



QuickFacts

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First Quarter 2017

Employment

Unemployment rates in the nine Bay Area counties have changed very little in the past year, decreasing by less than half of a percentage point between February 2016 and February 2017. The state unemployment rate also declined, from 5.7% in February 2016 to 5.2% in February 2017.

As in the previous two quarters, the lowest unemployment rates statewide were in Marin, San Francisco, and San Mateo counties; Solano was the only Bay Area county to see an unemployment rate higher than the state average. Overall, the San Francisco Bay Area had lower unemployment rates than any other metropolitan area in California.

Bay Area Unemployment Rates (Not Seasonally Adjusted)

County	16-February	16-December	17-January	17-February**
Alameda	4.3%	3.7%	4.1%	3.9%
Contra Costa	4.5%	3.9%	4.3%	4.1%
Marin	3.2%	2.9%	3.2%	3.0%
Napa	4.5%	4.6%	4.9%	4.2%
San Francisco	3.3%	2.9%	3.2%	3.0%
San Mateo*	3.0%	2.7%	2.9%	2.8%
Santa Clara	3.7%	3.3%	3.6%	3.5%
Solano	5.6%	5.1%	5.7%	5.4%
Sonoma	4.1%	3.6%	4.1%	3.8%

*Lowest in state. Source: California Employment Development Department

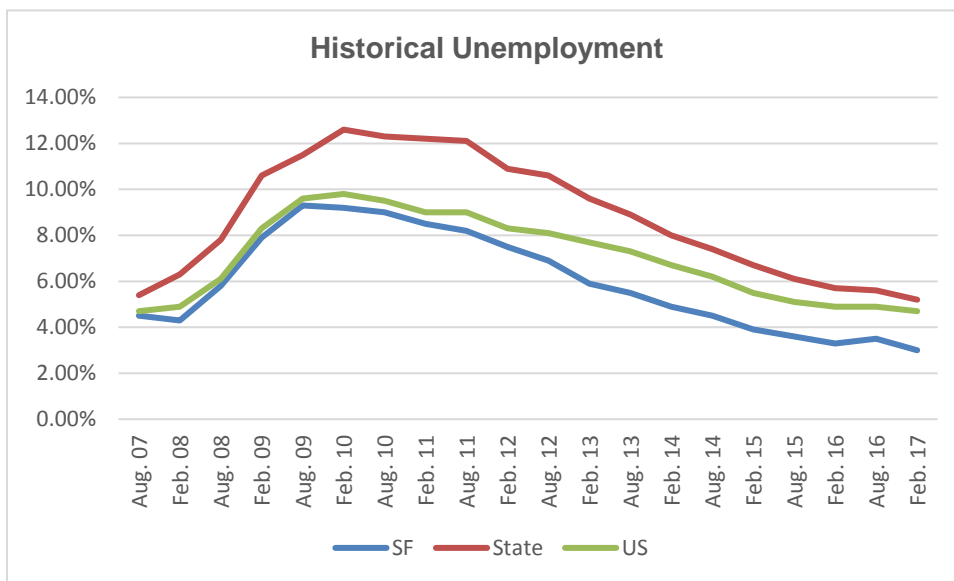
**Data for February 2017 is preliminary.

Unemployment rates nationally, in California and in San Francisco now seem to have stabilized from the peak rates seen during the recession.

The number of jobs in the San Francisco-Redwood City-South San Francisco metro area increased slightly between February 2016 and February 2017--from 1,077,100 to 1,103,000, a gain of 2.34%--with the biggest growth in the transportation, warehousing, and utilities sectors. With the exception of farming, most major sectors saw job increases in the low single digits over the last year.

More recently, while 6,500 new jobs were added in the first two months of 2017, the number of jobs in the San Francisco metro area fell slightly between December 2016 and January 2017.

The number of employed workers across California increased from 16,630,900 to 16,941,400 since February 2016, a gain of 1.87%. Like San Francisco, California statewide employment dropped between December 2016 and January 2017 but rose slightly in the first month of the new year.



Source: Employment Development Department

Housing

The number of homes sold, including resale single family residences and condos, as well as new construction, dropped by 13.5% in San Francisco over the past year, the biggest percentage change of any Bay Area county. Five of the nine Bay Area counties showed a drop in home sales volume, with Solano having the highest percentage increase.

San Francisco had the largest median home sale price of all Bay Area counties in February 2017. Home sale prices rose year-to-year in every Bay Area county except Marin, but while San Mateo and Sonoma County prices increased by more than 10%, San Francisco prices remained stable.

