

CHAPTER FOUR

E C O N O M I C S A N D M A R K E T C O N D I T I O N S

4 ECONOMICS AND MARKET CONDITIONS

This chapter focuses on existing demographic, economic and real estate market conditions in the Planning Area. It also makes recommendations to inform further site selection and redevelopment decisions that will arise during the specific plan process.

This chapter complements and builds upon the El Cerrito Economic Development Strategy conducted by Chabin Concepts in 2005. That analysis included a business and shopper survey in El Cerrito, a market assessment of retail conditions, and an Economic Development Action Plan for the City.

4.1 KEY FINDINGS

- Compared to the cities of El Cerrito and Richmond as a whole, residents of the Planning Area are typically younger and reside in smaller households.
- The market base for local-serving commercial activity along San Pablo Avenue in the Planning Area draws from all El Cerrito residents and from residents of nearby Richmond neighborhoods.
- Demand for new housing is expected to continue in the Planning Area. Lot configuration and land uses suggest that this demand will most likely be accommodated along San Pablo Avenue between El Cerrito Plaza and the civic center.
- New development should concentrate on continuing to build higher-density housing units at price points affordable for households with moderate incomes.
- Rental market data indicate positive demand for rental housing in El Cerrito.
- Demand for retail space is fairly strong at key locations. Planning for new retail development should seek to create a vibrant mix of commercial typologies along San Pablo Avenue.
- Older strip centers present opportunities for revitalization or redevelopment.
- New mixed-use development should be planned judiciously, so as not to depress the overall market along San Pablo Avenue. Fairmount Avenue has already attracted some mixed-use development and can be a place where retail activity “turns the corner” from San Pablo Avenue.
- Efforts to attract additional office uses to the Planning Area should appeal to the small professional office market.

4.2 DEMOGRAPHIC AND EMPLOYMENT OVERVIEW

For the analysis contained in the Demographic and Employment Overview, consultant team member Bay Area Economics (BAE) secured published data from the 2000 U.S. Census and, where possible, updated figures from Claritas, Inc., a private data vendor. For the purposes of this analysis, BAE has identified the Demographic Study Area as Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, and 3892. This area includes the entire Planning Area and surrounding portions of Richmond and El Cerrito.

4.2.1 Demographic Conditions

Population and Household Trends

Table 4.1 summarizes population and household data for the Demographic Study Area, El Cerrito, Richmond, and Contra Costa County. Demographic data show that the Demographic Study Area contained approximately 16,260 residents in 2006, and grew by 0.5 percent between 2000 and 2006. El Cerrito as a whole also saw little population change during this period. While Claritas reports that El Cerrito lost about 260 residents, the California Department of Finance (DOF) estimates that the City actually gained 300 residents. Other trends confirm that the City has actually grown over this period, evidenced by new units being built, a high turnover of housing, a rising school population, and strong demand for recreational programs and other services. Overall, the data indicate a relatively stable to slightly expanding residential base in El Cerrito. In comparison, the City of Richmond and Contra Costa County each experienced notable population growth during this period, with increases of 3.4 percent and 7.6 percent, respectively. These increases reflect ongoing larger-scale residential development in these areas.

Similar to the population trends detailed above, the number of households in the Demographic Study Area remained constant between 2000 and 2006, increasing from 7,345 to 7,419, a gain of only 1.0 percent. Again, El Cerrito as a whole showed minor changes in the total number of households. While Claritas reports a slight loss, the trends cited above suggest these estimates are inaccurate, and the number of households in the City may be increasing. In fact, applying the 2000 average household size to the DOF population estimate suggests the City has approximately 10,432 households, a 2.2 percent gain. In comparison, Richmond and Contra Costa County showed increases of 2.1 and 6.5 percent, respectively.

Data indicate that the Demographic Study Area has smaller households than any of the other geographies, a function of more renter households, fewer families, and smaller units along the San Pablo Avenue corridor (all discussed below). In 2006, the Demographic Study Area had 2.17 persons per household. In contrast, El Cerrito as a whole showed 2.24 persons per household. Richmond and the County had even larger average household sizes, at 2.86 and 2.76 persons, respectively.

In 2006, the Demographic Study Area remained evenly divided between family and non-family (those consisting of either one person living alone or two or more persons who share a dwelling) households. Approximately 52 percent of Demographic Study Area households were families, and 48 percent of the total were non-families. El Cerrito households as a whole showed a higher proportion of family households at 58 percent. Again, demographic trends in the Demographic Study Area and El Cerrito stand in contrast to those in Richmond and Contra Costa County, where families make up a larger share of the total number of households. In Richmond, 66 percent of all households were family households, while in Contra Costa County families made up 70 percent of total households.

Tenure patterns varied significantly between the Demographic Study Area and El Cerrito as a whole. In the Demographic Study Area, homeowners comprised only 43 percent of the total households, compared to 60 percent of El Cerrito's total. The City of Richmond also had a higher homeownership rate than the Demographic Study Area, at 53 percent, while the County outpaced all geographies with a 69 percent homeownership rate.

Table 4.1: Population and Household Trends, 2000- 2006

DEMOGRAPHIC STUDY AREA (a)			% Change
	2000	2006	2000-2006
Population	16,179	16,261	0.5%
Households	7,345	7,419	1.0%
Household Size	2.18	2.17	-0.5%
Household Type			
Families	52%	52%	0.0%
Non-Families	48%	48%	0.0%
Tenure			
Owner	43%	43%	0.0%
Renter	57%	57%	0.0%
CITY OF RICHMOND			% Change
	2000	2006	2000-2006
Population	99,216	102,599	3.4%
Households	34,625	35,347	2.1%
Household Size	2.82	2.86	1.4%
Household Type			
Families	67%	66%	-1.5%
Non-Families	33%	34%	3.0%
Tenure			
Owner	53%	53%	0.0%
Renter	47%	47%	0.0%
CITY OF EL CERRITO			% Change
	2000	2006	2000-2006
Population (b)	23,171	22,914	-1.1%
Households (b)	10,208	10,167	-0.4%
Household Size	2.25	2.24	-0.4%
Household Type			
Families	59%	58%	-1.7%
Non-Families	41%	42%	2.4%
Tenure			
Owner	61%	60%	-1.6%
Renter	39%	40%	2.6%
CONTRA COSTA COUNTY			% Change
	2000	2006	2000-2006
Population	948,816	1,021,349	7.6%
Households	344,129	366,338	6.5%
Household Size	2.72	2.76	1.5%
Household Type			
Families	70%	70%	0.0%
Non-Families	30%	30%	0.0%
Tenure			
Owner	69%	69%	0.0%
Renter	31%	31%	0.0%

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892

(b) The CA Dept. of Finance estimates the City 2007 population at 23,471. Applying the City's 2000 average household size to this figure results in 10,432 households.

Sources: Claritas, 2007; CA Dept. of Finance; Bay Area Economics, 2007

Age

Table 4.2 presents a 2006 age distribution for the Demographic Study Area, El Cerrito, Richmond, and Contra Costa County, drawn from Claritas estimates. The data indicate that Demographic Study Area and El Cerrito residents are relatively older than residents in Richmond or the County. The median ages in the Demographic Study Area and El Cerrito stood at 40.6 and 44.4, respectively, compared to 33.9 in Richmond and 37.3 in Contra Costa County.

Approximately 16 percent of Demographic Study Area residents and 20 percent of El Cerrito residents are 65 years or older. These figures are significantly higher than in Richmond and the County, where 10 and 12 percent of residents are in this senior cohort, respectively.

The Demographic Study Area and El Cerrito also had fewer children under 18 than either Richmond or the County. In Richmond and Contra Costa County over a quarter of all residents are younger than 18 years old. In contrast, only 17 percent of Demographic Study Area residents and 16 percent of El Cerrito residents fall within this age group.

Interestingly, the Demographic Study Area showed the highest percentage of residents between ages 25 and 44 of all the geographies, with nearly 35 percent of its residents in this group, compared to 29 percent in El Cerrito, 30 percent in Richmond, and 27 percent countywide.

