



QuickFacts

February/March 2016

Unemployment

The unemployment rate in California rose to 5.8 percent in January, up from 5.4 percent during the same period last year. All Bay Area counties posted decreases over the previous year, and the lowest unemployment rates statewide were once again in the Bay Area counties of San Mateo (3.1 percent), Marin (3.2 percent) and San Francisco (3.3 percent). San Francisco's unemployment rate remains unchanged from December 2015.

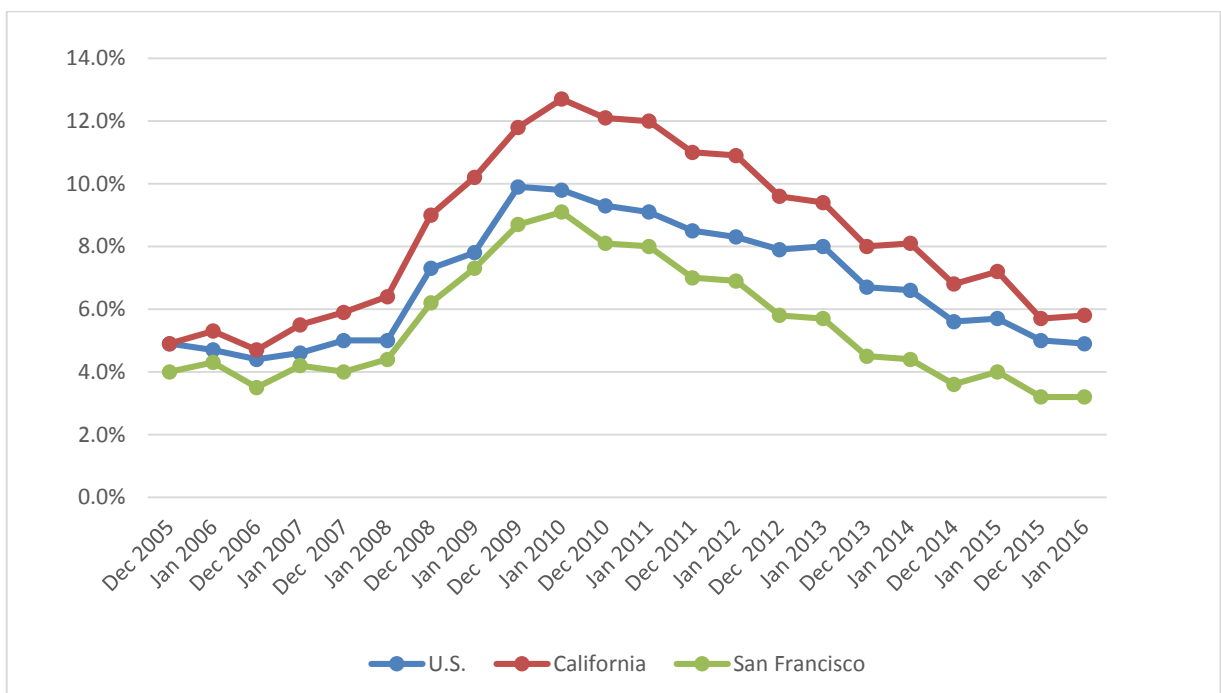
Elsewhere in California, notable county unemployment rates included Orange (4.0 percent), San Diego (4.7 percent), Los Angeles (6.0 percent) and Sacramento (5.5 percent).

Bay Area Unadjusted Unemployment Rates, January 2016

County	14-Jan	15-Dec	15-Jan**
Alameda	5.4%	4.3%	4.3%
Contra Costa	5.6%	4.5%	4.5%
Marin	3.9%	3.2%	3.2%
Napa	5.7%	5.1%	4.8%
San Francisco	4.1%	3.3%	3.3%
San Mateo*	3.8%	3.0%	3.1%
Santa Clara	4.7%	3.8%	3.8%
Solano	6.9%	5.6%	5.7%
Sonoma	5.2%	4.2%	4.3%

*Lowest in State. Source: CAL-EDD
**Data for January 2016 is preliminary

Historical Unemployment: California, San Francisco, U.S.



