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POPULATION, DEMOGRAPHICS, AND ECONOMICS

Emeryville has undergone significant changes over the past two decades as the city has shifted from its traditional industrial-based economy to technology, retail, and residential-based growth. This chapter describes the city's current population and employment characteristics, the general economic outlook, market assessments of key sectors, and the fiscal health of the City and the Redevelopment Agency's. Planning issues and implications are provided at the end of the chapter, and include a discussion of the future outlook for Emeryville, as well as key issues to address during the General Plan Update process.

5.1 POPULATION, DEMOGRAPHICS, AND EMPLOYMENT

As Emeryville has moved away from an industrial economy over the past few decades, the city has experienced significant changes in population and employment. Emeryville's central Bay Area location, easy regional access, and favorable business climate have enabled it to capture a disproportionate (given its size) amount of the region's explosive growth. This section summarizes these shifts, providing demographic analysis, comparison to growth in Alameda County and the Bay Area region, and a perspective on expectations for the future.

POPULATION

According to the ABAG population estimates shown in Table 5-1, the city was one of the fastest growing in the Bay Area between 1990 and 2000. Its population grew nearly 20 percent, from 5,470 to 6,882—exceeding the growth of approximately 13 percent in both Alameda County and the Bay Region during the same period.

The estimated 2005 population in Emeryville according to ABAG projections is 8,000. Table 5-2 lists current demographic characteristics of this population, including race and age. This information indicates that 45 percent of Emeryville residents are White, 26 percent are Asian/Pacific Islander, 20 percent are African-American, and nine percent belong to Other Races. This represents an overall increase in diversity since 1990, with the proportion of White residents decreasing as several minority groups have grown. Minority population growth was led by Asians/Pacific Islanders, while African Americans have decreased as a proportion of the overall population. Emeryville's population is ethnically more diverse than the County's, also shown on Table 5-2.

Emeryville has the smallest household size—1.7 persons per household—of any city in Alameda County; the countywide average household size in 2000 stood at 2.7. The median age of Emeryville's population (35.2 years) is slightly higher than that

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Table 5-1: Historical and Projected Population Trends

	1990	2000	2005	2010	2015	2020	2025	2030	1990-2000 Change		2000-2030 Change	
									Total	%	Total	%
North Alameda County:												
Emeryville	5,740	6,882	8,000	8,800	9,300	9,900	10,600	11,500	1,142	20%	4,618	67%
Oakland	372,242	399,484	414,100	430,900	447,200	464,000	489,100	516,900	27,242	7%	117,416	29%
Berkeley	102,724	102,743	105,300	107,200	109,500	111,900	115,000	119,000	19	0%	16,257	16%
Alameda	73,979	72,259	75,400	77,600	79,900	82,300	85,200	89,500	(1,720)	-2%	17,241	24%
Albany	16,327	16,444	16,800	17,200	17,400	17,800	18,400	19,300	117	1%	2,856	17%
Piedmont	10,602	10,952	11,100	11,200	11,200	11,200	11,200	11,200	350	3%	248	2%
Total North Alameda County	581,614	608,764	630,700	652,900	674,500	697,100	729,500	767,400	27,150	5%	158,636	26%
Emeryville as % of N. County	1.0%	1.1%	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	4.2%		2.9%	
Total Alameda County	1,276,702	1,443,741	1,517,100	1,585,500	1,648,800	1,714,500	1,796,300	1,884,600	167,039	13%	440,859	31%
Emeryville as % of Alameda County	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%		1.0%	
Total Bay Region	6,020,147	6,783,762	7,091,700	7,419,600	7,749,100	8,094,000	8,419,100	8,747,100	763,615	13%	1,963,338	29%
Emeryville as % of Bay Region	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	-0.2%		0.9%	

Source: Association of Bay Area Governments, Projections 2005.

*It should be noted that ABAG has acknowledged that its estimates and projections for Emeryville are too conservative and do not fully reflect the rapid growth that has occurred in the city to date. ABAG is currently working with Dyett & Bhatia to revise its growth projections for the city. Until the revisions are done, KMA is using the current estimates from the ABAG Projections 2005 report, as similar economic data are not readily available from other sources.

Table 5-2: Summary of Demographic & Economic Characteristics

	City of Emeryville		Alameda County	City As % of County
	1990	2005	2005	
Total Population	5,740	8,000	1,517,100	0.5%
White	52.3%	45.0% ¹	48.8% ¹	
African American	23.1%	19.5% ¹	14.9% ¹	
American Indian & Alaska Native	0.6%	0.5% ¹	0.6% ¹	
Asian & Pacific Islander	18.6%	25.8% ¹	21.0% ¹	
Some Other Race	5.5%	4.2% ¹	8.9% ¹	
Two or More Race	NA	5.1% ¹	5.6% ¹	
Hispanic or Latino Origin	9.9%	9.0% ¹	19.0%	

Table 5-2: Summary Of Demographic & Economic Characteristics (Cont'd)

	City of Emeryville				Alameda County		City As % of County
	1990	% of Total	2005	% of Total	2005	% of Total	
Age Composition							
Under 5	252	4.4%	257	3.7% ¹	98,378	7.3% ¹	
5 to 14	407	7.1%	426	6.2% ¹	201,417	15.0% ¹	
15 to 24	795	13.9%	1,020	14.8% ¹	193,193	14.4% ¹	
25 to 44	2,627	45.8%	2,907	42.2% ¹	489,779	36.4% ¹	
45 to 60	815	14.2%	1,601	23.3% ¹	265,725	19.8% ¹	
60+	844	14.7%	671	9.8% ¹	195,249	14.5% ¹	
Median Age	34.3		35.2 ¹		34.5 ¹		
<hr/>							
Total Number of Households	3,227		4,580		542,540		0.8%
Average Household Size	1.8		1.7 ¹		2.7 ¹		
Mean Household Income	\$53,351		\$62,000		\$78,600		78.9%
<hr/>							
Total Number of Jobs	13,840	100%	20,140	100%	747,500	100%	2.7%
Agricultural and Natural Resources	60	2%	0	0%	1,940	0%	0.0%
Manufacturing, Wholesale & Transportation	4,730	34%	4,120	20%	178,870	24%	2.3%
Retail	1,800	13%	3,340	17%	83,090	11%	4.0%
Financial & Professional Service	4,590	33%	6,660	33%	149,740	20%	4.4%
Health, Educational & Recreational Service	In above		2,800	14%	225,480	30%	1.2%
Other	2,660	19%	3,220	16%	108,380	14%	3.0%
<hr/>							
Total Housing Units	3,640		4,274 ¹		540,183 ¹		
Owner-Occupied	33%		35%		53%		
Renter-Occupied	55%		58%		44%		
Vacant	11%		7%		3%		

Source: ABAG Projections and US Census.

1. Based on 2000 U.S. Census, as the information is not yet available for 2005.

* It should be noted that ABAG has acknowledged that its estimates and projections for Emeryville are too conservative and do not fully reflect the rapid growth that has occurred in the City to date. ABAG is currently working with Dyett & Bhatia to revise its growth projections for the City. Until the revisions are done KMA is using current estimates from the ABAG Projections 2005 report, as similar economic data are not readily available from other sources.

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of the country (34.5 years), largely because of fewer children as seen in Table 5-2. Like in the rest of the Bay Area and the county at large, Emeryville's population is aging, as evidenced by the increase in median age from 34.3 in 1990 to 35.2 in 2005. The population cohort that increased the most over the last decade was the age group between 45 and 60.

Rapid population growth in Emeryville is expected to continue in the future. As shown in Table 5-1, ABAG conservatively projects that the number of residents could reach 11,500 by 2030, an increase of 67 percent over the 2000 base of 6,882. The city will remain one of the fastest growing in the region, exceeding growth in the neighboring communities and in the county as a whole. Thus, its population will continue to represent an increasingly larger share of the county's and the region's population, increasing from 0.48 percent of Alameda County's total population and 0.10 percent of the Bay Region's total population in 2000 to 0.61 percent and 0.13 percent respectively by 2030 if ABAG's growth projections come to fruition.

It should be noted that ABAG has acknowledged that its estimates and projections for Emeryville are too conservative and do not fully reflect the rapid growth that has occurred in the City to date. ABAG is currently working with Dyett & Bhatia to revise its growth projections for the City. Until the revisions are done, current estimates from the ABAG Projections 2005 report have been used, as similar economic data are not readily available from other sources.

EMPLOYMENT

Emeryville has been a significant job generator for the East Bay. This is due not only to a convenient location and regional accessibility, but also to the city's proximity to the University of California at Berkeley, the presence of major corporations such as Chiron and Pixar that have helped to stimulate and sustain growth, and the entrepreneurial and dynamic character of the city. Emeryville's successful efforts to attract retail uses on a regional level have also contributed to increasing employment.

Jobs far exceed residents: in 2000, Emeryville's population was 6,882 (or less than 1 percent of the county total) while the number of jobs was estimated by ABAG at 19,860 (about 2.7 percent of the county total).

In addition to providing a large proportion of jobs relative to its size, Emeryville had a higher level of job growth as well. The city enjoyed rapid employment increases between 1990 and 2000, with the number of jobs growing from 13,840 to 19,860, a gain of over 6,000. This represents a 43 percent increase compared to 21 percent in the county and 22 percent in the Bay Area during the same period. Historical and projected job trends are shown in Table 5-3.

According to ABAG, job growth has continued, reaching 20,140 in 2005. An estimated 33 percent of jobs are in Financial and Professional Services; 20 percent in Manufacturing, Wholesale, and Transportation; 17 percent in Retail; 14 percent in Health, Education, and Recreational Services; and 16 percent in other fields, as shown in Table 5-2.

ABAG projects that the city will continue its positive growth trends, though at a decreasing rate, between 2000 and 2030. It is expected that an additional 2,360 new jobs, representing a 12 percent increase, will be added during this period. The slower rate of job growth in the future may be attributable to a number of factors, including the small size (1.2 square miles) and near build-out of the City, lack of readily developable (and clean) sites, and increasing environmental concerns (i.e., traffic congestion), which may affect the potential of future development in Emeryville. It should be noted that ABAG projections are, in part, based on local general plans; thus, these projections may be modified in the future.

Table 5-3: Historical and Projected Job Trends

	1990	2000	2005	2010	2015	2020	2025	2030	1990-2000 Change		2000-2030 Change		
									Total	%	Total	%	
North Alameda County:													
Emeryville	13,840	19,860	20,140	21,460	21,750	21,900	22,050	22,220	6,020	43%	2,360	12%	
Oakland	170,200	199,470	207,100	223,490	235,030	250,260	265,700	279,340	29,270	17%	79,870	40%	
Berkeley	71,950	78,320	76,890	79,080	80,580	81,690	82,550	83,400	6,370	9%	5,080	6%	
Alameda	31,450	27,380	27,960	34,750	37,990	41,080	44,680	50,370	(4,070)	-13%	22,990	84%	
Albany	4,690	5,190	4,940	5,560	5,650	5,670	5,700	5,730	500	11%	540	10%	
Piedmont	1,600	2,120	2,120	2,140	2,160	2,190	2,230	2,250	520	33%	130	6%	
Total North Alameda County	293,730	332,340	339,150	366,480	383,160	402,790	422,910	443,310	38,610	13%	110,970	33%	<i>Population, Demographics, & Economics</i>
Emeryville as % of N. County	4.7%	6.0%	5.9%	5.9%	5.7%	5.4%	5.2%	5.0%	15.6%		2.1%		
Total Alameda County	620,980	750,160	747,500	818,840	884,970	953,310	1,021,960	1,088,870	129,180	21%	338,710	45%	5-5
Emeryville as % of Alameda County	2.2%	2.6%	2.7%	2.6%	2.5%	2.3%	2.2%	2.0%	4.7%		0.7%		
Total Bay Region	3,070,000	3,753,460	3,516,960	3,836,540	4,147,250	4,463,630	4,788,330	5,120,600	683,460	22%	1,367,140	36%	
Emeryville as % of Bay Region	0.5%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	-0.6%		0.2%		

Source: ABAG Projections 2005.

