



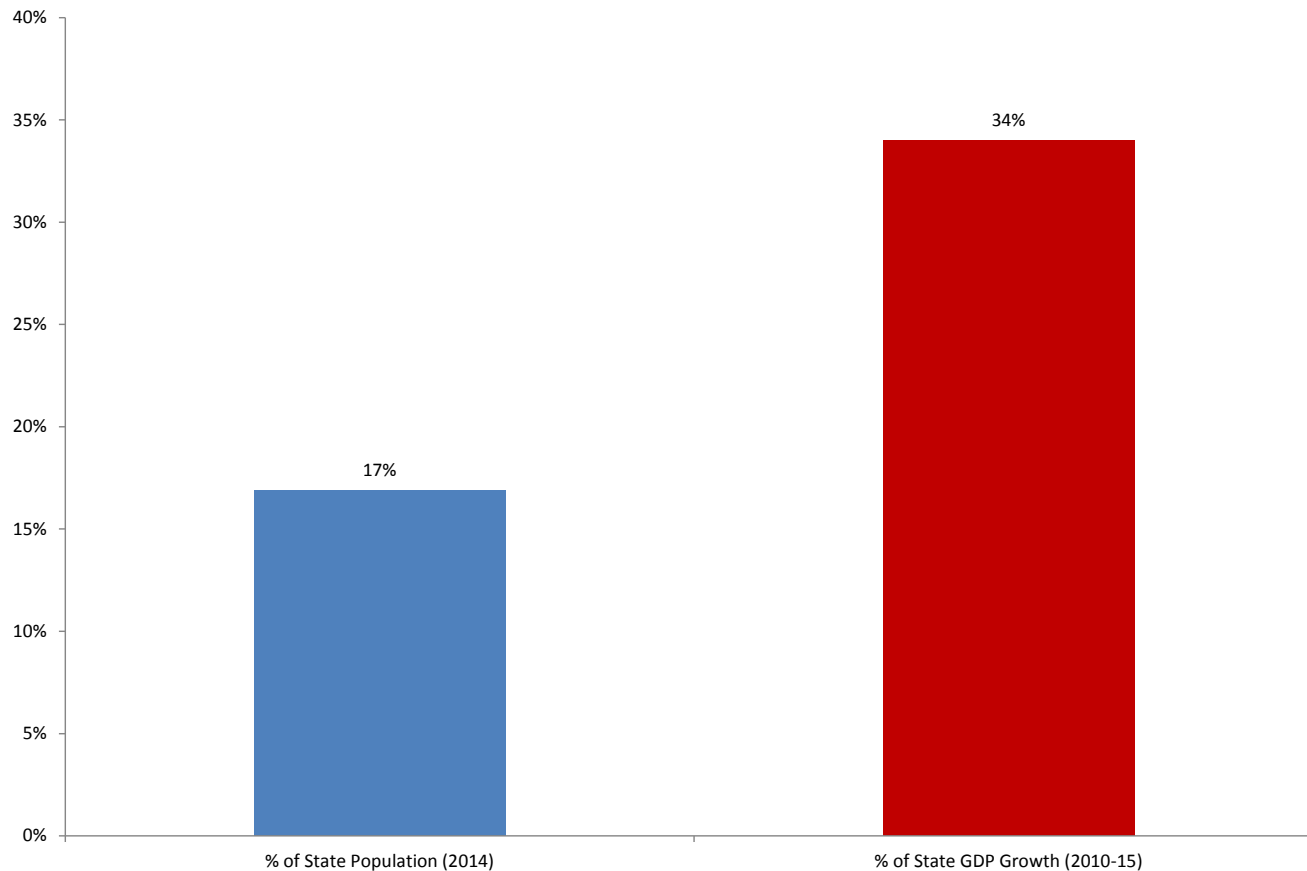
San Francisco's Economic Performance, Outlook, and Risks

Ted Egan, Ph.D., Chief Economist
Controller's Office
City and County of San Francisco

