Economic Trends and Prospects

Baseline Analysis for Oakland General Plan

The Economics of Land Use

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Table of Contents

List of Figures

1. Introduction and Study Overview

This Report evaluates economic and market trends that will inform the land use policies and alternatives to be considered as part of the City of Oakland's (City) General Plan Update. It has been prepared for the City by Economic & Planning Systems, Inc. (EPS) as part of a multidisciplinary consultant team led by Dyett & Bhatia. EPS will supplement this economic report with an "Industrial Lands Study," prepared as a separate deliverable.

This Report draws upon and informs analysis prepared as part of parallel General Plan and other studies that address Oakland's demographic, socioeconomic, housing, and transportation trends, among others. These studies are referenced where appropriate and include, without limitation, the following:

- Downtown Oakland's Economic Role in the City and the Region, prepared by Strategic Economics (2017).
- Environmental Justice and Racial Equity Baseline, prepared by Dyett & Bhatia (2022).
- Housing Needs Assessment from the City's Housing Element Update, prepared by Dyett & Bhatia (2022).
- Map Atlas text (analysis of transportation patterns relative to the General Plan), prepared by Kittelson Associates (2022).
- Oakland 2030 Equitable Climate Action Plan (ECAP), prepared by the City of Oakland Department of Public Works (2020).
- Oakland Equity Indicators prepared by the City of Oakland Department of Race and Equity (2018).

This report provides an analysis of economic and market data based on publicly available data from a variety of sources as well as interviews with professionals active in and knowledgeable of Oakland. However, the analysis does not incorporate input from the community at large, nor is it intended to reflect or address the opinions or preferences of Oakland residents. Community and stakeholder outreach activities are being conducted as part of the broader General Plan Update study process, as reflected in separate deliverables from the Dyett & Bhatia consultant team that will result in input for future policies for economic growth.

Study Scope and Purpose

Baseline socioeconomic and market trends provide important information on where Oakland is headed under "business-as-usual" conditions. They can also help ensure that future land use alternatives being considered as part of the General Plan are realistic and achievable from an economic perspective. While this report is not intended to resolve critical land use and policy issues, it can inform decisions and direction on questions to be addressed in subsequent phases of the General Plan, including but not limited to the following:

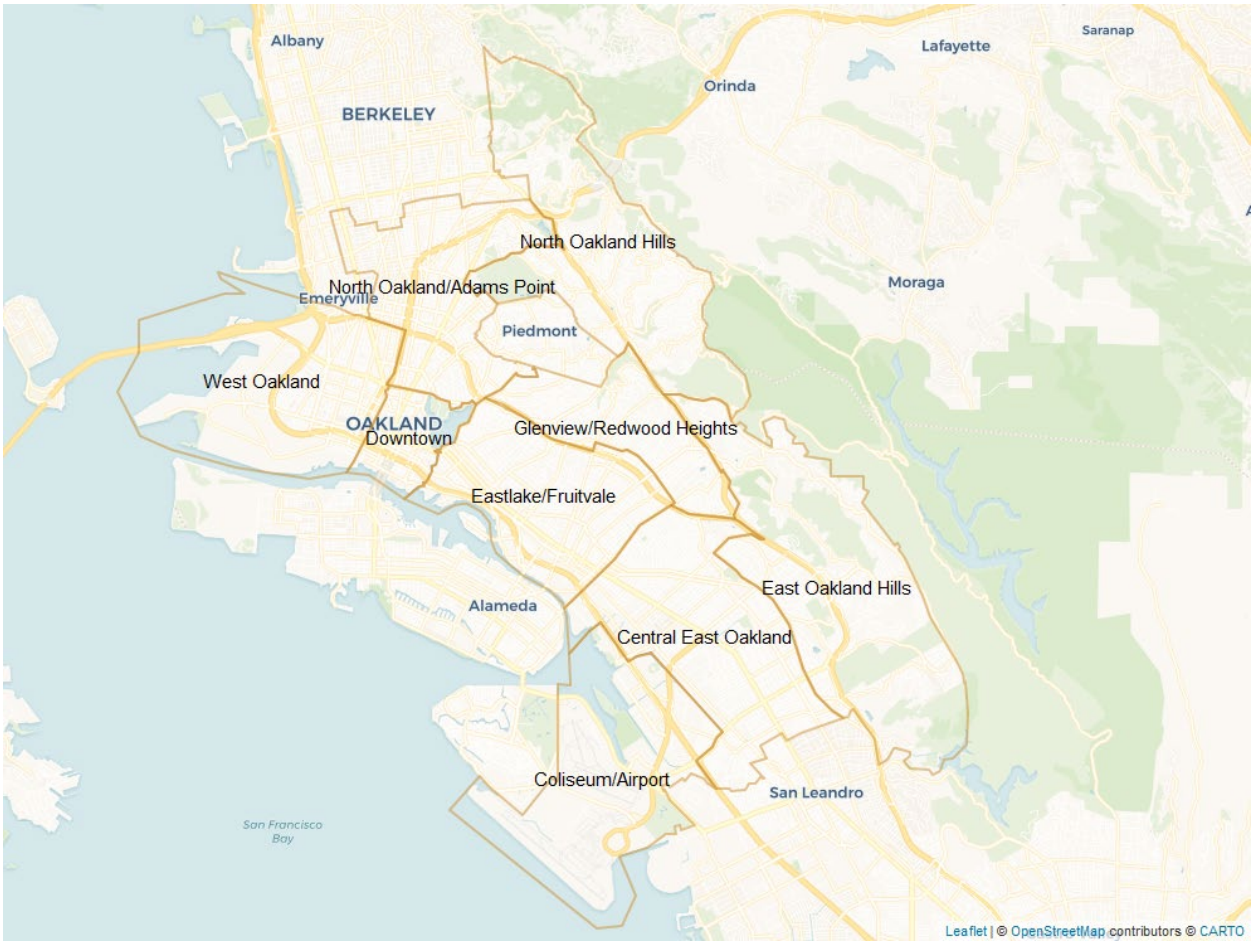
- **Economic Development:** What economic sectors have the potential to contribute to the type of economic development sought by the City, including addressing the needs of underserved populations and fostering growth in targeted industries?
- **Land Use (Re-) Development Feasibility:** What are the market prospects facing various real estate development and investment projects, particularly in locations that might be targeted for growth and/or change (as identified in subsequent phases of the General Plan)?
- **Economic and Fiscal Impacts of Land Use Policy:** What are the economic and fiscal implications of various policies or land use regulations being considered as part of the General Plan Update?

As a baseline study, the information provided herein is not intended as deterministic in terms of the type, amount, or location of land use that should be considered going forward. Future development patterns will be influenced by a variety of factors, some external to the General Plan, and others that have and will continue to be directly shaped by local land use policies. Additionally, this study represents a broad-based overview of economic trends and conditions; a more comprehensive and/or detailed analysis of growth opportunities in specific sectors or how to address challenges among underserved groups is to be conducted as part of parallel or subsequent General Plan study efforts.

Study Geography and Context

Given the important spatial dimension of a General Plan, portions of this Report provide data and analysis unique to specific neighborhoods within the city. While specific boundaries may vary depending on data availability, EPS has adopted a planning area map for use in this study derived from the OakDOT Geographic Equity Toolbox created by the Racial Equity Team of the City of Oakland Department of Transportation.[1] These boundaries are illustrated in **Figure 1**.

Figure 1: OakDOT Geographic Equity Toolbox Planning Area Map



[1] See https://oakgis.maps.arcgis.com/apps/MapSeries/index.html?appid=fd47784582294d7b87cfb3ee1b047ea8

While this analysis focuses on market and socioeconomic data for the City of Oakland, it is understood that economic activity is not constrained by municipal boundaries and broader regional and even national trends will also play a role in the city's evolution. Accordingly, this analysis includes data on several broader geographies where appropriate, including Alameda County, the San Francisco Bay Area, and California as a basis for illustrating key trends and performance indicators.

Finally, it is noteworthy that this Report has been prepared as the nation and world seek to recover from the coronavirus pandemic, an unprecedented public health crisis. The economic fallout from the pandemic has been significant and its potential long-term impacts are considered and discussed where relevant herein. However, the most pronounced effects appear to be near term, with major economic performance metrics showing rather sharp declines in 2020 followed by continued recovery. Accordingly, the trend data presented in the Report focuses on the period through 2019 so as not to inflate the economic implications of the pandemic on long-term General Plan considerations. The Report also presents data for the 2020–2021 period separately as a basis for discussing the nature and timing of market recovery.

Key Findings

The following summarizes the key findings from this analysis of baseline conditions and trends affecting Oakland's economic prospects and growth opportunities. Oakland has numerous physical, infrastructure, and socioeconomic assets that can be leveraged to promote development patterns and growth opportunities that might be prioritized in the General Plan. These include a central location in a highly dynamic regional economy, excellent transportation infrastructure, a growing workforce, a large housing stock, abundant land development opportunities, a desirable climate, and cultural diversity, among other attributes.

1. ***Oakland's central location in a dynamic and prosperous regional economy has contributed to a rapid increase in the city's employed resident population over the last decade, a trend that has broad socioeconomic implications.***

   Oakland added almost 50,000 new employed residents from 2010 through 2019, a 36 percent increase, far exceeding its own job and population growth (13 and 10 percent, respectively) and that of the Bay Area and California over the same period. The growth in employed residents over the last decade reversed losses from the Great Recession and indicates how Oakland has become an attractive place to live for high-earning Bay Area workers, including those employed in fast-growing Tech and Information sectors. The spillover effect resulting from unmet housing demand in "job rich" areas such as San Francisco has also affected Oakland's socioeconomic profile. For example, Oakland's median household income increased by over 40 percent in real terms over the same period, a rate that well outpaced both the Bay Area

and state. At the same time, there remain significant income disparities by race and ethnicity, and continued demand for housing despite the substantial increases that the city has seen, which has put pressure on lower-income residents, leading to housing insecurity, overcrowding, and in some cases displacement.

2. ***Oakland maintains a stable and diverse economy, reflecting its historical evolution as a regional employment center, but job growth over the last decade has not kept pace with the rest of the Bay Area and continues to largely exclude low-income communities of color.***

   Oakland added about half as many jobs as employed residents between 2010 and 2019, growing by about 13 percent, compared to 28 percent in the Bay Area, a divergence that partly reflects the City's inability to capture the Tech-related employment that has driven the regional economy over the same period. At the same time, the city has high employment concentrations in a variety of sectors that provide both good-paying and working-class jobs, including Health Care, Government (i.e., Public Administration), and Transportation and Warehousing (driven in part by the Port of Oakland) that have proven to be relatively stable, even during economic downturns. Going forward, the city appears well-positioned to capture additional jobs in fast-growing Bay Area sectors related to software, social media, life sciences and the "green economy", given its burgeoning labor force already employed in these industries as well as its central, transit-accessible location and abundant real estate redevelopment opportunities. However, a comprehensive and inclusive economic development strategy will need to address the needs of Oakland's low-income communities of color who have not equally benefited from the city's economic growth and opportunity.

3. ***While the pandemic impeded the momentum of Oakland's office market, the competitive attributes of the Downtown core, which includes the bulk of the city's office space inventory and is supported by excellent transit (e.g., three downtown BART stations, nearby Amtrak, bus and BRT service, and ferry connections) as well as a large–and in many cases new or recently refurbished–building stock, bode well for long-term growth.***

   Based on a variety of performance metrics (e.g., lease and occupancy rates, new development, and refurbishing of historic buildings), Oakland's office market improved significantly in the last half of the 2010s, driven in part by the migration of traditional professional service sectors priced out of San Francisco by Tech-related tenants (anecdotal evidence suggests that this trend may have led to the displacement of some non-profits out of downtown Oakland as well). Oakland's competitive advantage is reinforced by its diverse office inventory, including numerous historic and recently renovated buildings, many of which command rents similar to or higher than traditional Class A buildings (at least 46 buildings have undergone a major renovation since 2000). The pandemic has negatively affected office markets across the

country, particularly in transit-dependent downtowns such as Oakland's (where the bulk of its office inventory exists), due to uncertainty related to the longevity of remote work and associated commute patterns. Although Oakland's office lease and occupancy rates dipped during the pandemic (after several years of steady growth), recent transactions and development activity suggest that long-term investor confidence remains strong.

4. ***Oakland is home to one of the Bay Area's largest industrial hubs, and the sector accounts for the most commercial square feet in the city, a position driven by its premier location and transportation infrastructure (e.g., water and airports, freeway access).***

   Despite the competitive strength of Oakland's industrial sector and steady expansion in logistics demand nationally (attributable in part to increased online shopping and accelerated by the pandemic), its inventory has increased at a slower pace than Alameda County, the Bay Area, and California over the past decade. While the factors contributing to this outcome are complex (and will be explored further in the forthcoming *Industrial Lands Study)*, the predominance of lower-density format buildings, as well as market and regulatory impediments to new development, appear to have slowed growth in both rent and inventory. But unlike office or retail, the pandemic does not appear to have had a negative impact on Oakland's industrial sector, where vacancy rates are currently lower than pre-pandemic levels.

