

2021 Economic Impact of the Port of Oakland: *Executive Summary*

Conducted by Martin Associates
www.johncmartinassociates.com
March 31, 2023



All Photos Courtesy of the Port of Oakland

Overview of the Port of Oakland

The Port of Oakland (Port), located in Oakland, California, operates three revenue lines of business: Maritime, Aviation and Commercial Real Estate. The Port's investment in marine terminals, airport infrastructure and commercial real estate has been a major driver of the Bay Area's economy. The Bay Area is defined as the nine counties of Alameda, San Francisco, San Mateo, Sonoma, Contra Costa, Santa Clara, Marin, Napa and Solano.

In order to quantify these economic impacts, the Port retained the services of Martin Associates to evaluate the economic impacts generated by (a) waterborne

activity at the Port of Oakland-owned marine terminals¹; (b) airport activity at the Oakland International Airport, which includes the general aviation activity at North Field and the commercial aviation activity at South Field; and (c) the Port's non-maritime and non-aviation commercial real estate tenants of Jack London Square, Embarcadero Cove, Embarcadero Business Park, Oakland Airport Business Park and other real estate holdings of the Commercial Real Estate Division (collectively referred to herein as "Commercial Real Estate Tenants").

¹ This study includes a break-bulk terminal located on the Oakland Inner Harbor that leases a small portion of water right away from the Port of Oakland. Private

marine terminals handling dry bulk cargo and liquid bulk (bunkers) are not included in the analysis.