October 12, 2016

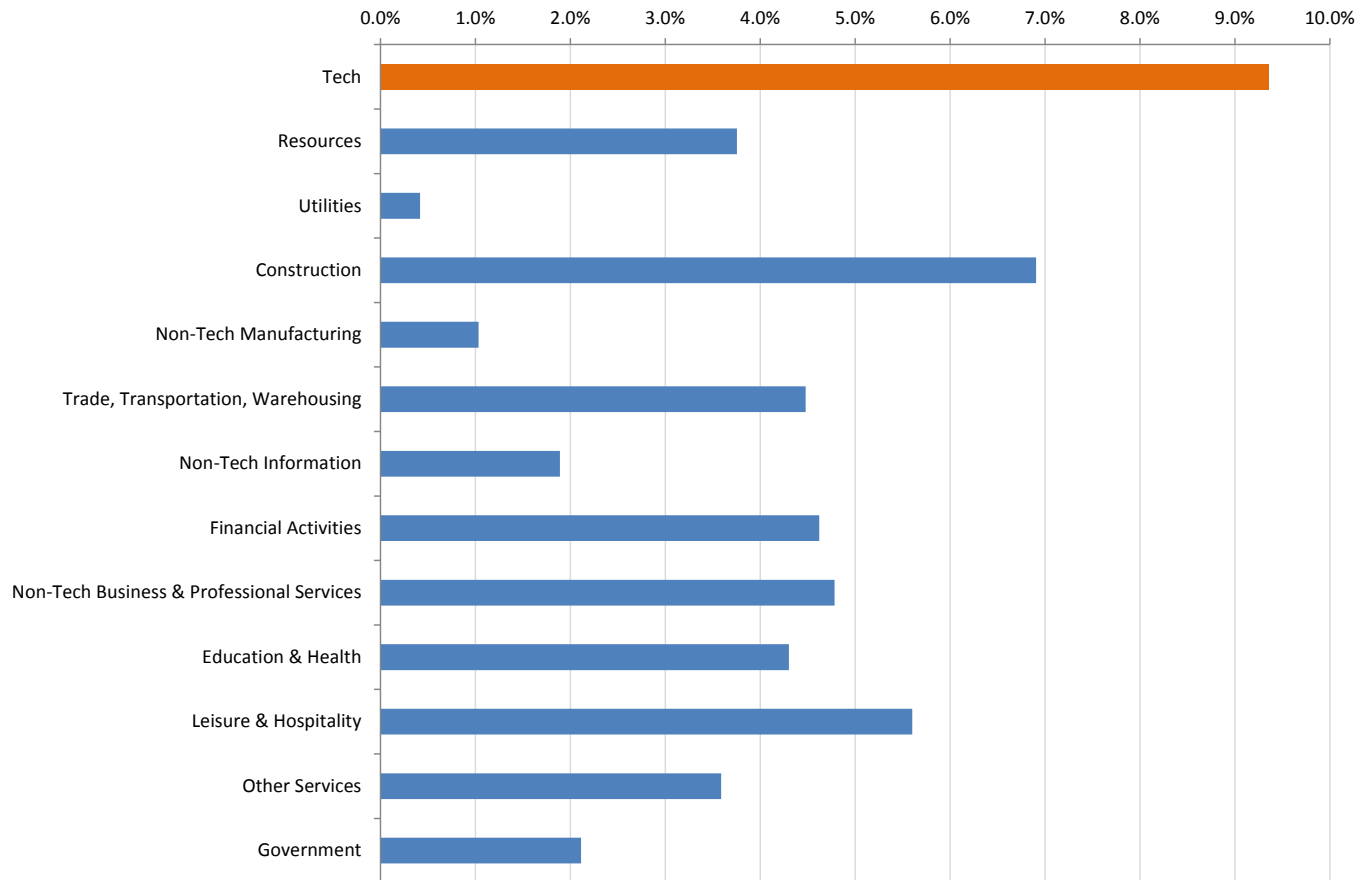
The Bay Area Has Disproportionately Contributed to State Growth This Decade

Bay Area's Share of State Population and Recent GDP Growth



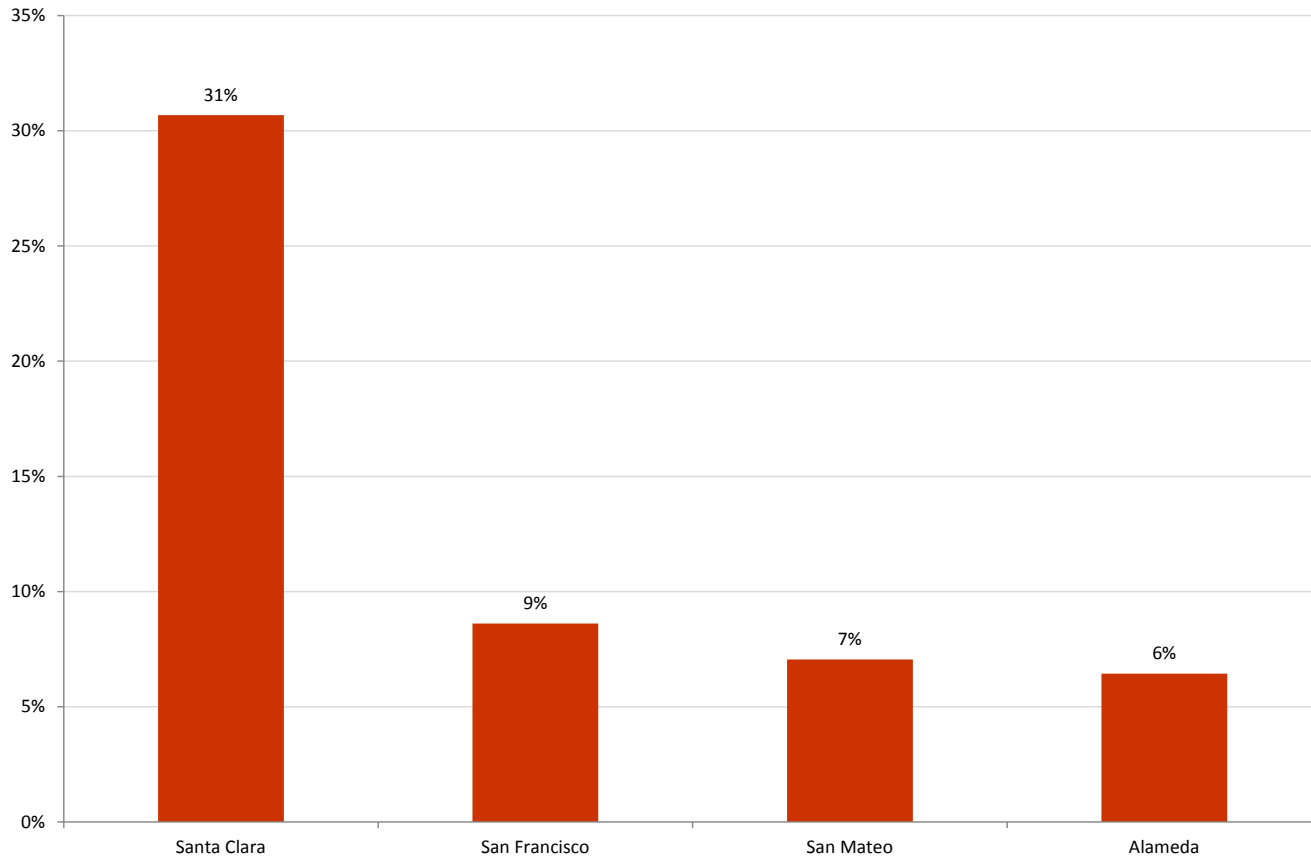
Tech Has Been the Fastest-Growing Part of the California Economy...