Table 4.2: Age Distribution, 2006

Age Cohort	DEMOGRAPHIC STUDY AREA (a)		CITY OF RICHMOND		CITY OF EL CERRITO		CONTRA COSTA COUNTY	
	Number	%	Number	%	Number	%	Number	%
Under 15	2,327	14.3%	23,068	22.5%	3,081	13.4%	214,659	21.0%
15 - 17	363	2.2%	4,363	4.3%	619	2.7%	47,339	4.6%
18 - 20	399	2.5%	4,239	4.1%	537	2.3%	40,273	3.9%
21 - 24	631	3.9%	5,535	5.4%	820	3.6%	51,503	5.0%
25 - 34	2,789	17.2%	15,853	15.5%	3,081	13.4%	123,432	12.1%
35 - 44	2,885	17.7%	15,384	15.0%	3,531	15.4%	153,068	15.0%
45 - 49	1,273	7.8%	7,129	6.9%	1,833	8.0%	81,923	8.0%
50 - 54	1,175	7.2%	6,520	6.4%	1,785	7.8%	75,027	7.3%
55 - 59	1,061	6.5%	5,861	5.7%	1,680	7.3%	66,017	6.5%
60 - 64	792	4.9%	4,506	4.4%	1,332	5.8%	49,785	4.9%
65 - 74	1,095	6.7%	5,471	5.3%	1,993	8.7%	62,100	6.1%
75 - 84	1,003	6.2%	3,297	3.2%	1,882	8.2%	39,552	3.9%
85+	468	2.9%	1,373	1.3%	740	3.2%	16,671	1.6%
Total	16,261	100.0%	102,599	100.0%	22,914	100.0%	1,021,349	100.0%
Median Age	40.6		33.9		44.4		37.3	

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

Sources: Claritas, 2007; Bay Area Economics, 2007.

Household Characteristics

Table 4.3 presents a summary of household type and family characteristics for each of the four geographies, as reported by the 2000 U.S. Census. The data indicate that when compared to the other three geographies, the Demographic Study Area had the highest percentage of one-person households (36 percent), and non-family households with more than one person (12 percent) among all the geographies. This finding parallels the Demographic Study Area's relatively small average household size.

Similarly, when compared to the other three geographies, the Demographic Study Area had the lowest proportion of married couple families (37 percent), including those living with their own children under age 18 (15 percent).

Table 4.3: Family Characteristics, 2000

Household Type	Demographic Study Area (a)		City of El Cerrito		City of Richmond		Contra Costa County	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
1-person household:	2,651	36%	3,170	31%	9,083	26%	78,759	23%
Male householder	912	12%	1,106	11%	4,002	12%	32,125	9%
Female householder	1,739	24%	2,064	20%	5,081	15%	46,634	14%
2 or more person household:	4,740	64%	7,074	69%	25,542	74%	265,370	77%
<i>Family households:</i>	3,876	52%	6,047	59%	23,042	67%	242,233	70%
<i>Married-couple family:</i>	2,712	37%	4,747	46%	14,023	40%	187,613	55%
With own children under 18 years	1,083	15%	1,624	16%	6,991	20%	91,975	27%
<i>Other family:</i>	1,164	16%	1,300	13%	9,019	26%	54,620	16%
With own children under 18 years	456	6%	463	5%	915	3%	7,546	2%
<i>Nonfamily households:</i>	864	12%	1,027	10%	2,500	7%	23,137	7%
Male householder	463	6%	497	5%	1,377	4%	13,075	4%
Female householder	401	5%	530	5%	1,123	3%	10,062	3%
Total Households	7,391	100%	10,244	100%	34,625	100%	344,129	100%

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

Sources: 2000 U.S. Census; Bay Area Economics, 2007.

Household Income

Table 4.4 presents estimated annual household incomes for the Demographic Study Area, El Cerrito, Richmond, and Contra Costa County for 2006. These figures indicate that, citywide, El Cerrito households are generally more affluent than those in the Demographic Study Area. Demographic Study Area household incomes more closely resemble those of Richmond, albeit with a higher grouping in the middle income ranges and fewer households at the lower income ranges.

Claritas estimates that the median annual household income in the Demographic Study Area was \$54,120 in 2006. This was significantly lower than El Cerrito's median of \$64,830, but higher than the Richmond figure of \$49,810. The County had the highest median household income at \$73,270.

Nearly 19 percent of Demographic Study Area households have annual incomes of less than \$25,000, compared to only 15 percent throughout El Cerrito. In comparison, nearly a quarter of all households in Richmond reported annual household incomes under \$25,000. By the same token, only five percent of Demographic Study Area and Richmond households show annual median incomes above \$150,000. In comparison, 12 percent of all El Cerrito households earn over \$150,000 per year.

Table 4.4: Household Income Distribution, 2006

Household Income (a)	DEMOGRAPHIC STUDY AREA (b)		CITY OF RICHMOND	
	Number	%	Number	%
Less than \$15,000	718	9.7%	4,896	13.9%
\$15,000 to \$24,999	666	9.0%	3,538	10.0%
\$25,000 to \$34,999	779	10.5%	3,456	9.8%
\$35,000 to \$49,999	1,236	16.7%	5,857	16.6%
\$50,000 to \$74,999	1,694	22.8%	6,961	19.7%
\$75,000 to \$99,999	1,075	14.5%	4,609	13.0%
\$100,000 to \$149,999	853	11.5%	4,238	12.0%
\$150,000 to \$249,999	342	4.6%	1,430	4.0%
\$250,000 to \$499,999	45	0.6%	276	0.8%
\$500,000 and over	11	0.1%	86	0.2%
Total	7,419	100.0%	35,347	100.0%
Median Household Income	\$54,119		\$49,811	
Household Income (a)	CITY OF EL CERRITO		CONTRA COSTA COUNTY	
	Number	%	Number	%
Less than \$15,000	780	7.7%	27,175	7.4%
\$15,000 to \$24,999	772	7.6%	23,644	6.5%
\$25,000 to \$34,999	833	8.2%	25,807	7.0%
\$35,000 to \$49,999	1,417	13.9%	43,816	12.0%
\$50,000 to \$74,999	2,040	20.1%	67,267	18.4%
\$75,000 to \$99,999	1,393	13.7%	54,315	14.8%
\$100,000 to \$149,999	1,708	16.8%	67,629	18.5%
\$150,000 to \$249,999	930	9.1%	38,840	10.6%
\$250,000 to \$499,999	201	2.0%	12,001	3.3%
\$500,000 and over	93	0.9%	5,844	1.6%
Total	10,167	100.0%	366,338	100.0%
Median Household Income	\$64,826		\$73,268	

Notes:

(a) Estimated by Claritas, Inc.

(b) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

Sources: Claritas, 2007; Bay Area Economics, 2007.

Educational Attainment

Table 4.5 presents 2007 educational attainment data for residents ages 25+ in the Demographic Study Area, El Cerrito, Richmond, and Contra Costa County. These figures indicate that the educational attainment levels in the Demographic Study Area are comparable to El Cerrito, and significantly higher than Richmond, the geography with the lowest education attainment levels.

The proportion of Demographic Study Area residents who did not complete high school (11 percent) was greater than in El Cerrito (seven percent), but was significantly lower than Richmond (25 percent). However, the percentage of Demographic Study Area residents with either an Associates or Bachelor's degree was similar to El Cerrito, at 34 percent and 36 percent, respectively. Nearly one-in-five Demographic Study Area residents (19 percent) had graduate or professional degrees, whereas one-in-four El Cerrito residents had attained this same level. This suggests that overall the Demographic Study Area population is relatively well-educated and has comparable education attainment levels to El Cerrito as a whole. Both the Demographic Study Area and El Cerrito have greater shares of residents with college and professional degrees than the County.

Table 4.5: Educational Attainment for Population 25+

Education Level	Demographic Study Area (a)		El Cerrito City		Richmond City		Contra Costa County	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Less than 9th Grade	513	4.1%	535	3.0%	7,427	11.2%	36,970	5.4%
9th to 12th Grade, No Diploma	858	6.9%	790	4.4%	8,888	13.5%	54,488	8.0%
High School Graduate	1,953	15.7%	2,325	13.1%	14,382	21.8%	136,097	20.0%
Some College, No Degree	2,523	20.2%	3,155	17.7%	16,012	24.3%	167,488	24.6%
Associate Degree	936	7.5%	1,070	6.0%	4,411	6.7%	52,360	7.7%
Bachelor's Degree	3,320	26.6%	5,403	30.4%	9,382	14.2%	152,526	22.4%
Graduate or Prof. Degree	2,358	18.9%	4,517	25.4%	5,520	8.4%	79,587	11.7%
Total	12,461	100.0%	17,795	100.0%	66,022	100.0%	679,516	100.0%

Notes: (a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892

Sources: Claritas, 2007; BAE, 2007.

