



QuickFacts

Fourth Quarter 2016

Employment

Unemployment rates in the Bay Area remained stable last year, decreasing in most Bay Area counties by around 20 basis points between November 2015 and November 2016, with a similar drop month-over-month in October and November 2016. The statewide unemployment rate also dropped from 5.7% in November 2015 to 5.0% in November 2016.

The lowest unemployment rates statewide were in Marin, San Francisco and San Mateo counties. The Bay Area continues to enjoy lower unemployment rates than other California metropolitan areas, including Orange County (3.7%), San Diego (4.3%), Los Angeles (4.8%), and Sacramento (5.0%).

Bay Area Unadjusted Unemployment Rates-November 2016

County	15-November	16-September	16-October	16-November**
Alameda	4.4%	4.3%	4.3%	4.0%
Contra Costa	4.6%	4.4%	4.4%	4.1%
Marin	3.2%	3.3%	3.3%	3.0%
Napa	4.8%	3.8%	3.8%	4.2%
San Francisco	3.3%	3.3%	3.4%	3.1%
San Mateo*	3.1%	3.0%	3.1%	2.8%
Santa Clara	3.8%	3.8%	3.8%	3.5%
Solano	5.6%	5.3%	5.3%	5.1%
Sonoma	4.2%	3.8%	3.9%	3.7%

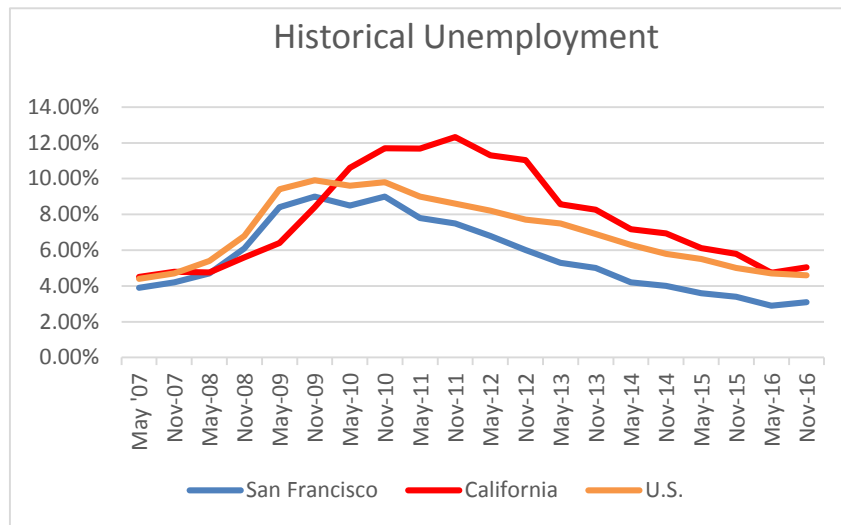
*Lowest in state. Source: California Employment Development Department

**Data for November 2016 is preliminary

Unemployment rates nationally, statewide and in San Francisco have continued to decline from their peaks in 2009-2011. In the last five years, San Francisco's unemployment rate has been consistently lower than both the state and national averages.

The total number of jobs in the San Francisco-Redwood City-South San Francisco corridor increased slightly over the year, from 1,066,200 jobs in November 2015 to 1,103,700 jobs in November 2016, an increase of 3.52%. A total of 4,500 new jobs were added between October and November 2016; manufacturing was the only major employment sector to see a drop in 2016, while the number of jobs in professional and business services and construction increased by more than 10%.

The number of employed workers throughout California has increased from 16,775,100 to 17,156,200 since November of last year, a gain of 2.27%. The state added jobs every month of 2016 with the exception of July.



Source: *Employment Development Department*

Housing Sales

The number of homes sold, including resale single family residences and condominiums as well as new construction, increased in all Bay Area counties except San Francisco between November 2015 and November 2016. The purchase total of 7,461 homes was up 19.4% from November 2015, but 19% below the long-term November average.