California GDP Growth Rate by Industry, 2010-2014 (Current \$)



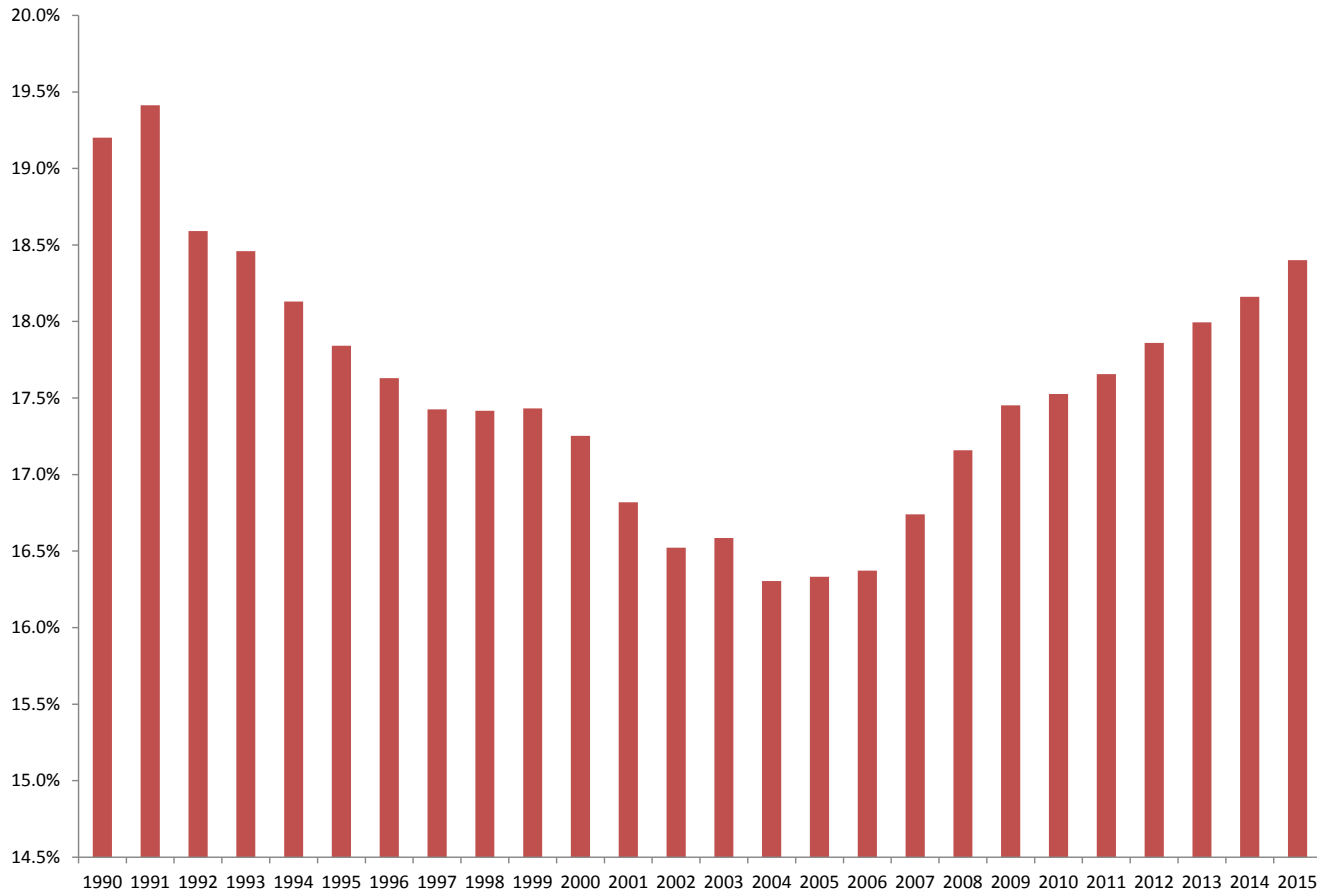
...And Four Bay Area Counties Have 53% of the State's Tech Employment