Bay Area Home Sales: Sales Volume and Median Price

All Homes	Sales Volume			Median Sale Price		
	Jan-16	Feb-17	% Chng	Feb-16	Feb-17	% Chng
Alameda	943	966	2.44%	\$639,000	\$682,000	6.7%
Contra Costa	978	984	.613%	\$475,000	\$508,000	6.9%
Marin	177	164	-7.34%	\$855,000	\$815,500	-4.7%
Napa	89	88	-1.12%	\$550,000	\$551,250	0.2%
Santa Clara	1,053	1,067	1.33%	\$775,000	\$845,000	9.0%
San Francisco	394	341	-13.5%	\$1,157,500	\$1,146,500	1.0%
San Mateo	396	384	-3.03%	\$910,000	\$1,027,500	12.9%
Solano	423	445	5.20%	\$359,000	\$361,000	0.6%
Sonoma	384	336	-12.5%	\$475,000	\$526,250	10.8%

Source: CoreLogic

The median sales price of existing single-family homes in the San Francisco metropolitan area was \$784,470, compared with \$454,270 in the Los Angeles metropolitan area and \$478,790 in California overall.

Source: *California Association of Realtors*

Commercial Real Estate

Overall asking rents in San Francisco were \$69.66 per square foot in the first quarter of 2017, a very small decrease from Q4 2016. In addition, the Q1 vacancy rate of 8.7% marks four consecutive quarters of increased vacancy and gives some breathing room to tenants who are searching for space and have limited options. The Financial District in particular had a large amount of space open up, with direct vacant space increasing by 890,000 square feet and sublease vacant space increasing by 400,000 square feet.

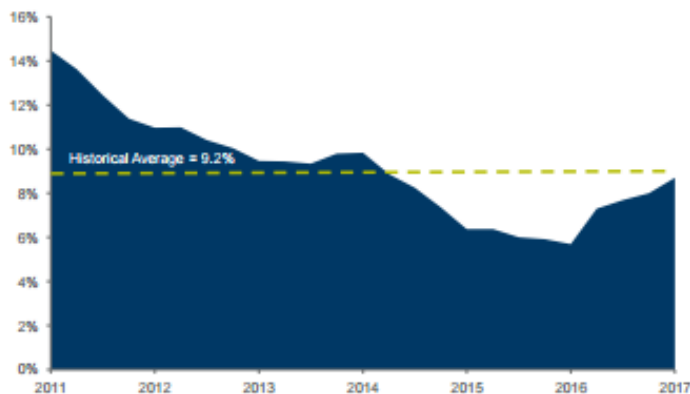
New leasing in the first quarter of 2017 totaled 1.5 million square feet, just under the quarterly historical average dating back to 2006. Q1 2017 featured four deals that were more than 100,000 square feet, including transactions by Google, Adobe, and Accenture. Sublease vacancy remained essentially unchanged since the middle of 2016.

A total of 5.1 million square feet of commercial real estate was under construction as of the end of Q1 2017, including the Oceanwide Center, the second tallest office building in San Francisco estimated to be completed in 2021. Three million square feet of new construction deliveries are scheduled to come on the market in 2017, a little less than half of which has been pre-leased.

Market Indicators (Overall, All Classes)

	Q1 16	Q1 17	12-Month Forecast
Overall Vacancy	5.7%	8.7%	▲
Net Absorption (sf)	362K	-553K	▼
Under Construction (sf)	4.4M	5.1M	▼
Average Asking Rent*	\$68.44	\$69.66	▲

