

location. population. income. sites. incentives.



March 2007

Retail is Happening in Oakland

fast facts

Location

\$3.6 billion retail market
Center of the San Francisco Bay Area
Several major freeways & thoroughfares

Population

Oakland: 411,755
Alameda County: 1,514,909
Source: California Dept. of Finance, 2006

Sites

137 for Lease
51 for Sale
Freeway visibility
See page 4 for hot sites

Income

Per capita: \$26,847
Median Household: \$46,433
Median Disposable Household: \$39,913
Households with Income >\$100K: 20.3%
Source: Demographics Now, 2006 Estimate

Incentives

Façade Improvement Grants
Tenant Improvement Grants
Enterprise Zone Tax Credits
Hiring & Training Assistance

Strategizing Oakland's Retail Future

A renaissance is underway in Oakland. Investment and building activity from both the private and public sector is resulting in significant development. Fueled by a pro-business municipal government and aggressive marketing efforts, Oakland has experienced an unprecedented level of private commercial and residential investment.

However, growth in Oakland's retail sector has lagged. The city still lacks adequate retail facilities in key categories, experiences a significant degree of retail leakage and national retailers are significantly underrepresented. These conditions exist even though Oakland has an attractive geographical position and high overall household income.

While the City of Oakland currently provides many resources and programs that support retail recruitment and retention, there has been no comprehensive written policy to guide citywide retail recruitment, the types of retail to target or the desired locations of various types of retail.

A team led by Conley Consulting Group has been selected to develop the first-ever Citywide Retail Recruitment Strategy and Implementation Plan. The Conley team includes JRDV Architects, Strategic Economics and retail strategist Helen Bulwik. Colliers International and other retail experts are also providing input at no charge.

THE STRATEGY

In examining 18 or so target retail areas across the city, the consulting team will evaluate each area's trade boundaries; demographic and lifestyle characteristics; feasible retail categories; supportable amount of square feet in each retail category; which national, regional or local retailers best fit the area; what infrastructure or other changes are necessary to attract retailers and customers and what City actions will attract the preferred retailers. The answers to these questions are at the heart of this strategy.

Another key element of this strategy will be to make the findings and action steps clear and user-friendly. A concise report will be produced for each of the areas studied. Each report will include implementation action steps, development direction, positioning, format and size of retail, projected sales and target capture rates, anchor retailers or other activity generators, retail mix and amount of square footage appropriate for each retail type, specific infill opportunities, strengths and weaknesses of area, zoning direction, phasing of larger projects, urban design, store footprints and streetscape strategies, projected economic impacts and mixed-use guidelines.

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CITY OF OAKLAND

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Retailers Coming Soon

Trader Joe's Doubles Its Oakland Presence

National specialty food retailer Trader Joe's will be opening two locations in Oakland in 2007. The first, a 12,000-square-foot store on Lakeshore Avenue, is slated to open in late spring. In February, the company announced a second Oakland location – a 14,000-square-foot store – just one block north of the busy Rockridge BART station set to open in late 2007.

A Sampling of Recent Openings

Tea for Two: L'Amyx Opens Second Location

L'Amyx Tea Bar – a contemporary, Asian-inspired tea house – opened its second Oakland location in February 2007. The 1,500-square-foot Lakeshore Avenue location will carry the retailer's premium whole leaf teas including many organic and proprietary blends. L'Amyx opened its first location on Piedmont Avenue in 2000.

Drift Brings Denim Downtown

Local entrepreneurs Alfonso Dominguez and Johnelle Mancha – successful operators of Tamarindo restaurant and Mignonne décor store – opened Drift: Denim Essentials in Old Oakland in January 2007. This urban boutique carries upscale apparel for men and women.

Harley Dealership Goes Full Throttle in Oakland

Veteran Harley-Davidson dealers Bob and Tracey Dron have recently opened an all-new 45,000-square-foot dealership in Oakland. The largest outlet in Northern California, the \$10 million facility will house sales, parts, service, accessories and rentals.