* It should be noted that ABAG has acknowledged that its estimates and projections for Emeryville are too conservative and do not fully reflect the rapid growth that has occurred in the City to date. ABAG is currently working with Dyett & Bhatia to revise its growth projections for the City. Until the revisions are done, KMA using the current estimates from the ABAG Projections 2005 report, as similar economic data are not readily available from other sources

Table 5-4: Job Growth By Industry, 1991 - 2000

Industry	Number of Jobs			
	1991	2000	Growth	Change
Computer and Data Processing	782	2,065	1,283	164%
Management and Public Relations	219	1,142	923	421%
Local Government	233	928	695	298%
Eating and Drinking Places	800	1,236	436	55%
Retail Sectors	407	1,750	1,343	330%
Furniture and Home Furnishings Stores (Retail)	76	474	398	524%
Radio, Television, and Music Stores (Retail)	51	375	324	635%
Grocery Stores	61	282	221	362%
Miscellaneous Food Stores (Retail)	67	255	188	281%
Miscellaneous Shopping Goods Stores (Retail)	76	223	147	193%
Furniture and Home Furnishings Stores (Retail)	76	141	65	86%
Groceries and Related Products (Wholesale)	147	568	421	286%
Plumbing, Heating, and Air Conditioning	91	202	111	122%
Mailing, Reproduction, Stenographic	127	222	95	75%
Miscellaneous Special Trade Contractors	340	419	79	23%
Personnel Supply Services	262	319	57	22%
Lumber and Construction Materials	35	84	49	140%
Masonry, Stonework, and Plastering	73	120	47	64%
Commercial Printing	121	163	42	35%
Legal Services	69	109	40	58%
Residential Building Construction	138	175	37	27%
Total, Top 20 Industries	3,844	9,502	5,658	147%

Sources: East Bay Alliance for a Sustainable Economy, California Employment Development Department (3-digit SIC level).

Table 5-5: Major Employers

	Product/ Services	Estimated No. of Local Employees
Private		
Chiron	R&D/Manufacturing of Biotech and Pharmaceutical Products	2,250
Pixar	Computer Animated Film Productions	700
Leap Frog	Children's Toy Manufacture	600
Siebel	Software Development/Sales	316
Oaks Card Club	Cardroom	315
Home Depot	Hardware & Building Supplies	264
IKEA	Household Furnishings Retailer	247
Chevy's	Restaurant & Corporate Office	222
State Farm Insurance	Insurance Company	222
Peet's	Coffee Roaster	177
LECG Corp.	Consultants	159
VNA (Visiting Nurses Association)	Home Care	158
Netopia	Internet Browser Development	128
Matsco Financial	Financial Services	105
Hero Arts Rubber Stamps	Rubber Stamp Manufacture	102
LFR Levine Fricke	Engineering/Applied Scientists	100
Holiday Inn Bay Bridge	Hotel	98
George M. Martin Co.	Machine Manufacture	86
Courtyard by Marriott	Hotel	80
Aldon Computer Group	Software Development/Sales	70
Bishop Barry	Law Firm	69
Circuit City	Electronic Retailer	68
Subtotal Private		6,536
Public		
AC Transit	Public Transportation	461
City of Emeryville	Government	161
Subtotal Public		622
Total		7,158
Future Pixar Expansion - Ph. I		325
Total w/Pixar Expansion		7,483

Sources: City of Emeryville, 10K reports, interviews with Managers.

5.2 LOCAL ECONOMY

Emeryville's economic base has historically been industrial. As shown on Table 5-2, until 1990 over one-third of the jobs in the city were in the Manufacturing, Wholesale, and Transportation sector. Several factors contributed to a decline in these areas in the following decade. Some aging production or manufacturing plants became physically and/or technologically obsolete. At the same time, office and R&D conversions from industrial space occurred, as these uses were able to pay higher rents and land values had increased. Many facilities were shut down, relocated elsewhere in the state and/or shifted to lower-cost industrial offshore locations. Major blue-collar employers such as Barbary Coast Steel, Berkeley Farms Dairy, Grove Valve and Regulator, and the Jelly Belly Candy Company closed their operations or left the city.

As a result, between 1990 and 2005 the city lost over 600 industrial jobs, or 13 percent. Despite this significant decline in the manufacturing area, Emeryville's economic base remained diverse. In the place of old industrial firms came high-tech corporations, such as Chiron and Pixar, and other smaller bio-tech/high-tech, professional, and service-oriented firms. These were followed by major retailers, such as Home Depot and IKEA, in the new regional retail centers that opened during the late 1990s and early 2000s. The new uses are much more employment intensive (that is, they contain more employees for the same land area). In the end, the city gained over 3,500 new jobs in retail and financial and professional services over the same 15-year period. These job trends by sector are shown in Table 5-2.

The majority of new jobs stemming from the city's shift in industry sectors and its overall economic growth have been in computer and data processing, management services, local government, eating and drinking places, and various retail sectors (see Table 5-4). As shown on Table 5-5, the top 25 employers in Emeryville generate a total of 7,158 local jobs, or 7,483 including the proposed Pixar expansion. Of these, an estimated 91 percent (6,536 without the Pixar expansion and



Chiron, Pixar, and Siebel are three of the top employers in Emeryville.

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6,861 with) are with private employers, and the remaining 8 percent (622) with AC Transit and the City of Emeryville.

SELECT BUSINESS CLUSTERS AND POTENTIAL GROWTH

Analyzing business trends helps identify sectors that are likely to represent the greatest employment and economic opportunities for the City in the future. This information can in turn influence economic development and land use decisions. Emeryville's leading business sectors are briefly described below. It is important to note, however, that strong recent job growth has not been matched by an equal increase in housing, and that residential land may thus take priority over employment uses in the near- to mid-term, depending on policy decisions made as part of the General Plan update process.

Technology

Financial & Professional Services is the largest employment sector in Emeryville, providing 33 percent of city jobs as of 2005. Almost half of these jobs come from the city's major biotech and high tech companies (listed in Table 5-5), demonstrating Emeryville's strength in technology. Chiron and Pixar both

have expansion plans in the coming years that will reinforce this business sector. Proximity to the University of California at Berkeley (UC Berkeley), access to an educated pool of potential employees, and economic recovery in the Bay Region overall are additional positive factors that could support further growth. As significant land area has already been committed to Pixar and Chiron, future expansion of the technology sector in Emeryville may need site assemblage to accommodate similar large users.

Industry

Industrial growth in Emeryville is likely to be concentrated in the R&D sector, where the city has competitive advantages including its favorable location, highly educated employment base, proximity to innovations at UC Berkeley, and building stock suitable for R&D conversions. While the warehousing sector in this portion of the East Bay will experience growth as Oakland's port continues to expand, high land values will preclude an increase in warehousing uses in Emeryville. Traditional manufacturing jobs are declining region-wide, and this trend will be reflected in Emeryville's manufacturing sector as well.

It should be noted that R&D in the city has to a large extent been land-intensive in configurations that use surface parking (although Chiron has a parking structure). This raises issues about the City's ability to attract future growth and the need to construct parking structures so that such growth can be accommodated, given scarce land supply.

Retail

As with the technology sector, plans already exist to grow Emeryville's retail economy with expansions at Bay Street and the Public Market. The developer for Bay Street is in discussions to expand its mixed-use project over four acres in addition to the existing 19 acres, potentially adding a high-end department store as well as smaller-scale retail and residential space. The highly successful Public Market, with 25 varied food shops,



This parking lot at the terminus of the Amtrak pedestrian bridge is the proposed site for a nine story residential expansion of the Public Market Development.

is proposing to add 52,000 square feet as well. These, as well as other projects (see Chapter 2: Land Use) will continue to consolidate the city’s status as a regional shopping destination, enhancing its competitiveness for capturing future regional retail dollars.

In addition to the potential for future regional retail growth, as Emeryville’s residential population increases, residents’ interest in local-serving neighborhood retail will increase as well. Businesses such as dry-cleaners, laundromats, and convenience stores will be needed, in addition to a local grocery store.

As with industrial uses, the retail sector can be very land-intensive, assuming traditional surface parking lots. This implies that Emeryville may need to increasingly follow the Bay Street model and house future retail projects in mixed-use developments together with more intense and compatible activities, such as residential and/or office, and structured parking solutions.

5.3 MARKET ASSESSMENT

This section provides a summary of recent trends and current conditions in Emeryville’s major real estate market segments—residential, retail, office, industrial, and hotel. There is also a general discussion of expected future demand by segment, as well as of constraints that may limit construction. The market trends analysis relies on a variety of data sources, including the City of Emeryville and Emeryville Redevelopment Agency, California Industry Research Board, California State Board of Equalization Taxable Sales Reports, BT Commercial Real Estate Reports, and other real estate data sources.¹ The assessment of the market, in addition to the general economic conditions reviewed above, provides a basis from which to understand the city’s capacity for land use expansion.

1. The accuracy of these sources is assumed to be valid but is not guaranteed.

RESIDENTIAL

Emeryville has experienced tremendous housing growth since 1990. Although estimates of the exact number of units constructed are different according to the California Industry Research Board (CIRB), Table 5-6A, and the City of Emeryville, Table 5-6B, both reflect a significant amount of activity. From 1990 to 2004 the CIRB records 1,697 units, and the City 2,218 units², of new housing completed or under construction, or an average of 113 to 148 units per year.

Alameda County overall is experiencing healthy residential growth according to CIRB, with 59,201 units of new housing (3,947 per year) permitted during the same period, an increase of 12 percent over its 1990 housing base. Growth was slower through the mid 1990s, increasing rapidly in more recent years. Emeryville is capturing a disproportionate share of this county building, or 2.9 percent, compared to a 0.68 percent capture of population growth. The city’s addition of 1,697 units completed or under construction since 1990 represents growth of 47 percent.

Both for-sale multifamily and apartment construction in the county averaged 37 percent of the total during the past 15 years. Of the total new housing units built or under construction in Emeryville, nearly all (99 percent) were multi-family units (both for-sale and apartments); less than 1 percent were single-family units. Over half of the new units in the city were built or began construction within the last two years—904 units according to CIRB and 1,120 units according to City data.

Condominium Market

An estimated 45 percent of the units built or under construction in 2003 and 2004 are for-sale condominium units, consisting of flats, town homes, and lofts in four- to five-story wood-frame

2. CIRB Residential Building Permit data (Table 5.6A) may not be as accurate as Residential Construction data from the City (Table 5.6B), as the City did not report units to CIRB until 2003, and some reporting has been inconsistent.

Table 5-6A: Residential Building Permits 1990 - 2004 (Per California Industry Board Research Data)

	City Of Emeryville					Alameda County			
	Single-family Units	Units In 2-unit Structures	Units In 3-4-unit Structures	Units In 5+ Structures	Total Multi- family Units	Total Units (SF + MF)	Total SF	Total MF	Total Units
2004	0	0	0	401	401	401	2,269	3,422	5,691
2003	0	2	8	493	503	503	2,087	2,433	4,520
2002	1	0	0	0	0	1	2,226	1,264	3,490
2001	2	0	0	0	0	2	1,613	1,522	3,135
2000	2	0	0	0	0	2	2,893	1,315	4,208
1999	0	0	0	67	67	67	3,016	1,495	4,511
1998	0	0	0	22	22	22	3,774	2,123	5,897
1997	2	3	0	229	232	234	4,189	2,311	6,500
1996	0	0	0	111	111	111	3,102	796	3,898
1995	0	0	6	0	6	6	2,492	458	2,950
1994	0	0	4	0	4	4	2,352	776	3,128
1993	2	0	0	20	20	22	2,052	515	2,567
1992	0	2	0	261	263	263	2,337	741	3,078
1991	7	0	0	50	50	57	1,331	1,299	2,630
1990	0	2	0	0	2	2	1,633	1,365	2,998
TOTAL	16				1,681	1,697	37,366	21,835	59,201
1990 - 2004	1%				99%	100%	63%	37%	100%
Average/Yr.	1				112	113	2,491	1,456	3,947

Source: Based on California Industry Research Board Data, 1990-2004.