Occupation and Labor Force

Table 4.6 presents residents' occupation and employment data for each of the four geographies, per the 2000 U.S. Census, the latest dataset available at the local level. In 2000, the Demographic Study Area contained 8,990 employed residents and a 4.2 percent unemployment rate, the same as El Cerrito as a whole. This rate falls below unemployment levels in Richmond (7.7 percent) and the County (4.8 percent). The Demographic Study Area's low unemployment rate is generally a positive sign from an economic development perspective, indicating the presence of a capable workforce with steady incomes.

The occupational profile of the Demographic Study Area showed a relatively strong concentration of residents working in management, professional, and related occupations. In terms of economic development, these positions are notable, as they typically offer higher wages and require more advanced educational attainment than service or labor-oriented jobs. Almost 49 percent of Demographic Study Area employed residents worked in management and professional occupations, compared to 58 percent of El Cerrito

employed residents, 33 percent of Richmond employed residents, and 41 percent of County employed residents.

Table 4.6: Residents Aged 16 Years and Older by Occupation, 2000

Occupation	Demographic Study Area (a)		City of El Cerrito		City of Richmond		Contra Costa County	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Management, professional, and related occupations	4,371	49%	7,052	58%	14,088	33%	185,100	41%
Service occupations	1,114	12%	1,048	9%	7,748	18%	60,299	13%
Sales and office occupations	2,417	27%	2,931	24%	11,296	26%	126,183	28%
Farming, fishing, and forestry occupations	0	0%	7	0%	90	0%	937	0%
Construction, extraction, and maintenance occupations	477	5%	490	4%	3,857	9%	40,341	9%
Production, transportation, and material moving occupations	608	7%	592	5%	5,690	13%	38,497	9%
Armed Forces	3	0%	14	0%	52	0%	632	0%
Total Employed Residents	8,990	100%	12,134	100%	42,821	100%	451,989	100%
Total Employed Residents	8,990		12,134		42,821		451,989	
Unemployed Residents (b)	399		533		3,591		22,680	
Total Residents in Labor Force (c)	9,389		12,667		46,412		474,669	
Unemployment Rate	4.2%		4.2%		7.7%		4.8%	

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

(b) Unemployed Residents only include individuals that fall within the labor force. For example, children and retirees are excluded from this figure.

(c) The U.S. Census defines the Labor Force as all employed persons, both civilian and in the armed forces, as well as those unemployed persons who had been looking for work within the past four weeks, and were available to start a job, as well as those

Sources: 2000 U.S. Census; Bay Area Economics, 2007.

4.2.2 Summary of Demographic Conditions

Demographic Study Area residents are younger, middle-income professionals in smaller households than El Cerrito as a whole. While this group's household incomes fall below the City's as a whole, high educational achievement, strong labor market participation, and a relatively high share of professionals indicate a positive base from which to build retail demand along the corridor.

Moreover, anecdotal evidence suggests that El Cerrito's demographic profile is shifting away from a community of older residents towards commuting professionals and young families. One of El Cerrito's draws has been lower house prices than Berkeley or Albany on a per square foot basis, as discussed in the following section.

The City's relatively more affordable housing stock, combined with its inner East Bay location and BART access, will continue to attract new households that will form an important demand component for commercial uses in the Demographic Study Area.

As many of these households are relocating from inner Bay Area locales such as Oakland, San Francisco, and Berkeley, stores and services targeting a younger market used to urban amenities (e.g., cafes, specialty stores, ethnic restaurants) should play a strong role in new commercial offerings along the corridor. The Cerrito Theater and the shops and services immediately surrounding it exemplify this type of development.

In fact, all El Cerrito residents form the base of demand for local-serving commercial activity along the San Pablo Avenue corridor. As is typical of older suburban bedroom community, the demographic data paint El Cerrito as a relatively affluent community, with high educational attainment levels, low unemployment rates, and a higher proportion of residents over age 65 than surrounding geographies. Due to the fact that San Pablo Avenue is the primary commercial street in the City, it can be expected that most El Cerrito residents

will patronize commercial establishments along the corridor. As such, their economic and demographic characteristics are significant to the overall economic development of the Demographic Study Area. Family-oriented shopping and dining options, as well as stores serving homeowners (e.g., hardware, furnishings, garden stores) will continue to form a vital component of local retail offerings.

Residents of nearby Richmond neighborhoods will also contribute to the market base of the Demographic Study Area. As the majority of Richmond remains separated from the Demographic Study Area and reflects very different household profiles, most of the City's residents will likely shop elsewhere along the I-80 corridor. However, Richmond Annex residents, as well as those living in the hills to the east of I-80 will have easy access to the Demographic Study Area, and can be expected to frequent commercial establishments along the San Pablo Avenue corridor. The northern retail nodes at Macdonald Avenue and around Del Norte BART station will also potentially draw from southeastern Richmond neighborhoods.

Demand for new housing in El Cerrito will continue. The ongoing need for affordable housing across the Bay Area region, particularly among first-time home-buyers, suggests that the City is ripe for new development. As a way of entering the housing market, future residents may turn to more affordable, higher-density housing options, such as townhouses and stacked flats. These more urban product types will become even more viable in the Demographic Study Area if their development coincides with San Pablo Avenue's maturation as a local-serving retail corridor with unique retail offerings and services.

4.2.3 Employment Conditions

This section describes the local employment base and trends for the Planning Area, as well as the combined areas of El Cerrito and the portions of Richmond within the Planning Area (jointly referred to here as "El Cerrito/Richmond"). The analysis includes data from the California State Employment Development Department (EDD), which assembles information from the Quarterly Census of Employment and Wages (QCEW). The QCEW reflects a comprehensive tabulation of employment information for workers covered by State unemployment insurance (UI) laws. The dataset captures all reported employees at each business establishment located in a geographic area, with the exception of self-employed workers and others not covered by State UI.

Existing Employment Conditions

Table 4.7 presents employment data for the Planning Area, as well as El Cerrito/Richmond. The data reflect employment as of the third quarter of 2005, the latest information available at the time of this report. This analysis indicates that in 2005 there were 5,200 jobs in El Cerrito/Richmond, of which nearly 3,900 (74 percent) were located in the Planning Area. This finding underscores the importance of the San Pablo Avenue corridor to the local economy, and its key role as a generator of jobs.

The Accommodation and Retail sector contains by far the greatest share of jobs in the local economy. Forty-six percent of total employment falls within this sector, with the Retail Trade and Accommodation and Food Services sub-categories making up a substantial portion of the total. Major employers include Macaroni Grill, Trader Joe's, Bed Bath & Beyond, Barnes & Noble Booksellers, and Orchard Supply Hardware.

Technology and Business Services constitutes the second largest sector in the economy, with 18 percent of total employment, largely in baking and lending firms. Major employers in this sector include Allied Cash Advance, Wells Fargo Bank, Nek Insurance, and Mechanics Bank.

Table 4.7: Planning Area and El Cerrito/Richmond Employment, 3rd Quarter 2005

Sector (a)	Number of Jobs (b) (c) (d)		Industry Sector as % of EC/Richmond Total
	Planning Area	El Cerrito/ Richmond (e)	
Accommodation & Retail			
Accommodation and Food Services	577	660	
Arts, Entertainment, and Recreation	122	203	
Retail Trade	1,445	1,521	
Subtotal	2,144	2,384	45.4%
Health Care and Social Assistance	160	440	8.4%
Construction & Real Estate			
Construction	120	244	
Real Estate and Rental and Leasing	61	88	
Subtotal	181	332	6.3%
Educational Services	79	445	8.5%
Technology & Business Services			
Information	5	7	
Admin/Support & waste Management Services	54	121	
Management of Companies and Enterprises	373	373	
Professional and Technical Services	102	154	
Finance and Insurance	229	263	
Subtotal	763	918	17.5%
Other Services	127	239	4.6%
Manufacturing	35	44	0.8%
Logistics & Utilities			
Transportation and Warehousing	55	58	
Wholesale Trade	30	60	
Utilities	0	12	
Mining and Other	0	0	
Subtotal	85	129	2.5%
Public Sector	317	317	6.0%
Total	3,892	5,249	100.0%

Notes:

(a) North American Industry Classification System (NAICS) sectors.

(b) Does not reflect some public administration positions and at-home businesses or sole proprietorships that are not required to report unemployment.

(c) Represents average employment figures for July, August and September, 2005.

(d) Does not include unclassified firms, which totaled 5 employees in 2005.

(e) Includes all jobs in El Cerrito and jobs within the Planning Area that fall within Richmond city limits.