Dimond District a Gem for Farmer Joe's Marketplace

Local entrepreneurs Joe and Diana Tam opened the second Farmer Joe's Marketplace location in Oakland in June 2006. The 20,000-square-foot supermarket has met with great success selling organic produce, meat and fish, natural foods and a variety of specialty high-end grocery items.

Whole Foods Sprouts in Oakland

America's first national "certified organic" grocer broke ground on its 50,500-square-foot store in April 2005. Located in the Adams Point district, the building will maintain the historic façade of the site's former Cadillac dealership landmark and includes more than 200 parking spaces in an above-ground lot.

French Inspired Mignonne Accents Downtown

Both modern and vintage items can be found in this independent home décor store. Opened in May 2006 by mother and daughter team Kimberlee and Johnelle Mancha, is noted for its one-of-a-kind furnishings and unique objects.

Food Mill Farm'acy Brings Fresh Options

A brand new concept created by a 70-year-old health food retailer, this new store offers fresh produce, bulk foods, organic foods, whole grain products and diabetic-friendly foods. The outlet also sells portion-controlled, ready-to-go meals that taste terrific yet are low glycemic and low in saturated fat.

Entrez! Open House Brings Home Furnishings to Uptown

A clever and stylish collection of home accessories, gifts and furniture are stocked by this independent retailer which opened in the fall of 2006. The store meets the need of the growing number of downtown residents.

Afterglow Brightens Temescal Apparel Scene

In addition to carrying the owner's original line of women's clothing and accessories, this boutique showcases the creations of other independent clothing, jewelry and accessory designers from California. July 2006.

Oakland Dining and Entertainment Options Blossom

A noticeable demographic shift in Oakland's population has spurred growth in the dining and entertainment sectors. An affluent and eager segment drawn by Oakland's housing value – along with the continued expansion of downtown's residential base as residents move into newly completed housing developments – has made Oakland one of the most attractive locations for entrepreneurs looking to open restaurants, art galleries or night clubs.

One of the most visible demonstrations of Oakland's growth as an entertainment destination is the once-a-month **Oakland Art Murmur** event that attracts large crowds to a thriving core of art galleries along Telegraph Avenue in downtown's Uptown District. Spurred by the event's grassroots nature, patrons are traveling from throughout the East Bay to experience this First Friday gallery crawl.

And Oakland's food scene has blossomed along with the cultural fare as established restaurateurs are joining entrepreneurs in serving up meals. **Levende East**, a second location for the San Francisco world fusion eatery, is set to begin serving lunch and dinner this spring in Old Oakland. **Ozumo** – noted San Francisco sushi and robata grill – has just announced a new 8,000-square-foot restaurant in Signature Properties' Broadway Grand condo development. The former owners of Russian Hill institution **Frascati** opened **Wood Tavern** in the Rockridge neighborhood this winter after choosing to relocate to Oakland from San Francisco. Another recent San Francisco transplant is **Somerset**, the Oakland reincarnation of **Miss Millie's**, a popular San Francisco brunch spot. Similarly, the owners of Berkeley-based **Breads of India** capitalized on Oakland's growth by opening a 65-seat branch in Old Oakland in July 2006.

Other recent newcomers that have already opened their doors include **Arsimona Bar & Lounge**, **Midtown Ballroom**, **AIR Lounge**, **Tamarindo**, **B Restaurant**, **Z Café & Bar**, **Swarm Gallery**, **Mercury 20 Gallery**, **Karibbean City** and others. Venue details can be found on www.MeetDowntownOAK.com.



Merchants and Property Owners Organize, Create Improvement Districts

Since 2000, Oakland merchants and business owners have established six Business Improvement Districts covering some of Oakland's most successful retail districts. Business Improvement Districts (BIDs) are an effective management tool to promote shopping districts, offer expanded maintenance and security services and enhance streetscapes and other infrastructure. BIDs are established by a weighted majority vote of registered businesses and/or property owners in the district.