5. ***While Oakland has a sizable retail sector with numerous vibrant and unique districts that contribute to local culture and a sense of place, the city consistently underperforms in terms of per capita retail sales relative to its peers.***

   With a few exceptions (e.g., Downtown), most of Oakland's retail inventory is configured along commercial corridors and includes relatively small format space, often on the ground floor of older, and in some cases historic, buildings. The city has a relatively low supply of large format shopping centers (e.g., "big box" tenants, "power centers" or malls), a deficit that is unusual for a city of Oakland's size and contributes to relatively low retail sales tax performance (Oakland ranks last in per capita sales among California's ten largest cities). Moreover, the pandemic has disproportionally hit so-called "experiential retail" (e.g., dining and entertainment), the very segments growing the fastest prior to the pandemic nationally and in Oakland. This segment includes a disproportionate share of smaller and locally owned businesses, many of which have closed their doors and suffered severe economic hardship during the pandemic. Nevertheless, available data suggest that Oakland's retail sector is entering a recovery mode, aided by an "experiential" orientation that is well-aligned with consumer trends.

6. ***Oakland's hospitality and entertainment sectors have experienced strong growth in the last decade and continue to support the competitiveness of other sectors (e.g., office and retail) as well as advance the City's fiscal position.***

Sectors linked to tourism and hospitality are rapidly becoming a mainstay of the Oakland economy, owing in part to the premier event and recreation destinations, such as the Fox Theater, the Paramount Theater, convention centers, the Oakland Arena and Coliseum complex, the East Bay Regional Parks District, and complementary retail offerings. Oakland's lodging and food services sectors were the city's fastest-growing job and revenue generators (i.e., through sales and transient occupancy taxes), respectively, between 2010 and 2019, a trend that will be further supported by the recent addition of four new hotels in Oakland's Downtown. This success has coincided with the loss of two professional sports teams (formerly Oakland Raiders in 2020 and Golden State Warriors in 2019) and the City is currently working with the Oakland A's baseball team to build a new stadium on the waterfront (at Howard Terminal) that, if successful, would serve as an additional entertainment destination.

7. ***While third-party projections and historical trends show significant variability in Oakland's population and employment growth prospects, on average, they show the city growing by about 35 percent over the next two decades.***

   Regional population and employment projections can provide useful insights into what historical trends imply and how regional planning agencies view the city's long-term growth prospects. Overall, projections from the Metropolitan Transportation Commission (MTC) are significantly more aggressive than other sources and methodologies with respect to both jobs and population. For example, MTC's estimates show population growth in Oakland to be at least 40 percentage points higher than Department of Finance (DOF)-based estimates through both projection periods (reaching a population of 664,000 compared to 494,000 by 2040). Likewise, MTC projects a more than 40 percent increase in jobs over the next 20 years and a 55 percent increase through 2050, compared to 25 to 50 percent growth for those two periods using Census data (reaching 310,000 and 338,000 jobs compared to 273,000 and 330,000 jobs by 2040 and 2050, respectively). Of course, market changes, catalytic projects, updated land use direction in the General Plan, and other factors could lead Oakland to capture either more or less of expected regional growth than what is suggested by these illustrative forecasts.

Next Steps

As noted, this baseline report is designed to inform subsequent planning and policy-related decision that will likely be addressed as part of the General Plan Update process. Economic projections will provide a starting point for discussion on jobs and their nature, and the amount and type of housing to prioritize over the coming decades. The city's growth trajectory depends not only regional forces and projections, but also the City's land use and broader general plan and other policies and priorities. Some of these possibilities will be evaluated as part of the land use alternatives task, which will be one of the first efforts undertaken as part of Phase II of the General Plan Update process, in early 2023.

The information provided herein will also be shared with community stakeholders and the public at large as background and to support various General Plan elements (e.g., Land Use, Housing, Transportation, Environmental Justice) and related policy formation. It can also provide insight to further implementation actions and areas that may require more detailed analysis (e.g., economic development strategies) as part of the General Plan or subsequent efforts.

2. Economic Profile

As California's eighth most populated city and ninth largest employment center, Oakland has a robust and diverse economy. The city is also integrally linked to the San Francisco Bay Area region, one of the most dynamic and prosperous economies in the world. This position is reinforced by Oakland's central location and premier transportation infrastructure, including nine BART stations (more than any other city), ferry and Amtrak service, an international airport, the nation's ninth largest seaport, and excellent freeway connectivity.

While the San Francisco Bay Area economy has and will likely continue to play a critical role in Oakland's economic trajectory, the city also holds its own unique profile and competitive attributes that will be further shaped by the General Plan. This chapter profiles Oakland's economy, based on workforce, commute, and employment trends and discusses their long-term implications for growth, development, and land use.

Commute Trends and Workforce Characteristics

Commute Trends

The commute patterns of Oakland residents and workers illustrate the city's economic interdependence with the rest of the Bay Area. In particular, they illustrate how Oakland has become a home for higher-earning commuters and a major place of work for the East Bay labor force. In other words, Oakland's serves as both a "bedroom community" for residents and employment center for workers.

While Oakland has more jobs than employed residents, nearly three-quarters of the local workforce commute to jobs in other cities. Overall, about one-third of Oakland's employed residents head to either San Francisco (24 percent) or the Peninsula/South Bay region (10 percent), as illustrated in **Figure 2**. These areas are significant job markets for many Bay Area commuters because they offer high-paying jobs. However, these same commute destinations have severe housing shortages relative to employment (i.e., high jobs-housing imbalances). While Oakland's housing prices are also high, they are generally lower than San Francisco and the Peninsula/South Bay region.

At the same time, Oakland remains a major employment destination for Alameda County and Contra Costa County residents. Oakland is the largest employment center in the East Bay (accounting for 18 percent of total jobs). Meanwhile, about 66 percent of the city's jobs are held by residents of Alameda or Contra Costa County.

Figure 2: Oakland Commute Trends

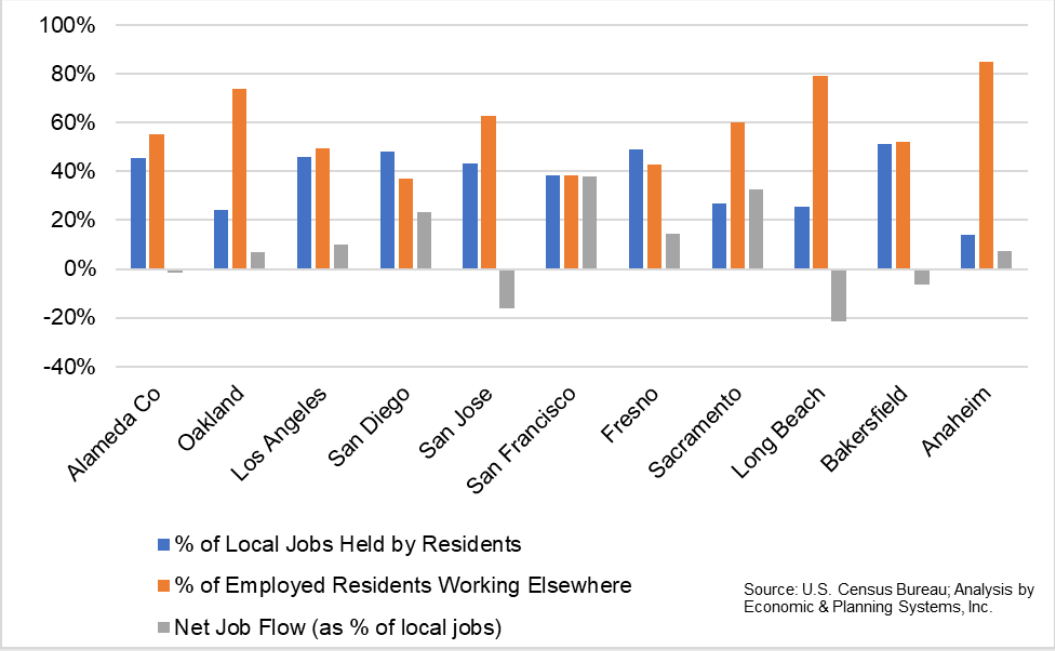
Where Oakland Residents Work (2019)			Where Oakland Workers Live (2019)		
Destination	Amount	Share of Total	Origin	Amount	Share of Total
Oakland	47,818	26%	Oakland	47,818	24%
San Francisco	44,415	24%	Other Alameda County	47,106	24%
Other Alameda County	38,413	21%	Contra Costa County	34,596	18%
Peninsula/South Bay	18,599	10%	Peninsula/South Bay	14,472	7%
Contra Costa County	13,776	8%	San Francisco	13,795	7%
North Bay[1]	4,728	3%	North Bay	11,152	6%
Greater Sacramento	3,609	2%	Stockton-Modesto Area	6,894	3%
Stockton-Modesto Area	1,845	1%	Greater Sacramento	6,885	3%
All Other Locations	10,360	6%	All Other Locations	14,368	7%
Total	**183,563**	**100%**	**Total**	**197,086**	**100%**

[1] North Bay includes the counties of Marin, Sonoma, and Solano.

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Oakland's strong connection to the broader Bay Area economy is further illustrated by comparing the city's commute patterns with other large California cities. As shown in **Figure 3**, among California's top 10 largest cities, the percentage of Oakland residents who commute out to jobs is the third highest (74 percent of employed residents), behind Long Beach and Anaheim (79 percent and 85 percent, respectively).

Figure 3: Commute Patterns for Top 10 California Cities (2019)



In all likelihood, commuting across the Bay or to the South Bay from Oakland is a phenomenon primarily involving higher-earning residents. While robust commute-earnings data does not exist at the city level, the median income for those commuting from Alameda County to these areas is much higher than the median income for those commuting to Alameda County from these areas (about $80,000 compared to $70,000), and nearly twice as high as the median income for those commuting within Alameda County. This discrepancy reflects the pull of higher-paying job markets in San Francisco and the Peninsula/South Bay region on East Bay's residents, particularly in the tech and professional services fields. Conversely, this data suggests that higher paying sectors in San Francisco and South Bay do not employ lower-income residents of Oakland and the broader East Bay region.

Workforce Trends

Oakland has experienced significant growth in employed residents over the last decade, due in large part to its strategic location in a dynamic regional economy. With almost 50,000 new employed residents from 2010 through 2019 (a 36 percent increase), Oakland grew significantly faster than Alameda County, the Bay Area, and California as a whole, reversing the trend from the previous decade, as shown in **Figure 4**. Relatedly, Oakland's population was also among the fastest-growing among California's most populous cities, as referenced in the Environmental Justice and Racial Equity Baseline report. Moreover, the prime working-age cohorts (24 to 34, and 35 to 44) are the city's largest and fastest-growing cohort.[2]

The relatively fast growth in employed residents reflects Oakland's increasing attractiveness as a place to live for workers employed in higher-paying Bay Area jobs. That said, as referenced throughout this chapter, the increased demand for housing from higher-earning residents has put pressure on lower-income households, leading to income insecurity, overcrowding, and in some cases displacement to more affordable housing markets.

[2] Based on data from the General Plan Housing Needs Assessment, prepared by Dyett & Bhatia.

Figure 4: Growth in Employed Resident Population

Period	Employed Residents by Location			
	Oakland	Alameda County	Bay Area	California
2002	151,807	618,007	2,819,462	12,644,943
2010	135,376	581,488	2,778,152	13,204,624
2019	183,563	747,098	3,452,564	15,624,013
Change (2002 - 10)	-16,431	-36,519	-41,310	559,681
% Change	-11%	-6%	-1%	4%
Change (2010 - 19)	48,187	165,610	674,412	2,419,389
% Change	36%	28%	24%	18%
Change (2002 - 19)	31,756	129,091	633,102	2,979,070
% Change	21%	21%	22%	24%

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Whether working locally or elsewhere, Oakland residents are employed in a wide range of jobs, ranging from blue collar and service sector fields like manufacturing, construction, and retail to higher-paying professions in tech, health care, and business services. As illustrated in **Figure 5**, no one sector accounts for more than 15 percent of the total jobs held by Oakland residents. That said, (1) Health Care and Social Assistance and (2) Professional, Scientific, and Technical Services sectors both stand out as particularly prominent, combining to employ 27 percent of residents and accounting for about 37 percent of growth from 2010 to 2019.[3]

[3]A portion of the job growth in Health Care and Social Assistance was due to an update of the North American Industrial Classification System (NAICS) in 2012, whereby elderly and disabled services employment were reclassified from Other Services. As such, the employment contraction in Other Services from 2010 to 2019 shown in **Figure 5 and Figure 9** is misleading. Instead, this sector (which includes religious, civic, grantmaking, personal service, and similar organizations) would likely have grown if the labor code reclassification had not occurred.

Figure 5: Oakland Resident Employment by Sector

Sector	Employed Residents (2019)		Growth (2010 - 19)		Oakland Workforce as % of:	
	Amount	Share of Total	% Change	Share of Growth	Alameda County	SF Bay Area
Health Care and Social Assistance	27,113	14.8%	49%	19%	27%	6%
Professional, Scientific, and Technical Services	22,064	12.0%	66%	18%	22%	5%
Educational Services	16,111	8.8%	8%	3%	27%	6%
Accommodation and Food Services	15,883	8.7%	51%	11%	28%	6%
Retail Trade	13,323	7.3%	15%	4%	24%	5%
Adm. & Support, Waste Mgmt. & Remediation	12,264	6.7%	53%	9%	27%	6%
Manufacturing	10,404	5.7%	33%	5%	16%	3%
Information	8,862	4.8%	104%	9%	21%	4%
Construction	8,599	4.7%	95%	9%	24%	5%
Transportation and Warehousing	8,561	4.7%	63%	7%	29%	7%
Public Administration	7,750	4.2%	10%	1%	29%	6%
Other Services (excludes Public Administration)	7,445	4.1%	-24%	-5%	30%	7%
Finance and Insurance	7,174	3.9%	24%	3%	27%	6%
Wholesale Trade	5,425	3.0%	15%	1%	19%	5%
Management of Companies and Enterprises	4,048	2.2%	41%	2%	25%	6%
Arts, Entertainment, and Recreation	3,323	1.8%	15%	1%	28%	6%
Real Estate and Rental and Leasing	3,253	1.8%	35%	2%	27%	6%
Utilities	1,230	0.7%	30%	1%	26%	5%
Agriculture, Forestry, Fishing and Hunting	652	0.4%	-6%	0%	20%	3%
Mining, Quarrying, and Oil and Gas Extraction	79	0.0%	7%	0%	19%	4%
Total	**183,563**	**100%**	**36%**	**100%**	**25%**	**5%**

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

The Information sector, which includes firms engaged in social media, data warehousing, and software publishing, has expanded rapidly and was the fastest-growing source of employment among the city's residents over the last decade. Meanwhile, despite making up the third-largest resident employment industry, the Educational Services sector was among the slowest growing sector for employed residents over last decade and correlates with the outright decline in the sector's job base in the city over the same period, as described further below.

