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ANNUAL OAKLAND / EAST BAY ECONOMIC INDICATORS REPORT



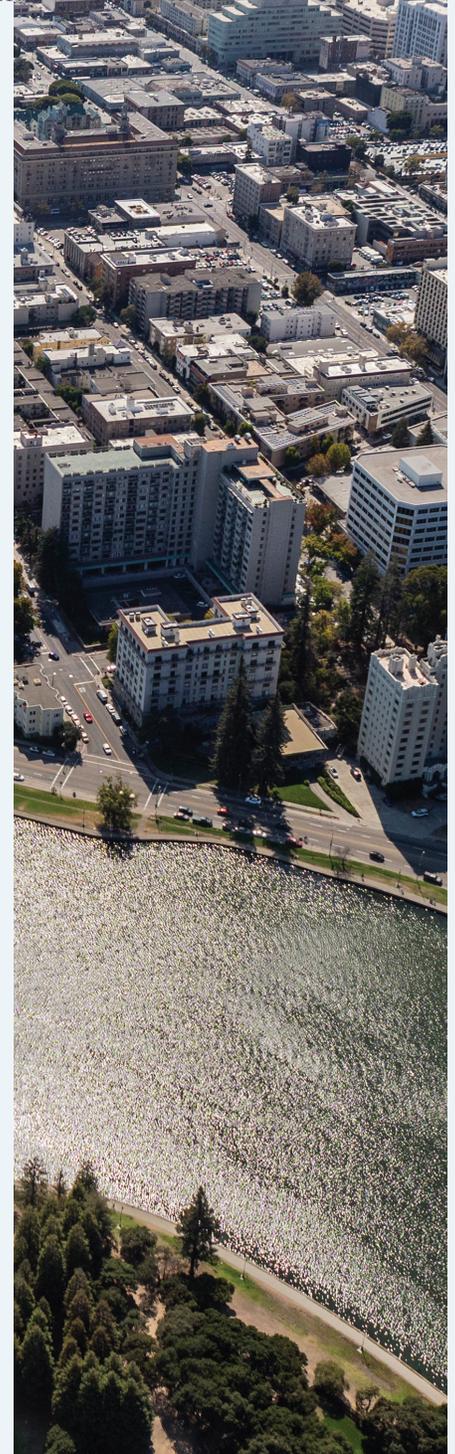


EXECUTIVE SUMMARY

The East Bay and Oakland economies are entering a period of structural adjustment. Changes in work patterns, evolving industry dynamics, shifting population trends, and new trade conditions are reshaping how economic activity is distributed across the region. While these forces are affecting urban economies nationwide, their impacts are particularly visible in Oakland, where major institutions, global trade infrastructure, and a diverse industry base intersect.

The city remains anchored by critical regional assets, including the Port of Oakland, Oakland San Francisco Bay Airport, an expanding health care sector, and a vibrant cultural economy. Yet changing workplace patterns and elevated office vacancy are altering the role of Downtown and reshaping patterns of economic activity across the city.

This report examines these dynamics at multiple scales. It begins with the macroeconomic forces shaping national and state economic conditions before examining trends across the East Bay and within the City of Oakland. Three spotlight sections then explore key drivers of Oakland's economic future: the health care sector, the Port of Oakland, and Downtown revitalization. Together, these indicators provide a snapshot of an economy in transition and highlight the forces that will shape Oakland's economic trajectory in the years ahead.



KEY FINDINGS

The national and state economies remain resilient but increasingly uncertain:

Inflation has moderated from earlier peaks but remains elevated, labor markets are beginning to cool after several years of strong growth, and geopolitical tensions and trade policy uncertainty continue to affect global supply chains and energy markets. These forces create a mixed economic environment in which stabilization in some areas is offset by new sources of volatility.

The East Bay economy is undergoing a gradual structural transition:

Regional employment has largely recovered from the pandemic but remains slightly below pre-pandemic levels, and growth has slowed compared with other California metro areas. Job gains are increasingly concentrated in service sectors such as health care and recreation, while goods-producing and trade-related industries face ongoing adjustments tied to shifting demand and supply chain dynamics.

Oakland's economy is stabilizing but undergoing structural realignment:

Employment has recovered modestly and now exceeds pre-pandemic levels, yet several historically important industries have contracted. Growth is increasingly driven by health care and government employment, while remote work and shifting industry dynamics are reshaping commercial real estate markets.

Health care is emerging as one of Oakland's most significant economic anchors:

Major investments by institutions such as Samuel Merritt University (City Center Campus), UCSF Health (Benioff Children's Hospital Oakland Modernization Project), and Stanford Medicine-Sutter Health (Stanford Medicine Sutter Health Cancer Center) are expanding clinical capacity, research activity, and workforce training in the city. These developments strengthen Oakland's role as a regional center for health care services and education while creating new pathways into health care careers for local residents.

The Port of Oakland remains a critical trade gateway but faces structural constraints:

Container throughput has remained relatively flat over the past decade, reflecting both competition from larger West Coast ports and limits on expansion capacity. Despite these challenges, Oakland maintains a distinct role as a leading export gateway for high-value agricultural products and remains a key node in the trans-Pacific supply chain.

Downtown Oakland is adapting to new patterns of urban economic activity:

Elevated office vacancy and reduced workplace activity have reshaped demand for retail, hospitality, and services in the downtown core. At the same time, investments in health care institutions, new housing stock, cultural activity, and entertainment are beginning to redefine Downtown's economic role beyond its traditional office-centered model.