Districts with BIDs and the year the BID was established are **Lakeshore/Lake Park** (1997), **Rockridge** (2000), **Montclair** (2001), **Fruitvale** (2001), **Temescal** (2004) and **Laurel** (2005). The Rockridge and Montclair BIDs are business-based while the others are all property-based. These districts represent more than 1,400 business and property owners and generate more than \$1.12 million per year of private investment in Oakland's commercial districts.

In addition to technical assistance, the City of Oakland offers a seed grant to determine feasibility of a BID for a particular district and a loan to fund completion of the BID formation. Funding is awarded to groups on a competitive basis.

Currently, formation of a property-based BID in the **Koreatown/South Telegraph** district is underway. City staff estimates that the 31-square-block BID will be established in July 2007.



Sales Tax Growth Driven by Growth in Retail Market

Sales tax receipts in the City of Oakland for General Consumer Goods grew by 6.4 percent in the second quarter of 2006 when compared to year earlier figures. General Consumer Goods categories that saw double-digit growth include Department Stores, Art/Gift/Novelty Stores and Portrait Studios. Other categories that saw significant growth include Trailers/RVs and Boats/Motorcycles. Grocery stores with no alcohol sales saw sales tax growth of 33.23 percent.

Oakland's overall unadjusted sales tax growth of 9.6 percent was greater than eight of the nine Bay Area counties.

City Spurs Retail Investment with Façade and Tenant Improvement Incentives

EXTERIORS

As a catalyst to enhance retail districts throughout Oakland's neighborhoods and downtown, the City of Oakland offers free architectural assistance and 50% matching grants to property and business owners for eligible commercial property façade improvements. Maximum grant amounts are \$10,000 in specific neighborhood districts and \$20,000 in downtown.

The program enhances the visual appearance of targeted commercial districts by stimulating the rehabilitation of commercial and mixed-use buildings. Grant funds can be used to rehabilitate historic façades, exterior repairs, windows, painting, cleaning, removal of old signs and installation of new signs, awnings, exterior lighting, improvement or removal of safety grilles and guards, fencing, and landscaping.

Between July 2001 and June 2006, 168 façade projects have been completed throughout Oakland's neighborhoods. The City's \$2.1 million in grants leveraged more than \$4.7 million in private investment totaling more than \$6.8 million in total enhancements.

In downtown Oakland, 210 façade projects have either been completed, under construction or in the design process. The \$2.1 million in City funds that have been paid or encumbered leveraged \$8.9 million in private dollars. An additional \$1.5 million in City funds for the 53 projects in the design phase would potentially leverage and additional \$7 million in improvements.

INTERIORS

Similar to the façade program, the Downtown Tenant Improvement Program (DTIP) offers matching grants up to \$99,000 to property and/or new business owners for tenant improvements to the interiors of vacant commercial spaces. Launched in September 2003, the program is only available for commercial spaces that have been vacant for six months or longer and have a prospective tenant. Free, limited design services are also available.

Grant monies can be used for hazardous materials abatement; ADA compliance work; demolition and shell reconstruction; plumbing, mechanical, electrical and HVAC and interior décor and historic restoration of interior materials.

As of February 2007, DTIP has 57 completed projects, 7 under construction and 16 in design or preliminary stages. More than \$1.2 million in grants has leveraged \$5.1 million in total interior improvements.

To learn more about the Neighborhood Façade Improvement Program, call 510.238.3344. For more information on both the Downtown Façade Improvement and Tenant Improvement Programs, call 510.238.7403.



BEFORE



AFTER



CONTINUED FROM PAGE 1

Strategizing Oakland's Retail Future

For the retail industry, Oakland's retail analysis will offer key marketing information, surrounding development activity and updated demographics that will show Oakland is an emerging consumer market that can yield a sound return on investment.