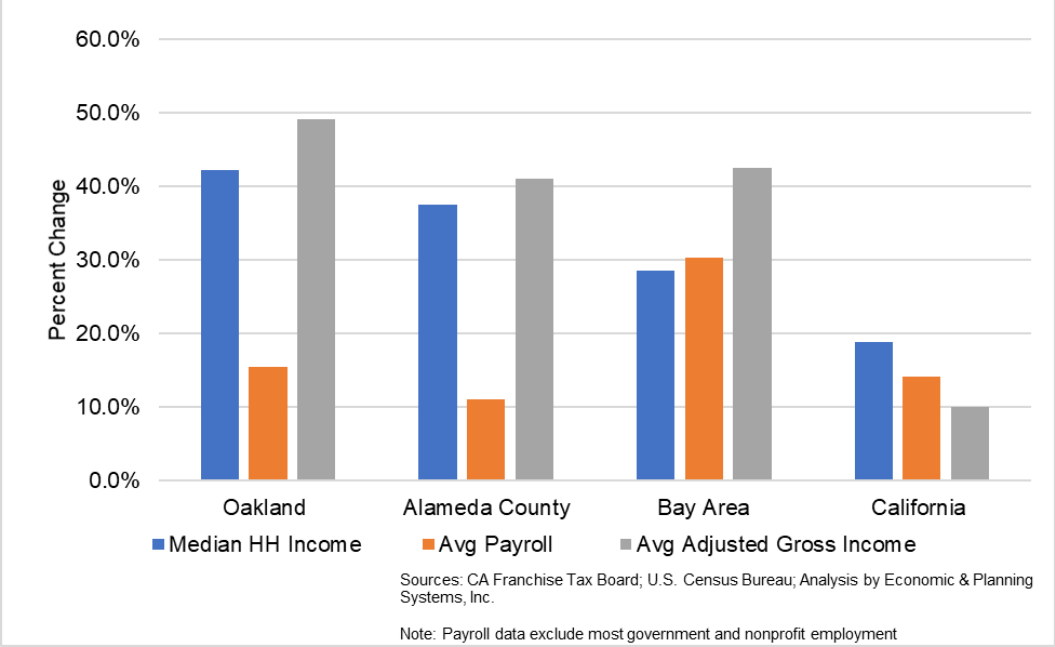
The rapid increase in Oakland residents employed in higher-paying occupations, fueled to a large extent by the Bay Area's technology-based sectors, has increased regional housing demand in the city's historically more affordable and centrally located neighborhoods.[4] All told, the increase in Oakland residents commuting to either San Francisco, San Mateo, or Santa Clara counties equaled just over half of the growth (55 percent) in Oakland's employed labor force from

[4] Examples of high-paying occupations in the fastest-growing industries among Oakland residents (Health Care and Social Assistance; and Professional, Scientific, and Technical Services) include nurse practitioner, statistician, data scientist, and physician assistant.

2010 to 2019. This suggests that as the other centers of economic growth in the Bay Area have become more economically prosperous and less affordable, in particular San Francisco and the Peninsula/South Bay region, Oakland's relatively more affordable housing market has become attractive to these workers.

The spillover effect resulting from unmet housing demand in "job rich" areas such as San Francisco has also affected Oakland's socioeconomic profile over the last decade. This phenomenon is illustrated in **Figure 6** comparing growth of Oakland's median household income and average adjusted gross income (measures of residents' income), significantly outpaced the average payroll of jobs – a measure of earnings for those who work in Oakland (but don't necessarily live in Oakland) – in inflation-adjusted terms from 2010 to 2019.[5] Moreover, the growth of Oakland's two resident-based measures of earnings each outpaced that of the Bay Area's.

Figure 6: Real Growth in Resident Income, Wealth, and Worker Earnings (2010-19)



Both trends demonstrate how Oakland's employed labor force has grown wealthier due to the increased in-migration of high-earning residents and the solid gains from wages and asset appreciation enjoyed by existing residents, as shown in each measure of residents' income. In other words, residents in Oakland are becoming "richer" while the wages of Oakland-based jobs have not kept pace, and this correlates strongly with the influx of higher-earning residents. This income growth has not only fueled the local housing market, as described above, but also

[5] Household income includes all major forms of regularly received income (such as wages, salaries, commissions, and bonuses), while adjusted gross income (AGI) refers to gross income less adjustments (such as student loan interest). Payroll refers to wages and salaries from employment. Household income and AGI data are recorded on a place-of-residence basis whereas payroll data are recorded on a place-of-work basis.

affected demand for goods and services and changes in the type of commercial services as business seek to cater to the preferences of higher-income residents.

Oakland's low-income communities of color have not equally benefited from the economic growth seen throughout the city during the 2010s. Research conducted by the City's Department of Race & Equity in 2016 showed that half of all Oakland's employed White residents work in "high-wage industries," defined as industries where the mean annual wage was at least $80,000.[6] On the other hand, only 33 percent of employed Asian residents, 18 percent of employed Black residents, and 17 percent of employed Hispanic/Latinx residents worked in high-wage industries that year. Further, unemployment rates among minorities of color are generally higher, and joblessness was 4.5 percentage points higher among Oakland's Black workers than for the city's White workers in 2016.

These findings are further supported by 2019 Census data related to Oakland employment and median household income. As shown in **Figure 7**, the median household income of employed census respondents who identified as White was over 150 percent of the overall median income in the city in 2019. By comparison for Black or African American and Asian residents the median income was 55 and 80 percent of overall city median income, respectively. When looking at the difference between Census respondents who identify as either White or Hispanic or Latinx (a separate question in the survey) a similar discrepancy emerges with median household income for Hispanic or Latinx workers at about 80 percent of the overall city level. In other words, there exists significant disparities in the median income of employed Oakland residents by race and ethnicity.

[6] For more information, please see the Oakland Equity Indicators report, prepared by the City of Oakland's Department of Race & Equity.

Figure 7: Ethnic and Racial Composition of the Employment Base in Oakland (2019)

Ethnicity/Race	Employed Residents		Median Household Income as a % of Citywide Median[2]
	Amount	Share	
White Alone[1]	102,570	56%	153%
Black or African American Alone	37,971	21%	55%
American Indian or Alaska Native Alone	1,852	1%	118%
Asian Alone	32,439	18%	80%
Native Hawaiian or Other Pacific Islander Alone	977	1%	77%
Some Other Race alone	N/A		74%
Two or More Race Groups	7,754	4%	113%
Total / Weighted Average	**183,563**	**100%**	**100%**
Not Hispanic or Latinx	143,397	78%	158%
Hispanic or Latinx	40,166	22%	83%
Total / Weighted Average	**183,563**	**100%**	**100%**

[1] White Alone may also include information for workers of Hispanic or Latinx origin.

[2] Median household income applies to all Oakland residents, regardless of employment status.

Note: The employment and income information reflect 2019 data from the Longitudinal Employer-Household Dynamics (LEHD) program and the American Community Survey (ACS), two separate releases provided by the U.S. Census Bureau. As such, comparisons should not be regarded as definitive. Also, signficant measurement error, mainly related to sample size, likely exists in each source.

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Employment Trends and Composition

While Oakland has steadily added employed residents over the last decade, job growth within the city has not kept pace. For example, between 2010 and 2019, the city added about half as many jobs as employed residents (about 24,500 new jobs compared to 48,600 employed residents). Moreover, Oakland's job growth rate underperformed relative to both Alameda County and the Bay Area.[7] Specifically, Oakland's addition of roughly 25,000 jobs from 2010 to 2019 was only 15.6 percent of the job growth in Alameda County over the same period despite having nearly 30 percent of the county's jobs in 2010. This occurrence reflects the city's inability to capture a significant portion of the tech-related employment growth that has driven the regional economy over the last decade.

[7] Jobs in San Francisco, San Mateo, and Santa Clara Counties, where one-third of Oakland residents commute to work, grew faster than the Bay Area as a whole over the same period (at 38 percent, 34 percent, and 31 percent, respectively).

It is worth noting that job growth in Oakland outpaced the broader region and the state from 2002 to 2010, a period encapsulating the entire duration of the Great Recession. Specifically, Oakland jobs grew by 12 percent while Alameda County decreased by 6 percent, and California by 5 percent, as illustrated in **Figure 8**. Overall, Oakland's job base remained afloat during this time because of its flagship sectors (i.e., Health Care and Social Assistance and Public Administration) being relatively insulated from the Recession.

Figure 8: Oakland Job Growth Comparison

	Jobs by Location			
Period	Oakland	Alameda County	Bay Area	California
2002	173,228	690,603	3,197,984	13,772,308
2010	193,214	650,526	3,159,673	14,462,669
2019	217,679	807,173	4,040,793	17,368,898
Change (2002 - 10)	19,986	-40,077	-38,311	690,361
% Change	12%	-6%	-1%	5%
Change (2010 - 19)	24,465	156,647	881,120	2,906,229
% Change	13%	24%	28%	20%
Change (2002 - 19)	44,451	116,570	842,809	3,596,590
% Change	26%	17%	26%	26%

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Employment Composition

Oakland's economy remains relatively diverse, with the largest employment concentrations reflecting the city's central and strategic location in the Bay Area and historical evolution as an urban center. Overall, the city accounts for about 5 percent of the total jobs in the nine-county Bay Area and 27 percent of Alameda County's jobs (for comparison, Oakland accounts for 6 percent Alameda County's population). However, certain sectors stand out as particularly prominent in Oakland, as summarized in **Figure 9** and described below:

- **Health Care and Social Assistance:** Accounting for about 21 percent of Oakland's jobs and 37 percent of the county's Health Care sector, this industry is buoyed by Alameda County's flagship public hospital, Highland Hospital; UCSF Benioff Children's Hospital; and the Kaiser Permanente Medical Group headquarters. Health Care and Social Assistance also includes nonprofit

organizations that serve traditionally marginalized communities in Oakland. These organizations engage in various services, including individual and family services, community food and housing services, emergency relief services, vocational rehabilitation services, and child daycare services.

- **Transportation and Warehousing, and Wholesale Trade:** These two sectors include logistics-related jobs linked to the Port of Oakland as well as public transportation, capturing AC Transit, and BART headquarters.[8] Together, they make up about 13 percent of jobs in the city, with the vast majority associated with Transportation and Warehousing (Oakland accounts for 57 percent of Alameda County's jobs in this sector).
- **Public Administration:** Correspondingly, Public Administration is the third largest employment sector in Oakland, making up 9 percent of citywide jobs and roughly two-thirds of Public Administration jobs countywide. The County of Alameda, for which Oakland is the county seat, is the largest single employer in the city.
- **Professional, Scientific, and Technical Services:** This sector covers a wide variety of "white collar" jobs that are generally higher salaried and require advanced education, including technology base sectors. While Oakland's Professional, Scientific, and Technical Services jobs are sizable relative to total employment (about 8 percent), it is well below the proportion in the San Francisco Bay Area and even Alameda County. Moreover, 64 percent of Oakland establishments in this sector consist of accounting, legal services, management consulting, and architectural and engineering firms – fields that, by and large, did not grow as rapidly as the Bay Area's tech sectors. Tech sectors account for about 12 percent of Oakland's Professional Scientific and Technical Services establishments. The inability of Oakland to capture tech and Information jobs aligns with commuting trends described above.

[8] A portion of employees allocated to AC Transit and BART headquarters likely are working in the field (e.g., operators and engineers), but robust data does not exist for how many of them are assigned to Oakland on a daily basis.