*It should be noted that CIRB Residential Building Permit data (Table 5-6A) does not match Residential Construction data from the City (Table 5-6B) as the City did not report units to CIRB until 2003, and some reporting has been inconsistent.

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Table 5-6B: Residential Construction Data 1990 - 2004 (Per City Of Emeryville)

	City Of Emeryville					
	Single-family Units	Multi-family Units	Total Units (SF+ MF)	For-sale	Rentals	Total Units
2004	0	415	415	84	331	415
2003	0	705	705	421	284	705
2002	0	192	192	151	41	192
2001	0	0	0	0	0	0
2000	0	101	101	34	67	101
1999	0	142	142	142	0	142
1998	0	11	11	5	6	11
1997	1	225	226	6	220	226
1996	0	6	6	0	6	6
1995	0	26	26	26	0	26
1994	0	32	32	32	0	32
1993	0	331	331	71	260	331
1992	0	6	6	6	0	6
1991	0	12	12	12	0	12
1990	2	11	13	13	0	13
TOTAL	3	2,215	2,218	1,003	1,215	2,218
1990 - 2004	0.1%	99.9%	100%	45%	55%	100%
Average/ Yr.	0	148	148	67	81	148

Source: City of Emeryville

*It should be noted that CIRB Residential Building Permit data (Table 5-6A) does not match Residential Construction data from the City (Table 5-6B) as the City did not report units to CIRB until 2003, and some reporting has been inconsistent.

buildings. Of these, according to the City Redevelopment Agency’s 5-Year Implementation Plan, approximately one-third are inclusionary units required by the City, priced to be affordable to low and moderate-income households.

These types of higher density, attached, for-sale units were developed in response to strong market demand in the Bay Area for close-in urban living at an affordable price. The majority of buyers in Emeryville have been young singles or couples, students, and/or professionals. They also include a large number of San Francisco commuters and some empty nesters. Given the aging demographics of the city, it is expected that there will be increased demand for close-in housing in the future from the older households (i.e., retirees and empty nesters) seeking convenience and proximity to urban amenities.

The average price of condominiums and town homes currently selling in Emeryville is in the range of \$600,000 (about \$500 per square foot.) for a new two-bedroom/two-bath unit. This is on the upper end of the range for comparable products in nearby communities. Similar units along the waterfront and in downtown Oakland, for example, sell in the \$400,000s.

Apartment Market

The rental housing market is nearly as strong as the for-sale market in Emeryville. According to the Emeryville Redevelopment Agency’s Five-Year Implementation Plan, there are several major rental projects recently completed or under construction, including Emery Bay (260 Units), Bridgecourt (220 Units), Bay Street (284 Units), and Reyerson (331 Units). Asking rents in 2005 for two-bedroom/two-bath units in recent projects are in the \$2.10 per square foot per month range, or approximately \$2,300 per month for an average-sized 1,100 square feet unit.

Future Residential

Job creation has outpaced housing construction for more than a decade in the East Bay, creating a severe shortage of housing



New residential units are being constructed above Bay Street's retail shops.

that is expected to keep demand strong in the foreseeable future. Given the unabated housing demand and high values achieved to date by residential development in the region, residential investors will continue to be attracted to Emeryville and to the Bay Area as a whole. Major housing projects under construction or planned in the City, including BRE (225 units), Pulte (200 units), and Madison Marquette (250 units), suggest that the residential market will remain a healthy and vibrant sector in the city's economy.

According to the Five-Year Implementation Plan, an estimated total of 1,168 units, or an average of 117 units per year, are already under construction or being planned between 2005 and 2014 in Emeryville. These projects are shown on Table 5-7. This rate of housing construction is slightly less than the 142 units per year average for the 15 years prior, but includes only known projects to date, and could increase as new developments come on line.

Despite strong demand and high levels of planned construction, the feasibility of housing construction could be tempered by rising interest rates and increasing construction costs. Emeryville's small size and nearly built-out status will limit the availability of large, developable sites. Future development will mostly occur on smaller infill sites or larger sites requiring assemblage. It will need to be of a higher density, which in turn will likely require taller (i.e., tower) configurations to accommodate the additional units and associated parking. Tower structures will require concrete and steel construction, which is more costly than the wood-frame construction commonly used for lower-rise structures today. Thus, issues such as land availability, height limits, and on-site parking requirements will potentially affect the ability to provide an increasing supply of new units. To achieve physical and financial feasibility, greater development flexibility and creativity will be needed.

Increased residential density will generate additional property tax revenues and provide a larger base of support for existing and future retail development. It will also increase pedestrian

Table 5-7: Emeryville Housing Production

<i>Year</i>	<i>Project</i>	<i>Type</i>	<i>Total Units</i>	<i>Market Rate</i>	<i>Total Affordable</i>	<i>Rental (R)/ For-Sale (FS)</i>
<i>Built or Under-Construction (1990 to 2004)</i>						
1990	Krausen	MF	2	1	1	R
	Second Unit, Beaudry Street	SF	1	1	0	R
	Emeryville Business Center, 1250 45th Street	MF	6	3	3	R
	Second Unit, 47th Street	SF	1	1	0	R
	Sailer et al., 1053 47th Street	MF	3	2	1	FS
1991	Co-Housing, 5512 Doyle St.	MF	12	7	5	FS
1991	Emery/45th	MF	6	3	3	FS
1992	Emery Villa	MF	50	0	50	R
1993	Affordable Condos (VHP)	MF	4	0	4	FS
	Affordable Condos (VHP)	MF	2	0	2	FS
	Emery Bay Apts. II	MF	260	156	104	R
	Horton St. Lofts	MF	15	15	0	FS
1994	Powell St. Lofts	MF	10	10	0	FS
	Triangle Court	MF	20	0	20	R
	3622/24 Adeline St.	MF	2	1	1	R
	Christie Commons	MF	22	4	0	FS
1995	Temescal Lofts	MF	4	22	0	FS
1996	Ocean Ave. Court	MF	6	0	6	R
1997	Ocean Ave. Lofts	MF	5	3	2	FS
	Bridgecourt	MF	220	132	88	R
	Holden Live/Work	SF	1	1	0	FS
1998	Affordable Condos (VHP)	MF	5	0	5	FS
	Baybridge Apts.	MF	6	0	6	R
2000	Emeryville Warehouse Lofts	MF	142	116	26	FS
	Avalon Senior Apts.	MF	67	1	66	R
	Gateway Commons	MF	6	0	6	FS
	Dollar Lofts	MF	20	20	0	FS
	Ocean Ave. Lofts	MF	6	6	0	FS
2002	Oliver Lofts	MF	50	40	10	FS
	Terraces at Emery Station	MF	101	81	20	FS
	Remar Bakery Lofts	MF	41	33	8	R

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Table 5-7: Emeryville Housing Production (Cont'd)

<i>Year</i>	<i>Project</i>	<i>Type</i>	<i>Total Units</i>	<i>Market Rate</i>	<i>Total Affordable</i>	<i>Rental (R)/ For-Sale (FS)</i>
2003	Liquid Sugar Housing	MF	55	44	11	FS
	Key Route Lofts	MF	22	22	0	FS
2004	Reyerson	MF	331	265	66	R
	Fabco	MF	31	22	9	FS
	Andante	MF	102	82	20	FS
	Elevation 22	MF	71	57	14	FS
2005	Green City Lofts	MF	31	25	6	FS
Total Built or Under-Construction (1990 to 2005)			1739	1,176	563	

Projects Planned or Proposed (2006 to 2014)

	Bay Street Rentals	MF	284	0	57	R
	Bay Street Condos	MF	95	0	0	FS
	46th St. Lofts (Flecto)	MF	45	36	9	FS
	1401 Park	MF	53	42	11	FS
	OLofts2 Townhouses	MF	5	0	0	FS
	Blue Star Corner	MF	20	0	0	FS
	Holden Street Lofts	MF	8	0	0	FS
	Glashaus	MF	145	116	29	FS
	Black & White Mixed Use	MF	52	42	10	FS
	Andante Phase II	MF	23	18	5	FS
	Christie Park Towers	MF	60	48	12	FS
	Ambassador Homes	MF	55	33	22	FS
	The Pinnacle	MF	224	201	23	R
	Artisan Walk	MF	6	0	6	FS
	Oak Walk	MF	68	54	14	FS
	Adeline Place	MF	36	23	13	FS
	Transit Center	MF	120	96	24	FS
	Bay Street Site B	MF	100	80	20	FS
	4300 San Pablo Avenue	MF	30	0	30	FS
	Oaks BofA Mixed Use	MF	33	26	7	FS
	Beaudry Street Townhouses	MF	4	4	0	FS

Table 5-7: Emeryville Housing Production (Cont'd)

Year	Project	Type	Total Units	Market Rate	Total Affordable	Rental (R)/ For-Sale (FS)
	36th and Adeline Housing	MF	12	0	12	FS
	Golden Gate Key	MF	23	23	0	FS
	Public Market Housing	MF	50	40	10	FS
	Scattered Sites Rental	MF	10	0	10	R
Total Planned or Proposed (2005 to 2014)			1,561	882	324	
Total - All Projects			3,300	2058	887	

Source: City of Emeryville

activity on city streets, which will help reinvigorate some parts of the city, such as the San Pablo corridor. However, new residents will also create additional demand for municipal services such as fire and police, assuming that the current quality level of services is to be maintained. The issue that needs to be addressed by the City, therefore, is how it can best balance future residential development with its fiscal revenues.

Assuming that the Bay Area residential market continues to remain strong, that prices are sufficient to support future land values for tower development in Emeryville, and that the City’s fiscal health is addressed, the most appropriate location for concentrating higher density residential uses may be the area north of Powell Street, between Overland Avenue and Doyle Street. This zone still contains a number of under-utilized older industrial uses, and can provide a transition from the existing high-rise condominium tower to the west, Pacific Park Plaza, and the small-scale residential neighborhoods to the east.

RETAIL

Emeryville has been highly successful in capturing regional-serving retail projects in the East Bay. This is due in part to its crossroads location at the center of the Bay Area market and its convenient access to regional transportation routes. Other factors contributing to this retail success are constraints

on the development of other major retail projects in nearby communities, and the City’s concerted efforts to create a regional retail destination. Since 1990, Emeryville has been a significant node of retail activity with the opening of six major retail centers. These centers total approximately 1.5 million square feet, and are composed of regional, community, and neighborhood-serving projects, as shown on Table 5-8.

As a result of Emeryville’s success in attracting retailers, retail sales have been robust according to the California State Board of Equalization Taxable Sales Reports (see Table 5-9). Between 1999 and 2003, total taxable retail sales in the city increased 50 percent, as compared to 14 percent in the county over the same five-year period. When all outlets are included, the City’s taxable sales increase was 35 percent compared to a County increase of 3 percent.

The largest increases in retail sales were in Other Retail Stores, which includes some specialty retail³, and in Home Furnishings/ Appliances and Apparel. Sales in these areas grew 473 percent, 225 percent, and 191 percent respectively. On a per capita basis, sales were \$12,400, \$24,200, and \$6,600 in 2003, as compared to

3. The Other Retail category in Emeryville also includes those Specialty Retail sales that were not broken out separately by State Board of Equalization (SBE) due to confidentiality issues because of the small number of stores and/or the dominance of one or more stores reporting in that category.