Source: Quarterly Census of Employment and Wages, California Employment Development Department, 2007; BAE, 2007

Employment Trends

Table 4.8 presents employment trends for the Planning Area and the El Cerrito/Richmond in 2001 and 2005. Within the Planning Area, the data shows growth in a number of key sectors between 2001 and 2005, including Accommodation and Retail, Construction and Real Estate, and Educational Services. Accommodation and Retail showed the most significant growth during this period, adding 740 jobs, largely located in either retail or food service establishments in El Cerrito Plaza, which opened in 2002. In fact, the buildout of El Cerrito Plaza accounts for most of the employment growth in the local economy during this period, with other sectors showed only minor changes in jobs.

4.2.4 Summary of Employment Conditions

This analysis indicates that the Planning Area represents a major portion of jobs within the local economy, and that El Cerrito Plaza has been particularly important to El Cerrito's establishment as a local center for retail and food services. Future development along San Pablo Avenue, particularly between Fairmount Avenue and City Hall, should build on this trend, focusing on additional neighborhood-serving retail and services to stimulate the area's role as a local shopping destination.

The data also shows that Technology and Business Services jobs make up a smaller, but notable portion of the local economy. While growth within this sector has been limited in recent years, the presence of these firms points to the potential for small office space in the Planning Area, perhaps in a mixed-use format. Sections 4.4 and 4.5 further explores the market outlook for this and other commercial uses along the San Pablo Avenue corridor.

Table 4.8: Employment in Planning Area and El Cerrito City/Richmond, 2001-2005

Sector (a)	Planning Area			El Cerrito City/Richmond (e)		
	2001	2005	% Change	2001	2005	% Change
Accommodation & Retail						
Accommodation and Food Services	303	577		409	660	
Arts, Entertainment, and Recreation	0	122		83	203	
Retail Trade	1,101	1,445		1,146	1,521	
Subtotal	1,405	2,144	52.7%	1,638	2,384	45.5%
Health Care and Social Assistance	258	160	-37.9%	440	440	0.0%
Construction & Real Estate						
Construction	63	120		234	244	
Real Estate and Rental and Leasing	77	61		112	88	
Subtotal	140	181	29.0%	346	332	-4.1%
Educational Services	17	79	364.7%	475	445	-6.3%
Technology & Business Services						
Information	1	5		3	7	
Admin/Support & waste Management Services	57	54		160	121	
Management of Companies and Enterprises	394	373		394	373	
Professional and Technical Services	97	102		156	154	
Finance and Insurance	91	229		214	263	
Subtotal	639	763	19.3%	928	918	-1.1%
Other Services	66	127	93.9%	160	239	49.7%
Manufacturing	40	35	-12.5%	64	44	-31.1%
Logistics & Utilities						
Transportation and Warehousing	82	55		82	58	
Wholesale Trade	25	30		38	60	
Utilities	0	0		12	12	
Mining and Other	0	0		0	0	
Subtotal	108	85	-20.7%	132	129	-2.0%
Public Sector	319	317	-0.5%	319	317	-0.5%
Total	2,991	3,892	30.1%	4,502	5,249	16.6%

Notes:

(a) North American Industry Classification System (NAICS) sectors.

(b) Does not reflect some public administration positions and at-home businesses or sole proprietorships that are not required to report unemployment.

(c) Represents average employment figures for July, August and September, 2005.

(d) Does not include unclassified firms, which totaled 5 employees in 2005.

(e) Includes all jobs in El Cerrito and jobs within the Study Area that fall within Richmond city limits.

Source: California Employment Development Department, 2007; BAE, 2007

4.3 HOUSING MARKET OVERVIEW

For this analysis, BAE obtained housing data from First Annual Real Estate Solution (FARES), a private service that compiles County Assessor sales records, as well as the 2000 U.S Census and RealFacts, a data provider that surveys multifamily rental projects with 50 or more units on a quarterly basis.

4.3.1 Housing Supply

Structure Size and Tenure

Table 4.9 presents the most recent 2000 U.S. Census data regarding structure size and tenure data in the Demographic Study Area. New construction completed since 2000 is not represented in the data. In 2000, there were a total of 7,620 residential buildings in the Demographic Study Area. In keeping with El Cerrito's low-density residential character, nearly 54 percent of these buildings were single family detached structures, of which 71 percent were owner-occupied, 26 percent were renter-occupied, and two percent were vacant.

Multifamily housing in the Demographic Study Area was characterized by smaller projects with relatively low densities. In 2000, 42 percent of the residential buildings in the Demographic Study Area were multifamily structures, and 68 percent of these structures had between two and nine units.

Since 2000, however, new residential development in the Demographic Study Area has begun to change the character and potential for new housing along the San Pablo Avenue corridor. The Village at Town Center, in particular, sets the stage for new higher density prototypes, with live/work lofts and one- and two-bedroom apartments set over ground floor retail. Given the built-out nature of El Cerrito and the Demographic Study Area, new residential development will likely occur as stacked flats, live/work housing, and townhomes.

Table 4.9: Structure Size and Tenure, 2000

Type of Structure	Total		Tenure					
			Owner		Renter		Vacant	
	Number	%	Number	%	Number	%	Number	%
Single Family, Detached	4,076	53.5%	2,914	90.7%	1,062	25.3%	100	49.8%
Single Family, Attached	322	4.2%	109	3.4%	207	4.9%	6	3.0%
Multi-Family, 2-4 Units	1,516	19.9%	110	3.4%	1,382	32.9%	24	11.9%
Multi-Family, 5-9 Units	639	8.4%	18	0.6%	600	14.3%	21	10.4%
Multi-Family, 10-19 Units	319	4.2%	23	0.7%	270	6.4%	26	12.9%
Multi-Family, 20-49 Units	432	5.7%	0	0.0%	415	9.9%	17	8.5%
Multi-Family, 50+ Units	274	3.6%	0	0.0%	267	6.4%	7	3.5%
Mobile Home	24	0.3%	24	0.7%	0	0.0%	0	0.0%
Boat, RV, Van, etc.	15	0.2%	15	0.5%	0	0.0%	0	0.0%
Total	7,617	100.0%	3,213	100.0%	4,203	100.0%	201	100.0%

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

Source: 2000 U.S. Census, SF3; BAE 2007.

4.3.2 Market Conditions

For-Sale Housing

Tables 4.10, 4.11 and 4.12 contain distributions of all full and verified home sales in the Demographic Study Area, El Cerrito, and Richmond between November 2006 and January 2007. During this period, the median sale price for a home in the Demographic Study Area was \$504,000, while the median sale price for homes citywide was \$600,000. This finding reinforces the notion that home values increase as locations move eastward, away from San Pablo Avenue and into the hillside residential neighborhoods. In comparison, Demographic Study Area home values were higher than in Richmond, where the median sale price was \$450,000.

Table 4.10 : Residential Sales in Demographic Study Area 11/06-1/07 by # of Bedrooms

	<u>ALL UNITS</u>	<u>ALL UNITS</u>	<u>ONE</u>	<u>TWO</u>	<u>THREE+</u>	<u>UNKNOWN</u>
	<u>Number</u>	<u>% of</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>
	<u>of Units</u>	<u>Total</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
			<u>of Units</u>	<u>of Units</u>	<u>of Units</u>	<u>of Units</u>
less than \$200,000	1	2.6%	0	0	0	1
\$200,000 to \$249,999	0	0.0%	0	0	0	0
\$250,000 to \$299,999	0	0.0%	0	0	0	0
\$300,000 to \$349,999	1	2.6%	0	1	0	0
\$350,000 to \$399,999	7	17.9%	0	6	1	0
\$400,000 to \$449,999	4	10.3%	0	3	1	0
\$450,000 to \$499,999	5	12.8%	0	4	1	0
\$500,000 to \$549,999	7	17.9%	0	3	3	1
\$550,000 to \$599,999	5	12.8%	0	1	4	0
\$600,000 to \$649,999	3	7.7%	0	0	3	0
\$650,000 to \$699,999	1	2.6%	0	0	0	1
\$700,000 to \$749,999	1	2.6%	0	0	0	1
\$750,000 to \$799,999	1	2.6%	0	0	1	0
\$800,000 to \$849,999	0	0.0%	0	0	0	0
\$850,000 to \$899,999	1	2.6%	0	0	0	1
\$900,000 to \$949,999	1	2.6%	0	0	0	1
\$950,000 to \$999,999	0	0.0%	0	0	0	0
\$1,000,000 to \$1,999,999	1	2.6%	0	0	0	1
\$2,000,000 +	0	0.0%	0	0	0	0
Total	39	100.0%	0	18	14	7
Median Sale Price	\$504,000			\$435,000	\$555,000	\$700,000
Average Sale Price	\$520,000			\$438,833	\$546,000	\$676,714
Avg. Square Feet	1,582			990	1,396	
Avg. Price per SF	\$329			\$420	\$391	

Notes:

(a) Demographic Study Area includes Contra Costa County census tracts 3830, 3860, 3870, 3880, 3891, 3892.

