

2017 Economic Impact of the Port of Oakland Seaport: *Executive Summary*

Conducted by Martin Associates
www.martinassoc.net
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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").

¹This 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.

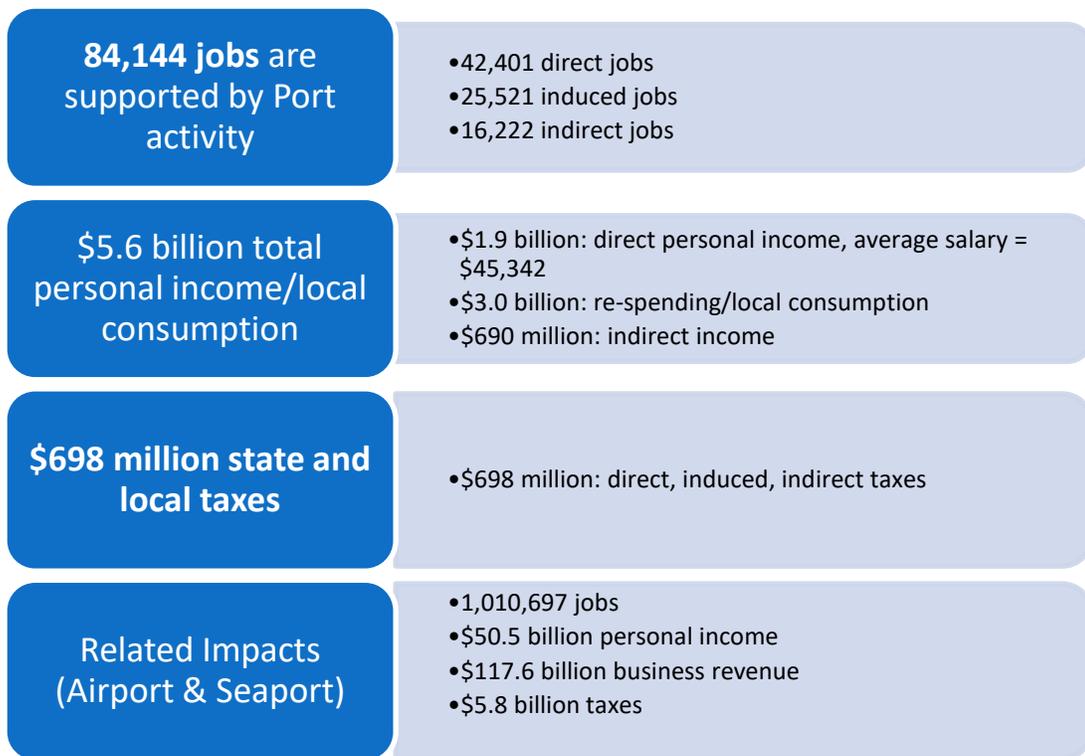
Economic Impact Analysis Methodology

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 400 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 2017, 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.

2017 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.



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2017 Economic Impacts by Line of Business

Seaport:

In 2017, the Seaport supported 520,328 jobs in the state of California. Of these jobs, 11,393 jobs are directly created by Seaport activities, while another 10,507 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 5,831 indirect jobs supported in the Bay Area as the result of \$546 million of local purchases made by directly dependent firms. In addition, the cargo moving via the Seaport supports 492,597 related jobs throughout the state of California.



The 11,393 direct jobs received \$641 million of direct wage and salary income, for an average salary of

Airport:

In 2017, 13 million passengers used OAK, and 1.2 billion pounds of air cargo moved via the Airport. This activity at Oakland International Airport and the general aviation activity at the North Field supported 568,460 jobs in the state of California. Of these jobs, 8,892 jobs are directly created by Airport activities, while another 6,575 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 1,943 indirect jobs supported in the Bay Area as the result of \$230 million of local purchases made by directly dependent firms. Approximately 2.8 million visitors using Oakland International Airport supported 32,949 jobs in the local visitors industry. In addition, the air cargo moving via the Airport supports 518,100 related jobs throughout the state of California.