Table 5-8: Existing and Proposed/Planned Shopping Centers

<i>Major Centers</i>	<i>Year Built</i>	<i>Total Gross Leasable Area</i>	<i>Tenant Gross Leasable Area</i>	<i>Type Of Center</i>	<i>Anchors/Major Tenants</i>
<i>Existing:</i>					
The Promenade Park & 45th Street	2003	40,000 SF Est.	11,000 SF	Neighborhood - Convenience Retail	Long's Drugs IHOP
Bay Street Emeryville 5600 Shellmound St.	2002	400,000 SF	296,500 SF	Regional - LifeStyle Center	AMC Theaters Barnes & Noble Abercrombie & Fitch Banana Republic Gap/gap Kids/baby Gap Old Navy Pottery Barn Victoria's Secret Williams-Sonoma
IKEA	2000	270,000 SF		Regional - LifeStyle Anchor	IKEA
East BayBridge 3839 Emery St.	1999	397,000 SF	76,100 SF	Regional - Power Center	CompUSA Home Depot Michaels Officemax Pak 'N' Save Sportmart
Emeryville Marketplace 5959-6001 Shellmound St.	1988	190,400 SF	82,600 SF	Community - Retail/Entertainment	Borders Books & Music United Artists Theater
Powell Street Plaza 5700-5795 Christie Ave.	1988	169,400 SF	104,200 SF	Community - Value-Oriented Center	Circuit City Ethan Allen Ross Dress For Less Trader Joe's Jo-Ann Fabrics Pier 1 Imports Copeland's Sports
Total Existing		1,466,800 SF	570,400 SF		
<i>Planned/Proposed:</i>					
Marketplace Expansion Christie Ave./Shellmound	Planned	52,000 SF			
Sherwin Williams Urban Village	Proposed	TBD			

Table 5-8: Existing and Proposed/Planned Shopping Centers (Cont'd)

Bay Street Expansion	Proposed	TBD
Total Planned/ Proposed	52,000 SF	570,400 SF

Source: Shopping Center Directory, City of Emeryville.

Table 5-9: Trends In Total Taxable Sales (1999 To 2003)

	1999	2000	2001	2002	2003	Change (1999-2003)	
						Total	%
Comparison Retail ¹							
Apparel	\$17,295,000	\$17,956,000	\$18,791,000	\$26,238,000	\$50,295,000	\$33,000,000	190.8%
General Merchandise ²	\$13,491,000	\$12,831,000	\$13,341,000	\$15,934,000	\$16,367,000	\$2,876,000	21.3%
Specialty Retail ¹	\$143,476,000	\$164,985,000	\$138,072,000	\$139,957,000	\$130,204,000	(\$13,272,000)	-9.3%
Home Furnishings & Appliances	\$57,151,000	\$176,227,000	\$203,002,000	\$197,722,000	\$185,856,000	\$128,705,000	225.2%
Total Comparison Retail	\$231,413,000	\$371,999,000	\$373,206,000	\$379,851,000	\$382,722,000	\$151,309,000	65.4%
Convenience Retail							
Food Stores ²	\$15,538,000	\$16,505,000	\$17,317,000	\$18,169,000	\$17,995,000	\$2,457,000	15.8%
Drug Stores	NA	NA	NA	NA	NA	NA	NA
Eating & Drinking	\$41,890,000	\$46,733,000	\$46,622,000	\$48,238,000	\$58,912,000	\$17,022,000	36.4%
Building Materials	\$73,761,000	\$76,812,000	\$80,823,000	#	#	NA	NA
Automotive	#	\$15,172,000	\$13,402,000	\$1,789,000#	\$14,264,000	NA	NA
Other Retail Stores ¹	\$16,545,000	\$6,503,000	\$5,917,000	\$104,388,000	\$94,774,000	\$78,229,000	472.8%
CITY RETAIL SALES TOTAL	\$379,147,000	\$533,724,000	\$537,287,000	\$552,435,000	\$568,667,000	\$189,520,000	50.0%
Business and Personal Services							
All Other Outlets	\$137,706,000	\$156,918,000	\$163,175,000	\$134,141,000	\$129,495,000	(\$8,211,000)	-6.0%
TOTAL ALL OUTLETS	\$516,853,000	\$690,642,000	\$700,462,000	\$686,576,000	\$698,162,000	\$181,309,000	35.1%
COUNTY RETAIL SALES TOTAL	\$11,895,998,000	\$15,000,747,000	\$13,682,707,000	\$13,375,587,000	\$13,562,149,000	\$1,666,151,000	14.0%
City as % of County	3.2%	3.6%	3.9%	4.1%	4.2%	11.4%	
COUNTY TOTAL ALL OUTLETS	\$20,672,287,000	\$23,763,516,000	\$22,758,085,000	\$21,264,629,000	\$21,375,029,000	\$702,742,000	3.4%
City as % of County	2.5%	2.9%	3.1%	3.2%	3.3%	25.8%	

Source: California State Board of Equalization Taxable Sales Reports

1. For confidentiality reason, some special retail categories are not broken out by SBE and have therefore been included in the Other Retail category.

2. No adjustments have been made to reflect total sales for food stores or drug stores - as typically only an estimated 30% for food and 60% for drug store sales are taxable.

#. Sales omitted because their publication would result in disclosure of confidential information.

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Table 5-10: Trends In Use Permits (1999 To 2003)

	1999	2000	2001	2002	2003	Change (1999 - 2003)	
						Total	%
Comparison Retail ¹							
Apparel	20	19	15	17	32	12	60.0%
General Merchandise	4	4	6	6	7	3	75.0%
Specialty Retail ¹	147	148	140	139	158	11	7.5%
Home Furnishings & Appliances	22	23	19	20	28	6	27.3%
TOTAL COMPARISON RETAIL	193	194	180	182	225	32	16.6%
Convenience Retail							
Food Stores	16	14	17	16	14	-2	-12.5%
Drug Stores							
Eating & Drinking	72	73	66	67	82	10	13.9%
Bldg. Mat'ls & Farm Implements	13	14	13	12	11	-2	-15.4%
Automotive	6	10	8	8	10	4	66.7%
Other Retail Stores ¹	6	5	8	10	12	6	100.0%
CITY RETAIL SALES TOTAL	306	310	292	295	354	48	15.7%
Business and Personal Services							
All Other Outlets	378	377	360	359	620	242	64.0%
TOTAL ALL OUTLETS	684	687	652	654	974	290	42.4%
COUNTY RETAIL SALES TOTAL	19,069	18,727	18,776	19,085	20,606	1,537	8.1%
City As % of County	1.6%	1.7%	1.6%	1.5%	1.7%	3.1%	
TOTAL ALL OUTLETS	40,640	40,866	41,079	41,430	42,550	1,910	4.7%
City As % of County	1.7%	1.7%	1.6%	1.6%	2.3%	15.2%	

Source: California State Board of Equalization Taxable Sales Reports

1. For confidentiality reasons, some special retail categories are not broken out by SBE and have therefore been included in the Other Retail category.

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much lower per capita sales in the county and state (shown later in Table 5-11). These impressive sales numbers are attributable to the opening of regional retail centers IKEA in 2000 and Bay Street in 2002. Note that although the Specialty Retail category showed a “loss” between 1999 and 2003, the decrease in sales actually resulted from the shift of some Specialty Retail sales to the Other Retail category in order to protect the confidentiality of reported sales.

The retail categories that increased the least are in the area of convenience retail: Food Stores (+16 percent) and General Merchandise, which includes drug stores⁴, (+21 percent).

While taxable retail sales grew significantly, the increase in new retail outlet permits during the five-year period was a modest 16 percent, or 48 outlets. The reason for the disproportionate increase in the amount of sales relative to number of outlets is that a majority of the new additions were in the form of large box or large format stores (i.e., Home Depot, Pak N’ Save, Sportmart, Comp USA, and Barnes and Noble), which are major sales generators. Trends in use permits are shown in Table 5-10.

Regional- and Community-Oriented Retail

Five of the six retail centers opened over the past 15 years have a regional/community-oriented focus: East Bay Bridge (1995-1996), Emeryville Marketplace (1988), Powell Street Plaza (1987), IKEA (2000), and Bay Street (2002). These centers represent a full range of regional/community centers—from lifestyle to value-oriented to retail/entertainment centers.

The reason for the robust regional retail sales in Emeryville is that the City has had great success in defining itself as a regional retail node in the market area. The closest competitors in the region for the comparison retail goods offered by the Bay Street

4. The General Merchandise category in Emeryville includes Drug Store sales, which were not broken out separately by SBE due also to confidentiality issues.

life-style retail center and IKEA are Fourth Street in Berkeley and downtown Walnut Creek. In Oakland, the major regional retailers are Cost Plus and Bed, Bath N’ Beyond in Jack London Square. There are no other major value-oriented or power centers nearby to compete with East BayBridge and Powell Street.

Convenience Retail

Although convenience retail (food and drug stores) is traditionally local serving, in Emeryville food sales are driven by the regional market, leaving drug stores as the local-serving convenience category. Regional and local convenience retail are thus discussed separately below.

Regional Convenience Retail

As shown on Table 5-11, estimated per capita taxable food store sales in Emeryville (\$2,347)⁵ were nearly five times the per capita sales in the county (\$490) and the state (\$537) as of 2003. Food sales were dominated by Pak N’ Sav, which offers lower end, bulk sale food products, and Trader Joe’s, targeted toward more mid- to upper-end specialty food buyers. As discussed above, although convenience retail stores are typically local serving, Pak N’ Sav and Trader Joe’s serve the larger regional market. Thus, high sales per capita are somewhat deceptive in that they represent sales to regional consumers in relation to Emeryville’s population of 8,000 residents.

Like its ability to capture regional sales in the Comparison Retail category, Emeryville’s strength in regional food sales was driven by limited competition in the north Alameda County area, and by the City’s concerted efforts to capture regional shoppers.

Local Convenience Retail

While it is strong in the regional convenience retail sector, driven by food sales, Emeryville’s only local-serving convenience retail

5. Food Store sales figures represents only taxable sales, which typically constitute roughly 30 percent of total sales.

Table 5-11: Taxable Sales Per Capita (2003)

	<i>City Of Emeryville</i>		<i>Alameda County</i>		<i>State Of California</i>	
	<i>Total</i>	<i>Per Capita ³</i>	<i>Total</i>	<i>Per Capita ³</i>	<i>Total</i>	<i>Per Capita ³</i>
<i>Population</i>		7,666		1,498,020		36,144,267
<i>Comparison Retail ¹</i>						
Apparel	\$50,295,000	\$6,561	\$519,274,000	\$347	\$15,179,710,000	\$420
General Merchandise ²	\$16,367,000	\$2,135	\$1,613,104,000	\$1,077	\$44,695,079,000	\$1,237
Specialty Retail ¹	\$130,204,000	\$16,985	\$2,122,372,000	\$1,417	\$45,191,191,000	\$1,250
Home Furnishings & Appliances	\$185,856,000	\$24,244	\$797,883,000	\$533	\$15,104,217,000	\$418
TOTAL COMPARISON RETAIL	\$382,722,000	\$49,925	\$5,052,633,000	\$3,373	\$120,170,197,000	\$3,325
<i>Convenience Retail</i>						
Food Stores ²	\$17,995,000	\$2,347	\$733,608,000	\$490	\$19,407,823,000	\$537
Drug Stores	NA	NA	\$290,908,000	\$194	\$5,855,739,000	\$162
Eating & Drinking	\$58,912,000	\$7,685	\$1,542,242,000	\$1,030	\$40,049,699,000	\$1,108
Bldg. Mat'ls & Farm Implements	#	NA	\$1,315,685,000	\$878	\$28,200,869,000	\$780
Automotive	\$14,264,000	\$1,861	\$4,065,249,000	\$2,714	\$94,766,776,000	\$2,622
Other Retail Stores ¹	\$94,774,000	\$12,363	\$561,824,000	\$375	\$11,765,951,000	\$326
RETAIL SALES TOTAL	\$568,667,000	\$74,180	\$13,562,149,000	\$9,053	\$320,217,054,000	\$8,859
<i>Business and Personal Services</i>	NA	NA	\$1,092,232,000	\$729	\$21,648,470,000	\$599
<i>All Other Outlets</i>	\$129,495,000	\$16,892	\$6,720,648,000	\$4,486	\$118,230,944,000	\$3,271
TOTAL ALL OUTLETS	\$698,162,000	\$91,073	\$21,375,029,000	\$14,269	\$460,096,468,000	\$12,729

Source: California State Board of Equalization Taxable Sales Reports

1. For confidentiality reasons, some special retail categories are not broken out by SBE and have therefore been included in the Other Retail category.

