



QuickFacts

October 2017

As we distribute this month's Quick Facts, we want to take special note of the businesses and employees in Sonoma, Napa, Lake and Mendocino counties who have been so severely impacted by the recent wildfires. You have our support and are in our thoughts as you begin the process of rebuilding lives and communities.

Unemployment

According to the California Employment Development Department, the unemployment rate for August 2017 was 5.4%, unchanged from July 2017 and 0.2 points lower than August 2016. Nationwide, the unemployment rate was 4.5% during this same period.

In the Bay Area, unemployment held at 3.3% in August 2017, unchanged from 3.3% in both July 2017 and July 2016. San Mateo County continues to have the lowest unemployment rate in the region at 3.2%, followed by Marin (3.4%), and San Francisco (3.5%).

Bay Area unemployment rates overall remained lower compared to other parts of California, including Sacramento (5.4%), Los Angeles (5.4%), and San Diego (4.7%).

Bay Area Unadjusted Unemployment Rates *(Not Seasonally Adjusted)*

County	16-August	17-June	17-July	17-August**
Alameda	4.6%	4.0%	4.3%	4.4%
Contra Costa	4.7%	4.1%	4.4%	4.5%
Marin	3.5%	3.1%	3.4%	3.4%
Napa	4.0%	3.6%	3.8%	3.8%
San Francisco	3.5%	3.2%	3.4%	3.5%
San Mateo*	3.2%	2.9%	3.1%	3.2%
Santa Clara	4.0%	3.5%	3.8%	3.8%
Solano	5.7%	5.0%	5.4%	5.5%
Sonoma	4.1%	3.6%	3.9%	3.9%

*Lowest in State. Source: CAL-EDD

** Data for August 2017 is preliminary

Between July 2017 and August 2017, the number of jobs in the Bay Area increased by 3,600, to a total of 1,122,500. From August 2016 to August 2017, the total number of jobs in San Francisco and San Mateo counties increased by 19,000, or 1.7%. Leisure and hospitality employment grew by 8,300 jobs, with Accommodations and Food Services representing four-fifths of the gain.

The number of unemployed Californians overall was 972,000 in August 2017, up by 46,000 over the month, but down by 59,000 compared to August of last year.

Source: EDD

Housing

Bay Area home sales in August 2017 were the highest for the month since 2013. A total of 8,388 new and resale homes were sold in the Bay Area, marking a 1.7% year-over-year increase from August 2016. Santa Clara exhibited the greatest increase, with year-over-year growth of 9.6%. Four of the nine Bay Area counties showed a drop in the number of homes sold, with San Francisco seeing the biggest decline, with sales down 14%.

Regarding median sales prices, the Bay Area's 11.6% year-over-year gain in August 2017 was the highest increase in more than 18 months. Home prices have increased year-over-year in every Bay Area county, hitting an all-time high of \$775,000 in June 2017. Santa Clara had the largest year-over-year increase (13.3%), with San Francisco at 9.1%.

Bay Area Home Sales: Volume and Median Price

All Homes	Sales Volume			Median Price		
	Aug-16	Aug-17	% Chng	Aug-16	Aug-17	% Chng
Alameda	1,744	1,801	3.3%	\$673,000	\$752,000	11.7%
Contra Costa	1,764	1,749	-0.9%	\$509,000	\$572,000	12.4%
Marin	278	288	3.6%	\$898,000	\$960,000	6.9%
Napa	155	140	-9.7%	\$545,000	\$562,250	3.2%
Santa Clara	1,697	1,860	9.6%	\$825,000	\$935,000	13.3%
San Francisco	559	481	-14.0%	\$1,100,000	\$1,200,000	9.1%
San Mateo	659	661	0.3%	\$1,020,000	\$1,134,750	11.3%
Solano	737	733	-0.5%	\$385,000	\$398,000	3.4%
Sonoma	652	675	3.5%	\$525,000	\$577,600	10.0%
Bay Area	8,245	8,388	1.7%	\$665,000	\$742,000	11.6%

Source: CoreLogic

Commercial Real Estate

San Francisco is undergoing another wave of very strong commercial activity, with established technology companies assuming large blocks of space.

The citywide overall vacancy rate closed the third quarter of 2017 at 8.5%, a very small increase from Q2 but a big increase over one year ago. Overall net absorption was essentially flat in Q3, totaling a negative 55,894, due to a lack of large block move-ins. Overall asking rents increased to \$70.51 psf in Q3, with CBD Class A direct average asking rents decreasing \$0.38 psf, to \$74.71 psf.

A total of 5.1 million square feet (msf) was under construction at the end of the third quarter, with 1.8 msf of new construction scheduled to deliver in Q4 2017, including Salesforce Tower and 350 Bush Street. A number of large users are in negotiation for the remainder of this space, and these buildings may very likely deliver at 100% occupancy.