San Francisco had the highest median home sale price of all Bay Area counties in November 2016, while median sale prices dropped in Marin, Napa and San Francisco during the month. Marin prices saw the biggest drop, by more than 8%.

Bay Area Home Sales: Sales Volume and Median Price

All Homes	Sales Volume			Median Sale Price		
	July-15	Nov-16	% Chng	Nov-15	Nov-16	% Chng
Alameda	1,356	1,556	14.7%	\$650,250	\$700,000	7.7%
Contra Costa	1,266	1,498	18.3%	\$492,000	\$509,500	3.6%
Marin	251	271	7.97%	\$897,000	\$824,500	-8.1%
Napa	113	127	12.4%	\$575,000	\$555,000	-3.5%
Santa Clara	1,439	1,659	15.3%	\$795,000	\$828,000	4.2%
San Francisco*	483	440	-8.90%	\$1,150,000	\$1,125,000	-2.2%
San Mateo**	494	539	9.11%	\$952,000	\$1,016,500	6.8%
Solano	506	625	23.5%	\$340,000	\$361,500	6.3%
Sonoma	519	557	7.32%	\$475,000	\$520,000	9.5%

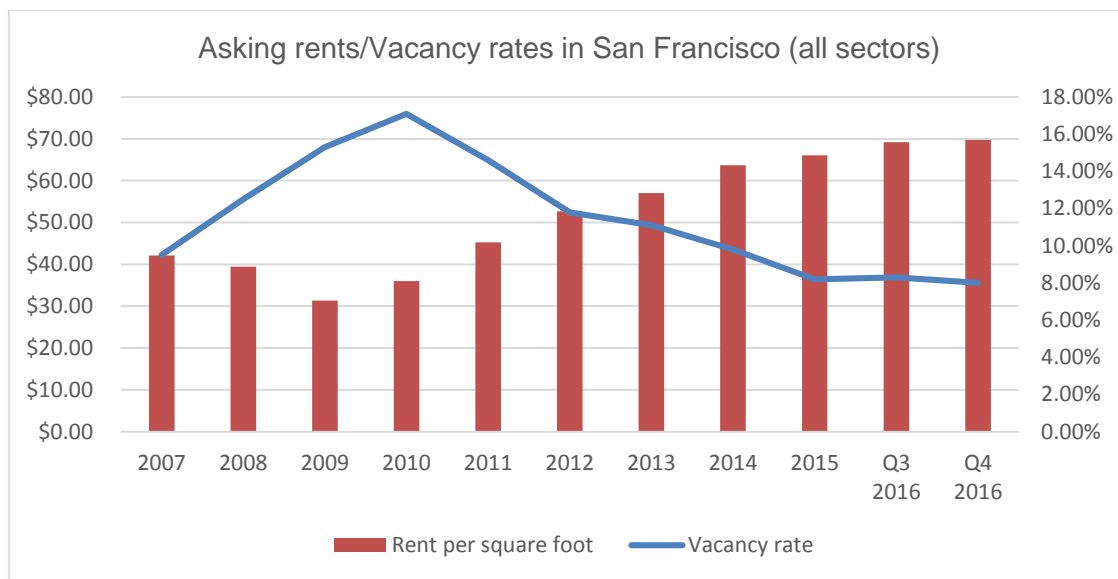
*From data collected through 11/22/16

** From data collected through 11/29/16

Source: *CoreLogic*

Commercial Real Estate

San Francisco had an overall vacancy rate of 8% during the fourth quarter of 2016, a very small increase over the third quarter. Average asking commercial rents for the fourth quarter increased to a record \$69.77 per square foot, although rents appear to be leveling.



Among city submarkets, the highest vacancy rate was in the North Financial District (10.1%), with the lowest vacancy in the Presidio (1.1%). East SOMA saw the highest average asking rent (\$76.40 per square foot), with the lowest average asking rent on the North Waterfront (\$49.71 per square foot). The core Central Business District had an average asking rent of \$70.57, a vacancy rate of 9.1%, and total inventory of 51.6 million square feet.

