



QuickFacts

Fall 2016

Unemployment

Unemployment rates remained stable this summer, dropping slightly statewide from 5.9% in July to 5.6% in August. Rates in all Bay Area counties also saw slight reductions.

San Mateo (3.2%), San Francisco (3.5%) and Marin (3.5%) once again enjoy the lowest unemployment rates statewide. Unemployment rates in other counties in California in August include Orange (4.4%), San Diego (5.0%), Los Angeles (5.3%) and Sacramento (5.7%).

Bay Area Unadjusted Unemployment Rates, August 2016

County	15-August	16-July	16-August**
Alameda	4.8%	4.8%	4.6%
Contra Costa	5.0%	5.0%	4.7%
Marin	3.6%	3.6%	3.5%
Napa	4.2%	4.2%	4.1%
San Francisco	3.6%	3.7%	3.5%
San Mateo*	3.4%	3.4%	3.2%
Santa Clara	4.1%	4.2%	4.0%
Solano	6.0%	6.0%	5.7%
Sonoma	4.4%	4.4%	4.1%

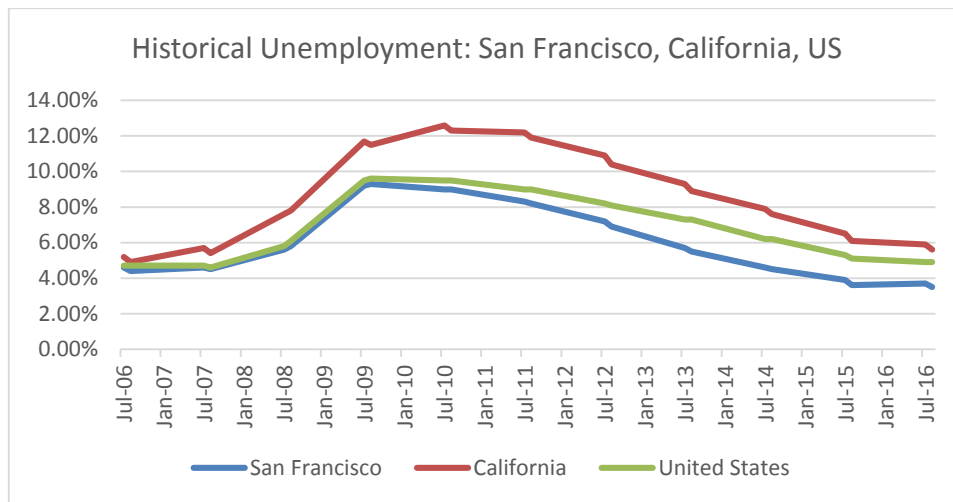
*Lowest in State. Source: CAL-EDD

**Data for August 2016 is preliminary

San Francisco unemployment rates continue to decline from their peak in 2009-2011, with the city consistently tracking below both state and national levels.

The total number of jobs in the San Francisco-Redwood City-South San Francisco corridor grew by 3,700. Jobs across the Bay Area are up 2.44% from August 2015, a gain of 26,000. Professional and business services; private educational and health services; construction; and trade, transportation and utilities were among the best performing sectors.

Statewide, the number of employed workers has increased from 17,839,100 to 18,281,600 since August of last year, a gain of more than 400,000 jobs.



Source: EDD

Housing

The number of homes sold, including resale single-family residents and condos as well as new construction, dropped by more than 5% in all Bay Area counties between July 2015 and July 2016, with the exception of San Francisco. Across all counties, a total of 7,658 homes were sold in July, compared with 9,243 homes in July 2015.

The median price paid for a Bay Area home increased in all counties over this year-long period. San Francisco County had the largest median home price increase, to \$1,150,000 in July 2016, a 7% gain.