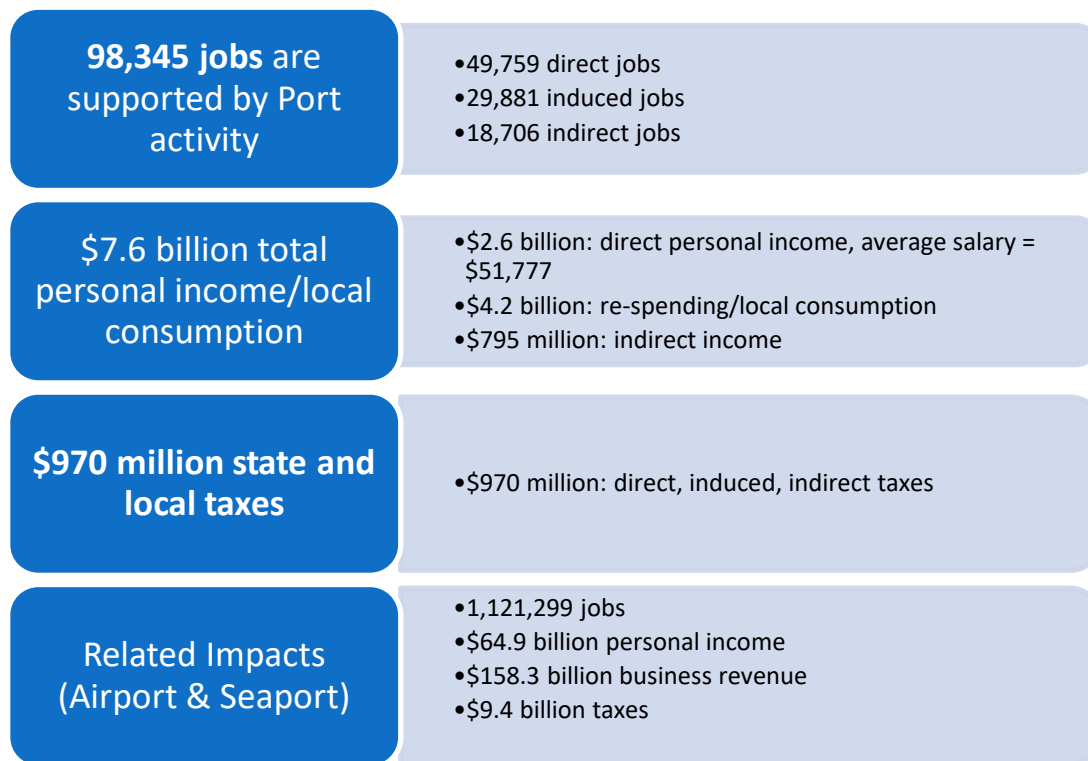
Economic Impact Analysis Methodology

Martin Associates was retained by the Port of Oakland to measure the local and regional economic impacts supported by the Port's three lines of business. The cornerstone of the Martin Associates' approach is the collection of detailed baseline impact data from firms providing services at the airport, marine terminals, and commercial real estate tenants. To ensure accuracy and defensibility, the baseline impact data was collected from personal and telephone interviews with 558 firms serving the Port of Oakland Seaport, the Oakland International Airport, and the Port's Commercial Real Estate tenants. These firms represent the universe of firms providing services at the Port of Oakland Seaport, Oakland International Airport as well as the tenants of the Port's Commercial Real Estate Division.

Specific re-spending models have been developed for the 9-county Bay Area² to reflect the uniqueness of the individual Seaport operations, as well as the surrounding regional economy.

The results of the analysis include a snapshot of the economic impacts of the Oakland Seaport, Oakland International Airport, and the Commercial Real Estate tenants in 2021, as well as the development of impact models for each of these business units operated by the Port of Oakland. These models provide the Port with tools to update the economic impacts on an annual basis, as well as to evaluate the sensitivity of the resulting local and regional impacts to changes in underlying factors, and to assess the economic impacts of specific Port of Oakland capital development projects.

2021 Economic Impacts of Port of Oakland - Summary of Results



*Totals may not add up exactly due to rounding

²The 9-county Bay Area is defined as the nine counties that touch the San Francisco Bay including: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo,

Santa Clara, Solano and Sonoma. These 9 counties include 101 cities, 7.4 million inhabitants and approximately 7,000 square miles.



2021 Economic Impacts by Line of Business

Seaport:

In 2017, the Seaport supported 568,843 jobs in the state of California. Of these jobs, 12,223 jobs are directly created by Seaport activities, while another 12,051 induced jobs are generated in the Bay Area as a result of local purchases made by those directly employed due to Seaport activity. There are 5,942 indirect jobs supported in the Bay Area as the result of \$586 million of local purchases made by directly dependent firms. In addition, the cargo moving via the Seaport supports 538,682 related jobs throughout the state of California.



The 12,223 direct jobs received \$795 million of direct wage and salary income, for an average salary of

\$65,030 for direct employees. As a result of the local purchases with this \$795 million of direct wages and salaries, an additional \$2 billion of re-spending and local consumption expenditures were created in the state. This re-spending impact supported the 12,051 induced jobs. The indirect job holders received \$367 million in personal income. In total, \$27.4 billion of personal income was supported by cargo operations at the Seaport, including the \$24.2 billion received by those employed with the related users of the Seaport.

Local businesses received \$2.5 billion of sales revenue from providing services to the ocean cargo activity at the Seaport. As a result of this cargo activity, a total of \$400 million of state and local tax revenue was generated. An additional \$3.9 billion of related taxes were also supported by Seaport activity.

The total economic value to the Seaport region is measured at **\$90.3 billion**. This consists of the direct business revenue of \$2.5 billion, the re-spending and local consumption impact of \$2 billion, and the related output of \$85.8 billion. This dollar value represents the sphere of influence of the Seaport terminals in 2021.

Airport:

In 2021, 8.1 million passengers used OAK, and 1.4 billion pounds of air cargo moved via the Airport. This activity at Oakland International Airport and the general aviation activity at North Field supported 643,697 jobs in the state of California. Of these jobs, 8,269 jobs are directly created by Airport activities, while another 5,654 induced jobs, are generated in the Bay Area as a result of local purchases made by those directly employed due to Airport activity. There are 1,896 indirect jobs supported in the Bay Area as the result of \$218 million of local purchases made by directly dependent firms. Approximately 1.77 million visitors using Oakland International Airport supported 45,207 direct, induced, and indirect jobs in the local visitor's industry. In addition, the air cargo moving via the Airport supports 582,671 related jobs throughout the state of California.