Represents all full and verified residential sales between November 2006 and January 2007.

Sources: First American Real Estate Solutions, 2007; BAE, 2007.

Table 4.11: Residential Sales in El Cerrito 11/06-1/07 by # of Bedrooms

	<u>ALL UNITS</u>	<u>ALL UNITS</u>	<u>ONE</u>	<u>TWO</u>	<u>THREE+</u>	<u>UNKNOWN</u>
	<u>Number</u>	<u>% of</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>
	<u>of Units</u>	<u>Total</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
			<u>of Units</u>	<u>of Units</u>	<u>of Units</u>	<u>of Units</u>
less than \$200,000	1	1.6%	0	0	1	0
\$200,000 to \$249,999	0	0.0%	0	0	0	0
\$250,000 to \$299,999	0	0.0%	0	0	0	0
\$300,000 to \$349,999	1	1.6%	0	1	0	0
\$350,000 to \$399,999	5	8.2%	0	3	2	0
\$400,000 to \$449,999	2	3.3%	0	2	0	0
\$450,000 to \$499,999	4	6.6%	0	3	1	0
\$500,000 to \$549,999	8	13.1%	0	6	1	1
\$550,000 to \$599,999	9	14.8%	0	3	6	0
\$600,000 to \$649,999	9	14.8%	0	4	5	0
\$650,000 to \$699,999	8	13.1%	0	1	7	0
\$700,000 to \$749,999	1	1.6%	0	0	0	1
\$750,000 to \$799,999	1	1.6%	0	0	1	0
\$800,000 to \$849,999	2	3.3%	0	0	2	0
\$850,000 to \$899,999	4	6.6%	0	0	3	1
\$900,000 to \$949,999	2	3.3%	0	0	1	1
\$950,000 to \$999,999	2	3.3%	0	1	1	0
\$1,000,000 to \$1,999,999	2	3.3%	0	0	1	1
\$2,000,000 +	0	0.0%	0	0	0	0
Total	61	100.0%	0	24	32	5
Median Sale Price	\$600,000			\$525,000	\$637,500	\$865,000
Average Sale Price	\$621,926			\$529,625	\$662,141	\$807,600
Avg. Square Feet	1,649			1,191	1,643	
Avg. Price per SF	\$377			\$445	\$403	

Notes:

(a) Represents all full and verified residential sales between November 2006 and January 2007.

Sources: First American Real Estate Solutions, 2007; BAE, 2007.

Table 4.12: Residential Sales in Richmond 11/06-1/07 by # of Bedrooms

	<u>ALL UNITS</u>	<u>ALL UNITS</u>	<u>ONE</u>	<u>TWO</u>	<u>THREE+</u>	<u>UNKNOWN</u>
	<u>Number</u>	<u>% of</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>	<u>BEDROOM</u>
	<u>of Units</u>	<u>Total</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
			<u>of Units</u>	<u>of Units</u>	<u>of Units</u>	<u>of Units</u>
less than \$200,000	5	2.0%	1	2	1	1
\$200,000 to \$249,999	4	1.6%	1	1	1	1
\$250,000 to \$299,999	11	4.5%	1	6	3	1
\$300,000 to \$349,999	19	7.7%	2	8	9	0
\$350,000 to \$399,999	30	12.2%	2	17	10	1
\$400,000 to \$449,999	51	20.7%	1	24	23	3
\$450,000 to \$499,999	32	13.0%	0	16	16	0
\$500,000 to \$549,999	37	15.0%	0	10	27	0
\$550,000 to \$599,999	14	5.7%	0	0	14	0
\$600,000 to \$649,999	17	6.9%	0	0	16	1
\$650,000 to \$699,999	9	3.7%	0	1	4	4
\$700,000 to \$749,999	3	1.2%	0	0	2	1
\$750,000 to \$799,999	3	1.2%	0	0	2	1
\$800,000 to \$849,999	3	1.2%	0	0	3	0
\$850,000 to \$899,999	4	1.6%	0	0	4	0
\$900,000 to \$949,999	0	0.0%	0	0	0	0
\$950,000 to \$999,999	2	0.8%	0	0	1	1
\$1,000,000 to \$1,999,999	2	0.8%	0	0	2	0
\$2,000,000 +	0	0.0%	0	0	0	0
Total	246	100.0%	8	85	138	15
Median Sale Price	\$450,000		\$328,250	\$410,000	\$510,000	\$607,500
Average Sale Price	\$476,898		\$298,063	\$406,553	\$525,333	\$525,300
Avg. Square Feet	1,401		728	988	1,578	
Avg. Price per SF	\$340		\$409	\$411	\$333	

Notes:

(a) Represents all full and verified residential sales between November 2006 and January 2007.

Sources: First American Real Estate Solutions, 2007; BAE, 2007.

In comparing El Cerrito home sale prices to values in neighboring communities to the south, El Cerrito does show lower prices than Albany or Berkeley on a per square foot basis. In July 2007, El Cerrito homes showed a median price of \$501 per square foot, compared to \$577 per square foot for Albany and \$527 per square foot in Berkeley. It is worth noting, however, that the absolute prices in El Cerrito have remained consistently higher than in Albany and some parts of Berkeley, as shown in Table 4.11. This trend is partly due to the significant number of condominium units in Albany, which are sold more frequently than single-family homes.

Looking at median sales prices over time, El Cerrito home values have escalated at a rate comparable to Albany and Berkeley. As shown in Table 4.13, median prices in El Cerrito rose 202 percent between 1997 and 2007. In comparison, Albany experienced a 203 percent gain over the last decade. As a larger city, Berkeley prices saw much more variation according to zip code, with the increase ranging from 150 to 283 percent between 1997 and 2007.

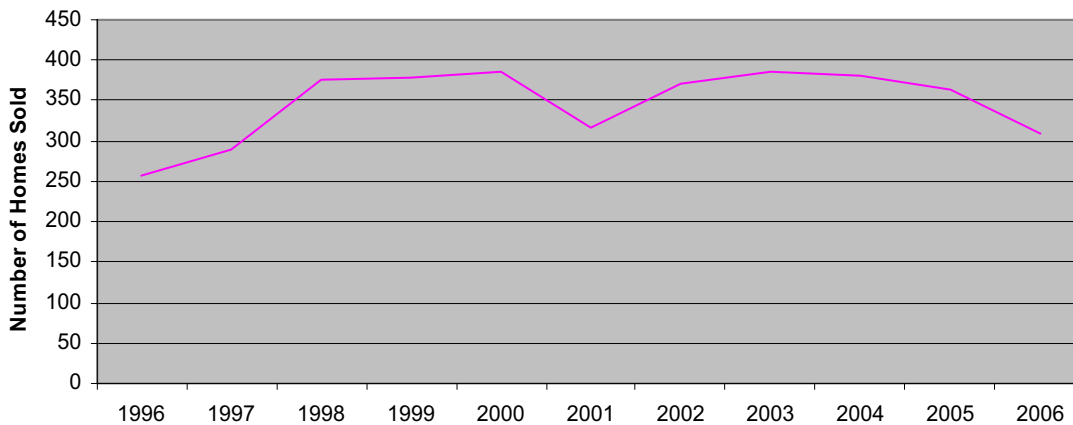
Table 4.13: Home Price Trends in EL Cerrito, Albany, and Berkeley, 1997-2007