Bay Area Home Sales: Sales Volume and Median Price

All Homes	Sales Volume			Median Sale Price		
	July-15	July-16	% Chng	July-15	July-16	% Chng
Alameda	1,989	1,670	-16.3%	\$653,000	\$690,100	5.7%
Contra Costa	1,932	1,586	-17.9%	\$494,500	\$530,000	7.2%
Marin	360	303	-15.8%	\$885,000	\$950,000	7.3%
Napa	165	153	-7.27%	\$575,750	\$579,000	0.6%
Santa Clara	2,104	1,595	-24.2%	\$835,000	\$870,000	4.2%
San Francisco	543	550	1.29%	\$1,075,000	\$1,150,000	7.0%
San Mateo*	709	551	-22.2%	\$991,500	\$1,075,000	8.4%
Solano	715	638	-10.8%	\$330,000	\$375,000	13.6%
Sonoma	728	612	-15.9%	\$495,000	\$503,000	1.6%

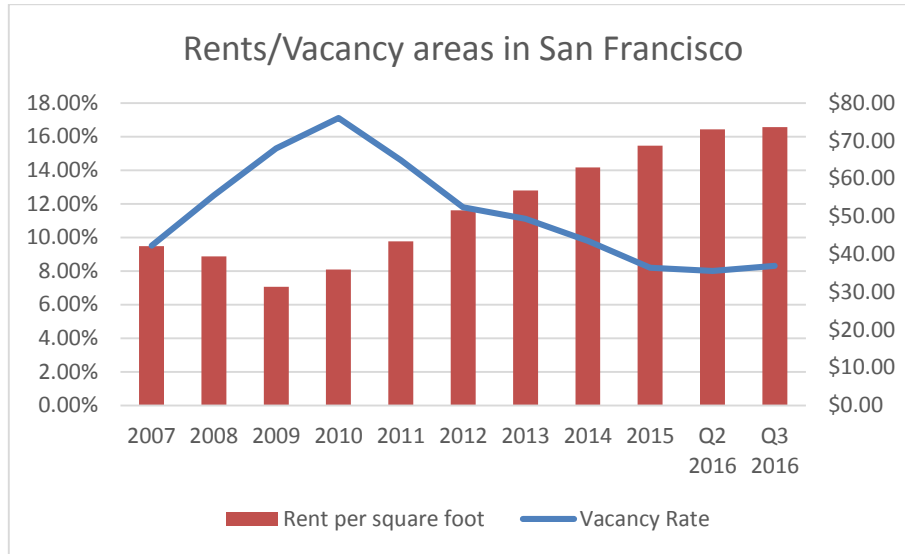
*2016 sale price is from data collected through 7/28

Source: CoreLogic

Single-family home prices dropped in most Bay Area counties between July 2016 and August 2016, with the exception of Marin, Solano and Sonoma, but rose between August 2015 and August 2016. The median single-family home price in the region was \$777,160, compared with a statewide median SFD price of \$497,520.

Source: California Association of Realtors

San Francisco also had a residential rental rate of \$73.59 per square foot in Q3 2016, higher than 2015 and about the same as the second quarter of 2016. The vacancy rate was 8.3%.



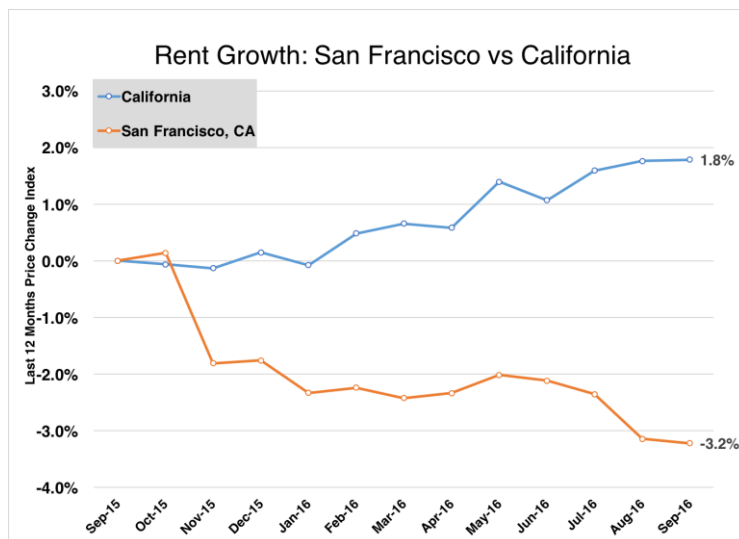
Source: Jones Lang LaSalle

A Housing Plateau

While rents and real estate prices continue to rise throughout the Bay Area, signs indicate that the market is slightly slowing. Apartment List data shows that San Francisco rents are in steady decline and are down 3.2% over last year. According to Zumper data, in September 2016 rents decreased for one-bedroom, two-bedroom, and three-bedroom apartments.