Figure 9: Oakland Jobs by Sector

Sector	Jobs (2019)		Growth (2010 - 19)		Oakland Jobs Relative to:	
	Amount	Share of Total	% Change	Share of Growth	Alameda County	SF Bay Area
Health Care and Social Assistance	45,203	20.8%	51%	62%	37%	8%
Transportation and Warehousing	21,323	9.8%	29%	20%	57%	17%
Public Administration	18,990	8.7%	10%	7%	67%	14%
Educational Services	17,689	8.1%	-37%	-42%	30%	6%
Professional, Scientific, and Technical Services	16,346	7.5%	33%	17%	20%	3%
Accommodation and Food Services	15,946	7.3%	46%	20%	25%	4%
Retail Trade	12,306	5.7%	12%	5%	18%	4%
Adm. & Support, Waste Mgmt. & Remediation	10,115	4.6%	7%	3%	19%	4%
Other Services (excludes Public Administration)	9,630	4.4%	-38%	-24%	34%	7%
Construction	8,403	3.9%	34%	9%	16%	4%
Finance and Insurance	8,292	3.8%	91%	16%	46%	6%
Manufacturing	7,010	3.2%	-5%	-2%	8%	2%
Wholesale Trade	6,587	3.0%	3%	1%	17%	5%
Management of Companies and Enterprises	4,697	2.2%	9%	2%	27%	6%
Information	4,203	1.9%	34%	4%	19%	2%
Arts, Entertainment, and Recreation	3,976	1.8%	-15%	-3%	29%	5%
Utilities	3,454	1.6%	33%	4%	76%	14%
Real Estate and Rental and Leasing	3,350	1.5%	29%	3%	31%	5%
Agriculture, Forestry, Fishing and Hunting	155	0.1%	-56%	-1%	27%	1%
Mining, Quarrying, and Oil and Gas Extraction	4	0.0%	-80%	0%	3%	0%
Total	**217,679**	**100%**	**13%**	**100%**	**27%**	**5%**

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Job Growth by Sector

In terms of job growth, Finance and Insurance was the fastest-growing sector in Oakland during the 2010s (91 percent growth over the period), but Health Care and Social Assistance contributed the most to overall job growth (62 percent), though a portion was attributable to the labor code reclassification footnoted above. Two contributors to the trend in Finance and Insurance included the arrival of the Workers' Compensation Insurance Rating Bureau of California (WCIRB), a nonprofit organization engaged in actuarial consulting in 2014, and the FinTech firm, Block, Inc. (formerly known as Square, Inc.), in 2019.

Growth in Oakland's Health Care and Social Assistance sector aligned with broader trends at the state level. In California, this sector grew consistently above 2.5 percent per year during the post-recession expansion and contributed nearly a third of the state's job growth. Significant local employers entering the Oakland market over the last decade have included the 250,000 square foot Merritt Pavilion at the Sutter Health Alta Bates Summit Medical Center in "Pill Hill," and the relocation of Blue Shield of California headquarters from San Francisco to a new 24-story building a few blocks west of the 12th Street/Oakland City Center BART Station.

While Oakland succeeded in capturing a considerable share of growth in the Health Care and Social Assistance sector during the 2010s, the city likely did not attract as much as it could have, given its stature as an economic center for health care, nor did it attract much of the Tech- and Information-driven growth elsewhere in the Bay Area. These trends have contributed to the city's underperformance in job growth overall. Health Care jobs in Oakland grew at a pace similar to the Bay Area and the state, but slower than San Francisco and Santa Clara County, where Health Care sectors expanded in growth terms by 10 to 20 percentage points higher.

Economic Geography

A key consideration for the General Plan process is how the economic conditions described above have and will continue to manifest themselves geographically throughout the city. **Chapter 3** provides detail on the existing geographical distribution of commercial real estate in Oakland. While the geographical distribution of jobs in the city generally correlates with commercial building space, it provides further insight on the location of labor intensive versus land intensive employment nodes.

Figure 10 shows the major employment concentrations in the city, with darker colors corresponding to greater job density. As shown, employment concentrates largely in the northern part of the city, with the highest density Downtown. Jobs also cluster southwest of Downtown in Jack London Square and northeast of Downtown, surrounding the Pill Hill, Mosswood, and Piedmont Avenue neighborhoods. In West Oakland, employment concentrates in its eastern section close to Interstate 980, with a small pocket of job density in the northwestern corner of the city near Emeryville. In East Oakland, significant job density exists near Highland Hospital on 14th Avenue and 31st Street, in and around the Fruitvale neighborhood, and around the Airport and Coliseum.

Figure 10: Economic Geography of Oakland

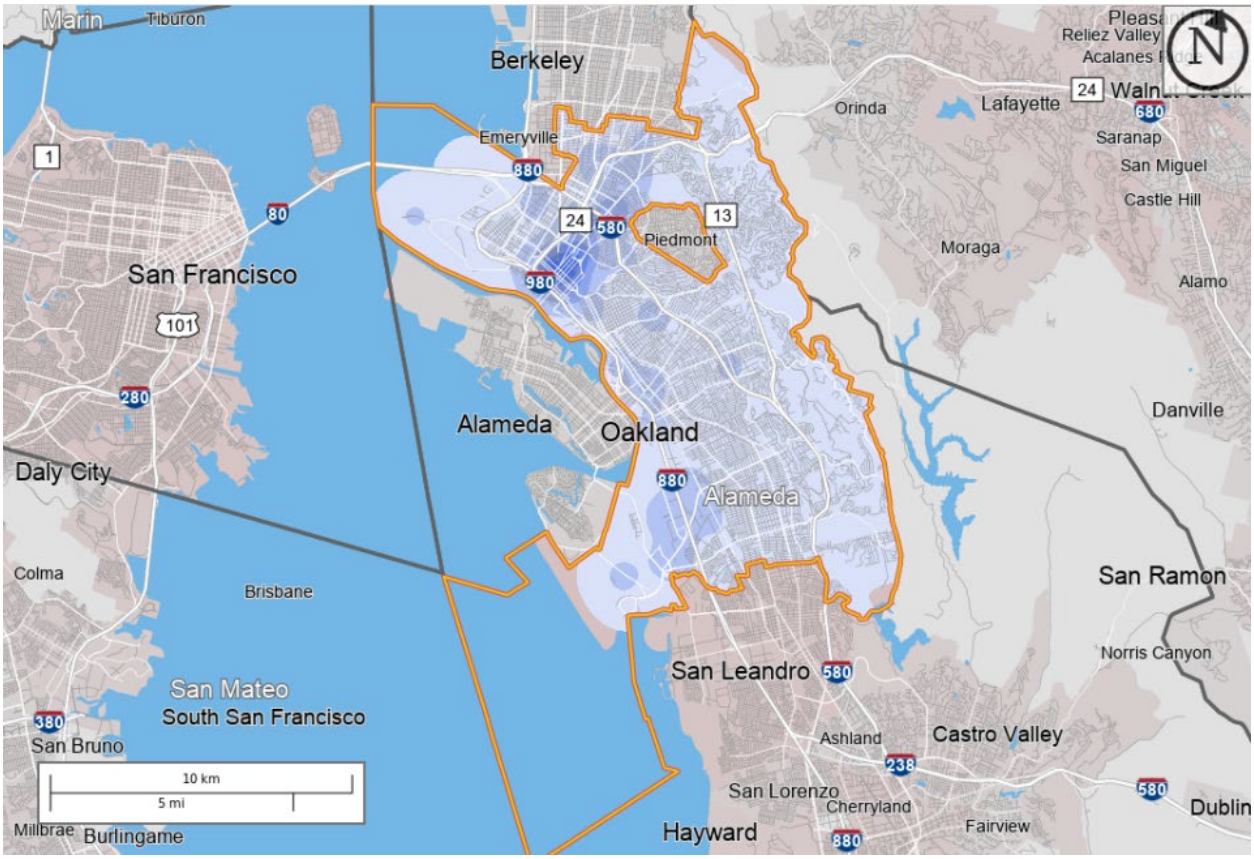


Figure 11 shows the distribution of jobs among the nine planning areas defined in **Chapter 1**. Two planning areas contain over half of all jobs in the city: Downtown (82.5 thousand jobs or 38 percent of citywide jobs) and North Oakland/ Adams Point (41.4 thousand jobs or 19 percent of citywide jobs).

Downtown-based institutions employ 98 percent of the city's Public Administration job base, which is Downtown's largest job sector. North Oakland/Adams Point, home to Kaiser Permanente; Sutter Health; and UCSF Benioff Children's Hospital, contains just over 20,000 jobs in Health Care and Social Assistance - or 45 percent of the sector's jobs citywide. Overall, Health Care and Social Assistance is the largest job sector in three of the nine planning areas: North Oakland/Adams Point, Central East Oakland, and Eastlake/Fruitvale. Together, organizations in these areas employ three-quarters of the city's jobs in Health Care and Social Assistance.

Figure 11: Oakland Jobs by Planning Area

Planning Area	Jobs (2019)	Share of Total	Largest Industry
Total[1]	**217,654**	**100%**	**Health Care and Social Assistance**
Downtown	82,490	38%	Public Administration
West Oakland	14,423	7%	Transportation and Warehousing
Central East Oakland	15,699	7%	Health Care and Social Assistance
Coliseum/Airport	26,373	12%	Transportation and Warehousing
Eastlake/Fruitvale	22,514	10%	Health Care and Social Assistance
East Oakland Hills	5,387	2%	Educational Services
Glenview/Redwood Heights	4,066	2%	Educational Services
North Oakland/Adams Point	41,390	19%	Health Care and Social Assistance
North Oakland Hills	5,312	2%	Accommodation and Food Services

[1] Total jobs for all planning areas are slightly higher than jobs citywide due to minor boundary differences

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Growth Opportunities and Projections

As described at the outset and further documented in other studies prepared as part of the General Plan, Oakland has numerous physical, infrastructure, and socioeconomic assets that can be leveraged to promote desired development patterns and growth. These include a central location in a highly dynamic regional economy, excellent transportation infrastructure, a growing workforce, a growing housing stock relative to many jurisdictions in California, desirable climate, and diversity, among other attributes.[9] And unlike many other Bay Area cities, as a relatively large city (third behind San Jose and Fremont in terms of square miles), Oakland also has a fair amount of underutilized land that could potentially be leveraged for further growth, assuming policy alignment.[10]

Potential Growth Sectors

As described above, Oakland's employment base and workforce are both diverse, representing a significant and potentially underutilized asset to the local economy. As illustrated in **Figure 12**, many of Oakland's industries attract numerous workers from other cities, most likely because these sectors are highly concentrated and competitive in the city. Sectors that continue to locate and expand in Oakland include Health Care and Social Assistance, Transportation and Warehousing, and Utilities, among others. For example, in addition to major moves by Blue Shield and Sutter Health noted above, Pacific Gas & Electric recently announced plans to relocate its headquarters from San Francisco to Oakland's Uptown district, a move that would also consolidate satellite offices in Concord and San Ramon and bring thousands of jobs to the city.

[9] The Housing Needs Assessment from the City's Housing Element Update, prepared by Dyett & Bhatia provided more information on the significant affordability gap that exists in Oakland, as in much of California as a whole. While Oakland's housing supply has increased relatively fast compared to other coastal communities in the state, it's grown markedly slower than its population over the last decade. As such, the increased demand for housing has added pressure on lower-income households to overcrowd and in some case migrate to lower cost markets.

[10] Underutilized land refers to either land that is vacant, has relatively low floor-area-ratio (building square feet divided by land area), and/or a low employment density.

Figure 12: Oakland Employed Residents to Local Workers Comparison

Sector	Employment (2019)		Flow of Employees
	Employed Residents	Local Workers	Net Flow
Total	**183,563**	**197,086**	**13,523**
Transportation and Warehousing	8,561	20,330	11,769
Public Administration	7,750	18,535	10,785
Health Care and Social Assistance	27,113	37,704	10,591
Utilities	1,230	3,446	2,216
Other Services (excluding Public Administration)	7,445	8,396	951
Finance and Insurance	7,174	8,065	891
Wholesale Trade	5,425	6,253	828
Management of Companies and Enterprises	4,048	4,530	482
Mining, Quarrying, and Oil and Gas Extraction	79	4	-75
Educational Services	16,111	15,972	-139
Arts, Entertainment, and Recreation	3,323	3,148	-175
Real Estate and Rental and Leasing	3,253	2,976	-277
Agriculture, Forestry, Fishing and Hunting	652	141	-511
Construction	8,599	8,014	-585
Retail Trade	13,323	11,374	-1,949
Accommodation and Food Services	15,883	12,771	-3,112
Adm. & Support, Waste Mgmt. & Remediation	12,264	8,922	-3,342
Manufacturing	10,404	6,650	-3,754
Information	8,862	4,071	-4,791
Professional, Scientific, and Technical Services	22,064	15,784	-6,280

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Conversely, there are other sectors that appear to be well suited to the skill base of many Oakland residents but are also underrepresented in the city. For example, Professional, Scientific, and Technical Services and Information would appear to be a good fit for a large portion of Oakland's employed residents, given their combined employment base. While these sectors have been key drivers of the economic growth through the last decade in the Bay Area more broadly, Oakland's economy has not participated equally in this growth.

However, there are a few more recent examples that suggest this trend may be changing. For example, the Information/social media giant Twitter is slated to occupy 66,000 square feet in Downtown Oakland beginning late 2022. Twitter's expansion to Oakland confirms the good fit between Oakland's labor force (which saw its resident base employed in Information grow the most in percentage terms through the last decade) and the broader region's high-paying and burgeoning

industries. As noted earlier, the expansion of operations by FinTech firm Block, Inc. to Oakland also confirms this good fit, epitomizing the gains made by both Tech and Finance over the last decade.

Life Sciences (e.g., biotech) is another example of a sector that has proliferated in neighboring cities such as Alameda, Berkeley, and Emeryville but has not done so in Oakland. This may be due to a variety of factors, including insufficient space viable for life science-related uses and historical precedent. However, Oakland's geographical position among the agglomeration of nearby life science firms and Oakland's proximity to leading public institutions (i.e., UC Berkeley and UC San Francisco) is an advantage. Specifically, given regional market strength, there may be opportunities to transition lower-density warehouse/industrial space into higher-value/higher-density development at strategic locations in Oakland.