Source: EDD, monthly

Between December 2015 and January 2016, the total number of jobs in the San Francisco-Redwood City-South San Francisco area declined seasonally by 19,100 to 1,063,000.

The year-over-year job gain in the San Francisco-Redwood City-South San Francisco area increased by 4.3 percent, accounting for 43,800 jobs. Professional and business services; private educational and health services; construction; and trade, transportation, and utilities are among the best performing sectors.

Overall employment opportunities increased by 52,000 statewide from December—an estimated 17,930,000 of Californian workers are employed, with the number of unemployed decreasing by 189,000 to 1,089,000 compared with December of last year.

Source: EDD

Housing

According to DataQuick, the median price paid for a San Francisco home rose 33.5 percent from \$881,750 in January 2015 to \$1,177,000 in January 2016. The month-over-month median home price slightly increased by 3.1 percent.

The median home price was higher than the year before for the forty-fifth month in a row and has exceeded \$1 million for twenty-one of the past twenty-three months.

A total of 4,837 new and resale houses and condos were sold in the nine-county Bay Area in January, 38.2 percent less than in December 2015. Home sales show a seasonal drop of 48.7 percent compared to December. Year-over-year, home sales were up 6.3 percent.

The lack of housing inventory is still a problem in San Francisco and will continue to push the market upwards.

“Heading into the spring buying season, home prices continue to rise across much of the country,” said Anand Nallathambi, president and CEO of CoreLogic. “With rates staying low for now and continued solid job and income growth, the spring buying season is shaping up to be a good one.”

According to an analysis carried out by realtor.com, San Francisco is once again identified as the top medium-to-large housing market.

Bay Area Home Sales: Volume and Median Price

All Homes	Sales Volume		Median Price	
	Jan-16	Jan-15	Jan-16	% Chng
Alameda	943	\$525,000	\$625,000	19.0%
Contra Costa	978	\$402,500	\$452,500	12.5%
Marin	177	\$765,000	\$725,000	-5.2%
Napa	89	\$476,500	\$505,000	6.0%
Santa Clara	1,053	\$660,000	\$750,000	13.6%
San Francisco	394	\$881,750	\$1,177,000	33.5%
San Mateo	396	\$800,000	\$899,550	12.4%
Solano	423	\$303,250	\$343,000	13.1%
Sonoma	384	\$448,800	\$500,000	11.4%

Source: DataQuick, www.corelogic.com,

San Francisco Residential Market Overview

	Single Family Homes	Condos/TICs/Lofts
Median Sales Price, Jan 2015	\$1,160,000	\$1,060,000
Median Sales Price, Jan 2014	\$975,000	\$938,500
Percent Change	19.0%	12.9%
Days on Market, Jan 2015	40	26
Days on Market, Jan 2014	42	37

Source: www.rereport.com

Commercial Real Estate

The San Francisco overall asking rent has now risen for 22 straight quarters and has reached record highs. Sustained demand from the tech sector pushed average asking rents to the most expensive in the nation. The tech sector now occupies around 29 percent of San Francisco's office space, according to brokerage CBRE.

Average asking rates in San Francisco's office market increased by 14.3 percent for the year to \$72.26 per square foot (psf), surpassing Manhattan in Q4 2015 as the most expensive office market in the nation.

Citywide, overall vacancy fell to 5.6 percent, which is the lowest point in more than 15 years. SOMA saw the highest increase in rates quarter-over-quarter, but the Financial District saw a larger jump year-over-year.

	Class A	Class B	Class C
Average asking rates (psf)	\$75.89	\$67.58	\$59.38

In 2015, net absorption was 916,000 sq. ft., but was negative for the first time in five years in Q4 2015 with -107,000 sq. ft.. New office construction underway in Q1 2016 amounts to approximately 2.2 million sq. ft. and is likely to turn absorption positive again.