Four Bay Area Counties' Share of State Tech Employment, 2015

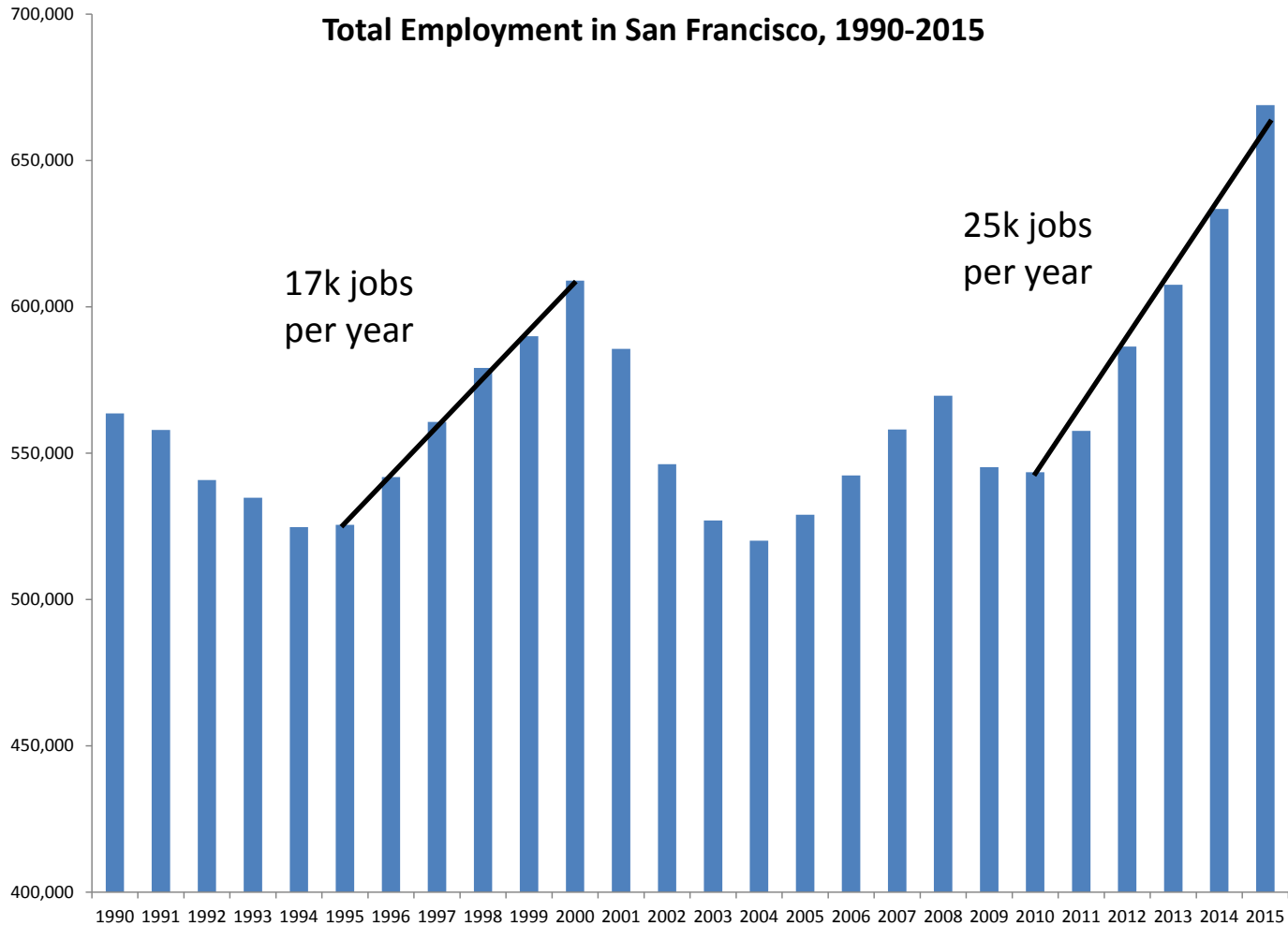


San Francisco's Economic Position in the Bay Area Has Changed in the Past Ten Years

San Francisco's Share of Bay Area Employment, 1990-2015



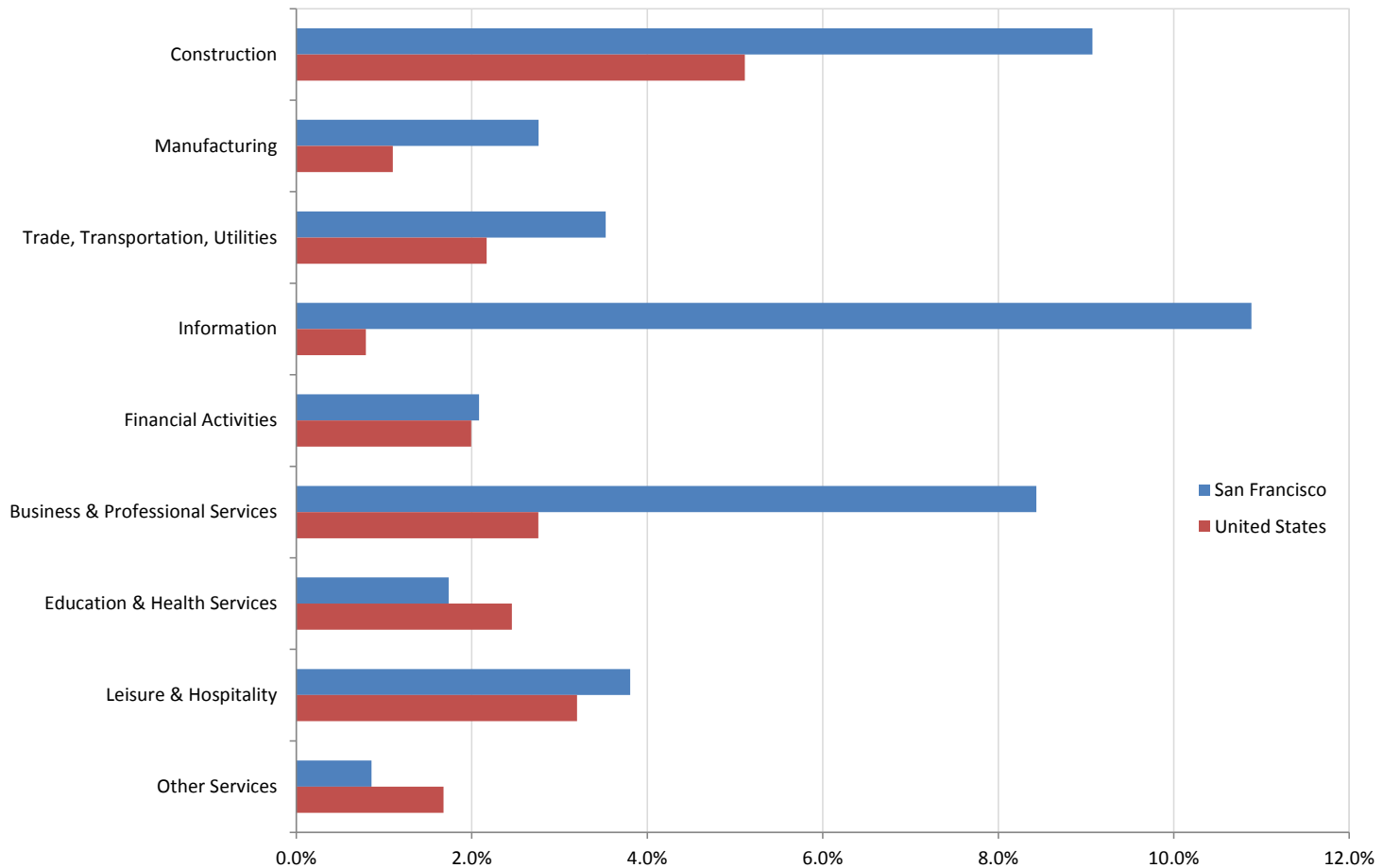
2015 Was the Biggest Year in the City's Economic History, Adding 35,000 Jobs