Oakland also has niches within broader industries that are succeeding but perhaps still have room to expand. For example, sectors linked to tourism and hospitality are rapidly becoming a mainstay of the Oakland economy, generating significant economic impact for the city, as referenced in the next chapter. Oakland is home to some of the premier event and recreation destinations in the Bay Area, such as the Fox Theater, the Paramount Theater, the Oakland Arena and Coliseum complex, Lake Merritt, and the East Bay Regional Parks District, among others. Also, the prospect of a new waterfront Oakland A's stadium, along with Oakland's expanding base of artisan breweries and urban wineries, could propel the city's visitor-driven economy further in rivaling other tourism centers of the Bay Area.

The Green Economy is another sector that Oakland policymakers and stakeholders have targeted for growth. Over the next 10 years the City's 2030 Equitable Climate Action Plan (ECAP) will focus on initiatives to reduce carbon emissions and promote fair and sustainable economic development, including investment in electric and solar energy systems. Given plans (and mandates from the state) to transition to electric operations, Oakland is poised to be a natural laboratory for developing the technology necessary to meet its ECAP goals. This emerging sector will also benefit from (public) resources devoted to electrifying the Port operations, studying the efficacy of green buffers and other innovative measures to "green" industry and goods movement.

Economic Development Considerations

Economic development strategies often focus on matching jobs with the needs and skills of the local workforce. In Oakland, an effective strategy will also need to address the significant income and pay disparities among residents that disproportionately affect communities of color. Accordingly, strategies that seek to create economic opportunities for disadvantaged groups must consider the wage and education profiles of the industries being targeted.

While robust earnings-by-industry data is available at the county but not the city level, results for Alameda County are likely indicative of pay levels in Oakland given the city's large employment base. **Figure 13** shows how the pay levels of key sectors in the county relate to the incomes of Oakland residents. As shown, Alameda County residents employed in Professional Services (comprising the Tech and Information industries) are paid the highest, followed by Public Administration and Goods Producing sectors (e.g., manufacturing). The lowest paying sectors for employed residents include Trade & Hospitality, Transportation & Utilities, and Education & Health, respectively.

The match between workforce education levels and the requirements of various sectors will also affect the success of various economic development strategies. As shown in **Figure 14**, educational requirements by sector are similar but not identical to the pay distribution described above. For example, Education & Health sectors have the second highest education levels but fourth highest pay levels. In the short run, given current pay and educational attainment by industry at the county level, as illustrated below, the best match for low-income residents of Oakland is in the Goods Producing industries, followed by the *Transportation and Utility* industries. These sectors offer high-paying jobs with low barriers to entry (i.e., educational requirements).

Figure 13: Income Distribution for Residents Who Earn More than $25,000 Annually (2019)

Income Range[2]	Oakland Income Levels[1]		Income Levels By Sector *(Alameda County)*					
	Amount	Share	Education & Health	Goods Producing	Professional Services	Public Admin.	Trade & Hospitality	Transportation & Utilities
$25,000 to $49,999	42,677	29%	30%	24%	15%	12%	47%	27%
$50,000 to $74,999	37,338	25%	27%	26%	17%	21%	27%	31%
$75,000 to $99,999	20,989	14%	16%	12%	15%	21%	8%	18%
$100,000 or More	47,230	32%	26%	38%	52%	46%	18%	24%
Total	**148,234**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

[1] Reflects information for full-time workers

[2] Due to potentially significant measurement error, this analysis excludes full-time workers who make less than $25,000 annually.

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Figure 14: Educational Attainment by Industry for Residents over the Age of 30 (2019)

Educational Attainment[1]	Oakland Education Levels		Educational Levels by Economic Sector *(Alameda County)*					
	Amount	Share	Education & Health	Goods Producing	Professional Services	Public Admin.	Trade & Hospitality	Transportation & Utilities
Less Than High School	22,476	15%	4%	13%	3%	1%	13%	10%
High School or Equivalent	28,714	20%	10%	20%	8%	10%	26%	24%
Some College or Associate's Degree	42,247	29%	22%	22%	16%	25%	25%	27%
Bachelor's or Advanced Degree	51,757	36%	65%	46%	73%	64%	36%	39%
Total	**145,194**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

[1] Reflects educational attainment information for residents over the age of 30

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

While targeting sectors with lower education requirements but higher compensation levels may be a good short-term strategy to increase economic opportunities for Oakland's disadvantaged communities, there are other factors to consider. For example, the Construction industry, included under Goods Producing, often provides high-paying jobs to workers without a college degree. However, Construction historically is not inclusive of women and is generally physically demanding (potentially disadvantaging older workers and those with disabilities). Meanwhile, jobs in manufacturing, also in Goods Producing, face threats from competition and automation (California's manufacturing sector is 643,000 jobs short of where it was in 1990). Additionally, the education and pay level of various industry sectors are not static, both are likely to evolve over time due to changes in technology, competition, regulation, and other factors.

The foregoing analysis suggests that an effective and inclusive economic development strategy will require careful consideration of a variety of interrelated market and industry trends as well as programs focused on targeted workforce training. Supportive city policies and related implementation measures may be further addressed in subsequent phases of the General Plan study process.

Growth Projections

Regional population and employment projections can provide useful insights into what historical trends imply and how regional planning agencies view the city's long-term growth prospects. **Figure 15** and **Figure 16** provide population and employment forecasts through 2050 based on the following sources and methodologies:

- **Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC):** The most recently released projections from ABAG and MTC, called Plan Bay Area 2050, provide county-level population and employment projections for all nine Bay Area counties that incorporate policy and planning priorities.[11] The estimates for Oakland are based on the city's historical share of Alameda County's jobs and households.
- **Department of Finance (DOF):** The California DOF provides countywide population projections through 2060 based on its statewide, long-range demographic forecasting model. The population estimates for Oakland are based on the DOF's 2021 release and assume the city maintains its historical share of the Alameda County total.
- **OnTheMap Jobs:** EPS employed historical Census OnTheMap data using two different extrapolation methods for comparison with the MTC- and DOF-based estimates. The first method assumes Oakland's job base will increase to 2040 or 2050 by its average annual change from 2002 to 2019. The second method assumes Oakland's jobs base will increase to 2040 or 2050 by its compound annual growth rate over the same historical period.

[11] The estimates provided are preliminary, as ABAG and MTC will likely release jurisdiction-level forecasts sometime in late 2022.

Figure 15: Oakland Population Projections

Data Source	Actual 2019	Projected 2040	Projected 2050	Growth (2019 - 40)	Growth (2019 - 50)
MTC[1]		664,151	750,575	234,219	320,643
% Increase over 2019				54%	75%
California Department of Finance[1]	429,932	495,125	509,711	65,193	79,779
% Increase over 2019				15%	19%
Average		579,638	630,143	149,706	200,211
% Increase over 2019				35%	47%

[1] Based on countywide projections with Oakland's share assumed to remain constant throughout the projection period.

Sources: ABAG; CA Dept. of Finance; MTC; Analysis by Economic & Planning Systems, Inc.

Figure 16: Oakland Job Projections

Data Source	Actual 2019	Projected 2040	Projected 2050	Growth (2019 - 40)	Growth (2019 - 50)
MTC[1]		309,653	338,324	91,974	120,645
% Increase over 2019				42%	55%
OnTheMap Jobs (2002 - 19)[2]	217,679				
Based on Avg. Annual Job Growth		272,589	298,737	54,910	81,058
% Increase over 2019				25%	37%
Based on Compound Annual Growth Rate		288,640	330,147	70,961	112,468
% Increase over 2019				33%	52%
Average		290,294	322,403	72,615	104,724
% Increase over 2019				33%	48%

[1] Based on countywide projections with Oakland's share assumed to remain constant throughout the projection period.

[2] Based on Oakland-specific data from U.S. Census LEHD

Sources: ABAG; MTC; U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

As shown, MTC's projections are significantly more aggressive than the other sources and methodologies with respect to both jobs and population. For example, ABAG's estimates show population growth in Oakland to be at least 40 percentage points higher than DOF-based estimates through both projection periods. Likewise, ABAG projects a more than 40 percent increase in jobs over the next 20 years and a 55 percent increase through 2050, compared to a 25 to 50 percent growth for those two periods using Census OnTheMap data.

That said, MTC and DOF projections are generally more accurate on a regional than local level. Meanwhile, growth projections based on historical trends do not account for the dynamic evolution of socioeconomic variables over time. Consequently, projections for Oakland should not be regarded as determinative. Through a combination of market changes, catalytic projects, updated land use direction in the General Plan, and other factors, Oakland could capture either more or less of expected regional growth than what is suggested by these illustrative forecasts.

3. Commercial Real Estate

This chapter describes the current conditions and trends in Oakland's commercial real estate sectors. Specifically, it evaluates Oakland's economic performance through its retail, office, industrial, and lodging offerings over the past decade. The commercial real estate sector can be viewed as the physical manifestation of the city's overall economy, as profiled in **Chapter 2**, and its success will be critically linked to the land use policies developed in the General Plan. The growth and market position of Oakland's four major commercial sectors, and their performance relative to other geographies (e.g., Alameda County, the Bay Area, and California) highlights the broader economic forces shaping the city.

Overview

Paralleling Oakland's employment profile described in **Chapter 2**, the city also has a relatively large and diverse inventory of commercial real estate running the spectrum from very low-density warehouse and industrial buildings to high density office towers. As summarized in **Figure 17**, the industrial sector is the leader in terms of sheer building space at 41 percent of the total square footage, and likely represents a much larger share of commercial land area (due to low average square feet per acre of land, or FAR). The office sector is not far behind at 35 percent of total square feet, followed by retail (21 percent) and lodging (3 percent).

Figure 17: Overview of Oakland Commercial Real Estate and Employment

Product Type	Total Commercial Space		Job Density		
	Amount (2022)	Share of Total	Jobs (2019)	Sq.Ft. Per Job	Share of Jobs Citywide
Industrial	36,089,568	41%	38,529	937	18%
Office[1]	31,001,345	35%	128,885	241	59%
Retail	18,005,410	21%	40,565	444	19%
Lodging[2]	2,365,000	3%	1,293	1,829	1%
Other[3]	N/A	N/A	8,407	N/A	4%
Total	**87,461,323**	**100%**	**217,679**	**402**	**100%**

[1] Includes educational facilities and hospitals

[2] Assumes 500 SqFt Per Room

[3] Includes employment in construction and natural resource extraction

Sources: CoStar Group; U.S. Census Bureau; Analysis by Economic and Planning Systems, Inc.

Of course, building square feet is only one measure of economic contribution, and may not be directly correlated with employment due to differences in job density by building type. **Figure 17** also provides rough estimates of employment and job density by building type, based on EPS spatial and industry sector analysis. As shown, the office sector appears to house the largest share of Oakland jobs, at almost 60 percent of the total (compared to 35 percent of building space), because of relatively high employment densities. By way of example, on average, an office worker occupies less than one-third of the building space of a worker in an industrial or warehouse building. This discrepancy is even more pronounced in terms of land area, given that office buildings are generally significantly denser (i.e., higher FAR) than other commercial uses. In other words, given constrained commercial land supply, office development will likely accommodate greater employment growth than other building types going forward.

Figure 18 further illustrates the relationship between job density (e.g., employees per square foot) and building space using the average of the job projections provided in **Chapter 2**. As shown, using a rough estimate of the current average employment density across all sectors in Oakland (at about 400 square feet per job), and assuming a 90 percent vacancy rate, Oakland would need 32.3 million additional square feet of commercial real estate for its 72,615 additional jobs projected by 2040, a 37 percent increase over the existing building inventory. This amount reduces to about a 28 percent increase assuming a higher job density (300 square feet per job) compared to a 46 percent increase with a lower job density (500 square feet per job).

Figure 18: Commercial Demand Scenarios

Item	Baseline	Low Scenario	High Scenario
Job Growth (2019 - 40)	72,615	72,615	72,615
Avg. Sq.Ft. Per Job[1]	400	300	500
Frictional Occupancy	90%	90%	90%
Future Demand (Sq.Ft.)	32,273,337	24,205,003	40,341,671
Total Sq.Ft. in Oakland Currently	87,461,323	87,461,323	87,461,323
Total Sq.Ft. in Oakland by 2040	119,734,660	111,666,326	127,802,994
Percent Change	37%	28%	46%

[1] Baseline assumption approximates commercial square footage per job in Oakland based on most recent data

Sources: ABAG; CoStar Group; MTC; U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

The scenario ranges in **Figure 18** are designed to illustrate potential variations in real estate development prospects and building space needs that might emerge from different policy scenarios/market outcomes (the midpoint of 400 square feet per employee approximates the current mix of industries in Oakland). The lower job density scenario (an average of 500 square feet per employee) corresponds to future real estate development that is more heavily focused on warehouse, industrial, and manufacturing uses and sectors. The higher job density scenario (an average of 300 square feet per employee) corresponds to a stronger emphasis on office, R&D, and tech uses. Actual outcomes can be influenced by City policy (including those included in the General Plan) as well as the interplay of external market forces, including achievable job growth and evolving space needs by sector.