The 8,892 direct on-site jobs received \$608 million of direct wage and salary income, for an average salary of \$68,415 for direct employees. As a result of the local purchases with this \$608 million of direct wages and salaries, an additional \$905 million of re-spending and local consumption expenditures were created in the state. This re-spending impact



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\$56,275 for direct employees. As a result of the local purchases with this \$641 million of direct wages and salaries, an additional \$1.5 billion of re-spending and local consumption expenditures were created in the state. This re-spending impact supported the 10,507 induced jobs. The indirect job holders received \$333 million in personal income. In total, \$23.9 billion of personal income was supported by cargo operations at the Seaport, including the \$21.5 billion received by those employed with the related users of the Seaport.

Local businesses received \$2.2 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 \$281 million of state and local tax revenue was generated. An additional \$2.4 billion of related taxes were also supported by Seaport activity.

The total economic value to the Seaport region is measured at **\$60.3 billion**. This consists of the direct business revenue of \$2.2 billion, the re-spending and local consumption impact of \$1.5 billion, and the related output of \$56.6 billion. This dollar value represents the sphere of influence of the Seaport terminals in 2017.

supported the 6,575 induced jobs. The indirect job holders received \$102 million in personal income. In total, \$31.8 billion of personal income was supported by activity at the Airport, including \$1.6 billion of on-site personal income, \$1.2 billion personal income from the visitor industry, and \$29 billion received by those employed with the related users of the Airport.

Local businesses received \$7.1 billion of sales revenue from providing services for activity at the Airport and



visitor industry. As a result of this activity, a total of \$373 million of state and local tax revenue was generated. An additional \$3.3 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 \$259.9 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 6,052 direct, induced and indirect jobs in the Oakland region. Of these total jobs, the tenants and subtenants directly employed 3,500 individuals.

The 3,500 directly employed individuals earned \$184.7 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.



Summary

The Port of Oakland is an important economic force in the community, supporting 84,144 direct, induced and indirect jobs in the state of California. The Port continues to increase its importance in the local economy as a major source of job creation, particularly of jobs with an average annual salary of \$45,342, underscoring the importance of the Port of Oakland as a major catalyst in the Bay Area, Northern California and the state of California economies. In 2016 the Seaport had finalized an agreement for construction on a 280,000 square foot Cool Port, launched a 30-acre first phase Seaport Logistics Complex, and opened a \$100 million rail storage yard. The Airport continues to attract new service in and out of OAK. In 2018, Southwest introduced new non-

The total economic value to the Airport region is measured at **\$69.4 billion**. This consists of the direct on-site and visitor business revenue of \$7.1 billion, the on-site and visitor industry re-spending and local consumption impact of \$1.4 billion, and the related output of \$60.9 billion. This dollar value represents the sphere of influence of the Airport in 2016.

Using the income multiplier, the use of the direct earnings for local purchases resulted in additional re-spending and local consumption expenditures totaling \$136.3 million. These local purchases supported the 1,529 induced jobs in the region.

The Commercial Real Estate tenants and subtenants reported \$563.3 million of direct business sales. Part of this \$563.3 million of gross revenue is also used to purchase goods and services from other local firms. The 82 tenants identified \$68.1 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 1,024 indirect jobs in the Bay Area. Finally, the tenants and subtenants also generated about \$43.5 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 \$699.7 million in 2017. This consists of the \$563.3 million direct business revenue impact and the \$136.3 million induced income and local consumption impact.

stop service to Orlando, Newark, Indianapolis, San Antonio, and Minneapolis. In order to sustain this growth as an economic engine, it is critical that the Port of Oakland continues to invest in airport facilities, terminal, rail, and highway access infrastructure to and from the seaport terminals and Oakland International Airport to meet future demand, and to continue to attract tenants to stimulate further economic development in Northern California. This economic study suggests that the future growth of the seaport terminals and airport, as well as new commercial real estate tenants, will result in further job, income and tax growth for the Bay Area, Northern California and the state of California.