Year	El Cerrito	Albany	Berkeley							
	94530	94706	94702	94703	94704	94705	94707	94708	94709	94710
1997	\$212,250	\$197,250	\$175,000	\$189,000	\$193,000	\$269,000	\$345,000	\$350,000	\$239,000	\$150,000
1998	\$235,000	\$196,000	\$199,750	\$197,500	\$197,000	\$402,750	\$405,000	\$385,000	\$208,000	\$164,000
1999	\$275,000	\$244,500	\$235,000	\$245,750	\$257,000	\$467,023	\$450,000	\$440,000	\$310,000	\$210,000
2000	\$350,000	\$335,000	\$324,500	\$316,000	\$325,000	\$525,500	\$600,000	\$548,000	\$378,000	\$275,000
2001	\$385,000	\$360,000	\$330,000	\$350,000	\$350,000	\$651,841	\$628,000	\$605,000	\$421,000	\$320,000
2002	\$445,000	\$405,000	\$370,000	\$410,000	\$359,000	\$780,500	\$645,000	\$600,000	\$459,500	\$350,000
2003	\$465,000	\$450,000	\$425,500	\$440,000	\$405,000	\$764,000	\$679,000	\$660,000	\$460,500	\$371,500
2004	\$542,000	\$487,000	\$495,000	\$525,000	\$436,750	\$872,500	\$776,000	\$750,000	\$570,000	\$491,750
2005	\$619,000	\$590,000	\$589,500	\$622,500	\$479,000	\$1,015,000	\$890,500	\$850,500	\$655,000	\$550,000
2006	\$624,500	\$580,000	\$595,000	\$622,500	\$527,500	\$1,100,000	\$800,000	\$848,000	\$627,500	\$542,500
YTD2007	\$642,000	\$597,500	\$579,000	\$623,500	\$545,000	\$1,015,000	\$935,000	\$875,000	\$688,000	\$575,000
% Change '97-'07	202%	203%	231%	230%	182%	277%	171%	150%	188%	283%
% Change '00-'07	83%	78%	78%	97%	68%	93%	56%	60%	82%	109%

Source: DataQuick; BAE, 2007.

As shown in Figure 4.1, in terms of sales volume, the El Cerrito market has remained relatively stable, with some variation according to real estate cycles. While sales volume had begun to grow starting in 2001, the number of homes sold has declined in recent years in response to the national and regional downturn in the housing market.

Figure 4.1: Home Sales Volume in El Cerrito, Albany, and Berkeley, 1996-2007



Rental Housing

Tables 4.14 and 4.15 summarize rental market information for developments with 50 or more units in El Cerrito and Richmond, provided by RealFacts. As there are only two such properties in El Cerrito, this data provides more of a snapshot of the City's rental market than a comprehensive overview. Based on this data, El Cerrito's residential rental market (see Table 4.14) has remained stable over the last two years, with an average rent of \$1,306 through the fourth quarter of 2006, only a 0.2 percent increase over the 2005 average. Vacancies have decreased by 0.9 percent in the last year to their lowest level since 2002, with an average occupancy rate of 96.3 percent at the end of 2006. Housing economists typically consider a 95 percent occupancy rate as an indicator of a "balanced" market, allowing reasonable returns to landlords and mobility for tenants. As such, these figures point to a strong, if slightly constrained, rental housing market in El Cerrito.

The Richmond rental market (see Table 4.15) gained strength between 2004 and 2006, though remains far weaker than in El Cerrito. Through the fourth quarter of 2006 the average rent in Richmond was \$1,191, a 3.2 percent increase over the 2005 average. Although the 2006 average occupancy rate was only 93.4 percent, vacancies decreased by 0.9 in 2006 to bring the average occupancy rate closer to its 2003 highpoint at 93.8 percent.

Table 4.14: Overview of the City of El Cerrito Rental Housing Market, Fourth Quarter 2006

CURRENT MARKET DATA:

<u>Unit Type</u>	<u>Number</u>	<u>Percent of Mix</u>	<u>Avg. Sq. Ft.</u>	<u>Avg. Rent</u>	<u>Avg. Rent/Sq. Ft.</u>
1 BR/1 BA	93	31.3%	673	\$1,259	\$1.87
2 BR/1 BA	54	18.2%	825	\$1,195	\$1.45
2 BR/2 BA	150	50.5%	876	\$1,376	\$1.57
Totals	297	100.0%	803	\$1,306	\$1.63

AVERAGE RENT HISTORY:

<u>Unit Type</u>	<u>2004</u>	<u>2005</u>	<u>2004-2005 Change</u>	<u>2006</u>	<u>2005-2006 Change</u>
1 BR/1 BA	\$1,184	\$1,127	-4.8%	\$1,259	11.7%
2 BR/1 BA	\$1,318	\$1,201	-8.9%	\$1,195	-0.5%
2 BR/2 BA	\$1,380	\$1,387	0.5%	\$1,376	-0.8%
All	\$1,307	\$1,303	-0.3%	\$1,306	0.2%

OCCUPANCY RATE:

<u>Year</u>	<u>Average Occupancy</u>
2002	95.4%
2003	93.6%
2004	92.1%
2005	95.4%
2006	96.3%

AGE OF HOUSING INVENTORY:

<u>Year</u>	<u>Percent of Inventory</u>
1970s	0%
1980s	50%
1990s	50%
2000s	0%

Notes:

- (a) Represents only housing complexes with 50 units or more. El Cerrito only has two such properties.
- (b) Average rents for fourth quarters of each year listed.

Sources: Real Facts, Inc., 2007; Bay Area Economics, 2007.

Table 4.15: Overview of the City of Richmond Rental Housing Market, Fourth Quarter 2006

CURRENT MARKET DATA:

<u>Unit Type</u>	<u>Number</u>	<u>Percent of Mix</u>	<u>Avg. Sq. Ft.</u>	<u>Avg. Rent</u>	<u>Avg. Rent/Sq. Ft.</u>
Studio	200	5.1%	470	\$760	\$1.62
Jr 1 BR	156	4.0%	563	\$1,046	\$1.86
1 BR/1 BA	1,983	50.5%	707	\$1,082	\$1.53
2 BR/1 BA	540	13.8%	874	\$1,242	\$1.42
2 BR/2 BA	1,048	26.7%	1,057	\$1,473	\$1.39
Totals	3,927	100.0%	805	\$1,191	\$1.48

AVERAGE RENT HISTORY:

<u>Unit Type</u>	<u>2004</u>	<u>2005</u>	<u>2004-2005 Change</u>	<u>2006</u>	<u>2005-2006 Change</u>
Studio	\$780	\$773	-0.9%	\$760	-1.7%
Jr 1 BR	\$1,017	\$1,026	0.9%	\$1,046	1.9%
1 BR/1 BA	\$1,014	\$1,041	2.7%	\$1,082	3.9%
2 BR/1 BA	\$1,210	\$1,234	2.0%	\$1,242	0.6%
2 BR/2 BA	\$1,407	\$1,418	0.8%	\$1,473	3.9%
All	\$1,142	\$1,154	1.1%	\$1,191	3.2%

OCCUPANCY RATE:

<u>Year</u>	<u>Average Occupancy</u>
2002	93.6%
2003	93.8%
2004	92.1%
2005	92.5%
2006	93.4%

AGE OF HOUSING INVENTORY:

<u>Year</u>	<u>Percent of Inventory</u>
1970s	22%
1980s	44%
1990s	22%
2000s	11%

Notes:

- (a) Represents only housing complexes with 50 units or more.
- (b) Average rents for fourth quarters of each year listed.

Sources: Real Facts, Inc., 2007; Bay Area Economics, 2007.

4.3.3 Summary of Findings

New development should concentrate on continuing to build higher-density housing units at price points affordable for households with moderate incomes. According to market data, home sale prices in El Cerrito and Richmond have remained stable despite evidence of a regional and national slow-down in the housing market. Continuing high levels of demand for affordable housing in the Bay Area, combined with a relatively stable residential market in El Cerrito and Richmond, suggest demand for new for-sale housing in the Demographic Study Area, albeit at slightly lower price points than in inner Bay Area communities or more affluent suburbs.

Rental market data indicate positive demand for rental housing in El Cerrito. Decreasing vacancy rates and increases in average rents point to a strong rental housing market in the Demographic Study Area, and the potential for additional apartment development. However, a financial feasibility analysis of new rental development, based on current rents and development costs, is necessary to fully understand the potential for new rental projects along the San Pablo Avenue corridor.

4.4 COMMERCIAL MARKET OVERVIEW

For this analysis, BAE conducted site visits to the Planning Area, and contacted the City of El Cerrito for further information regarding planned and proposed commercial developments. BAE also obtained leasing and vacancy data for Planning Area commercial properties from Loopnet, an online listing of commercial real estate available for sale and lease.