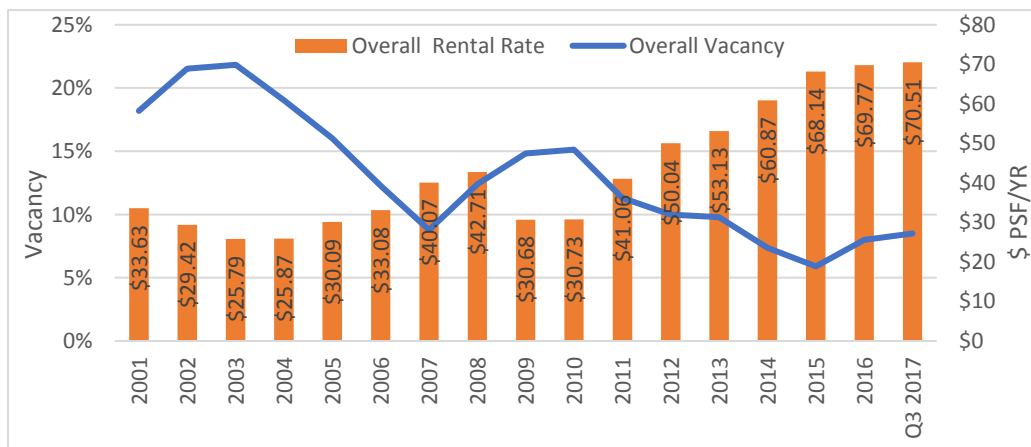
At the current pace, 2017 should be the most active year since 2014's total of 9.8 msf. By far, the largest transaction of Q3 was Facebook's 423,000 sf at 181 Fremont Street, where it will occupy the entire office portion in the first half of 2018. The second largest transaction in Q3 totaled 176,000 sf, a lease to Amazon at 525 Market Street.

Market Indicators (Overall, All Classes)

	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	7.7%	8.5%	▲
Net Absorption (sf)	263K	-56K	▼
Under Construction (sf)	3.8M	5.1M	▼
Average Asking Rent*	\$69.21	\$70.51	▲

*Rental rates reflect full service asking \$psf/year

Overall Vacancy/Rental Rate



Source: Cushman & Wakefield

Brief QuickFacts

Rankings of Workspace Priorities

In the U.S. in 2017, the amount of office space per employee--which has been declining steadily since 2010--currently sits at about 180 sf. According to *Area Development Magazine*, priorities for a workspace are as follows:

Ranking of Workspace Priorities By Office Tenants	
	Top Priority
Having a functional workspace	34%
Keeping cost/operating expenses down	22%
Having a modern, technologically connected space	15%
Having a space that promotes wellness/work-life balance	12%
Impressing or attracting current/new clients	9%
Keeping current employees/talent retention	7%
Attracting new employees/talent recruitment	1%

Source: *Area Development*

Healthcare

In a recent ranking by *U.S. News*, UCSF Medical Center Ranked as the Best Hospital in California.

Top Cities Where Employees Are Happiest

Career site Glassdoor recently rolled out the 25 Best Cities for Jobs in the U.S. and took a look at three factors: how easy it is to get a job, how affordable it is to live there, and how satisfied employees are working there. San Francisco came out on top:

1. **San Francisco, CA**
2. San Jose, CA
3. Salt Lake City, UT
4. San Diego, CA
5. Boston, MA

Source: *Forbes*

Top Tech Cities

An annual analysis released from real estate and investment firm CBRE ranked the top cities for tech talent, based on factors including available workers and cost of living. The Bay Area continues to excel in the rankings, in large part as a result of the rapid growth over the past decade of social media and technology business applications. The San Francisco Metro Area ranks first for tech talent:

1. **San Francisco**
2. Seattle

3. New-York City
4. Washington, D.C.
5. Atlanta

Source: *Forbes*

Best Cities for Millennials

Niche.com looked at 228 cities with populations of more than 100,000 to find the Best 100 cities for Millennials. The site arrived at its ranking by considering, among other factors, the number of residents between the ages of 25 and 34; the number and proximity of coffee shops, bars and restaurants; the level of education among residents; and the cost of living and employment statistics.

1. Arlington, Va.
2. Cambridge, Mass.
3. **San Francisco**
4. Alexandria, Va.
5. Minneapolis

Source: *Niche.com* by *The New York Times*

SF Tops Fastest Growing Metropolitan Areas

The Bay Area economy grew by 5.2% in 2016, nearly three times faster than the national rate. According to the latest data from the U.S. Census Bureau, San Francisco tops the list of the 25 largest metropolitan areas by household income and among the fastest growing economies.

1. **San Francisco**
2. Washington DC
3. Boston
4. Seattle
5. Baltimore

Source: *U.S. Census Bureau*

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