Leasing activity was higher in the fourth quarter of 2016 than in any other quarter, with new leasing activity totaling 1.3 million square feet. Several large transactions were signed during this period, including renewals from Charles Schwab and Morgan Stanley and expansion deals from Adobe and NerdWallet. A total of 46% of new Q4 transactions were subleases, including NerdWallet's expansion.

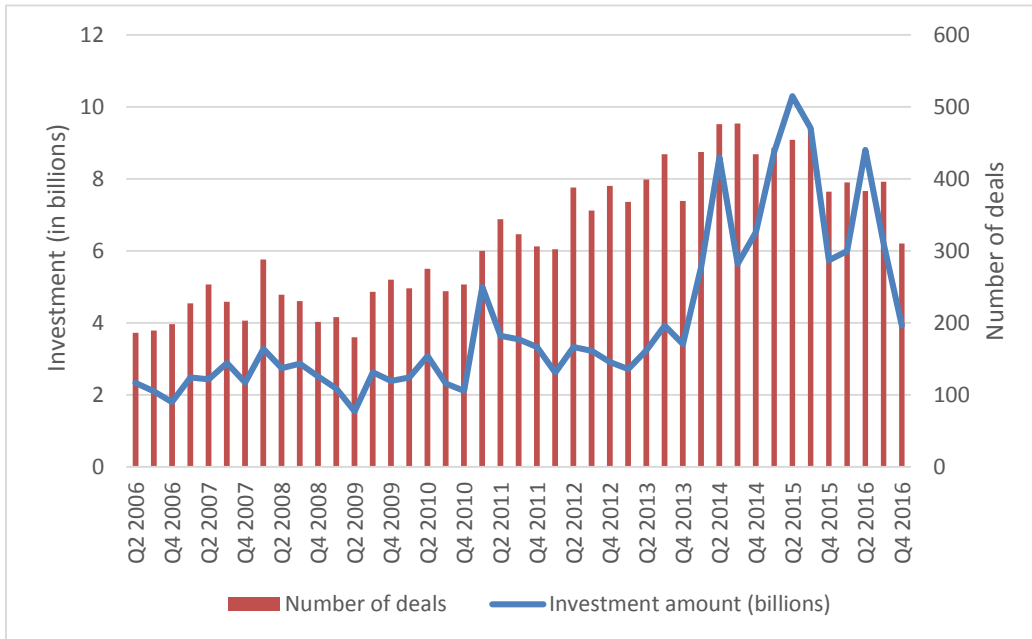
Last year also was a significant year for new construction, with 1.5 million square feet built and more than 3 million square feet of new office space scheduled for completion in 2017, including Salesforce Tower, 181 Fremont Street, and 350 Bush Street. A total of 5.8 million square feet is set to deliver over the next five years.

	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	5.9%	8.0%	▲
Net Absorption (sf)	253K	-335K	▼
Under Construction (sf)	4.3M	3.8M	▼
Average Asking Rent*	\$68.14	\$69.77	■

Source: Cushman & Wakefield

Venture Capital Investment

Venture capital firms invested \$6.2 billion in Bay Area deals in the third quarter of 2016 and \$3.9 billion in the fourth quarter, representing two successive quarters of decline and down from a local high of \$8.8 billion in the second quarter of 2016. Q4 2016 showed the lowest local VC investment rate since Q4 2013. Deal volume in 2016 increased from 383 in Q2 to 396 in Q3 before dropping to 310 in Q4.