Thirteen of the Bay Area's 25 largest office leases in 2015 were in San Francisco.

Top 5 Largest Bay Area Office Leases in 2015

Address	Square feet leased	Tenant
510 Townsend Street, San Francisco	300,000	Stripe Inc.
3305-3307 Hillview Avenue, Palo Alto	292,000	TIBCO Software Inc.
550 Terry Francois Boulevard, San Francisco	243,138	Gap Inc.
405 Howard Street, San Francisco	216,291	Orrick, Herrington & Sutcliffe LLP
180 Jefferson Drive, Menlo Park	210,000	Facebook Inc.

Sublease availabilities increased by 49.4 percent since Q3, largely due to major subleases from Charles Schwab, Dropbox, Twitter and LinkedIn.

No substantial new available construction supply will be on the horizon until 2017. With the city facing a continuously strong tenant demand, the increase in sublease space presents a new opportunity for tenants looking to enter or expand into the market as office leasing rates are expected to further increase throughout 2016.

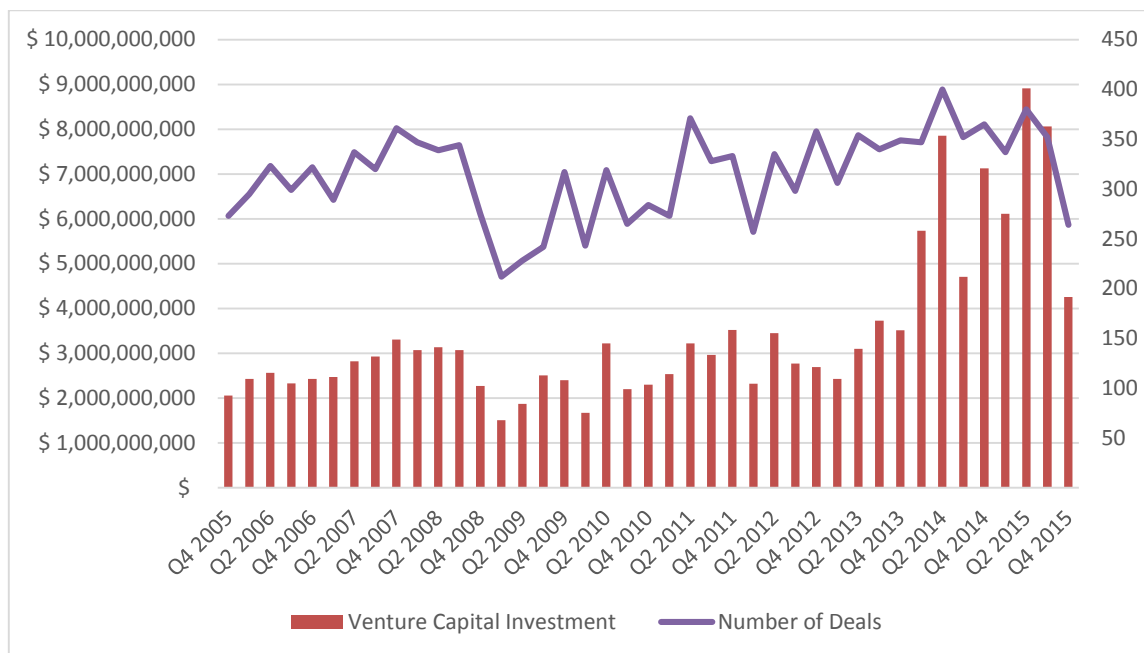
Source: CBRE Marketview, JLL

Venture Capital Investment

The San Francisco Bay Area was the top region in 2015, attracting 47 percent of total U.S. venture capital (\$27.3 Billion) and 30 percent of total US deals (1,333). In 2015, the total amount invested in the San Francisco Bay Area was 7.5 percent higher compared to 2014. Although overall funding increased year-over-year, investors are becoming more cautious, leading Q4'15 to end with a sharp decline in VC investment.