Source: BLS

Employment Gains Continue Across Every Sector of the City's Economy

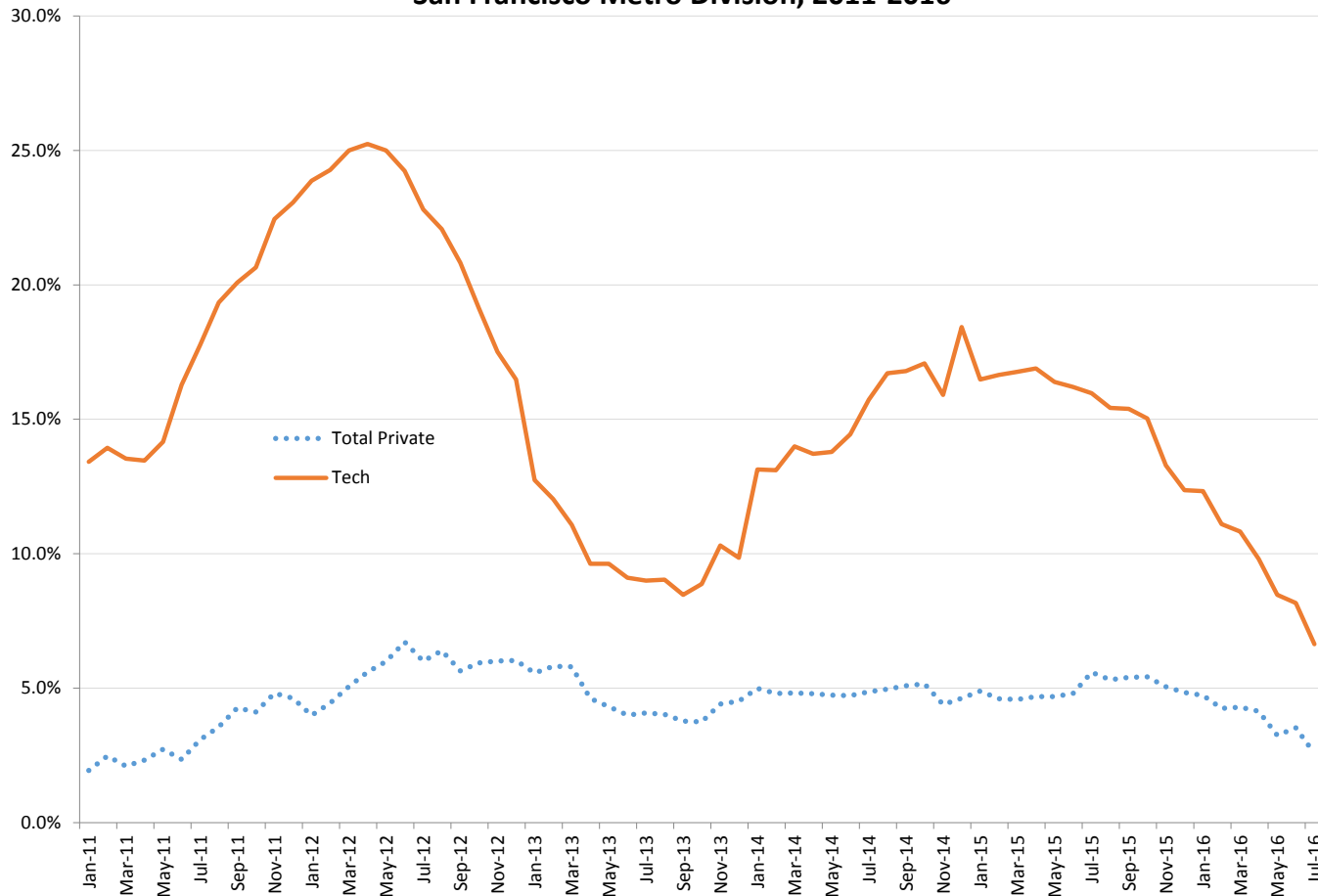
**Employment Growth By Sector,
San Francisco and the United States, 2014-15**



Source: BLS

However, Monthly Data For the San Francisco/San Mateo County Region Shows a Marked Slowdown in Tech, and Total, Employment