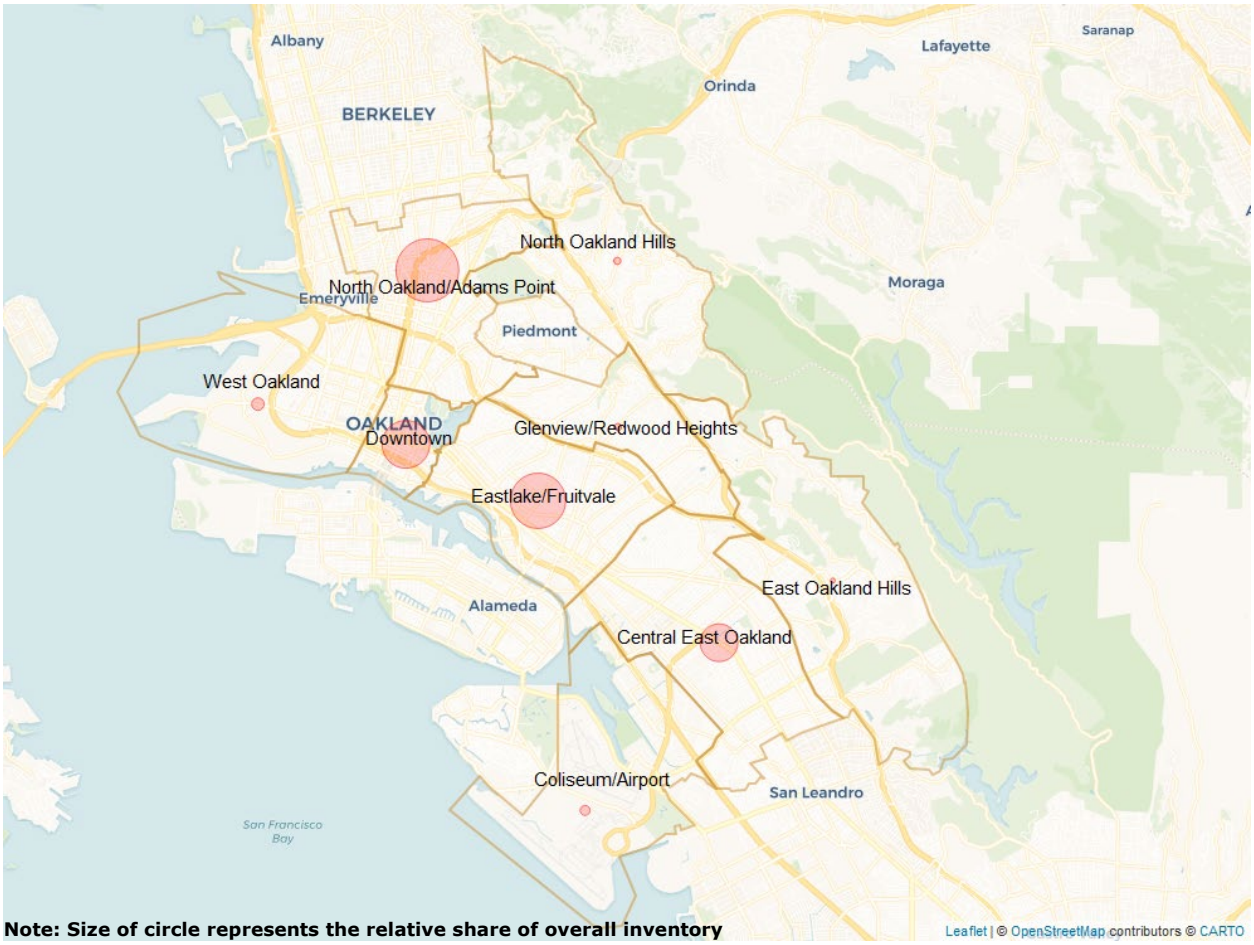
Retail Market

Oakland has numerous vibrant and unique retail districts that contribute to the culture and a sense of place of the neighborhoods they serve and the city as a whole. With a few exceptions (e.g., Downtown), most of these districts are configured along commercial corridors and include relatively small format retail space, often on the ground floor of older, and in some cases historic, buildings. While these retail districts originated primarily as neighborhood serving, and continue to serve this function, they have evolved over time and many now include offerings and venues that attract visitors from throughout the city and beyond.

The retail sector in Oakland makes up a fifth of the city's commercial building stock and concentrates around major arterial corridors (e.g., Telegraph Ave., College Ave., International Blvd.). Four out of the nine defined planning areas contain most of the city's retail sector, as illustrated in **Figure 19**. Just over two-thirds of the total retail square footage in the city is in either the North Oakland/ Adams Point, Eastlake/Fruitvale, Central East Oakland, and Downtown areas. With about a quarter of the city's retail inventory, North Oakland/Adams Point is known for its dining- and retail-dense corridors such as College, Piedmont, and Telegraph Avenues. It also contains a portion of East Bay Bridge Shopping Center (the greater portion of which is in Emeryville). While West Oakland has relatively limited retail offerings, projected residential growth enabled by the West Oakland Specific Plan will likely create additional demand for provision of local serving goods and services.

Reflecting the city at large, most retail uses in each of the four major areas reflect mixed-use storefront and freestanding establishments. That said, Central East Oakland has a significant concentration of auto repair properties while each area boasts high concentrations of restaurants. The intermingling of auto-repair and related uses with other commercial and residential uses is a public health issue that is further addressed in the Environmental Justice and Racial Equity Baseline report.

Figure 19: Oakland Retail Concentration Map

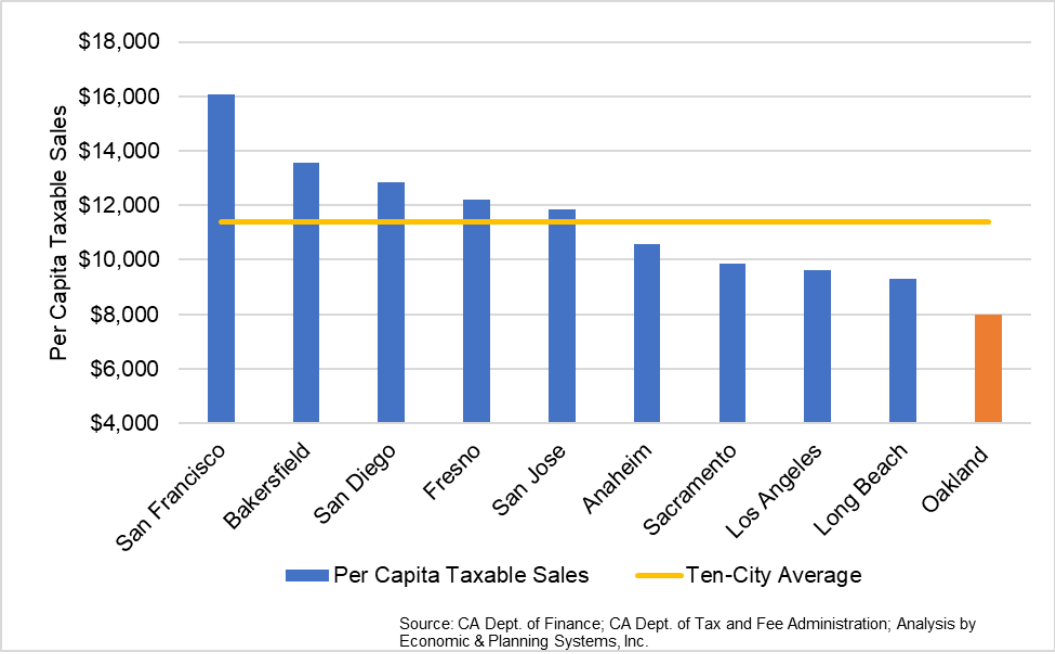


Note: Size of circle represents the relative share of overall inventory
Source: CoStar Group; Analysis by Economic & Planning Systems, Inc.

Retail Market Performance

While Oakland has a sizable retail sector in terms of total square feet, its overall market performance based on per capita sales has been modest (notwithstanding strengths in certain categories and locations). For example, in 2019 Oakland ranked last among California's 10 largest cities in per capita retail sales and well below the average of the set, as illustrated in **Figure 20**. This ranking contrasts with the city's abundant dining, entertainment and recreation venues and a median household income that is well above many other cities on the list (e.g., Bakersfield, Fresno, Long Beach, Sacramento).

Figure 20: Per Capita Taxable Sales in California's Top Ten Largest Cities (2019)



As illustrated in **Figure 21**, Oakland has also performed well below the regional average in per capita retail sales across most spending categories. From 2015 to 2019, the city's taxable retail sales grew just under 1 percent in inflation-adjusted terms, driven by declines in its motor vehicle and building materials retail base, compared to 4 percent growth in the East Bay as a whole. Overall, sales and use tax accounts for about 7 percent of the City's General Fund revenue behind property tax, real estate transfer tax, and business license tax. The lack of sales tax represents a lost opportunity in the City's budget given the importance of this revenue source to most municipalities (the average California city obtains about 18 percent of its General Fund revenues from sales and use tax revenues).

While a variety of factors contribute to Oakland's relatively low retail sales, a small supply of modern, large format shopping centers (e.g., "big box" or "power centers") or traditional malls catering to high volume retail chains or department stores is an important consideration. While Oakland has one large format Target (and a smaller "urban" Target in Uptown), a Best Buy, and a Home Depot, it lacks many other national brand tenants such as Walmart, Lowes, Costco, or a traditional department store such as Macy's, Kohl's, or Nordstrom. Oakland also lacks a larger, regionally successful shopping mall. The lack of such offerings is unusual for a city of Oakland's size and contributes to relatively low retail sales tax performance overall.

Figure 21: Regional Per Capita Taxable Retail Sales Trends

Retail and Food Services Businesses	City of Oakland				City of Walnut Creek				East Bay			
	2015	2019	% of Total	Real Chg. (2015 - 19)	2015	2019	% of Total	Real Chg. (2015 - 19)	2015	2019	% of Total	Real Chg. (2015 - 19)
Motor Vehicle and Parts Dealers	$1,348	$1,237	15%	-15%	$8,639	$10,188	37%	9%	$2,266	$2,518	20%	3%
Home Furnishings and Appliances	$451	$389	5%	-20%	$1,286	$1,103	4%	-20%	$746	$739	6%	-8%
Bldg. Matrl. and Garden Equip.	$609	$592	7%	-10%	$704	$680	3%	-10%	$942	$1,114	9%	10%
Food and Beverage Stores	$777	$846	11%	1%	$1,266	$1,373	5%	1%	$720	$785	6%	1%
Gasoline Stations	$1,097	$1,214	15%	3%	$1,455	$1,627	6%	4%	$1,155	$1,311	10%	5%
Clothing and Clothing Accessories	$222	$237	3%	-1%	$3,541	$3,774	14%	-1%	$908	$1,034	8%	6%
General Merchandise Stores	$387	$237	3%	-43%	$2,292	$2,248	8%	-9%	$1,305	$1,366	11%	-3%
Food Services and Drinking Places	$1,843	$2,216	28%	11%	$3,614	$4,232	16%	9%	$1,702	$2,016	16%	10%
Other Retail	$797	$1,022	13%	19%	$2,151	$1,945	7%	-16%	$1,420	$1,670	13%	9%
Total Retail and Food Services	**$7,531**	**$7,990**	**100%**	**-2%**	**$24,949**	**$27,169**	**100%**	**1%**	**$11,165**	**$12,553**	**100%**	**4%**

Note: Changes expressed in inflation-adjusted terms, using the Consumer Price Index for All Urban Consumers (CPI-U) computed by the U.S. Bureau of Labor Statistics

Sources: CA Dept. of Finance; CA Dept. of Tax and Fee Administration; Analysis by Economic & Planning Systems, Inc.

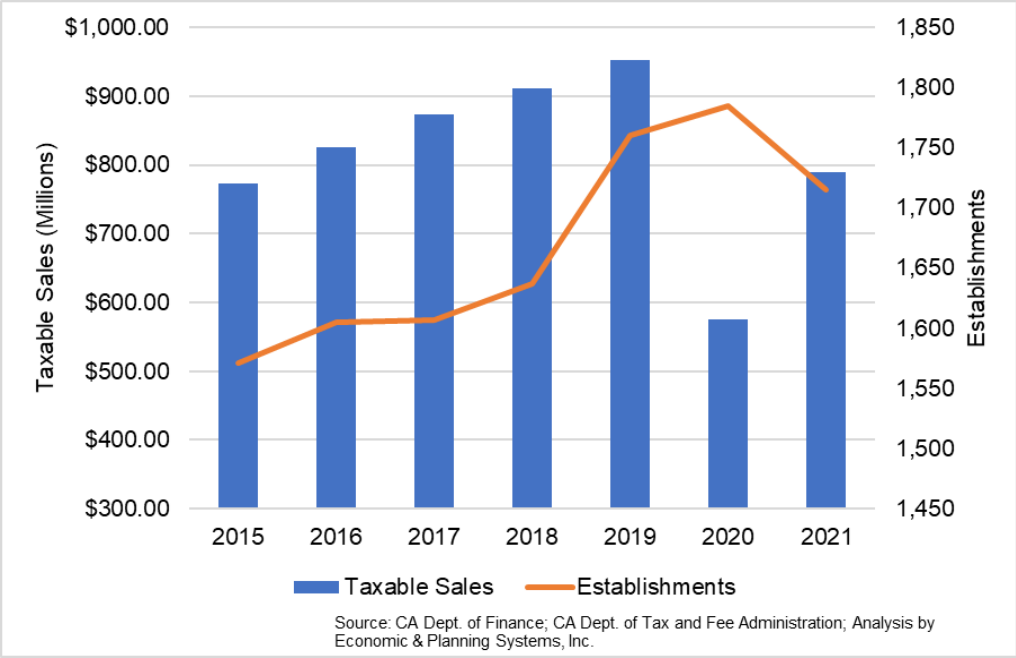
Despite relatively low overall sales volume, Oakland's retail sector exhibits a number of strengths and specializations that appear well aligned with emerging trends in retail and consumer behaivor. In particular, collectively "Food and Beverage Stores" and "Food Services and Drinking Places" account for almost 40 percent of the city's total taxable sales, and represent the only categories where Oakland consistently exceeds the regional per capita average. Moreover, these two retail categories have proven to be more resilient to the growing dominance of online shopping.