2. No adjustments have been made to reflect total sales for food stores or drug stores - as typically only an estimated 30% for food and 60% for drug store sales are taxable.

3. Based on 1/1/04 estimates from the Department of Finance - Demographic Unit.

Sales omitted because their publication would result in disclosure of confidential information.

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anchor (and the only neighborhood center completed during the 15 years in which the five regional/community centers opened) is the Long's Drugstore in the Promenade Center. There was also an upscale Andronico's Market on Hollis Street that closed shortly after opening, reportedly due to poor market timing (the store opened just as nearby dot.com firms began layoffs and closed before the influx of new and affluent residents that began buying into the area). There are currently no major chain food stores, such as a Safeway or Albertson's, that can serve the broader, mid-price market in Emeryville. The closest major grocery stores are Berkeley Bowl, Whole Foods, Safeway, and Albertson's, all of which are located at least two miles away in Berkeley and Oakland, as shown in Figure 5-1.

For confidentiality reason, sales for drugstores were included in the General Merchandise category, making it difficult to determine the success of Emeryville's single local convenience anchor, Long's Drugs. Nevertheless, as shown on Table 5-11, the annual per capita expenditures in the General Merchandise category (\$2,135) were significantly higher than those in the county and the state.

In general, as a regional destination for convenience expenditures, Emeryville's per capita sales in the convenience sector are very strong. However, this high level of expenditure masks the desire by local residents for a major grocery store, such as Safeway or Albertson's.

Future Retail

Plans are underway to expand the existing Bay Street retail project by approximately four acres, potentially adding an upper-end department store anchor, smaller retail shops, and a hotel. A high-end department store would attract more upscale shoppers to the area and further establish it as the major regional life-style center in the East Bay. The broader market base will also enable the center to enhance its regional importance. In addition, a major expansion of approximately 52,000 square feet is being planned for the Emeryville Public Market. This will further reinforce Emeryville's regional retail presence. Smaller retail space will also be included as a ground



Much of Emeryville's community-oriented retail is located along San Pablo Avenue.

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floor use in many of the mixed-use projects being planned/proposed in Emeryville.

While the regional and community retail sector is strong and expected to continue growing, the results of the community input process indicate there is a desire for additional options in the local-serving convenience sector, such as a major grocery store (Safeway or Albertson's) and/or a small convenience store, and a broader selection of drug stores, tailored to the changing demographic of the City's residential population. Neighborhood-serving retail outlets such as dry-cleaners, laundromats, video stores, etc. are also needed. The success of such local retail outlets depends to a large extent upon having a sufficient household population to support them, and on the ability to reinforce existing local-serving retail nodes by concentrating new outlets with old ones. Although a number of major retail projects have been proposed (shown on Table 5-8), their timing is not currently known and they are unlikely to include a significant local-serving retail component.

A major constraint to the City's ability to attract a major chain grocer to Emeryville is the small size of its population, which is estimated at 8,000 residents and 4,580 households for 2005. A 35,000 square feet to 50,000 square feet major grocery store typically requires a support population of 15,000 to 20,000 residents. Thus, the population has to more than double in order to support a major new grocery store in Emeryville. In addition, there is significant competition from major grocery stores such as the existing Safeway and Albertson's stores and the Whole Foods store under construction in Oakland, and existing Safeway, Berkeley Bowl, and Whole Foods stores in Berkeley.

Another constraint is the physical requirement of a major grocery store. The typical suburban grocery store requires minimum parking in the range of 5 cars per 1,000 square feet, which calculates to between 175 to 250 parking spaces and a site of 3 to 4 acres for a typical 35,000 square feet to 50,000 square feet store. Given the limited land inventory in the City, it is unlikely that this stand-alone, suburban store prototype

can be accommodated. An urban store prototype will require structured parking, which could be shared parking in a mixed-use development. Recent examples of urban format grocery stores include the new Whole Foods and Safeway stores south of Market in San Francisco, both of which are part of mixed residential/retail use developments.

Given the above market and physical constraints, the location of a major chain-grocer in Emeryville will likely be in the longer-term.

OFFICE

Northern Alameda County

As is the case throughout the Bay Region, the northern Alameda County office market was heavily impacted by the dot.com crash in the early 2000s. Available space rose from a vacancy rate of 8 percent in 2000 to a high of 18 percent of the multi-tenant office inventory in 2002 according to BT Commercial Real Estate, as shown in Table 5-12. The northern Alameda County multi-tenant office space supply has remained steady over the past three years, and vacancy rates are slowly falling, reaching 16 percent in 2004. Nevertheless, there is still significant room for absorption, with 4.2 million square feet available in the northern portions of the county at the end of 2004.

There are four major office submarkets in northern Alameda County: Emeryville, Berkeley, Oakland, and Alameda. As shown in Table 5-12, the four submarkets contain an estimated total of 26.2 million square feet of multi-tenant office building base, of which approximately 4.1 million square feet (16 percent) are located in Emeryville. Over half, or about 15.5 million square feet, of the total office building inventory is located in Oakland. The remainder is split between Berkeley (3.2 million square feet) and Alameda (3.5 million square feet).

The submarkets most competitive with Emeryville's are the office clusters in downtown Berkeley and Oakland. Berkeley's reputation as a center for advanced education and research has been highly successful in attracting a number of new and innovative local businesses. Oakland, as Alameda County's

Figure 5-1
Grocers in Emeryville Area

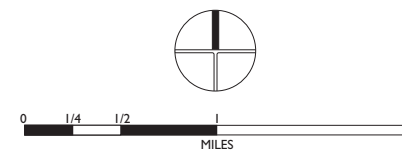


Table 5-12: Multi-Tenant Office Market Trends

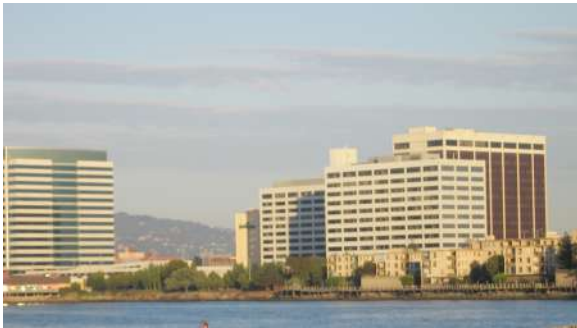
						Change (2000 - 2004)	
						Total	%
Population, Demographics, & Economics	Emeryville						
	Total Building Base (SF)	3,863,100	3,970,534	4,001,585	3,988,541	4,129,941	266,841 7%
	Total Available (SF)	502,121	1,066,464	1,030,606	851,098	787,220	285,099
	Vacancy	13.0%	26.9%	25.8%	21.3%	19.1%	6.1%
	Average Rent Rate	\$4.16	\$2.52	\$1.95	\$1.93	\$1.95	(\$2.21)
	Berkeley						
	Total Building Base (SF)	3,179,807	3,172,927	3,206,777	3,221,243	3,173,533	(6,274) -0%
	Total Available (SF)	93,612	291,746	350,768	382,856	324,329	230,717
	Vacancy	2.9%	9.2%	10.9%	11.9%	10.2%	7.3%
	Average Rent Rate	\$3.35	\$2.29	\$1.95	\$1.95	\$2.30	(\$1.05)
	Oakland						
	Total Building Base (SF)	11,719,624	15,486,635	15,510,207	15,321,695	15,473,218	3,753,594 32%
	Total Available (SF)	1,017,176	2,059,830	2,442,442	2,378,614	2,227,614	1,210,438
	Vacancy	8.7%	13.3%	15.7%	15.5%	14.4%	5.7%
	Average Rent Rate	\$3.64	\$2.56	\$2.05	\$1.89	\$1.85	(\$1.79)
	Alameda						
	Total Building Base (SF)	3,007,774	2,043,502	3,563,639	3,480,064	3,468,241	460,467 15%
	Total Available (SF)	93,612	194,771	832,251	815,747	879,474	785,862
	Vacancy	3.1%	9.5%	23.4%	23.4%	25.4%	22.2%
	Average Rent Rate	\$1.79	\$2.33	\$1.77	\$1.77	\$1.66	(\$0.13)
	TOTAL						
	Total Building Base (SF)	21,770,305	24,673,598	26,282,208	26,011,543	26,244,933	4,474,628 21%
	Total Available (SF)	1,706,521	3,612,811	4,656,067	4,428,315	4,218,637	2,512,116
	Vacancy	7.8%	14.6%	17.7%	17.0%	16.1%	

Source: BT Commercial Real Estate.

Table 5-13: Major Office Buildings

Major Office Buildings/complexes	Total GFA
Multi-tenant	
Existing:	
Emery Station Plaza	430,000
Existing Multi-tenant	430,000 SF
Planned/Proposed:	
Emery Station	200,000
Sherwin-Williams	100,000
Planned/Proposed Multi-tenant	300,000 SF
Owner Occupied	
Existing:	
Chiron	750,000
Pixar	215,000
Existing Owner Occupied	965,000 SF
Planned/Proposed:	
Chiron Expansion	300,000
Pixar Expansion	145,000 to 220,000 SF
Planned/Proposed Owner Occupied	445,000 to 520,000 SF

Source: City of Emeryville.



The Watergate complex includes four office towers.

largest city and county seat, as well as transportation hub of the East Bay, remains a fairly active and healthy office destination—particularly for the government sector.

Emeryville

Of the northern Alameda County office submarkets, Emeryville had the second largest multi-tenant office building inventory at the end of 2004, with 4.1 million square feet. Its office base was essentially created as increasing demand for higher-paying office tenants displaced industrial uses in the 1990s. Between 1990 and 2000, a number of commercial developers—such as 65th Street Development, Emery Station Associates, Spieker Properties, Ellis Partners and Simeon Commercial Properties—were busily converting industrial properties to high-end R&D/office complexes. They hoped to capitalize on Emeryville’s excellent location between San Francisco and Oakland downtowns, access to regional highways and transit, and educated work force, as the tech industry has done. This pattern continued into the 21st century. As shown in Table 5-12, the City added approximately 267,000 square feet of multi-tenant office space between 2000 and 2004, an increase of 7 percent.

Nearly 20 percent of the office inventory is located in four major office clusters: Watergate Tower IV, Emery Station North, Emery Farms, and the Hollis Street Business Center. Together, they provide an estimated 800,000 square feet of biotech and high-tech space. The major office buildings/complexes in Emeryville are shown in Table 5-13.

Of the 4.1 million square feet of multi-tenant office space in the city, an estimated 787,000 square feet, or about 19 percent, is vacant. Despite this large amount of vacant space, Emeryville has actually recorded three consecutive years of positive net absorption and declining vacancy since 2001 (when vacancy was at about 27 percent). As of the end of 2004, average monthly office rent in Emeryville was estimated at \$1.95 per square foot, full service. This rent level should remain relatively stable in the near term with the continued absorption of existing sublease space and the expected evaporation of future sublease space as a number of these leases end in 2005.

Future Office

As seen above, falling vacancy rates and a steady supply of office square footage in northern Alameda County indicate slowly increasing demand. The available multi-tenant inventory of 4.2 million square feet will absorb much of this demand in the short- to mid-term, impacting the timing of new office development in the four submarkets.

Despite existing vacancies, several major developments are being planned in Emeryville that will add to the area's existing multi-tenant office supply:

- Emery Station, which is processing plans for a 200,000 square foot biotech building.