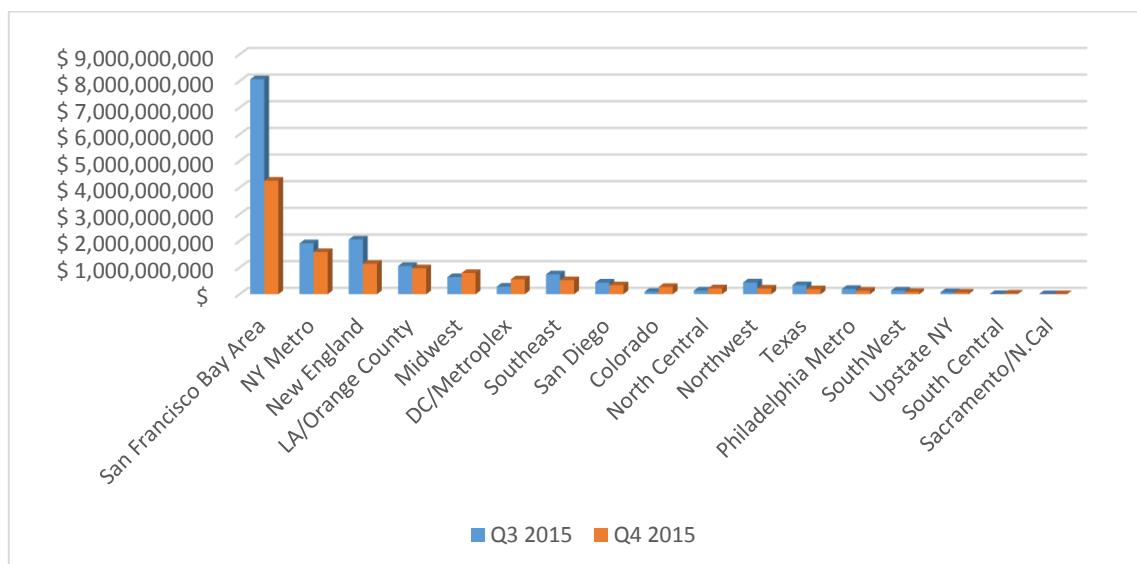
Factors for decreasing VC funding include the uncertainty of the global economy, the projected slowdown in China, and expected interest rates increases (following the recent increases in the U.S.). The drop in VC investment in Q4'15 signals less confident view of investors on the

market. In the San Francisco Bay Area, the first two quarters of 2015 started with large deals and then show a huge decline in deal activity in the final two quarters.



Despite the large drop in Q4, the San Francisco Bay Area remains the number- one venture capital recipient in North America, and thus the world. The San Francisco Bay Area continues to receive almost triple the investment of the second-most popular region for VC investors, New York Metro.

However, the level of funding decreased by 47 percent to 4.3 billion and the number of deals declined by 25 percent to 264 in Q4.



Source: MoneyTree Report Q4 2015/ full year summary

Growth and Innovation at SFO

With 50 Million passengers in 2015, SFO marks a new annual passenger record and rounds up a six-year timespan of continuous traffic growth.

A new report from the International Trade Administration shows that SFO's international travel is growing faster than any other airport in the U.S. In 2015, SFO experienced a 9 percent increase in international travelers, higher than other major airports, including JFK and LAX.

Beginning in June, United's 16-hour SFO to Singapore flight will be the first non-stop from the U.S, and also will be the longest scheduled flight on any U.S. carrier. SFO will continue adding

airlines and flights in 2016, including a nonstop service to Tel Aviv, and low-cost flights to Iceland on Wow Air.

The new SFO Airport Traffic Control Tower will go into service in July 2016. The project was honored as the top engineering project in California by the American Council of Engineering Companies (ACEC). It is the tallest structure in the US to employ a cutting edge vertical post-tensioned system, enabling the tower to remain upright and operational after a major earthquake.