4.4.1 Retail

Table 4.16 presents typical lease rates and terms for commercial spaces located within the Planning Area. Retail character varies dramatically along the avenue, ranging from aging strip centers to new retail and mixed-use developments. The Planning Area's retail uses are largely organized around key nodes at El Cerrito Plaza, the new Civic Center, the El Cerrito Del Norte BART station, and at the intersection of Macdonald Avenue and San Pablo Avenue in Richmond.

Although the El Cerrito Economic Development Strategy estimates a significant amount of purchasing power in the trade areas surrounding El Cerrito, retail space shows mixed performance along the San Pablo Avenue corridor. This inconsistent market strength is expressed through varying lease and occupancy rates between the key nodes discussed below.

Located at the southern end of the Planning Area, El Cerrito Plaza and its surrounding blocks represent the corridor's strongest commercial node. Part of the area's success is due to its proximity to Albany and northern Berkeley, both of which contain strong household incomes. A regional shopping center, El Cerrito's anchor tenants include Barnes & Noble, Trader Joe's, Pier One Imports, Bed Bath & Beyond, and Albertson's. The center also includes a combination of national and local chain restaurants, a bank, and other supporting shops.

A leasing agent for El Cerrito Plaza reported that the retail spaces in the Plaza have been highly sought after and that the Plaza is almost fully tenanted. Lease rates for retail spaces less than 5,000 square feet are approximately \$3.00 per square foot, triple net (NNN).¹ The current asking lease rate for the former Copeland's store (the center's only retail vacancy) is about \$2.00 per square foot for the 35,000 square foot space. Restaurants and smaller retail spaces that are less than 3,000 square feet generally lease at around \$3.50 per square foot.

¹ All lease rates expressed as NNN, unless otherwise noted.

In the blocks just north of the El Cerrito Plaza, across Fairmount Avenue, retail uses take on a more historic, neighborhood-oriented character, typified by older, single-story, low density shops fronting onto San Pablo Avenue. At the heart of this strip is the Cerrito Theater, a recently renovated independent theater that anchors other retail businesses on the block. The area also contains a full service hardware store, restaurants, cafés, jewelry shops and music stores. The local, historic character of these blocks creates a “sense of place” that effectively counterbalances the larger, nationally-tenanted El Cerrito Plaza. Thus, this area serves as a strong base from which to build additional local-serving retail activity in the area. Occupancy rates in this section of the Planning Area near 100 percent.

The Planning Area’s second key retail node lies around El Cerrito’s new Civic Center, currently under construction. The Village at Town Center and the new City Hall break up the aging strip center retail pattern that dominates this central part of the Planning Area. However, the potential of this area has yet to be fully realized. The ground floor space in the Village at Town Center is only partly occupied, with an insurance office, a sandwich shop, and the Village’s own sales offices. Nevertheless, key spaces that front San Pablo Avenue remain vacant.

Nib’s restaurant, located across the street from the Village at Town Center, is an inexpensive diner open for breakfast and dinner. It is often busy and at capacity and could benefit from expansion or relocation to a larger space. However, there are limited vacant spaces in the project area with the infrastructure (grease trap and venting) needed to accommodate a restaurant.

The asking retail lease rate at the Village at Town Square is \$2.55 per square foot per month and is the highest advertised rate in the Civic Center area. Other advertised rates in the sub-area ranged between \$2.00 and \$2.25 per square foot per month. Occupancy rates also appeared strong, ranging from 100 percent at El Cerrito Place, anchored by a Longs Drugs and Marshall’s, to 89 percent in other properties in the area. As the City’s Civic Center is completed, this node appears ripe for further mixed-use development with additional retail space.

The Planning Area’s third key retail node includes parcels within a quarter mile of the El Cerrito Del Norte BART station. Freeway-oriented, regionally-focused stores such as Home Depot, Staples, and Target are located in the area, as well as a number of auto dealerships.

The only advertised retail lease rate around Del Norte BART at the time of this report was for a 5,600 square foot space in the Del Norte Plaza. The advertised asking lease rate was \$2.25 per square foot per month. An older property, built in 1965 and showing some signs of deferred maintenance, the occupancy rate at Del Norte Plaza currently stands at 78 percent.

Throughout this area, large, underutilized parcels surround the BART station and along the BART right-of-way present opportunities for transit-oriented development. If properly oriented to the street, the BART station, and residential development, street-front retail in a mixed-use format could be successful at this location. This finding echoes the El Cerrito Economic Development Strategy, which notes the subarea’s potential, despite relatively poor quality space in older adjacent centers such as Del Norte Plaza.

The Planning Area’s northernmost retail node lies at the intersection of Macdonald and San Pablo avenues. Currently, the intersection contains a 28,000 square foot Safeway, a bank, and a vacant Albertson’s. Despite this intersection’s prominent location at the juncture of two major thoroughfares, retail space appears to perform poorly, as evidenced by the closure of the Albertson’s. As a nearby market comparable, a 500 square foot retail/office storefront at Barrett Avenue and San Pablo Avenue is listed at \$1.40 per square foot, full service. Although outside the Planning Area, this listing serves as a general indicator of the relatively weak commercial market in the area.

It is important to note, however, that the City of Richmond has identified Macdonald Avenue as a redevelopment project area, and has planned façade and street improvements along the road. Moreover, the new Macdonald 80 shopping center, just to the west of the intersection, will help attract shoppers, potentially increasing this area’s viability as a retail node along the San Pablo Avenue corridor.

In the areas between these nodes, the retail character of the Planning Area assumes an aging, outdated quality. Retail centers along these sections of San Pablo Avenue are typically single-story strip centers, set back from the street behind surface parking lots, or in small buildings showing signs of neglect and deferred maintenance. As a result, asking lease rates tend to be lower than in newer projects. For example, the asking lease rate for a 1,600 square foot retail space in the 40 year-old Moeser Square was only \$1.95 per square foot.

Table 4.16: Commercial Space Comparables

Name, Address	Year Built	Available Space (sf)	Use	Monthly Lease Rate	Rent Type	Occupancy Rates	Comments
Bank of the West Plaza 11100 San Pablo Ave. El Cerrito, CA 94530	1986	1,968	Retail	\$2.00 /sf	NNN	89%	Retail strip center anchored by Bank of the West. Other tenants include: Check N' Go, Kumon Math Center and chiropractic office.
Moeser Square 10578-10582 San Pablo Ave. El Cerrito, CA 94530	1966	1,668	Retail	\$1.95 /sf	NNN	91%	Retail Strip Center; Owner will fully remodel. Other tenants include Baskin Robbins, JV Liquors, Jackson Hewitt Tax Svcs, various salons & restaurants. \$0.57 NNN expenses
El Cerrito Place 10770 San Pablo Ave. El Cerrito, CA 94530	1979	6,069	Retail	negotiable	NNN	0%	Retail/ Retail pad; Outbuilding to Marshall's shopping center. Former bank, includes vault and drive through. Includes 2,253 sf 2nd floor office space. Owners will renovate to suit or build to suit up to 9,000 sf for strong national tenant.
Del Norte Place 11720 San Pablo Ave. El Cerrito, CA 94530	1992	1,636	Office	\$1.92 /sf	NNN	N/A	Office/Medical office; 3 treatment rooms, 3 offices, lab, reception and patient waiting area. Part of mixed-use multi-family residential housing development. Across street from Del Norte BART station.
The Village at Town Center 10810 San Pablo Ave. El Cerrito, CA 94530	2006	5,045	Retail	\$2.55 /sf	NNN	34%	Retail strip center in residential mixed-use development. Other tenants include Quizno's. 2 spaces: 2,050sf & 2,995 sf corner location. Negotiable tenant improvements.
Vital Building 10835 San Pablo Ave. El Cerrito, CA 94530	2003	859	Office/ Retail	\$2.25 /sf	Full Service	89%	Office; Second Floor space in restored historic building. Open configuration, with 2 private offices Across street from El Cerrito Town Center, BART
Del Norte Plaza 11299 San Pablo ae. El Cerrito, CA 94530	1965	5,657	Retail	\$2.25 /sf	NNN	78%	Corner space in neighborhood shopping center Other tenants include Carrows Restaurant and Radio Shack

Sources: Loopnet, 2007; BAE, 2007.

Tenants in these intermediate areas typically include an array of smaller, local-serving retail establishments, such as beauty salons, financial service outlets, independent motels, and small restaurants. Auto-oriented services also occupy many of the larger parcels fronting this stretch of San Pablo Avenue. Despite the area's lackluster retail offerings, a number of unique local-serving stores do offer a starting point from which to build a viable retail base in these blocks. Examples of these "hidden gems" include Down Home Records, El Cerrito Natural Grocery, and Katana-Ya Ramen, all stores with a strong following among local residents. Moreover, windshield surveys of the area indicate that occupancy rates are relatively high, albeit with more marginal tenants.