There is also a substantial amount of owner-occupied office space being planned:

- Pixar, which currently has 215,000 square feet of office space and total entitlement for 750,000 square feet of space, is planning to add another 145,000 to 220,000 square feet for its Phase II expansion;
- Chiron, with 750,000 square feet of existing space and 2.2 million square feet of entitlement, is working on its next phase—a new 300,000 square foot office and lab building.

In total, the planned and proposed multi-tenant and owner-occupied office developments will potentially add over 600,000 square feet of new office space, which will also help to absorb demand in the near to mid-term.

When currently available and planned space is absorbed, Emeryville will be an attractive office submarket given its location at the crossroad of the region's two major business centers—downtown San Francisco and downtown Oakland.

Unlike in the past, however, constraints will exist for future office development in Emeryville as the supply of low-cost industrial

sites able to accommodate the site demands of large users has dwindled while traffic congestion has increased in the area. In addition, unlike Oakland and Berkeley downtowns, Emeryville lacks access to BART, which is attractive to many employers. These factors will need to be taken into account along with any planning for further office growth.

INDUSTRIAL

While the industrial market in northern Alameda County is relatively stable, there are some signs of gradual decline. Net absorption from 2000 to 2004 dropped 5 percent as a result of a rise in vacancy rates from 3.8 percent to 4.0 percent, and shrinkage in industrial space from 55.2 million square feet to 52.5 million square feet, according to BT Commercial Real Estate (see Table 5-17). R&D and manufacturing drove the decline, with both sub-sectors experiencing increased vacancy rates at the same time that space inventory decreased. Contrary to the overall industrial trend, however, the warehouse sector remained relatively strong, adding 812,600 square feet and reducing vacancies from 6.2 percent to 3.9 percent between 2000 and 2004. In addition to the outmigration of industrial uses from the inner cities, the slightly downward trend in total industrial square feet reflects steadily increasing land values and increasing competitiveness with higher, non-industrial land uses in the county.

Oakland has historically dominated the industrial market in northern Alameda County with its major airport, port, and rail facilities. The City of Emeryville, however, is the strongest submarket for the relatively small R&D sector. Tables 14, 15, 16, and 17 track industrial square footage, vacancy rates, and rents in northern Alameda County, indicating that while Oakland does not have a significant amount of R&D space, it does contain over 75 percent of the total 31.9 million square feet of manufacturing space and 78 percent of the 18.5 million square feet of warehouse space inventory in the area. The following sections describe industrial activity in each sector in more detail.

Table 5-14: R&D Market Trends

	2000	2001	2002	2003	2004	Change (2000 - 2004)	
						Total	%
Emeryville							
Total Building Base (SF)	1,848,213	1,763,763	1,720,079	1,720,695	1,734,462	(113,751)	-6%
Total Available (SF)	4,596	0	53,000	140,721	105,871	101,275	
Vacancy	0.2%	0.0%	3.1%	8.2%	6.1%	5.9%	
Average Rent Rate	\$1.72	\$1.68	\$0.95	\$0.79	\$0.74	(\$0.98)	
Berkeley							
Total Building Base (SF)	308,895	288,556	298,031	297,286	383,286	74,391	24%
Total Available (SF)	11,000	4,000	17,000	51,948	113,989	102,989	
Vacancy	3.6%	1.4%	5.7%	17.5%	29.7%	26.2%	
Average Rent Rate	\$1.83	\$1.70	\$1.34	\$1.09	\$1.74	(\$0.09)	
Oakland							
Total Building Base (SF)	0	0	0	0	0		
Total Available (SF)	0	0	0	0	0		
Vacancy	0.0%	0.0%	0.0%	0.0%	0.0%		
Average Rent Rate	N/A	N/A	N/A	N/A	N/A		
Alameda							
Total Building Base (SF)	1,057,935	1,058,268	-	-	-		
Total Available (SF)	53,431	70,278	-	-	-		
Vacancy	5.1%	6.6%	-	-	-		
Average Rent Rate	\$1.18	\$1.13	-	-	-		
TOTAL							
Total Building Base (SF)	3,215,043	3,110,587	2,018,110	2,017,981	2,117,748	(1,097,295)	-34%
Total Available (SF)	69,027	74,278	70,000	192,669	219,860	150,833	
Vacancy	2.1%	2.4%	3.5%	9.5%	10.4%		

*Population,
Demographics,
& Economics*

5-27

Source: BT Commercial Real Estate.

Table 5-15: Manufacturing Market Trends

						Change (2000 - 2004)						
						Total	%					
						2000	2001	2002	2003	2004		
Population, Demographics, & Economics 5-28	Emeryville											
	Total Building Base (SF)	2,779,463	2,316,647	2,309,047	2,203,556	2,206,111	(573,352)	-21%				
	Total Available (SF)	46,544	61,844	68,490	41,800	46,393	(151)					
	Vacancy	1.7%	2.7%	3.0%	1.9%	2.1%	0.4%					
	Average Rent Rate	\$1.45	\$1.03	\$0.69	\$0.74	\$0.75	(\$0.70)					
	Berkeley											
	Total Building Base (SF)	5,441,465	5,454,427	5,461,956	5,488,176	5,355,765	(85,700)	-2%				
	Total Available (SF)	47,270	85,732	115,145	151,460	137,091	89,821					
	Vacancy	0.9%	1.6%	2.1%	2.8%	2.6%	1.7%					
	Average Rent Rate	\$1.20	\$0.78	\$1.34	\$0.76	\$0.73	(\$0.47)					
	Oakland											
	Total Building Base (SF)	26,049,643	25,884,855	25,809,022	25,814,316	24,316,286	(1,733,357)	-7%				
	Total Available (SF)	818,957	774,782	712,514	772,321	953,061	134,104					
	Vacancy	3.1%	3.0%	2.8%	3.0%	3.9%	0.8%					
	Average Rent Rate	\$0.91	\$0.54	\$0.50	\$0.48	\$0.38	(\$0.53)					
	Alameda											
	Total Building Base (SF)	0	0	-	-	-						
	Total Available (SF)	0	0	-	-	-						
	Vacancy	0.0%	0.0%	-	-	-						
	Average Rent Rate	N/A	N/A	-	-	-						
TOTAL												
Total Building Base (SF)	34,270,571	33,655,929	33,580,025	33,506,048	31,878,162	(2,392,409)	-7%					
Total Available (SF)	912,771	922,358	896,149	965,581	1,136,545	223,774						
Vacancy	2.7%	2.7%	2.7%	2.9%	3.6%							

Source: BT Commercial Real Estate.

Table 5-16: Warehouse Market Trends

	2000	2001	2002	2003	2004	Change (2000 - 2004)		
						Total	%	
Emeryville								
Total Building Base (SF)	1,886,941	2,110,191	2,111,411	2,088,206	1,926,564	39,623	2%	Population, Demographics, & Economics
Total Available (SF)	68,542	76,300	86,926	160,236	129,510	60,968		
Vacancy	3.6%	3.6%	4.1%	7.7%	6.7%	3.1%		
Average Rent Rate	\$0.99	\$0.76	\$0.57	\$0.55	\$0.52	(\$0.47)		
Berkeley								
Total Building Base (SF)	2,002,044	2,041,785	2,085,950	2,093,700	2,106,500	104,456	5%	
Total Available (SF)	27,450	53,159	56,880	5,341	46,984	19,534		
Vacancy	1.4%	2.6%	2.7%	0.3%	2.2%	0.9%		
Average Rent Rate	\$0.97	\$0.65	\$0.52	\$0.65	\$0.69	(\$0.28)		
Oakland								
Total Building Base (SF)	13,807,683	15,107,582	15,604,791	15,377,223	14,476,190	668,507	5%	5-29
Total Available (SF)	994,211	450,845	867,510	1,064,305	546,438	(447,773)		
Vacancy	7.2%	3.0%	5.6%	6.9%	3.8%	-3.4%		
Average Rent Rate	\$0.48	\$0.33	\$0.35	\$0.34	\$0.28	(\$0.20)		
Alameda								
Total Building Base (SF)	0	0	-	-	-			
Total Available (SF)	0	0	-	-	-			
Vacancy	0.0%	0.0%	-	-	-			
Average Rent Rate	N/A	N/A	-	-	-			
TOTAL								
Total Building Base (SF)	17,696,668	19,259,558	19,802,152	19,559,129	18,509,254	812,586	5%	
Total Available (SF)	1,090,203	580,304	1,011,316	1,229,882	722,932	(367,271)		
Vacancy	6.2%	3.0%	5.1%	6.3%	3.9%			

*Population,
Demographics,
& Economics*

5-29

Source: BT Commercial Real Estate.

Table 5-17: Overall Industrial Market Trends

		2000	2001	2002	2003	2004	Change (2000 - 2004)	
							Total	%
Population, Demographics, & Economics	Emeryville							
	Total Building Base (SF)	6,514,617	6,190,601	6,140,537	6,012,457	5,867,137	(647,480)	-10%
	Total Available (SF)	119,682	138,144	208,416	342,757	281,774	162,092	
	Vacancy	1.8%	2.2%	3.4%	5.7%	4.8%	3.0%	
	Average Rent Rate	\$1.39	\$1.12	\$0.72	\$0.69	\$0.67	(\$0.72)	
	Berkeley							
	Total Building Base (SF)	7,752,404	7,784,768	7,845,937	7,879,162	7,845,551	93,147	1%
	Total Available (SF)	85,720	142,891	189,025	208,749	298,064	212,344	
	Vacancy	1.1%	1.8%	2.4%	2.6%	3.8%	2.7%	
	Average Rent Rate	\$1.17	\$0.78	\$1.12	\$0.74	\$0.77	(\$0.40)	
	Oakland							
	Total Building Base (SF)	39,857,326	40,992,437	41,413,813	41,191,539	38,792,476	(1,064,850)	-3%
	Total Available (SF)	1,813,168	1,225,627	1,580,024	1,836,626	1,499,499	(313,669)	
	Vacancy	4.5%	3.0%	3.8%	4.5%	3.9%	-0.7%	
	Average Rent Rate	\$0.76	\$0.46	\$0.44	\$0.43	\$0.34	(\$0.42)	
	Alameda							
	Total Building Base (SF)	1,057,935	1,058,268					
	Total Available (SF)	53,431	70,278					
	Vacancy	5.1%	6.6%					
	Average Rent Rate	\$1.18	\$1.13					
	TOTAL							
	Total Building Base (SF)	55,182,282	56,026,074	55,400,287	55,083,158	52,505,164	(2,677,118)	-5%
	Total Available (SF)	2,072,001	1,576,940	1,977,465	2,388,132	2,079,337	7,336	
	Vacancy	3.8%	2.8%	3.6%	4.3%	4.0%		

Source: BT Commercial Real Estate.

Research & Development

Emeryville had the bulk of the R&D space in northern Alameda County as of 2004 according to BT Commercial Real Estate, with 1.7 million square feet of the total 2.1 million square feet, and Berkeley accounting for the remainder. This is due in part to the large number of conversions from traditional industrial uses to office/R&D space that have taken place over the past two decades. Average rents reported by BT Commercial are in the range of \$0.74 per square foot per month, NNN (triple net), significantly lower than the \$1.75 per square foot per month asking rent in Berkeley. Table 5-14 shows R&D market trends from 2000 to 2004 in northern Alameda County’s four submarkets.

Between 2000 and 2004, the City lost an estimated 114,000 square feet of R&D space while Berkeley gained an additional 74,000 square feet. The R&D office market in Emeryville remained tight because of the loss of space, with only a 6 percent vacancy rate, or 106,000 square feet, at the end of 2004.

It is anticipated that Emeryville, with its larger R&D inventory and lower-rent space, will retain its competitive edge in this segment of the industrial market in the future.