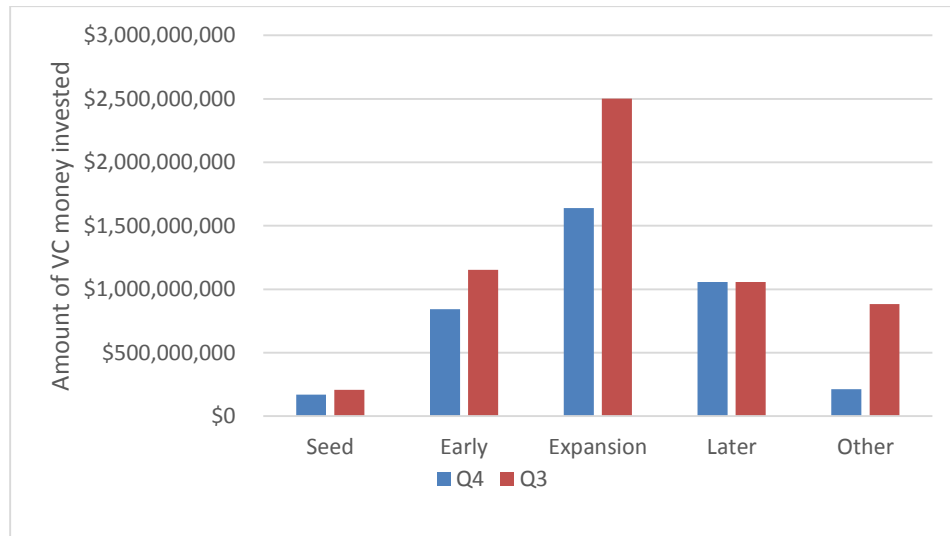


The Bay Area continued to receive the most VC funding of all U.S. regions in the last half of 2016, although funding as a percentage of the national total has declined. New York had the second-highest Q4 investment (\$1.96 billion), followed by Washington DC/Metropolplex with \$1.44 billion.

The Bay Area also received the highest volume of venture capital funding of any region in California (77.5%), and the state received the largest amount of VC investment nationally (43.3%). However, as indicated in the Bay Area's percentage of total U.S. funding, these percentages are lower than in past quarters.

The Internet sector received the largest amount of Bay Area VC investment in both Q3 and Q4, attracting \$2.89 billion in the third quarter and \$1.99 billion in the fourth. Mobile & Telecommunications (\$5.24 million) and Healthcare (\$4.4 million) followed.

Bay Area VC investment declined across all stages in the last half of 2016. While seed stage and early stage funding remained at comparable levels throughout the final three quarters of 2016, funding for expansion-stage companies decreased by 34.5% and later-stage companies decreased by 27.5%. Mature startups continued to receive the majority of VC investments.



Source: MoneyTree Report Q4 2016, CB Insights “Venture Pulse” Report Q4 2016, www.mercurynews.com

Why Companies Choose Cities

The availability of skilled labor was ranked first on a recent list of the top 10 reasons companies decide to move to cities. Other highly-ranked reasons included highway accessibility, quality of life, and building availability.

Source: Area Development

SF Rankings

Top 5 Best Metropolitan Areas for STEM Professionals

The Bay Area ranked third on the list of Best Metropolitan Areas for STEM professionals in 2017, based on metrics including STEM employment growth and the quality of local engineering universities.

1. Seattle-Tacoma-Bellevue, WA
2. San Jose-Sunnyvale-Santa Clara, CA
- 3. San Francisco-Oakland-Hayward, CA**
4. Boston-Cambridge-Newton, MA-NH
5. Springfield, MA

Source: WalletHub

Global Cities of the Future

fDi Magazine ranked San Francisco tenth overall and fourth for economic potential in its international 2016/2017 list of **Global Cities of the Future**. No other U.S. city outranked San Francisco in economic potential, and only New York outranked San Francisco overall, based on a city’s economic potential, business friendliness, human capital, cost effectiveness, and connectivity.

Source: *fDi*

Contact Us:

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.

Should you have questions, comments or would like more information on SFCED services, please contact:

Dennis Conaghan
Executive Director
+1 415.352.8819
dconaghan@sfcged.org

www.sfcged.org

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