Hyatt Hotels Corporation and SFO signed a management agreement to brand and manage a 350-room Grand Hyatt Hotel located on airport grounds. The Grand Hyatt San Francisco International Airport is anticipated to open in mid-2019. The design is envisioned to be among the most innovative and environmentally friendly airport hotels in the world.

Source: businesswire.com, aviationpro.com, sanfrancisco.cbslocal.com, San Francisco Business Times

Super Bowl 50 Set Revenue Records

San Francisco scored big over Super Bowl 50 weekend. The San Francisco Travel Association reported record-breaking hotel tax collections and revenue during the final four days of Super Bowl 50 activities, with more than \$8.2 million in Hotel Tax generated, an increase of more than \$5.3 million, or 190 percent over the same period in 2015.

An overall economic impact report from the Super Bowl 50 Host Committee will be released in May.

Source: San Francisco Business Times, San Francisco Travel Association

Rankings

SF Tops Quality of Living Cities

Mercer's Quality of Living Survey annually assesses the quality of living conditions in more than 440 locations, to help multinational companies adequately compensate employees when placing them on international assignments. Living conditions are analyzed according to 39 factors and grouped in 10 categories, such as political and social environment, economic environment, medical and health considerations, education etc.

1. San Francisco, CA
2. Boston, MA
3. Honolulu, HI
4. Chicago, IL
5. New York City, NY

Source: Mercer Quality of Living Ranking 2016

Top 5 U.S. Cities for Career-Oriented Professionals

The Robert Half Career City Index ranks and compares 25 U.S. cities across 25 indicators which are organized into four distinct categories: Career Prospects, Quality of Life, Cost of Living and Cultural Diversity.

1. Seattle, WA
2. Boston, MA
3. San Francisco, CA
4. Washington DC
5. Raleigh, NC

Although San Francisco ranks #3, it is the best city in the category Career Prospects and ranks #1 in the Median Income category.

Source: Robert Half Career Index

Top 5 Destination for Business Travellers on Airbnb

1. **San Francisco, CA**
2. London, UK
3. New York City, NY
4. Paris, France
5. Los Angeles, CA

Source: *businessinsider.com*

Top 5 Best-Performing Cities

The annual Milken Institute report, “Best-Performing Cities,” measures which U.S. metropolitan areas are promoting economic vitality based on factors such as job creation and sustainability, and the quality of new jobs. The index shows where employment is stable and growing, wages and salaries are increasing, and economies and businesses are thriving.

1. San Jose-Sunnyvale-Santa Clara, CA
2. **San Francisco-Redwood City-South San Francisco, CA**
3. Provo-Orom, UT
4. Austin-Round Rock, TX
5. Dallas-Plano-Irving, TX

Source: *Milken Institute „Best-Performing Cities“*

Top 5 Innovative States in 2015

The Bloomberg U.S. Innovation Index scores each state on a 0-100 scale across six equally weighted factors: R&D intensity; productivity; high-tech density; concentration of science, technology, engineering and mathematics (STEM) employment; science and engineering degree holders; and patent activity. Massachusetts wins against California by only 0.03 points.

1. Massachusetts
2. **California**
3. Washington
4. New Jersey
5. Connecticut

Source: *BloombergBusiness „Bloomberg State Innovation Index“*

Accelerators in San Francisco

So-called “accelerators” have become increasingly popular components of the regional growth infrastructure. They support startup companies through mentorship and education, along with access to space and venture capital funding. The majority of startup accelerators in the U.S. are located in the Bay Area, and San Francisco tops the list with 34 accelerator programs. The number of accelerators is closely connected with a region’s attraction of venture capital investments.

Source: *Citylab.com*

Contact Us:

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For more information please contact:

Dennis Conaghan

Executive Director

+1 415.352.8819

dconaghan@sfcged.org

www.sfcged.org

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