Another offsetting spending category is Other Retail, which includes nonstore (online and mail-order) retail. The implementation of AB-147 in 2019, California's legal framework for collecting sales tax revenue from online and out-of-state retailers, benefits Oakland through countywide use tax pools. Significant portions of nonstore-generated use tax were apportioned to Oakland after AB 147's implementation because of the city's outsized sales tax recipience in proportion to Alameda County. However, California is now seeing an increasing number of online retailers assuming ownership of their fulfillment centers resulting in tax monies diverted from countywide pools to the jurisdiction in which the fulfillment center is located. This trend could reduce pooled tax revenue and thus negatively impact the City of Oakland's budget. However, to the extent that fullfillment centers locate in Oakland, this trend could be counteracted (an opportunity discussed further in the industrial section below).

Implications of the Pandemic

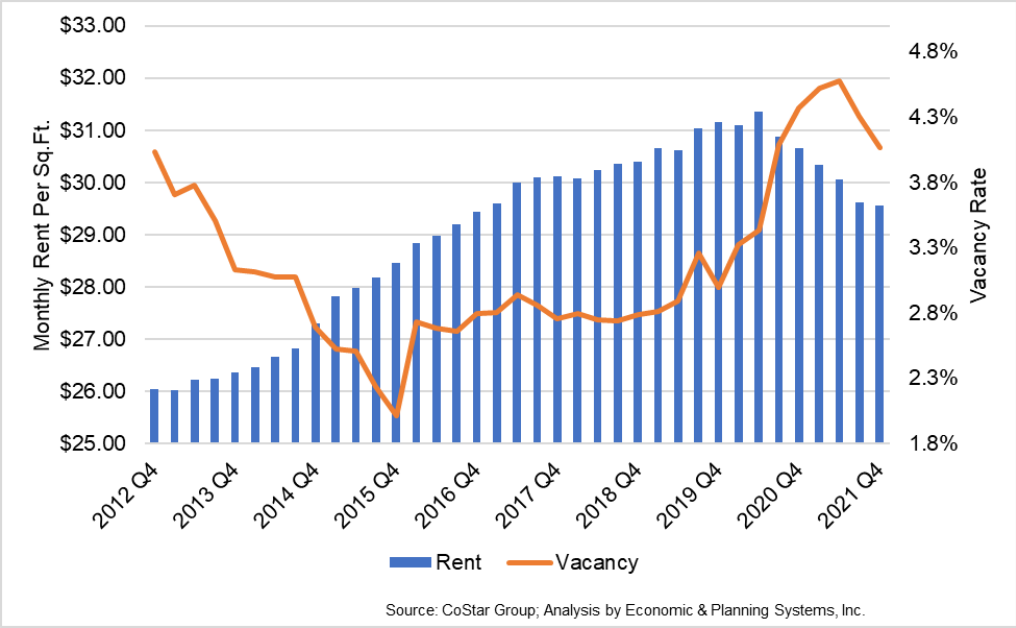
While the pandemic has had a severe and immediate impact on the retail sector at the national level, some market segments have fared better than others. In particular, so-called "experiential retail" (e.g., dining and entertainment), the very segments that were growing the fastest prior to the pandemic nationally and in Oakland, have been hit the hardest. While in Oakland this segment includes a disproportionate share of smaller and locally-owned businesses, many of which have had to close their doors during the pandemic, early indications suggest this sector may be on the road to recovery. For example, while Oakland's dining sector experienced precipitous sales decline in 2020, following years of steady growth, it bounced back in 2021, as illustrated in **Figure 22**.

Figure 22: Taxable Sales from Food Services and Drinking Places in Oakland (2015 - 21)



As illustrated in **Figure 23**, retail lease rates in Oakland declined steadily starting in the second quarter of 2020 but appear to have leveled off by end of 2021. Vacancy rates also increased with the onset of the pandemic but improved starting in the third quarter of 2021. While longer-term implications of the pandemic are unclear, Oakland's diverse and experiential based retail sector appears well aligned with trends over the last decade.

Figure 23: Real Monthly Retail Rents and Vacancies in Oakland



Office Market

Oakland's office sector, which rivals its industrial sector in size, is anchored to the city's Downtown, which accounts for about 70 percent of the city's entire office inventory. While Oakland added to its inventory more slowly than Alameda County, the Bay Area, and the state, average rents remain highly competitive. The difference between average Class A (typically modern, high-rise, full-service buildings) and Class B office rent in Oakland is less pronounced than in the Bay Area in absolute terms, showing a closer relationship to the quality of Class A and Class B office buildings in the city, as detailed below.

The demand for Oakland's office space surged in the last half of the 2010s. In early 2018, Oakland's office rents surpassed their pre-2001 Recession peak in inflation-adjusted terms.[12] Meanwhile, the overall vacancy rate for office buildings fell dramatically after trending upward for over a decade. The increase in demand for office space in Oakland was driven in part by traditional office sectors being priced out of the San Francisco market because of growth in Tech and Information.

Oakland is currently home to the largest office sector in Alameda County, accounting for about 40 percent of the total inventory, as shown in **Figure 24**. The city also commands the highest rents in the county across all building classes and accounted for about 25 percent of the new inventory delivered into the market over the last decade. As of the end 2019, vacancy rates where on par with the regional average, although the pandemic has shifted these dynamics, as described further below.

[12] It is important to note that office-using firms located Downtown, particularly nonprofits engaged in social and civic services, were negatively impacted and, in many cases, priced out of the market during this time.

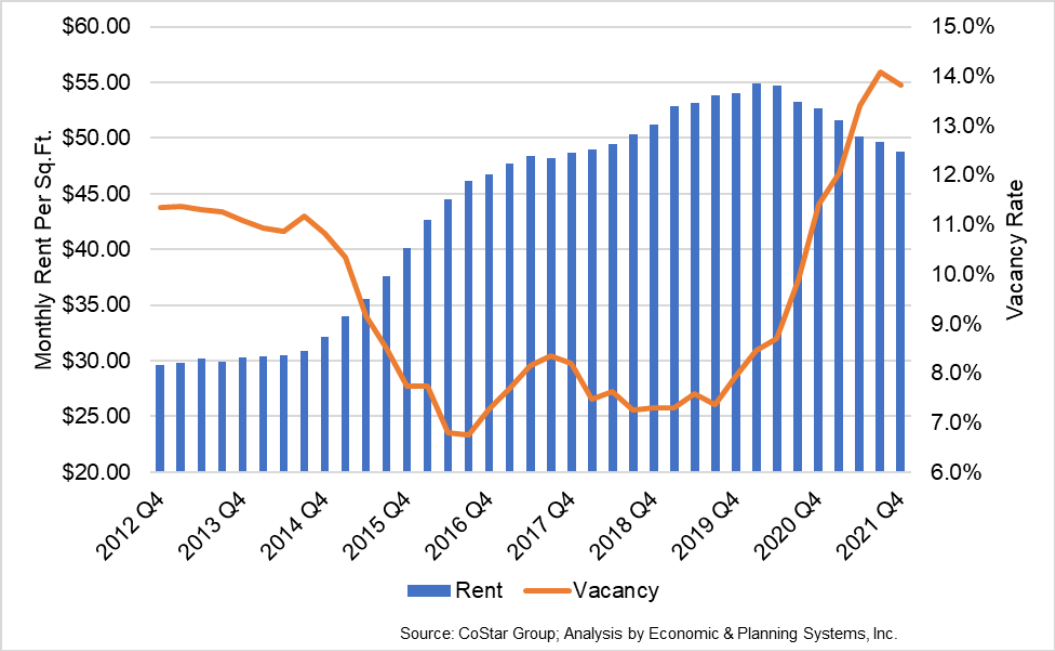
Figure 24: Office Building Space Trends

Item (as of Q4 2019)	Oakland	Alameda County	Bay Area	California
Performance				
Rent per Square Foot	$49.85	$42.01	$57.99	$41.23
Class A	$62.13	$55.71	$70.09	$52.64
Class B	$46.40	$39.71	$53.38	$37.94
Class C	$37.85	$35.06	$45.12	$31.12
Vacancy	8%	8%	8%	8%
Inventory				
Square Feet	31,001,345	75,525,472	467,363,719	1,504,670,467
Oakland's Share of Inventory		41%	7%	2%
Growth Q4 2010 - Q4 2019				
Net New Inventory	853,224	3,600,037	47,298,594	88,541,811
As a % of Total Inventory	3%	5%	10%	6%
Oakland's Share of Growth		24%	2%	1%

Sources: CoStar Group; Analysis by Economic & Planning Systems, Inc.

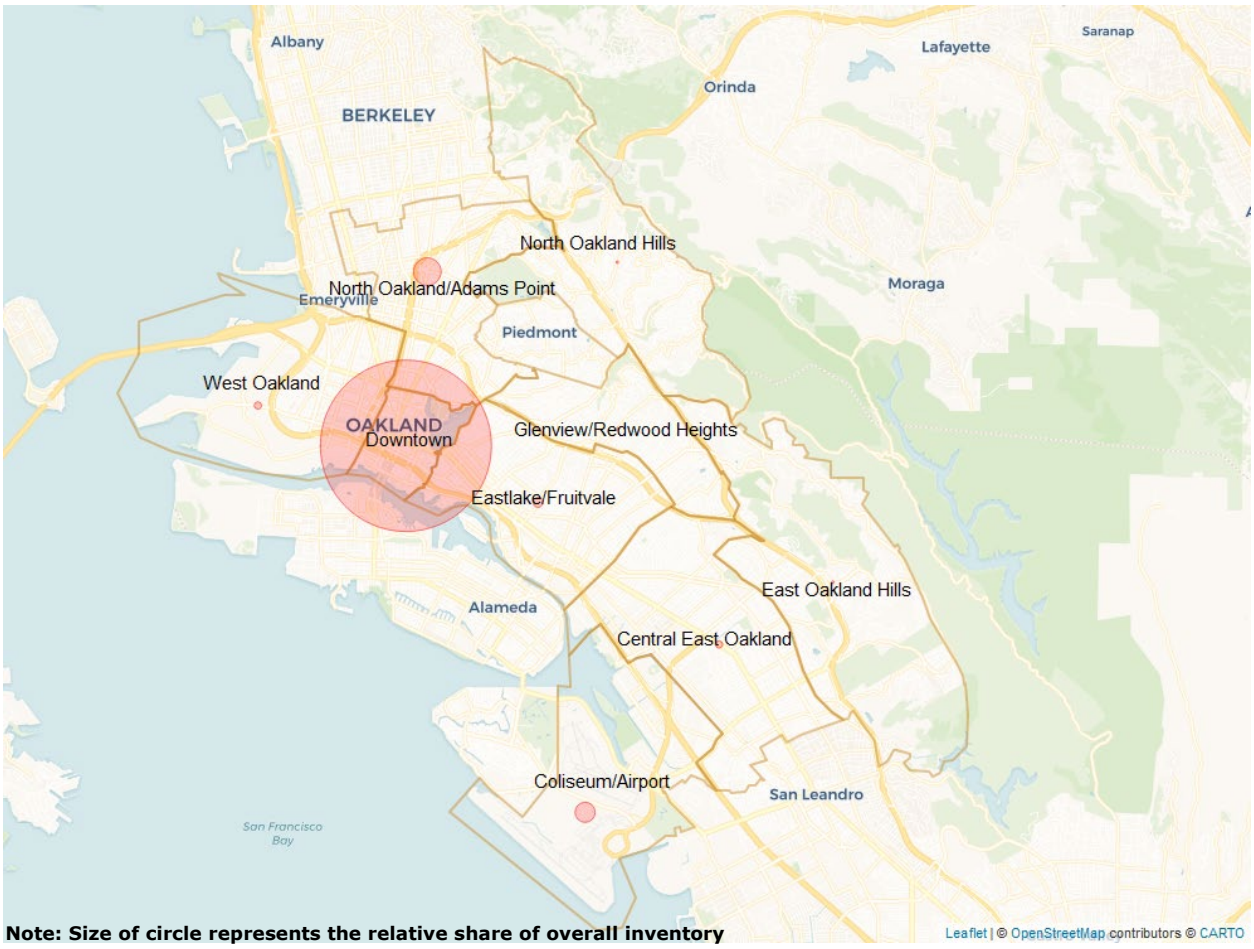
While less severe than its impacts on retail, the pandemic also negatively affected the office sector, particularly in transit-dependent locations where the bulk of Oakland's inventory exists (i.e., Downtown). As shown in **Figure 25**, both lease and occupancy rates have steadily declined starting in the second quarter of 2020. Part of this reflects the fact that Downtown saw a significant amount of new office space delivered during the pandemic when offices sat largely vacant. Over the longer term, Downtown's central, transit-friendly location combined with a large, and in many cases, new or recently refurbished building stock bodes well for future growth, as described further below.