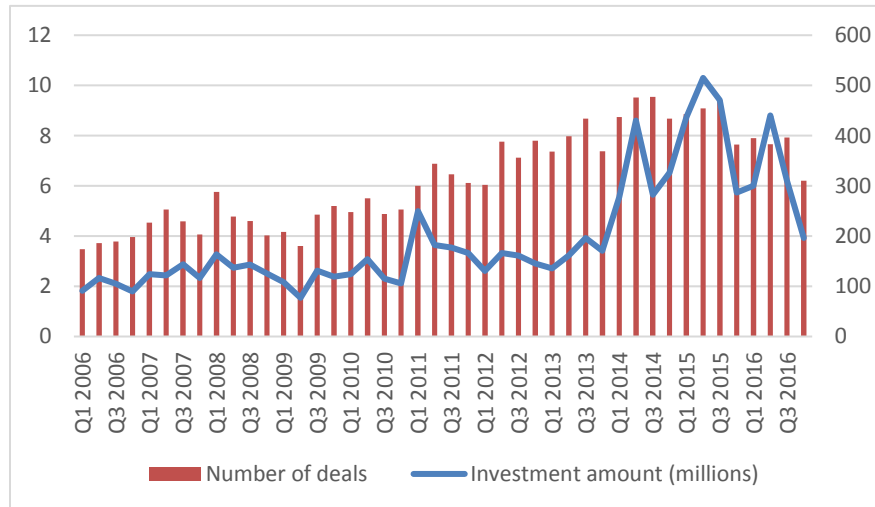
Overall Vacancy



Source: *Cushman & Wakefield*

Venture Capital Investment

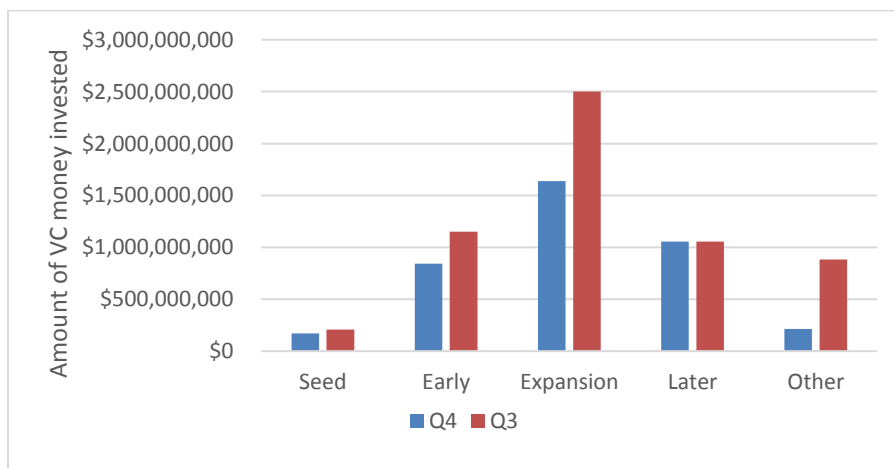
From a high of \$8.8 billion in Q2 2016, venture capital firms invested \$6.2 billion in the Bay Area in Q3 2016 and \$3.9 billion in Q4 2016, representing two successive quarters of decline; Q4 2016 showed the lowest local VC investment since the fourth quarter of 2013. The number of 2016 transactions dropped to 310 in Q4, compared to 383 in Q2 and 396 in Q3.



Despite fewer transactions, the Bay Area continued to receive the most funding of all U.S. regions in Q3 and Q4 2016. New York had the second-highest Q4 investment (\$1.96 billion), followed by DC/Metroplex with \$1.44 billion.

The Internet sector received the highest amount of Bay Area VC investment in both the third and fourth quarters of 2016, receiving \$2.89 billion in Q3 and \$1.99 billion in Q4. Mobile & Telecommunications and Healthcare followed.

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 funding for later-stage companies dropped by 27.5%. Mature startups continued to receive the majority of venture capital investments, with expansion stage companies receiving 48% of all Bay Area VC funding.



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

Healthiest Cities in America

San Francisco was named the Healthiest City in America in a 2017 analysis by WalletHub, based on criteria including the number of fitness clubs per capita, premature death rates, and the cost of visiting a doctor.

1. San Francisco, CA

2. Salt Lake City, UT
3. Scottsdale, AZ
4. Seattle, WA
5. Portland, OR

Source: WalletHub

Cities Creating the Most Tech Jobs

In its annual ranking of cities generating the most technology jobs, *Forbes* tracked employment data from 2006 to 2016, with extra weight given to growth in 2014-2016 to allow for recent momentum.

1. San Francisco-Oakland-Hayward, CA

2. Charlotte-Concord-Gastonia, NC
3. Austin-Round Rock, TX
4. San Jose-Sunnyvale-Santa Clara, CA
5. Indianapolis-Carmel-Anderson, Indiana

Source: Forbes

Best Cities for Jobs

San Francisco came in fifth on a list of the 2017 Best Cities for Jobs, as determined by factors including job opportunities, employment growth, and median annual income.

1. Scottsdale, AZ
2. Plano, TX
3. Orlando, FL
4. Sioux Falls, SD
5. San Francisco, CA
6. Rancho Cucamonga, CA
7. Chandler, AZ
8. Salt Lake City, UT
9. Tempe, AZ
10. Raleigh, NC

Source: WalletHub

Contact Us

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