4.4.2 Office

Reflecting the City's history as a suburban bedroom community, a limited amount of office space exists in the Planning Area. Most office uses in the Planning Area are located in the commercial strip centers that line the San Pablo Avenue corridor, and just north of El Cerrito Plaza, where a cluster of medical/dental offices and financial services vendors occurs. El Cerrito Plaza itself also houses a small amount of office space.

Lease rates for office space in the Planning Area list are similar to the retail spaces described above, as some spaces in the centers are effectively interchangeable between retail and office uses. The El Cerrito Plaza agent reported less demand for the office spaces in the Plaza, but that they are nearly fully occupied, and lease at \$1.80 per square foot, full service. Office sizes range from 500 square feet to 3,000 square feet in area. Current office tenants in the Plaza include medical/dental offices, and services such as Weight Watchers.

Larger East Bay employment centers, such as nearby Oakland and Emeryville, will likely continue to capture the bulk of the local office market. As such, there will be a limited market for office uses in the Planning Area, particularly large employers. However, the Planning Area may be able to expand in a limited capacity its supply of small professional offices, serving medical/dental tenants, architecture/design services, financial and real estate services establishments. Capturing these professional users will require more attractive office spaces and better locations than are currently available in the Planning Area. Moreover, new professional users will require transit access and locational amenities (e.g., restaurants and shops) within walking distance from their offices. As such, if office development were to occur, it would be at key sites such as the southern part of the Planning Area and around the Del Norte BART station.

4.4.3 Summary of Findings

Demand for retail space is fairly strong at key locations. High commercial occupancy rates within the Planning Area, as well as strong lease rates at El Cerrito Plaza suggests support for new retail uses along San Pablo Avenue, particularly at the southern end of the Planning Area. However, new retail will require attractive, well-designed space near activity nodes to command the lease rates necessary to support new construction. As some demolition and parcel assembly will need to occur to accommodate new development, the City and its Redevelopment Agency may need to play a role in sparking new projects. The financial feasibility analysis of new retail development at key sites will further inform the potential for new retail space in the area.

New mixed-use development should be planned judiciously, so as not to depress the overall market along the San Pablo Avenue corridor. New retail centers in the Planning Area generally report high occupancy rates, and command comparatively high lease rates, suggesting that additional mixed-use development can succeed near these locations. However, the older, less vital retail areas between key nodes command lower lease rates, and tend to have weaker tenants. Overproduction of mixed-use development runs the risk of depressing the retail market and increasing vacancy rates throughout the corridor. Moreover, vacant ground floor space can make the project as a whole more difficult to "pencil," thereby slowing new residential development. As such, commercial space in a mixed-use format should be concentrated near active nodes, namely the Del Norte BART station, around the Central and San Pablo intersection, and eventually near the Civic Center Plaza.

Planning for new retail development should seek to create a vibrant mix of commercial typologies along the San Pablo avenue corridor. The recent renovations to the Cerrito Theater have created a neighborhood-serving commercial strip just north of the Plaza that reflects the small town character of the area. This smaller scale format, combined with historic façades and local tenants, provides a welcome alternative to the larger, regional centers at El Cerrito Plaza and the Del Norte node, and can encourage residents to spend their dollars locally.

As stated earlier, many new young families and professionals moving to the area for more affordable housing will desire the pedestrian-friendly and unique shopping environment found in many San Francisco, Berkeley, and Oakland neighborhoods. Additional dining options are particularly key to establishing this type of retail

environment, as noted in the El Cerrito Economic Development Strategy, which identified significant leakage in the Eating and Drinking Places category.

Efforts to attract additional office uses to the Planning Area should appeal to the small professional office market. The Planning Area appears to have a limited potential to attract some small professional users, such as medical/dental offices, architecture/design services, financial and real estate services establishments. Capturing these professional users will require new, more attractive office spaces, in high visibility locations with nearby amenities. Condominium commercial space, an increasingly common product type in many suburban communities, potentially represents a more attractive product for professional office users, particularly given the relatively low office lease rates in the Planning Area.

4.5 STRATEGIC ECONOMIC DEVELOPMENT OPPORTUNITIES

4.5.1 Housing

As stated earlier, home prices in El Cerrito remain lower than in other commuter neighborhoods in north Oakland, Berkeley and Albany, attracting new residents, particularly younger first-time homebuyers. Typically representing smaller households, these new residents are good candidates for infill multi-family housing and townhomes. The strong rental demand in the Planning Area, as evidenced by stable rents and decreasing vacancy rates, also suggest the possibility of further apartment development in the Planning Area.

In general, the Planning Area from El Cerrito Plaza to the new Civic Center represents a more attractive locale for new housing, with more neighborhood commercial activity enhancing its appeal. The area immediately surrounding the Del Norte BART station is also a prime opportunity for transit-oriented housing at higher densities. Between the Del Norte station and the Civic Center, however, new residential development needs to be at a sufficient scale and have a contemporary, attractive design to establish a more positive character for the neighborhood, and overcome the area's relative lack of amenities. New residential development will require some assembly of parcels to accommodate new development in much of the Planning Area. Parcel depth is a particular limitation between Moeser Lane and Fairmount Avenue.

4.5.2 Retail

The El Cerrito Economic Development Strategy highlights the significant retail leakage currently occurring in El Cerrito, as residents leave the City to shop. Given local household incomes and the increasing number of younger professionals moving to the area, El Cerrito should be able to improve its retail outlook with strategic planning in the Planning Area.

As a first approach to augmenting local retail, new mixed-use retail development can occur at main activity nodes, namely near Central Avenue, surrounding the Del Norte BART station, and to a lesser extent around the new Civic Center. Away from these points, mixed-use retail should be de-emphasized away to avoid an oversupply of ground floor space and a resulting depression of lease rates. Based on comments from Metrovation, a respected East Bay retail development and brokerage firm, the El Cerrito Economic Development Strategy also discusses necessary design features to make the retail more attractive to tenants. Specifically, it states that:

- Window height should be as high as possible with shop entrances pushed out to the street.
- Shop space should be 60 to 65 feet deep and at least 15 to 17 feet wide.
- Parking should be adjacent to the retail, with ease of ingress and egress.
- Space needs to be planned in advance for restaurant uses to accommodate garbage, sewer lines, water lines, power, grease traps, and venting.

The southern end of the Planning Area, where stores can also draw shoppers from Albany and Berkeley and build off the success of El Cerrito Plaza and the Cerrito Theater, is a particularly attractive locale for mixed-use retail. This includes parcels around Central Avenue and even as far north as Stockton Avenue. In addition, mixed-use development at the eastern intersection of Fairmount and San Pablo Avenues could, over time, help retail uses “turn the corner” from San Pablo onto Fairmount. Successful mixed-use development here would build upon the El Cerrito Plaza stores that front onto Fairmount, and help create a small-scale “main street” extending from the BART tracks to San Pablo.

Secondly, consistent with current development patterns, freeway-oriented, regional retail is most appropriate in the northern part of the Planning Area. While “big box” retailers typically look for opportunities to do larger stores, they will also locate smaller outlets at infill sites to capitalize on underserved market niches. Nevertheless, site assembly and redevelopment may be necessary to prepare a site of sufficient size to accommodate a big box outlet. While store sizes vary dramatically, stand-alone smaller format box stores range from 30,000 to 60,000 square feet, on parcels ranging from two to five acres. As a basis of comparison, the Del Norte Target store is 89,862 square feet, on a 5.95-acre site. The Staples, Dollar Tree, and Walgreens stores across San Pablo Avenue from the BART station combine to make up 59,770 square feet of retail space on approximately 4.6 acres.

Third, opportunities to redevelop or revitalize the older and less successful strip-centers should be explored as another option for improving the retail environment along the corridor. These developments could either be reused over time as higher density housing with ground floor retail, or simply rehabilitated through façade and other design improvements.

4.5.3 Office

Employment data point to a small, but important cluster of Technology and Business Services jobs in the local economy. However, growth within this sector has remained limited. This finding, combined with relatively modest lease rates in the Planning Area, suggest that office development in the Planning Area should be limited, and focused on incorporating small offices into mixed-use developments. Developers of office condos and smaller leased spaces can target small professional users, such as attorneys, physicians, dentists, architects, chiropractors, and design professionals.