Figure 25: Real Monthly Office Rents and Vacancies



The overwhelming share of the city's office inventory is located Downtown, as shown in **Figure 26**. Outside of Downtown, the North Oakland/Adams Point planning area contains 11 percent of the city's inventory, likely heavily health care based given the agglomeration of health care facilities around Pill Hill and other neighborhoods surrounding Interstate 580 and the Grove-Shafter freeway. Specific examples in the area include the Kaiser Permanente Oakland Medical Center on Broadway and MacArthur Boulevard, and UCSF Benioff Children's Hospital on Fifty-Second Street and Martin Luther King Jr Way. Another 9 percent of the city's office inventory is in the Coliseum/Airport planning area, concentrated on the west side of Interstate 880.

Figure 26: Oakland Office Concentration Map

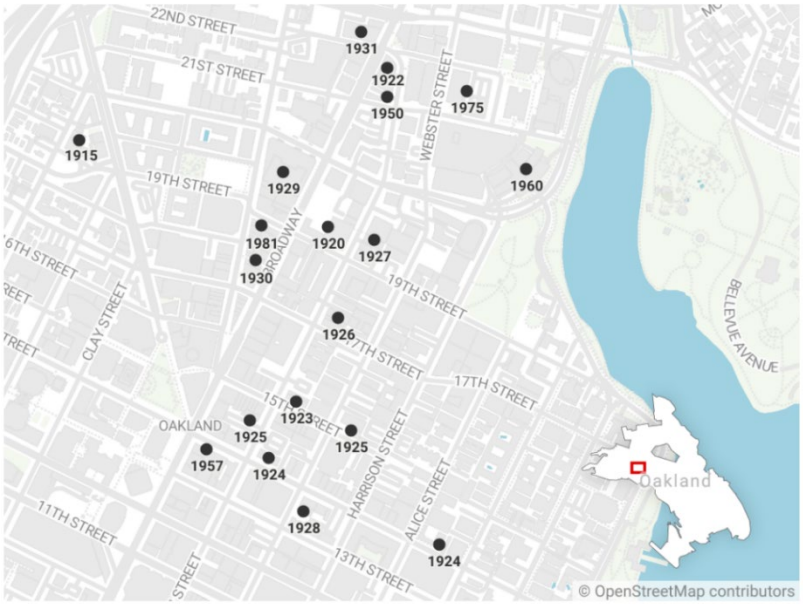


Note: Size of circle represents the relative share of overall inventory

Source: CoStar Group; Analysis by Economic & Planning Systems, Inc.

One of Oakland's competitive advantages is its stock of historic office buildings Downtown (more than half were built before 1950). Over the last 20 years, there has been a growing trend involving the renovation of historic Class B buildings in the area. The newly renovated stock, particularly desirable to professional service firms, now commands similar or higher rents than traditional Class A buildings. Forty-six office renovations occurred in Downtown since 2000, and 19 occurred after 2015 alone. A prominent example is 1955 Broadway, or the old Sears Building, on Broadway and Thomas L. Berkeley Way renovated in 2019. More than half of the stock renovated through the last decade was initially built before the 1930s, as shown in **Figure 27**.

Figure 27: Office Renovations Since 2010



Created with Datawrapper

Not Pictured: 251 8th Street and 330 Franklin Street

Source: CoStar Group; Analysis by Economic & Planning Systems, Inc.

Industrial Market

Oakland's industrial sector represents the city's largest commercial real estate class, driven by the city's strategic location and transportation infrastructure (e.g., water and airports, freeway access). Indeed, Oakland is home to one of the Bay Area's largest industrial submarkets, accounting for about 17 percent of total space in Alameda County and 6 percent in the Bay Area, as illustrated in **Figure 28**. Given the significant presence of the Port of Oakland, most of Oakland's industrial space is focused on warehouses and distribution uses.

Figure 28: Industrial Building Space Trends

Item (as of Q4 2019)	Oakland	Alameda County	Bay Area	California
Performance				
Rent per Square Foot	$14.42	$14.47	$17.76	$12.48
Vacancy	5%	5%	5%	4%
Inventory				
Square Feet	36,089,568	217,485,988	652,232,599	3,488,642,427
Oakland's Share of Inventory		17%	6%	1%
Growth Q4 2010 - Q4 2019				
Net New Inventory	1,329,526	10,458,517	27,337,463	290,505,200
As a % of Total Inventory	4%	5%	4%	8%
Oakland's Share of Growth		13%	5%	0%

Sources: CoStar Group; Analysis by Economic & Planning Systems, Inc.

Despite the competitive strength of Oakland's industrial sector, and steady expansion in logistics demand nationally, attributable in part to increased online shopping (a trend accelerated by the pandemic), its inventory has increased at a slower pace than the county, Bay Area, and California over the past decade. While the factors contributing to this outcome are complex (and will be explored further in the forthcoming *Industrial Lands Study)*, the predominance of lower density format buildings as well as market and regulatory impediments to new development appears to have slowed growth in both rent and inventory.

In addition to strong national demand trends, the relatively fast growth and higher rents in the Bay Area's industrial market appear partially attributable to growth in the Life Sciences industry, which has continued expanding through the pandemic. Life Sciences users have specialized building space requirements – generally a combination of office and lab space, with some manufacturing and cold storage requirements as well. Also, the Bay Area is the global center of biotechnology. Initially concentrated in South San Francisco, the Bay Area has

emerged as a global center for the biotechnology/life science field with major concentrations of activity expanding southward in the Peninsula, into Marin County, and to the Alameda County communities of Emeryville, Berkeley, and Alameda. Oakland is a notable exception, likely because of the "clustering" preference of Life Sciences tenants and Oakland's lack of viable flex and lab space.

Unlike office or retail, the pandemic does not appear to have had a negative impact on Oakland's industrial sector. While lease rates have declined slightly starting in second quarter 2020, vacancy rates are currently lower than pre-pandemic levels, as shown in **Figure 29**. This mirrors national trends, where increases in internet sales and "re-shoring" trends have benefited logistics and some industrial sectors. Demand for fulfillment centers, driven in part by the rise in ecommerce, has also expanded during the pandemic. Going forward, Oakland may be well-positioned to attract fulfillment centers given its strategic location, an outcome that could provide a major windfall to the City's General Fund.

While detailed data is difficult to come by, anecdotal information suggests that growth in the cannabis sector has also affected market dynamics in Oakland's industrial sector. A combination of factors, including Oakland's central location, specialized business and labor expertise, and a relatively favorable regulatory environment, has helped the city develop an emerging cluster related to the production and distribution of cannabis-related products, a trend that in some cases has priced out more traditional warehouse and distribution uses.

Figure 29: Real Monthly Industrial Rents and Vacancies

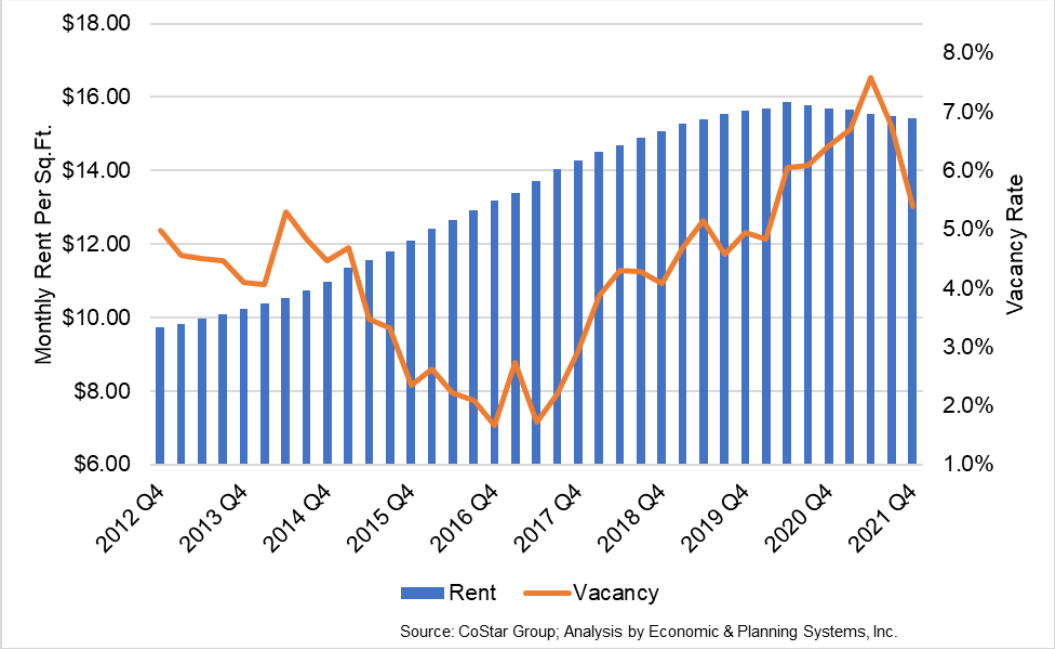


Figure 30 confirms the concentration of industrial square footage in the city's industrial lands. About 60 percent of the city's industrial inventory is in West Oakland and Central East Oakland. Together, these two areas contain most of Oakland's stock of warehouses, which in turn make up 68 percent of industrial buildings citywide. Another significant concentration of warehouses exists in the Eastlake/Fruitvale Planning Area. Historically, the growth of the Port of Oakland and the broader transportation industry drove the proliferation of warehouses on Oakland's industrial lands.

Figure 30: Oakland Industrial Concentration Map

Note: Size of circle represents the relative share of overall inventory

Source: CoStar Group; Analysis by Economic & Planning Systems, Inc.

Indeed, the Port of Oakland is the nexus of industrial activity in the city. Employing 42,000 people directly, the Port of Oakland is the ninth busiest container port in the nation and fourth on the U.S. West Coast as of 2021. Because of Oakland's proximity to two of the world's leading wine-making regions (e.g., Napa and Sonoma), and to northern San Joaquin Valley, the seaport is a nationwide leader in exporting agricultural commodities like nuts, wine, and meat. The Port of Oakland exports 60 percent of the nation's export value in nuts and half of the nation's export value in wine, as shown in **Figure 32**.

Figure 31: Port of Oakland Import Values

Commodity	Import Value in Millions (2019)	Share of U.S.
Electric Machinery	$4,505.5	1%
Nuclear Machinery	$4,244.1	1%
Vehicles	$2,549.9	1%
Furniture	$1,898.4	3%
Beverages, Spirits, and Vinegar	$1,725.8	7%
Plastics	$1,273.3	2%
Toys and Sporting Goods	$826.3	3%
Optic, Photo, amd Surgical Instruments	$811.4	1%
Inorganic Chemicals and Rare-Earth Metals	$767.5	6%
Rubber	$715.7	3%
All Other Commodities	$11,517.8	1%
Total	**$30,835.7**	**1%**

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Figure 32: Port of Oakland Export Values

Commodity	Export Value in Millions (2019)	Share of U.S.
Fruit and Nuts	$5,848.2	39%
Nuts	**$5,058.1**	**60%**
Meat	$3,836.4	22%
Beverages, Spirits, and Vinegar	$846.6	11%
Wine	**$698.0**	**50%**
Nuclear Machinery	$831.4	0%
Dairy Products	$760.2	15%
Vehicles	$700.8	1%
Optic, Photo, and Surgical Instruments	$591.4	1%
Electric Machinery	$583.1	0%
Misc. Chemical Products	$449.1	1%
Iron and Steel	$415.3	3%
All Other Commodities	$11,153.7	1%
Total	**$26,014.7**	**2%**

Source: U.S. Census Bureau; Analysis by Economic & Planning Systems, Inc.

Hospitality

Oakland's hospitality sector is closely aligned with the city's retail and office sectors and has experienced complementary growth over the last decade. By 2019, Oakland's Accommodation and Food Services industry was among the fastest-growing employment sectors in the city, hiring over 5,000 residents on net through the 2010s. Further, transient occupancy tax, Oakland's tax on hotel rooms, was the fastest-growing revenue source from 2010 to 2019, outpacing revenue from the city's real estate transfer tax in growth terms by almost 50 percentage points. In 2018, 3.9 million people visited Oakland, generating $700 million in spending and $85 million in state and local taxes, of which $31 million went straight to the City's General Fund as transient occupancy tax revenue.[13]

While the lodging sector is the smallest commercial real estate class in Oakland in terms of both employment and square feet, it's also the fastest growing (**Figure 33**). Recent investments in both new hotels and renovations of older properties appear to be fueled by Oakland's increasing appeal as both a visitor and business travel destination, as well as minimal new deliveries in the decades prior to 2010. All told, new hotels added about 670 rooms to Oakland's inventory (including the newly opened Kissel Uptown with 168 rooms and 74 apartments). The growth in inventory through the last decade is attributable to four new properties (excluding Kissel Uptown): the Spring Hill Suites (near Oakland Airport), the Best Western Plus Bayside on Embarcadero in the Eastlake/Fruitvale Planning Area, and the Hampton by Hilton Inn and Moxy in Downtown.

[13] Based on data from Visit Oakland's 2019 annual report.

Figure 33: Lodging Building Space Trends

Item (as of December 2019)	Oakland	Alameda County	Bay Area	California
Performance[1]				
Average Daily Rate	$159.72	$159.92	$213.12	$168.91
Occupancy	78%	76%	78%	75%
Inventory				
Square Feet[2]	2,365,000	9,519,500	62,630,500	274,584,500
Oakland's Share of Inventory		25%	4%	1%
Growth Q4 2010 - Q4 2019				
Net New Inventory	129,000	518,500	4,331,500	19,972,500
As a % of Total Inventory	5%	5%	7%	7%
Oakland's Share of Growth		25%	3%	1%

[1] Rates are expressed as twelve-month averages
[2] Assumes 500 square feet per room

Sources: CoStar Group; Analysis by Economic & Planning Systems, Inc.