The desire for more retail has a huge, diverse constituency in Oakland. There are people who do not have stores, restaurants and banks in their own neighborhood. There are people who shop at big box stores and at lifestyle shopping centers outside of the city because Oakland doesn't have them. Investing in Oakland retail is a win for the City resulting in satisfied constituents; increased sales, property and business tax revenue; safer, more vital neighborhoods and more jobs for Oakland residents.



In addition to the City's Retail Strategy, a study of Oakland's overall economic strengths and trends is being conducted for the Oakland Metropolitan Chamber of Commerce by McKinsey & Company. Combined, these two reports will provide retailers, brokers and developers new and updated information for location decision-making.

Oakland's Changing Demographics

According to the U.S. Census, Oakland grew 7.3% between 1990 and 2000. While the 2000 Census put Oakland's population at 399,484, the California Department of Finance estimates the city's population at 411,755 as of January 2006. The population density is more than 7,100 people per square mile.

In 2000, there were 150,376 households in Oakland, up 4.3% from 1990. In 2006, the average household size in this area was 2.66 persons.

Median household income has grown in Oakland. The 2000 Census revealed a median household income of \$40,105 in 2000, a whopping 47.6% increase from 1990. In 2007, the median household income in Oakland is \$46,433. It is estimated that the median household income in this area will be \$48,434 in 2011, which would represent a growth of 8.4% from 2006.

According to the California Association of Realtors, the median home price for Oakland was \$495,000 in January 2007, a 5.3% increase over January 2006 and a 50% increase over January 2005.



Demographics Now estimates that in 2006, there were 156,922 housing units with 42.5% owner-occupied. In its 2007 National Apartment Report, Marcus & Millichap Research Service forecast Oakland's average asking rent at \$1,321.

In 2006, Demographics Now estimates 153,567 employees (daytime population) working at 17,278 establishments. Of those employees, 65.2% are white collar workers.

Hot Sites

Broadway Grand – 18,000 sf available at this well-situated mixed-use development at the corner of Broadway and Grand in Uptown. Contact Roger Huddleston, Signature Properties, 925.463.1122.

Coliseum Shopping Center – Leasing underway for this 12.5-acre center with visibility and easy on/off from I-880. Contact Jennifer Maniar, Diversified Investments, 650.266.8080.

Jack London Gateway Shopping Center – Just 5 blocks from major residential developments in downtown Oakland. Anchor and pad opportunities. Contact Lorie Alemania, Portfolio Properties, 510.839.1744 ext 11.

Oak Knoll Town Center – 7-10 acres of retail will be nestled in this 167-acre project just off I-580. Contact Bill Myers, SunCal Companies, 916.435.3143.

Jack London Square Phase I – Over 50,000 sf of existing waterfront retail and restaurant space available now. Contact Deborah Perry, 925.279.6661 or Bill Davini, 925.279. 5573, both of Colliers International.

Jack London Square Phase II – 140,000 sf waterfront project focusing on specialty retail, restaurants and food-related retail. Contact Deborah Perry, 925.279.6661 or Bill Davini, 925.279. 5573, both of Colliers International.

retail resources

Location Assistance	510.238.3853
Demographic Reports	510.238.3853
Enterprise Zone Tax Credit Assistance	510.238.7794
Facade Improvement Grants	
Neighborhood	510.238.7403
Downtown	510.238.3344
Staff Hiring Assistance	510.238.3636
Customized Staff Training	510.238.3636
Grand Opening Marketing Assistance	510.238.2107
Shop Oakland	510.238.2107
Oakland Merchants Leadership Forum	510.663.0653
Zoning & Permitted Uses	510.238.3911 ext. 2
Business Tax Registration	510.238.3704
Building Permits	510.238.3891
Neighborhood Commercial Revitalization Program	510.238.3344

www.business2oakland.com

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