Manufacturing

As is the case in all three northern Alameda County submarkets with an inventory of manufacturing space, Emeryville saw a reduction in square footage between 2000 and 2004. The city lost approximately 574,000 square feet of manufacturing space during the period, going from 2.8 to 2.2 million square feet according to BT Commercial Real Estate (see Table 5-15). Helped by this reduction in inventory, the three submarkets showed healthy absorption, with vacancy rates ranging from 2 percent in Emeryville to 4 percent in Oakland at the end of 2004.

Average monthly rents reported for manufacturing space in the city are \$0.75 per square foot, NNN, comparable to the \$0.73

per square foot rents in Berkeley, but nearly twice as high as Oakland’s average rental rate of \$0.38 per square foot

It is anticipated that Emeryville will remain a fairly small manufacturing submarket in the future. Oakland, with its large inventory of space and competitive rental rates, will continue to dominate this segment of the industrial market in the northern County.

Warehouse

The warehouse market is the strongest industrial market in northern Alameda County, with the three major submarkets, Oakland, Berkeley, and Emeryville, adding over 812,000 square feet of space between 2000 and 2004 according to BT Commercial Real Estate. About 40,000 square feet of this total increase is located in Emeryville. As shown on Table 5-16, this market remained relatively healthy overall during the period, with low vacancy rates, positive net absorption, and stable rents.

Emeryville has a total of 1.9 million square feet of warehouse space, of which approximately 6.7 percent, or 129,500 square feet, is vacant. Average monthly rents for warehouse space in the City, reported by BT Commercial, are \$0.52 per square feet, NNN, compared to \$0.69 per square feet in Berkeley and \$0.28 per square foot in Oakland.

As with the manufacturing segment of the market, Emeryville’s warehouse market will likely remain a small submarket in the future. The dominant warehouse concentration in northern Alameda County will continue to be Oakland, with its sizable warehouse space inventory (14.5 million square feet) and competitive rental rates.

Future Industrial

In summary, Emeryville’s industrial sector is expected to remain relatively steady, with single-digit vacancies projected for all three industrial products in the foreseeable future.

Nevertheless, it is likely that future growth will only be seen in the R&D submarket, as the tech industry recovers in the Bay Region. Although Oakland's port is expanding, warehousing rents will not be able to compete with other uses as land values continue to increase in the city. The manufacturing submarket is anticipated to remain the weakest as the loss of jobs in this sector continues.

HOTEL

The hotel market in Northern California appears to have reversed direction from a sharp decline following the dot.com bubble burst and is gradually heading north. Hotel trends from 2000 to June 2004 indicate that both the average daily rate of \$119 per room per night and the average occupancy rate of 68 percent for the first half of 2005 have improved over the 2004 rate of \$115 per room per night and average occupancy rate of 66 percent, according to PKF Consulting, shown on Table 5-18.

The three Northern California hotel submarkets shown in the table, Oakland/East Bay⁶, San Francisco (excluding the Airport area), and San Jose/Peninsula, reflect a similar pattern. In Oakland/East Bay, the average room rate of \$102 per night and occupancy rate of 62 percent at the end of June 2005 represent a decline of roughly 16 percent and 15 percent, respectively, from average room and occupancy levels in 2000. However, they show a marked improvement over performance during the last two years: in 2003 and 2004, the average daily room rate was \$97 and \$99 per night, respectively, and average occupancy 57 percent and 58 percent.

Based on a hotel market study prepared by Ernst & Associates, Inc. in September 2004, the Emeryville hotel market reached its peak performance in 2000, with an occupancy level of 78 percent and average daily room rate (ADR) of \$120 per night. However, it began to decline thereafter and suffered an all-time

6. Includes Emeryville.



Emeryville's hotels are high-rise structures averaging over 200 rooms each.

Table 5-18: Hotel Trends By Selected Submarkets - 2000 To June 2005

	2000	2001	2002	2003	2004	Ending June	Change (2000-2005)	
						2005	Total	%
AVERAGE DAILY ROOM RATE:								
Emeryville Market Area ¹	NA	\$125.24	\$115.65	\$109.56	\$109.85	NA	NA	
Selected Sub-Markets								
Oakland/East Bay ²	\$120.92	\$110.26	\$103.04	\$97.15	\$99.30	\$102.06	(\$18.86)	-16%
San Francisco (Excl. Airport)	\$169.74	\$168.26	\$145.74	\$144.81	\$146.32	\$151.40	(\$18.34)	-11%
San Jose/Peninsula	\$164.26	\$152.04	\$121.58	\$106.69	\$102.69	\$105.88	(\$58.38)	-36%
Northern California ²	\$151.71	\$138.16	\$120.16	\$113.46	\$114.90	\$119.33	(\$32.38)	-21%
AVERAGE OCCUPANCY RATE:								
Emeryville Market Area ¹	NA	65.4%	59.7%	62.6%	68.1%	NA	NA	
Selected Sub-Markets								
Oakland/East Bay ²	76.9%	63.9%	59.9%	56.7%	57.7%	61.8%	-15.1%	
San Francisco (Excl. Airport)	81.7%	67.0%	64.6%	68.1%	71.4%	73.4%	-8.3%	
San Jose/Peninsula	79.3%	60.7%	58.3%	55.6%	57.5%	59.9%	-19.4%	
Northern California ²	74.1%	65.5%	63.5%	67.4%	66.0%	67.8%	-6.3%	
N. CALIFORNIA MARKET MIX ²:								
Leisure	25.5%	40.0%	29.9%	40.7%	32.6%	31.5%	6.0%	
Commercial	38.4%	31.6%	35.8%	24.4%	37.8%	35.5%	-2.9%	
Group	27.3%	17.3%	21.1%	21.4%	15.3%	23.5%	-3.8%	
Other	8.8%	11.1%	13.3%	13.5%	14.2%	9.5%	0.7%	

¹ From Market Study Proposed Hotel, Bay Street Development, prepared by Ernst & Associates, Inc., September 30, 2004.² From PKF Consulting Monthly Reports.

*Population,
Demographics,
& Economics*

low occupancy rate of 60 percent at the end of 2002. Since then, the Emeryville hotel market has evidenced signs of a recovery, reaching an estimated 68 percent occupancy and \$110 ADR through July 2004. According to the study, occupancy rate is expected to increase to 72 percent by year-end 2005 and stabilize at 76 percent in 2007.

Market Segments

The hotel market in Northern California has been dominated primarily by commercial and leisure visitors in recent years. The largest market segment is the leisure (tourist) market, representing from 26 percent to over 40 percent of the total visitor market in Northern California since 2000. This segment has remained strong due to the weak dollar abroad, but is beginning to decline as a share of the total market as a result of increasing gas prices at home.

Commercial visitors (business travelers) made up 24 percent to 38 percent of the total hotel market during the period observed. The strength of Emeryville’s commercial market is drawn from large corporations located in the city such as Chiron and Pixar, and from the University of California in Berkeley. Business visitors to these facilities generate significant support for Emeryville’s hotel rooms.

Emeryville’s hotels also attract price-conscious visitors from across the Bay by offering less expensive rooms with convenient access to San Francisco. In addition, they accommodate overflows from both San Francisco and Oakland hotel facilities on major event days. The group market (convention/trade show attendees) currently represents 24 percent of the total market while other visitors account for approximately 10 percent.

Product

As shown in Table 5-19, Emeryville currently has an estimated total of 929 hotel rooms in four suite and/or limited-service hotels: Woodfin Suites, Courtyard by Marriott, Holiday Inn, and Four Point.

Reflecting the strong demand from the commercial and leisure segments of the visitor market, nearly all of the hotel products are in the mid-price range of \$100 to \$200 per room per night. Almost one-quarter of the 929 hotel rooms are in Woodfin Suites, and additional suites are provided by the Courtyard by Marriott. The remainder of Emeryville’s rooms are in Limited Service facilities.

Future Hotel

Given the continued job growth of over 110,000 new positions projected in Emeryville and the neighboring communities between 2000 and 2030, and of nearly 339,000 new jobs in Alameda County as a whole over the same period, it is anticipated that the commercial visitor market segment will remain strong for the foreseeable future. The leisure visitor market segment, though currently evidencing signs of weakness, will likely recover, as the Bay Region will always be a prime tourist destination.

Table 5-19: Existing Hotels and Motels In Emeryville

Name/Address	Facility Type	Number of Rooms	Room Rates
Woodfin Suites Hotel 5800 Shellmound St., Emeryville	Suites	202	\$145 - \$395
Courtyard by Marriott 5555 Shellmound Rd., Emeryville	Suites and Limited Service	295	\$109 - \$164 Suites: \$194
Holiday Inn: San Francisco- Oakland 1800 Powell St., Emeryville	Limited Service	279	\$129 - \$159
Four Point by Sheraton 1603 Powell St., Emeryville	Limited Service	153	\$89 - \$199
TOTAL		929	

Sources: HotelandTravelIndex.com and Keyser Marston Associates, Inc.

Notes: Room rates represent the range of a week night rate to a weekend rate.

However, new hotel developments will face strong competition. Three new hotel projects are currently being planned: the expansion of the Shattuck Hotel in Berkeley, a 250-room hotel as a component of a major mixed-use project at Jack London Square in Oakland, and the 214-room Keystone/Hilton in Downtown Oakland.

In addition to increased competition, existing hotel economics do not support a new facility in the near-term in Emeryville. Bay Street’s developer is planning a hotel as part of its expansion, but this will need to be subsidized by the City in order to be financially feasible. According to Ernst & Associates’ hotel study, the estimated occupancy and ADR as of mid-2004 is 68 percent and \$110 per room per night. To support a first-class hotel and Emeryville’s high land values, occupancy needs to be in the 75 percent range and the ADR needs to be in the \$225 range. Financing for hotel development is still difficult, given uncertainty regarding the strength of the economic recovery. However, the recent conversion of existing hotel rooms to and the development of new hotel condominiums have helped finance new facilities in the stronger hotel markets.

Thus, potential does exist for additional lodging facilities in Emeryville, but the development of a new hotel will likely be in the longer term unless the City accelerates the timing through financial assistance. To maximize visibility and access, future hotel development should continue to locate near the freeway and retail facilities such as the Public Market and Bay Street. The most likely types of products that are not currently represented in Emeryville are a boutique hotel and a first-class, full service hotel, targeted to business travelers. Boutique hotels, such as those operated by the Kimpton Group and Joie de Vivre, typically range in size from 80 to 150 rooms. First-class, full-service hotels, such as Hyatt and Sheraton, average about 150 to 350. Depending on the size of the potential site, a new Emeryville hotel facility can potentially range from 150 to 400 rooms by 2030.

5.4 FISCAL HEALTH

CITY

Based on the City’s financial statements (summarized in Table 5-20), total estimated expenditures of \$55.9 million exceeded revenues of \$53.6 million by about \$2.3 million in 2004. This deficit was due primarily to a 23 percent increase in City expenditures between 2003 and 2004 while total City revenues decreased by about 12 percent. The City relies heavily on retail sales and hotel occupancy taxes for General Fund Revenues.

The largest revenue decrease was in the Other Revenues category, which fell from \$10.7 million to \$3.1 million between 2003 and 2004 as a result of a loss of approximately \$5.7 million in government funds. The largest expenditure increase was under Capital Outlay, much of which was allocated for City infrastructure improvements. Expenditures also increased for Public Protection, reflecting stepped up police and fire service obligations as the population in the city grew. Similarly, Recreation and Cultural Services expenditures also increased.

In the long term, as Emeryville’s resident and employee population continues to grow, demand for Public Protection and other City services will increase further. The primary issue will be to keep the City budget in balance with increased demand for services, particularly police and fire, driven by new residential uses in Emeryville.

REDEVELOPMENT

The largest fiscal revenue source is incremental property taxes, which comprised approximately \$22 million⁷, or 41 percent, of total City revenues in 2004. An estimated 95 percent of the property tax revenues received by the City are allocated to the

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7. Property tax revenues are from the table entitled “Changes in Net Assets at June 30, 2004” from the City of Emeryville Management Discussion and Analysis report and the City Finance Department.

