Marketing is also beefing up efforts to promote Oakland as a prime location for retail investment through advertising and editorial pitches in industry publications and promoting Oakland at key retail trade shows.

#### ACCOLADES FOR OAKLAND'S DOWNTOWN ENHANCEMENTS

National magazine *Outside* honored the City of Oakland in August 2008 for its innovation in making its downtown a livable neighborhood, highlighting residential development near public transit, shopping, dining, cultural amenities and nightlife.

## PLANNING SPARKS VISION FOR THREE OAKLAND AREAS

Planning and Economic Development staff is working on specific plans for three distinct areas within Oakland, each of which offers unique opportunities. The plans determine a common vision for each area and provide a framework to support development while balancing land-use goals with environmental and economic interests. They provide an area-wide set of development regulations and requirements including the distribution, extent and location of land uses; infrastructure standards and financing mechanisms for public improvements. Specific plans now underway are:

1

### Broadway/Valdez District

The City's traditional Auto Row would be transformed into a high quality, mixed-use, lifestyle shopping destination, as identified in the Upper Broadway Strategy section of the Oakland Retail Strategy.

Since large, centrally located sites are scarce in Oakland, the Broadway/Valdez District has been identified as the best location in the city for this type and scale of development. Details coming soon at [www.business2oakland.com/brcp/](http://www.business2oakland.com/brcp/) or 510-238-7905.

2

### Lake Merritt BART station area

A vision for a transit-oriented, mixed-use development near the Lake Merritt BART station could potentially promote Chinatown as a regional destination and create an arts and entertainment district

in the area surrounding the Oakland Main Library, Oakland Museum of California, Kaiser Auditorium and Laney College. Contact: 510-238-7904.

3

### Central Estuary Area

Currently zoned for industrial, residential and other uses, it is hoped that the plan for this 428-acre strip of the Estuary waterfront—from 19th to 54th Avenues—will spur revitalization in the area and

transform it into a regional destination where people live, work and play. Details at [www.oaklandnet.com/central\\_estuary\\_plan](http://www.oaklandnet.com/central_estuary_plan).

While economic conditions have slowed some projects, others continue unabated. "The current slower pace provides time to plan for the next development boom in the cyclical nature of the construction industry," says Eric Angstadt, Deputy Director. "We're trying to get the city ready for the next upswing in the economy."



## MAYOR'S 3RD ANNUAL ECONOMIC SUMMIT DRAWS HUNDREDS OF BUSINESS LEADERS



On May 1, hundreds of business, civic and community leaders participated in Mayor Ron Dellums' 3rd Annual Oakland Partnership Economic Summit at the Oakland Marriott. Mayor Dellums provided an insightful, powerful overview of the state of Oakland's economy that underscored our city's strengths and the importance of collaborating with state, federal and private agencies to move Oakland forward. George Zimmer, Founder/CEO of Men's Wearhouse, electrified the audience with a dynamic, incisive and timely keynote address centered on the importance of a values-based business model that prioritizes the interests of employees.

The Summit focused on key projects and initiatives to get our regional economy moving on the road to recovery and included a panel discussion on the impact of the federal stimulus on the region featuring Dale Bonner, Secretary of California's Business, Transportation and Housing Agency; Lenny Mendonca, Chairman, Bay Area Council and the McKinsey Global Institute; Jane Brunner, President, Oakland City Council; Omar Benjamin, Executive Director, Port of Oakland; and Sharon Cornu, Executive Secretary-Treasurer, Alameda Labor Council.

New to this year's Summit was a dynamic showcase featuring scores of leading-edge companies that are putting Oakland on the map. Highlighted companies included: Numi Tea, a fast-growing Oakland tea producer featured in *Business Week* and other national publications; Rainin Instruments, North America's largest manufacturer of pipettes, an advanced medical measuring device; Electric Motorsport, leading-edge producers of environmentally-conscious electric motorcycles; Green Heart Global, makers of 100 percent recyclable clothing hangers whose clients include Gap and L.L.Bean; EarthSource Forest Products, one of the most respected and comprehensive sources of FSC-certified and environmentally healthy wood products in North America (President Obama's new family dog will reside in a home constructed from their products!); and Lucid Design Group, makers of dashboards that track energy use for homes, schools and businesses and the 2009 winner of California's prestigious *Flex Your Power Award*.

The public-private Oakland Partnership continues to drive initiatives to create a thriving, equitable, globally competitive regional economy by tapping into the creativity, talent and expertise of all segments of the population and providing benefits to all Oakland residents and businesses.

## COMMUNITY AND ECONOMIC DEVELOPMENT AGENCY

The Community and Economic Development Agency is an umbrella organization responsible for the full spectrum of development related services including Planning and Zoning, Building Services, Economic Development, Redevelopment, Housing and Community Development and Design and Construction.

**Walter Cohen**, Agency Director

**Eric Angstadt**, Deputy Director of Planning & Zoning

**Ray Derania**, Deputy Director of Building Services

**Gregory Hunter**, Deputy Director of Economic Development and Redevelopment

**Mike Neary**, Deputy Director of Design and Construction Services

**Gary Patton**, Deputy Director of Major Projects

**Sean Rogan**, Deputy Director of Housing and Community Development

### NEED HELP WITH?

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\*(Hiring tax credits and tax credits for equipment purchases)

### KEEP UP WITH THE LATEST NEWS ON OAKLAND'S ECONOMIC DEVELOPMENT!

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Sign up for our companion newsletter focused on redevelopment news and opportunities.

View **Redeveloping Oakland** newsletter at [www.business2oakland.com/redevelopment](http://www.business2oakland.com/redevelopment)



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