Trulia reports that the number of homes and apartments on the market continues to increase, stabilizing prices. Meanwhile, the current state of “peak unaffordability” is causing home buyers to be more conservative in their decisions, leading to less competition for homes and only moderate price increases.

While these numbers represent a gradual slowdown in the Bay Area market, real estate investment remains strong, and rents continue to track well above historical averages compared to other West Coast metropolitan areas.



Sources: Trulia, Apartment List, Zumper, San Francisco Business Times

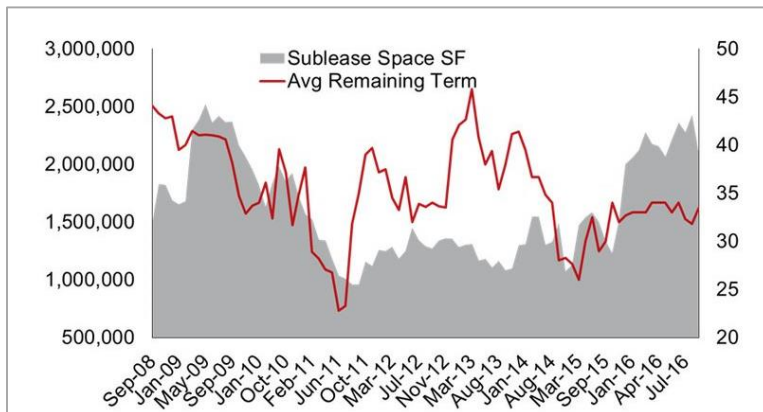
Commercial Real Estate

According to Cushman & Wakefield data, office leasing in San Francisco dropped from 1.3 million square feet in Q2 2016 to 875,000 square feet in Q3 2016. This year saw the lowest third-quarter activity since 2001. The office vacancy rate was 7.7 percent, up .4 percent from Q2.

The number of commercial subleases increased from 84 to 154 between August 2015 and August 2016. Average time on the market grew from 3.25 months to 3.75 months in the same period, although demand remains high.

Twitch, a video game streaming site for Amazon, was the only company to have a major lease over 100,000 square feet in the third quarter, according to Jones, Lang, and LaSalle. WeWork, Irythm, and BNY Mellon all took leases between 50,000 and 100,000 square feet. These leases were much smaller compared to the leases Stripe, Fitbit, and Pinterest assumed in Q2.

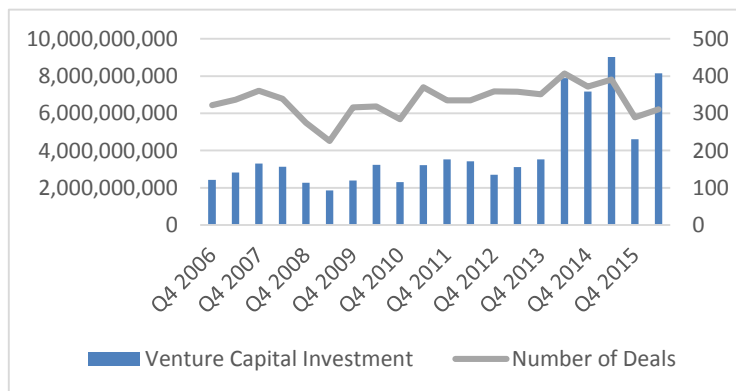
Both firms expect to see a flattening in the office market in the future, but no major downturn.