Table 5-20: Government Fund Comparison - As Of End Of June 30, 2004

	City of Emeryville					Alameda County	
	6/30/2003	6/30/2004			% Change	6/30/2004	
	Total	Total	% Total	Per Capita	2003-04	Total	Per Capita
	7,492	7,666				1,498,020	
Population¹							
REVENUES						-30,468,000	
Property Taxes, general purpose	\$901,615	\$1,158,469	2%	\$151	128%	\$298,634,000	\$199
Tax Increment	20,533,037	22,168,102	41%	2,892	108%		
<Less> ERAF	(488,668)	(918,083)	-2%	(120)	188%		
License & Permits	3,456,943	\$2,360,654	4%	\$308	68%	\$7,708,000	5
Sales & Use Tax	6,820,955	6,608,000	12%	862	97%	124,759,000	83
Business License Tax	4,213,611	4,648,000	9%	606	110%	(In Other Taxes)	NA
Transient Occupancy Tax	2,723,043	3,023,000	6%	394	111%	(In Other Taxes)	NA
Utility Uses	2,150,279	2,183,000	4%	285	102%	(In Other Taxes)	NA
Other Taxes and Fines	3,168,519	2,941,971	5%	384	93%	58,665,000	39
Intergovernmental	1,211,015	2,211,319	4%	288	183%	884,647,000	591
Investment Earnings	4,002,814	1,261,798	2%	165	32%	21,737,000	15
Rental	565,475	631,847	1%	82	112%	21,737,000	15
Charges for Service	2,016,972	2,179,891	4%	284	108%	277,277,000	185
Other Revenues	10,662,204 ²	3,129,801	6%	408	29%	127,670,000	85
TOTAL REVENUES	\$61,937,814	\$53,587,769	100%	\$6,990	87%	\$1,822,834,000	\$1,217
EXPENDITURES							
General Government	\$17,409,818 ³	\$16,364,172	29%	\$2,135	94%	\$124,033,000	\$83
Public Protection	10,435,356 ⁴	11,558,054	21%	1,508	111%	584,012,000	390
Public Assistance	0	0	0%	0		561,964,000	375
Health and Sanitation	0	0	0%	0		421,442,000	281
Public Ways and Facilities	2,462,679 ⁵	2,102,467	4%	274	85%	35,144,000	23
Recreation & Cultural Services	1,372,424 ⁶	1,474,472	3%	192	107%	627,000	0
Education	1,350,335 ⁷	1,363,067	2%	178	101%	19,020,000	13
Capital Outlay	4,291,615	13,973,483	25%	1,823	326%	65,260,000	44
Debt Service	8,938,114	9,039,070	16%	1,179	101%	47,715,000	32
TOTAL EXPENDITURES	\$46,260,341	\$56,792,868	100%	\$7,408	123%	\$1,859,217,000	\$1,241

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EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$15,677,473	(\$2,287,587)	(\$298)	-15%	(\$36,383,000)	(\$24)
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Table 5-20: Government Fund Comparison - As of End of June 30, 1004 (Cont'd)

	City of Emeryville					Alameda County	
	6/30/2003	6/30/2004		% Change		6/30/2004	
	Total	Total	% Total	Per Capita	2003-04	Total	Per Capita
Population ¹	7,492	7,666				1,498,020	
OTHER FUNDING SOURCES							
Other Funding Sources	\$3,104,339 ⁸					\$6,885,000	\$5
Transfers In	21,979,192	\$26,114,680		\$3,407	119%	28,735,000	19
Transfers Out	(22,362,692)	(26,498,180)		(3,457)	118%	(21,850,000)	(15)
TOTAL OTHER FUNDING SOURCES	\$2,720,839	(\$383,500)		(\$50)	-14%	\$13,770,000	\$9
NET CHANGE IN FUND BALANCES	\$18,398,312	(\$2,670,516)		(\$348)	-15%	(\$22,613,000)	(\$15)
Fund Balance at Beginning of Period	\$92,882,257	\$111,280,703		\$14,516	120%	\$927,814,000	\$619
Fund Balance at End of Period	\$111,280,569	\$108,610,187		\$14,168	98%	\$905,201,000	\$604

Source: City of Emeryville and County of Alameda Summary Annual Financial Statements.

¹ Based on State Department of Finance Estimates (1/1/03 and 1/1/04)

² Includes Miscellaneous and Developer Participation.

³ Includes City Council, Manager, Attorney, Finance, Human Resources, Planning & Building, Economic Development Redevelopment, Non-Departmental Operations, and Property Based Improvement District.

⁴ Includes Police and Fire.

⁵ Includes Public Works.

⁶ Includes Recreation and Senior Center.

⁷ Includes Child Development.

⁸ Includes Proceeds from long-term debt, Payment to refunded bond escrow agent, and Bond issuance premium.

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Redevelopment Agency⁸ as nearly all of the land in Emeryville lies within one of the two redevelopment project areas adopted by the City: the 503± acre Emeryville Redevelopment Project Area No. I (1976) and the 270± acre Shellmound Park Redevelopment Area (1987).

California redevelopment law provides tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area is adopted, the agency can only receive tax increments to the extent that it can show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. The Redevelopment Agency uses debt proceeds to finance its redevelopment activities. Under California Redevelopment Law, the term limit for the redevelopment plans is 40 years after adoption, but may be extended an additional 10 years beyond the legislative deadline to receive tax increment for debt incurred by the Agency. The original deadline for redevelopment activities is 2017 for the Emeryville Redevelopment Project Area Plan, but the deadline for receiving tax increment is 2027. Similarly, the Shellmound Park Redevelopment Area Plan is legislated to terminate its redevelopment activities in 2027, but the Agency will be able to receive tax increment until 2038. Thus, the Agency will be able to continue its redevelopment activities for another 12 to 22 years and to receive an additional 22 to 32 years of tax increment for redevelopment projects.

5.5 LIMITING CONDITIONS TO THE POPULATION, DEMOGRAPHICS, AND ECONOMICS ANALYSIS

Keyser Marston Associates, Inc. (KMA) has made efforts to confirm the accuracy of the information contained in this document. Nevertheless, there are certain limitations to the exactness of any economic analysis, as follows:

- The analysis contained in this document is based, in part, on data from secondary sources such as local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
- The analysis assumes that the local and national economy will continue recovery at their current pace. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.
- The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.
- Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.
- Development opportunities are assumed to be achievable during the General Plan time frame. A change in the General Plan time frame requires that the conclusions contained herein be reviewed for validity.
- The analysis, opinions, recommendations and conclusions of this document are KMA's informed

8. Redevelopment Agency Incremental Tax income of \$22.2 million is from the Emeryville Redevelopment Agency Financial Statements, June 30, 2004.

judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

5.6 PLANNING ISSUES AND IMPLICATIONS

In summary, the results of the market assessment indicate the following land use trends:

Residential: There appears to be continued strong demand for new residential products in Emeryville, as reflected in the large number of projects currently under construction and/or planned. Future projects will likely be high-density, for-sale, residential towers on infill or assembled land.

Retail: The city’s regional retail market is healthy, but residents have expressed a strong desire for a major grocery store and other neighborhood-oriented uses. Attraction of a grocery store will follow increases in population, and is likely to occur in the longer term, as part of a mixed-use project.

Office: Emeryville’s office market has improved in recent years. Existing available space, coupled with additions of approximately 600,000 square feet planned by Chiron, Pixar, and other existing firms, is expected to absorb new demand in the short term. Nevertheless, in the long-term continued demand will likely result in rents that can support new office construction.

Industrial: The loss/conversion of industrial space (R&D, warehouse, and manufacturing) has stabilized but the industrial market in Emeryville remains a small segment of the total Alameda County industrial market. Some growth can be expected in R&D.

Hotel: The Oakland/East Bay hotel market is on the upswing and demand for additional rooms is expected to stay strong due to continued job growth in the region. A number of new facilities being planned in Berkeley and Oakland are expected to moderate future demand in the near-term. High land values and construction costs (for towers) in Emeryville will impede hotel construction until the longer-term future without financial assistance from the City.

The economic opportunities presented by these market trends are constrained by a number of critical planning issues, each of which have implications for future development in the city. A brief discussion of these issues and implications is outlined below for consideration in preparing the General Plan:

- 1. **How should dwindling land resources be best allocated?** Given that residential development creates the highest land value at this time, it will likely comprise the bulk of new project activity in the future. However, the supply of developable sites in the community is becoming increasingly tight. In the future, it will gradually be more difficult for non-residential development—particularly office and industrial uses that may be job generating but with lower values than residential land—to compete for the dwindling number of vacant sites available. Increased residential density will require a higher level of City expenditure to meet the additional municipal service demands, i.e., police and fire, of the new residents—assuming that the current quality level of services is to be maintained. At the same time, however, it should be recognized that additional residential development in the city will provide a larger support base for existing and new retail uses, such as a grocery store. Thus, it will be necessary to balance future development with the City’s fiscal health.

2. ***What public actions are needed to attract development?*** The diminishing land supply in Emeryville will force future development to locate on smaller and/or under-utilized infill sites or on larger sites that must be assembled. These types of land acquisitions are likely to increase project development costs. To support the higher land costs, future development will have to be more intense—requiring higher densities, higher heights, and structured parking. The higher intensity development, in turn, will impact both the physical and financial feasibility of future projects.

To improve project viability and attract investment interest, the City may need to offer more development flexibility, such as by modifying its regulatory controls to permit greater density, increase height limits, reduce on-site parking requirements, etc. The City may also want to explore a parking strategy and perhaps the construction of public parking garages as an added incentive for development.

3. ***How should future land uses be located?*** Responses from both the stakeholder interviews and public workshops indicate the community's receptiveness to new, higher density developments in the future and its desire to preserve existing neighborhoods. Currently, large-scale, higher-intensity commercial uses are generally located along I-80, in the western portion of the City, while smaller-scale, lower density residential uses are concentrated in existing neighborhoods along the eastern portion of Emeryville. Thus, there appears to be a rough gradient of use intensity and building height decreasing from west to east. Existing code-permitted density and height limits, however, do not reflect this actual pattern of development. The City may need to
- review and modify its regulations to ensure that future development is consistent and compatible with its vision for the future.
4. ***How should residential development and municipal service needs be balanced?*** As noted earlier, the City will face escalating levels of municipal service demand in the future as population density increases with additional residential development. The City may wish to have a fiscal impact analysis prepared to anticipate future service needs and to ensure that planned future development is at least revenue neutral to the City.
5. ***What land use and development controls are appropriate for future development?*** The City may wish to re-examine its existing development regulations to permit greater flexibility, i.e., increased height and FAR limits, reduced parking, etc., while still protecting the more vulnerable areas in the city. For example, commercial uses in Emeryville are subject to relatively low FAR limits. Residential uses are subject to height limits and on-site parking requirements of an average of two spaces per unit. In addition, individual Environmental Impact Reports (EIRs) are likely to be required for each major project in Emeryville. The creation of a program EIR as part of the General Plan update will help to streamline the development process on a project-by-project basis.
6. ***When will the Emeryville Market be able to support a major grocery store?*** Despite the current desire for a grocery store and other neighborhood-serving uses, Emeryville's small population (8,000 residents and 4,580 households in 2005) is insufficient to attract a major food market to the area. Major chain grocers such as Whole Foods, Safeway, and Albertson's typically require a minimum support population of 15,000 to 20,000 residents.

Also, the physical requirements of a major grocery store - average store size of 35,000 square feet to 50,000 square feet and parking ratio in the range of 5 spaces per 1,000 square feet—will make it difficult to accommodate as a stand-alone use given limited land availability in Emeryville. A grocery store will probably need to be part of a mixed-use development, with structured and/or shared parking, to be feasible. Thus, the timing will follow additional residential support and may require public incentives such as parking.

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