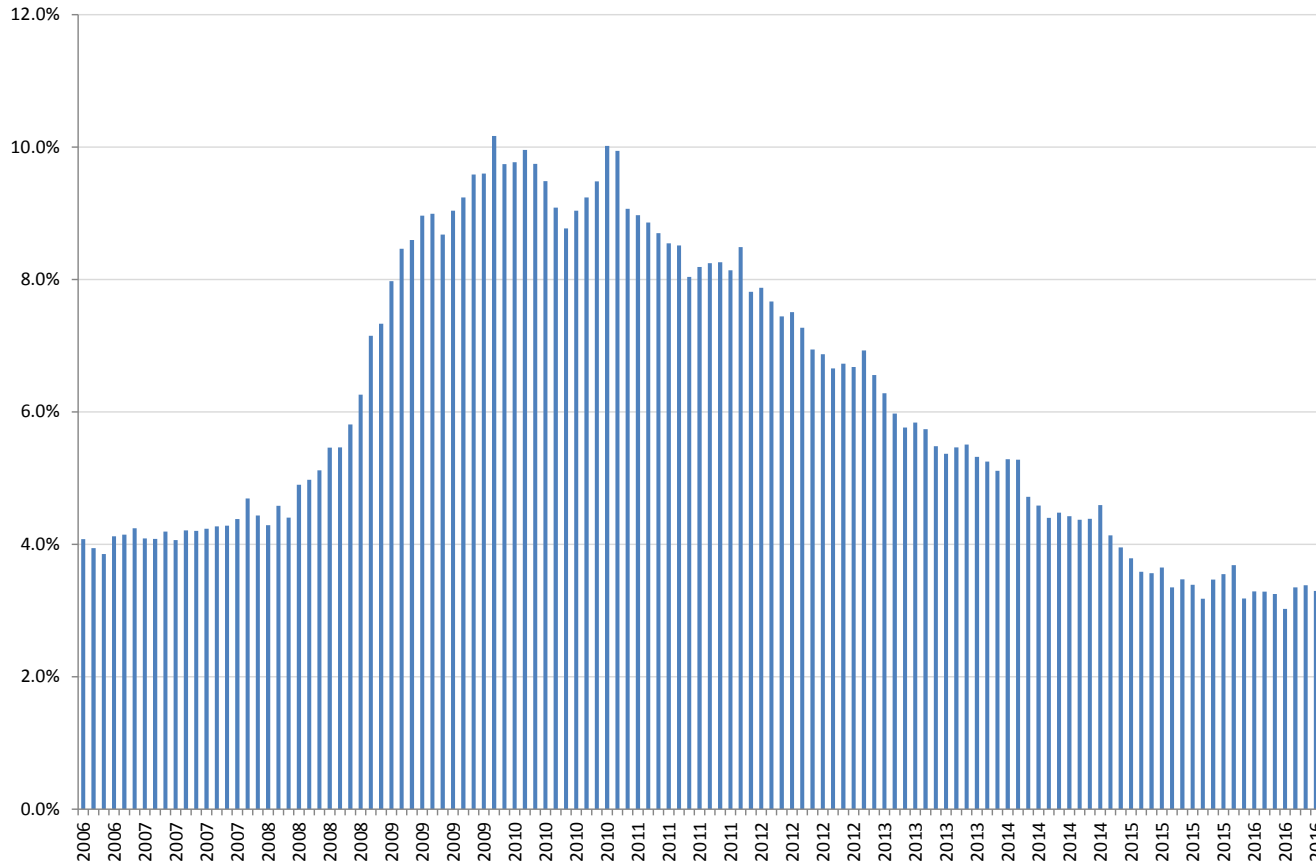
Annual Growth Rate in Tech and Total Private Employment,
San Francisco Metro Division, 2011-2016



Source: EDD

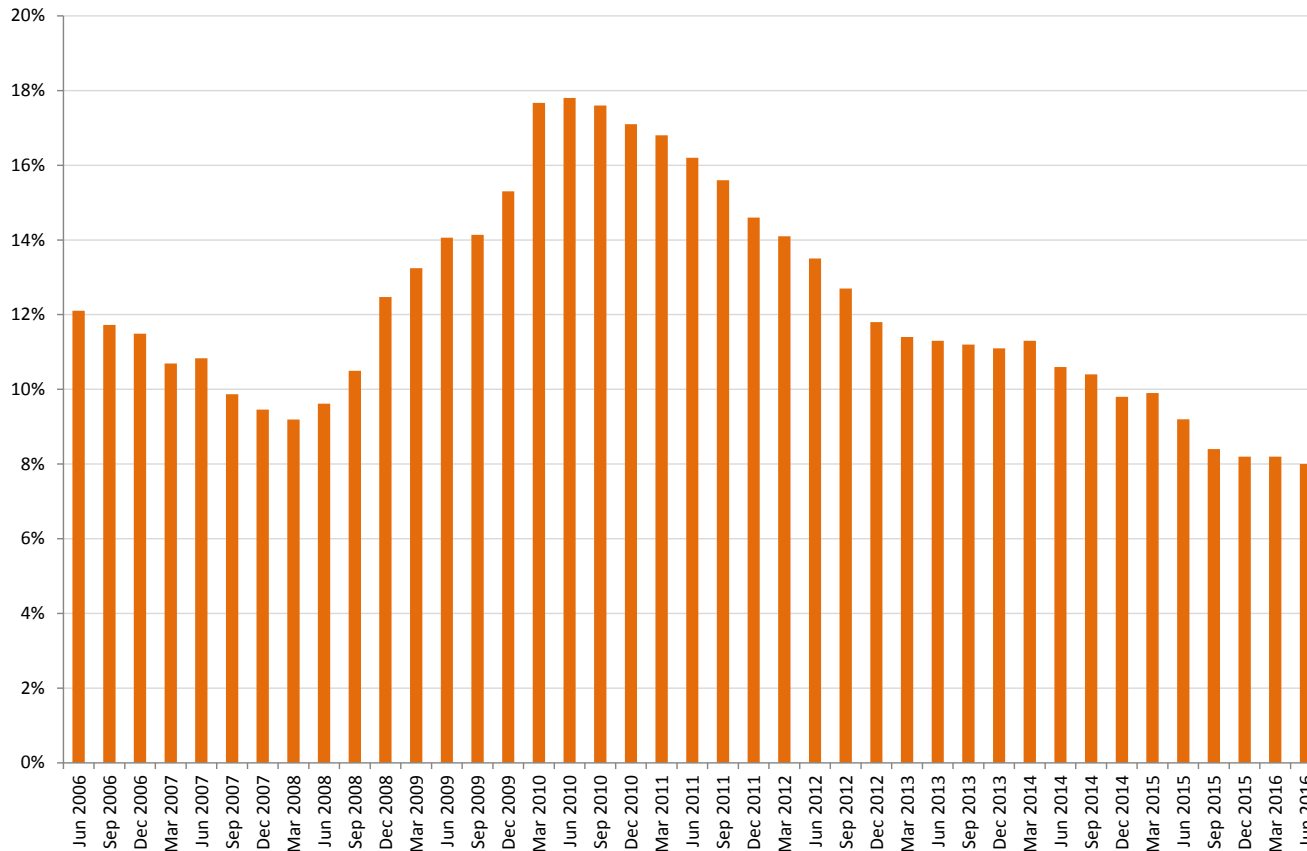
Full Employment is Partly the Explanation