Sources: Jones Lang LaSalle, Cushman & Wakefield

Venture Capital

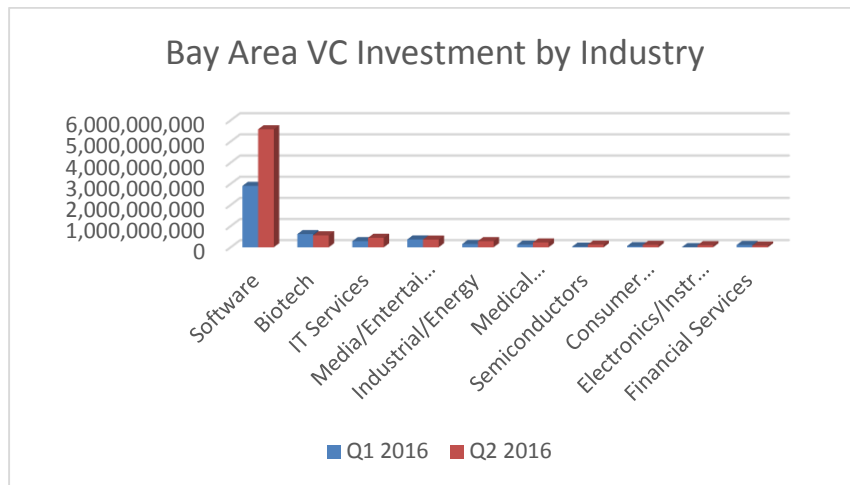
Venture Capital firms in the Bay Area invested \$8.2 billion in the second quarter of 2016, a 65% increase over VC investments in the first quarter of 2016 but a 10% decrease from investments in the second quarter of 2015. Deal volume followed a similar pattern.



The San Francisco Bay Area received the highest volume of VC funding of all U.S. regions in Q2 2016, attracting 53% of total U.S. venture capital and 32% of total U.S. deals. The Los Angeles/Orange County region had the second highest VC investment (\$2.14 billion), followed by the New York metropolitan area (\$1.41 billion).

As with prior quarters, the software industry saw the most venture capital investment of all Bay Area sectors in Q2 2016, receiving \$5.6 billion. Biotech investment was second (\$564 million), followed by IT Services (\$446 million).

Unlike the first quarter of 2016, in which investments in Seed Stage and Early Stage companies declined, investment in those stages increased between Q1 and Q2 2016. Early Stage investments grew by 31% and Seed Stage investments grew by 47%. However, investments in Expansion Stage companies were much greater, surging by 192%. Late Stage offerings, meanwhile, were the only quantity to decline, falling by 48%.



Source: MoneyTree Report Q2 2016, CB Insights "Venture Pulse" Report Q2 2016, www.mercurynews.com

Downtown Upturn

Fifty years ago, companies were abandoning their urban headquarters and moving to new suburban locations. Over the past few years, this trend has reversed, with big corporations increasingly leaving their suburban headquarters for cities. Examples include General Electric, which relocated from suburban Fairfield, CT to Boston; and McDonald's, which moved its headquarters from Oak Brook, IL to downtown Chicago.

Tax credits are an important company motivator, but equally important is the need to attract younger talent. Lower crime rates and lifestyle benefits are making cities more attractive to single millennials, and corporations are returning to urban cores to attract and retain this younger demographic.

Source: Area Development Q3, *The Economist*

Federal Incentives

The PATH Act, signed into law by President Obama last December, has extended several federal tax credits and incentives while making others permanent.

The Work Opportunity Tax Credit (WOTC), which gives tax credits to employers who hire and retain veterans and individuals from certain 'target groups' facing barriers to employment, was extended through December 2019, and the list of eligible individuals now includes workers who have been unemployed for 27 weeks or longer.

The Renewable Energy Tax Credit incentivizes businesses to invest in renewable energy. The PATH Act extended this credit for several years and modified the expiration date for solar and wind technologies.

Research and Development (R&D) tax incentives had previously been a temporary provision, but the PATH Act introduced a permanent extension and now makes it easier for small businesses to make use of the credit.

Source: Area Development, Q3 issue

SF Rankings

Top 5 “Great Cities for Millennials and Generation Z” in the U.S.

San Francisco placed first in a September 2016 *Forbes* list of the 20 best cities for people born between 1982 and 2002. The rankings, compiled by PayScale.com, are based on factors including median income, job satisfaction, and commute time, with income receiving the greatest weight.

1. **San Francisco, CA**
2. Austin, TX
3. Boston, MA
4. Provo, UT
5. Cambridge, MA

Source: www.forbes.com

25 Best Cities for Jobs

San Francisco was second on Glassdoor’s 2016 list of the best metropolitan areas for jobs in the U.S. Rankings were determined by the number of hiring opportunities in each city, the cost of living in each city, and the job satisfaction and work-life balance of employees living in that city.

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

Source: Glassdoor

Contact the SFCED

QuickFacts is produced by the San Francisco Center for Economic Development, a 501(c)(3) non-profit department of the San Francisco Chamber of Commerce Foundation. For more information, please contact:

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