The 8,269 direct on-site jobs received \$575 million of direct wage and salary income, for an average salary of \$69,563 for direct employees. As a result of the local purchases with this \$575 million of direct wages and salaries, an additional \$945 million of re-spending and local consumption expenditures were created in the state. This re-spending impact supported the

5,654 induced jobs. The indirect job holders received \$96 million in personal income. In total, \$44.5 billion of personal income was supported by activity at the Airport, including \$1.6 billion of on-site personal income, \$2.3 billion personal income from the visitor industry, and \$40.6 billion received by those employed with the related users of the Airport.

Local businesses received \$8.5 billion of sales revenue from providing services for activity at the Airport and



visitor industry. As a result of this activity, a total of \$497 million of state and local tax revenue was generated. An additional \$5.5 billion of related taxes were also supported by Airport activity.



In addition to the Bay Area and California economic impacts created by the Airport, the Federal Government received \$232.7 million in airport-specific taxes from activity at Oakland International Airport, including revenue from the air cargo tax, the international and domestic passenger taxes, and the security fees levied at the Airport.

Real Estate:

The non-maritime and non-airport tenants of the Port of Oakland generated 7,104 direct, induced, and indirect jobs in the Oakland region. Of these total jobs, the tenants and subtenants directly employed 3,870 individuals.

The 3,870 directly employed individuals earned \$241 million of wages and salaries. A portion of this income was spent on local purchases, in turn generating additional consumption expenditures and income in the Oakland region. The personal income multiplier used to estimate this re-spending impact is based on data developed by the Bureau of Economic Analysis, Regional Input-Output Division.



The total economic value to the Airport region is measured at **\$82.9 billion**. This consists of the direct on-site and visitor business revenue of \$8.5 billion, the on-site and visitor industry re-spending and local consumption impact of \$1.9 billion, and the related output of \$72.5 billion. This dollar value represents the sphere of influence of the Airport in 2021.

Using the income multiplier, the use of the direct earnings for local purchases resulted in additional re-spending and local consumption expenditures totaling \$239 million. These local purchases supported the 1,989 induced jobs in the region.

The Commercial Real Estate tenants and subtenants reported \$698 million of direct business sales. Part of this \$698 million of gross revenue is also used to purchase goods and services from other local firms. The 103 tenants identified \$82 million of purchases from other local businesses. These local purchases include purchases for goods and parts, office supplies, communication services and utilities, contract services, transportation services, and maintenance and repair services. These local purchases supported 1,246 indirect jobs in the Bay Area. Finally, the tenants and subtenants also generated about \$73 million of state and local tax revenues. In total, the economic value of the Commercial Real Estate tenants of the Port of Oakland is estimated at \$938 million in 2021. This consists of the \$698 million direct business revenue impact and the \$239 million re-spending and local consumption impact.

Summary

The Port of Oakland is an important economic force in the community, supporting 98,345 direct, induced, and indirect jobs in the state of California, and the Port continues to increase its importance in the local economy as a major source of job creation.

The Port of Oakland generates the greatest number of direct jobs with residents of Oakland, accounting for 23.7% of the total direct job impacts created by the Seaport, Airport and Commercial Real Estate lines of business. The direct jobs holders created by the Port of Oakland earn an average annual salary of \$51,777, which is about \$24.89 per hour, nearly \$9 higher than California \$15.50 per hour minimum wage.

The key occupations generated by the Seaport line of business are with trucking, warehousing/distribution,

freight forwarders/maritime services, and the

International Longshore and Warehouse Union (ILWU). The key occupations generated by the Airport are with passenger airlines including based flight crew, and with the accommodation and food services occupations (the key occupations generated by the visitors arriving via the Airport). The key occupations generated by the Commercial Real Estate line of business are with office/professionals, warehouse and distribution and restaurants.

As the Port continues to focus on expanding and growing its business model through infrastructure modernization improvements, this will have a direct impact on strengthening current business partnerships and paving the way for new business development.

