



OAKLAND
CHAMBER of COMMERCE



OAKLAND METROPOLITAN CHAMBER OF COMMERCE

ANNUAL OAKLAND / EAST BAY ECONOMIC INDICATORS REPORT

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EXECUTIVE SUMMARY

The City of Oakland's development over the last two decades has seen significant changes in its industry makeup, housing supply, and demographics. Following the Great Recession, Oakland's economy thrived due to a focus on industry expansion and in-migration, with total employment trends and population growth outpacing statewide averages between 2010 and 2019. A key contributor to Oakland's economic vitality during this period was the attraction of businesses in the tech and professional services sectors, many of which established their headquarters in or near the city. With an influx of new residents, demand for housing increased. Spurred by significant investments in multifamily housing, residential housing construction soared between 2016 and 2019.

As with the rest of the nation, the Covid-19 pandemic brought Oakland's economic activity to an abrupt halt in early 2020. Despite inflation, labor market shortages, and high interest rates in recent years, the U.S. economy has recovered remarkably well. Unemployment fell at faster rates than expected, employment and labor participation rates rebounded among prime working-age populations, and inflation has fallen to nearly 3.0% from a high of 9.1% in June 2022. Oakland's recovery has not fared nearly as well, though, and the city has yet to fully regain its economic footing.

Oakland's outlook is dependent on the strategies put forward by local jurisdictions for economic development. There are many long-term issues that need to be addressed. The city's overall population is contracting, and migration trends have flattened as many people opt for more competitive employment opportunities and affordable housing elsewhere in California or even out of state. Oakland's job growth since the pandemic has been mostly in lower-paying service sectors; only *Professional, Scientific, and Technical Services* employment, which tends to be concentrated in higher-skill and higher-wage jobs, has grown since the pandemic.



To remain competitive, the city region to invest in its educational infrastructure and position the workforce to create, leverage, and attract opportunities in high-skill, high-wage industries. Oakland's K-12 enrollment has continued to decline over the past decade, and test scores are not keeping pace with statewide averages. Reversing these trends will be critical for building sustainable talent pipelines and promoting long-term prosperity.

Despite these challenges, Oakland has many strengths and is well-positioned to reemerge as a regional economic powerhouse. Oakland has been — and continues to be — a hotbed for vibrant art, music, and creativity. Its cultural history, recreational amenities, and diverse population are a big draw, especially for prime working age groups. From an industry standpoint, investments in public safety and strategic planning initiatives can help attract businesses in high-wage, high-skill sectors, which would bolster lagging employment four years out from the pandemic.

Visits to Oakland have been rising since 2020, with Bay Area Rapid Transit (BART) ridership increasing year-over-year. Regional tourism, whether for work or for leisure, can and should play an increasing role in the city's economic development. Oakland International Airport is the city's gateway to domestic and global visitors and serves as an important hub for commercial and cargo activity. Moreover, in an age of hybrid and work-from-home models, Oakland can serve as a more affordable option for higher-income earning groups, which can bolster local spending and fiscal revenues.

Before the city can develop targeted growth strategies, it is important to take stock of where the region is today and how national and statewide economic forces may factor into policymaking, planning, and investment decisions. This report opens with a brief overview of the U.S. and California economic landscapes, then provides a regional analysis of the East Bay, and closes with a detailed economic, demographic, and housing analysis for the City of Oakland.

KEY FINDINGS

EMPLOYMENT IS STILL RECOVERING:

Total employment growth for the City of Oakland increased by 0.6% between 2022 and 2023, a total of roughly 1,200 new workers. Oakland remains about 3.6% below pre-pandemic levels for total employment, falling behind on the statewide average growth in employment between 2019 and 2023. All of Oakland's city council districts have experienced positive employment growth between 2022 and 2023 except for District 7, which contracted by 0.1%. No district has yet to recover total employment to pre-pandemic levels.

SERVICE INDUSTRIES LEAD THE WAY:

Arts, Entertainment, and Recreation, Accommodation and Food Services, and Health Care and Social Assistance were the fastest growing sectors in Oakland between 2022 and 2023, with over 1,300 employees added on between these three sectors. Accommodation and Food Services employment remains considerably below the pre-pandemic levels, with job growth 17.2% lower in 2023 compared to 2019 averages.

INDUSTRIAL ACTIVITY TAKES THE STAGE:

With declines in office visits due to the transition to remote and hybrid work models as well as the impact of e-commerce on in-person spending, industrial real estate demand has gone up whereas demand for office and retail space has waned. This has led to a steady drop in vacancy rates and a 15% increase in rental costs since 2019. This should not be surprising, given that the Transportation, Warehousing, and Utilities sector emerged from the pandemic in strong form, with its workforce having expanded by 12.8% between 2019 and 2023.

POPULATION CONTINUES TO SHRINK:

In 2023, Oakland's population was estimated to be 419,000 — a decline by 3.0% from its peak in 2020. With increased costs of living, lack of flow of in-migration to Alameda County, and lower natural population increases, it is likely this trend will continue, at least in the short-run.

TRADE REMAINS STAGNANT:

The Port of Oakland has had a disappointing 2023 in comparison to previous years. A mismatch between consumer demand and producer supply in the Retail and Manufacturing sectors, for example, has had a major role in reducing shipping throughput. As a result, import and export volumes for 2023 involved only 2.1 million shipping containers, the lowest figure since 2009.

NEW HOUSING STARTS SLOWING DOWN:

Oakland's housing developments have slowed considerably compared to the pre-pandemic levels. In 2023, 751 residential permits were issued — the lowest in a decade. Home prices increased to a peak of \$891,000 in 2022, but have since fallen to roughly \$771,000 in 2023.