**San Francisco's Monthly Unemployment Rate, Seasonally-Adjusted,
August 2006-August 2016**

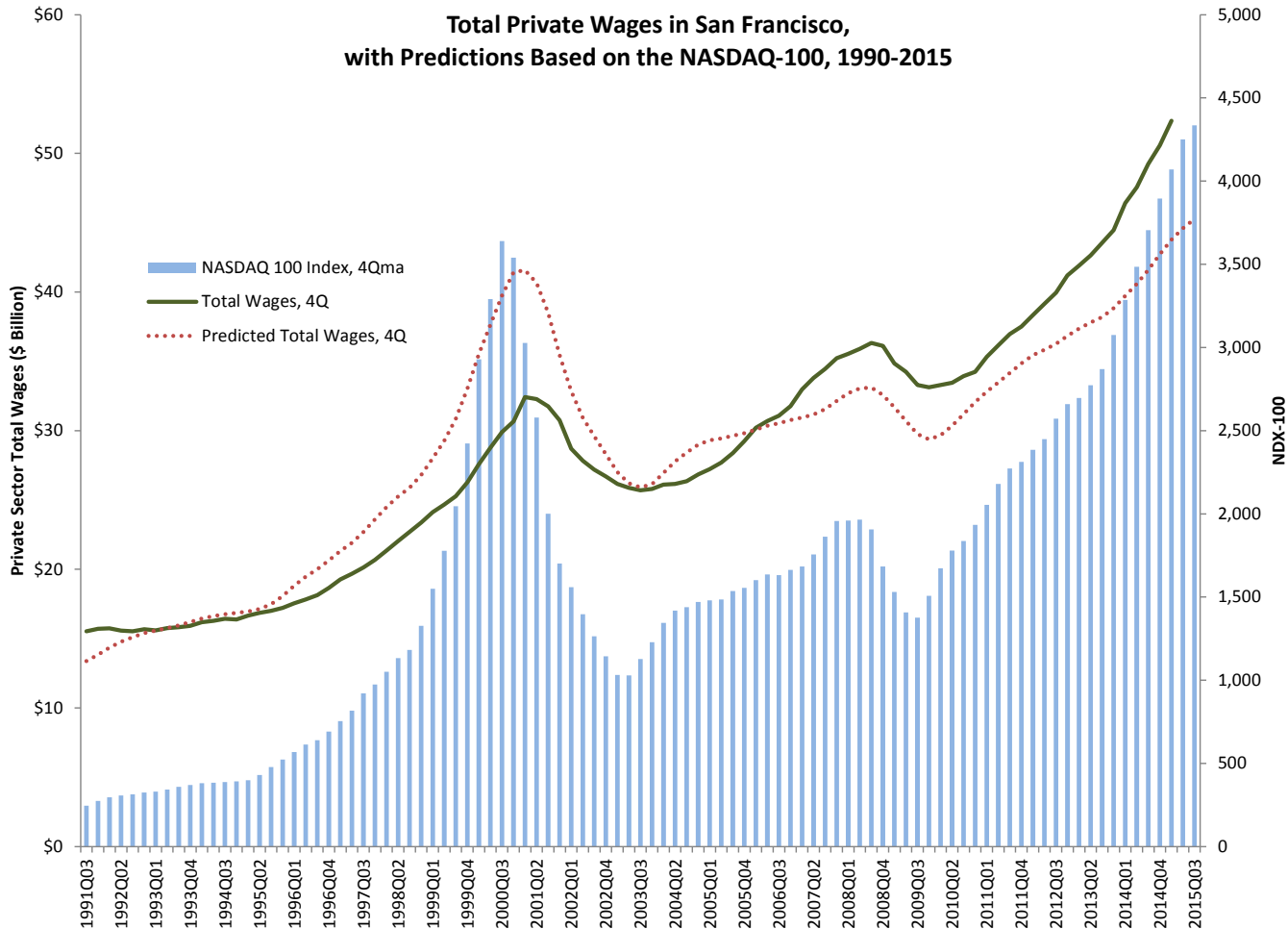


As Well as a Tightening Office Market

San Francisco Class A Office Vacancy Rates, 2006-2016



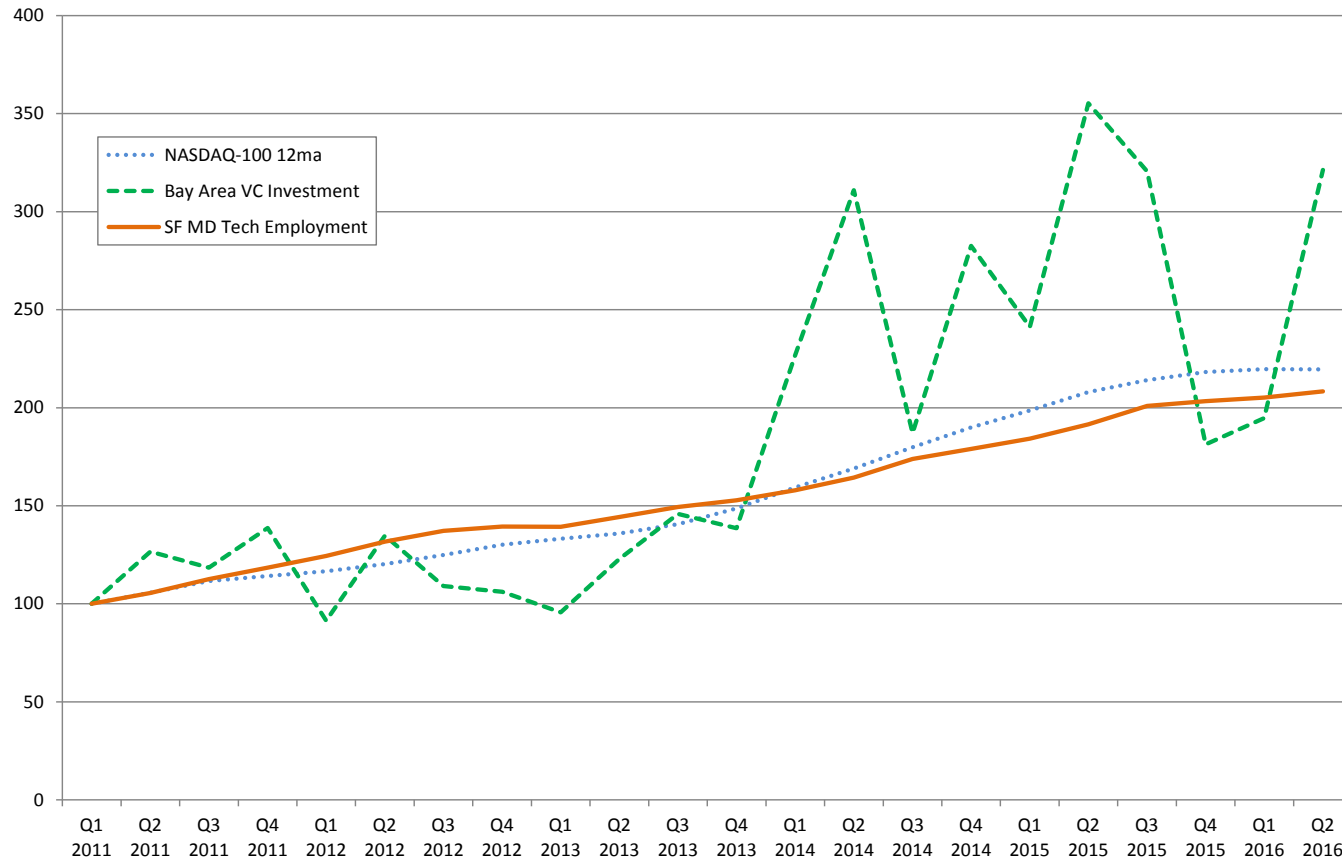
But Changes in the Stock Market Historically Predict Tech *and* Total Employment in San Francisco



Source: BLS, Yahoo! Finance

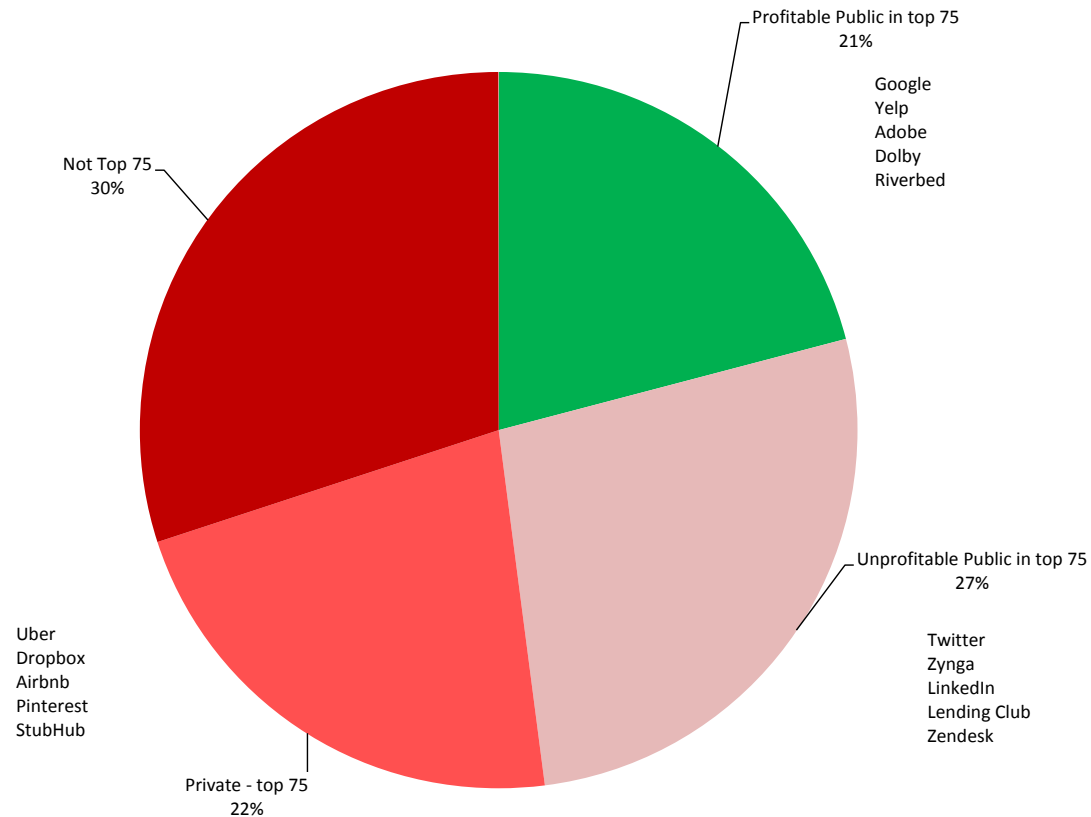
The Stock Market Affects Venture Capital Investment, and Ultimately Tech Employment

**NASDAQ-100 Index, Bay Area Venture Capital Investment,
San Francisco Metro Division Tech Employment, 2011-16 (2011=100)**



The City's Tech Sector Continues to Rely on Fresh Equity Investment

SF Tech Employment (2014/early 2015) by Company Status



Source: SF Business Times, Company Reports, BLS

So San Francisco Faces Local as Well as Global Economic Risks

- The U.S. Economy – Risk is relatively low, but global factors, politics are a concern
- Local Tech Sector – Risk is Rising.
 - Unprofitable companies employ many if not most tech employees.
 - A weakening investment climate could slow and eventually reverse the pace of hiring.
- Local Infrastructure Constraints – Will lead to a slowdown even without a downturn in the tech sector or the broader economy.