



April 2012

Unemployment

Bay Area unemployment showed a slight increase between January and February 2012. Unemployment rates in California and the U.S. as a whole remained relatively stable with 0.1 percentage point increase in California and 0.1 percentage point decrease at the national level. Over the course of a year, however, unemployment rates have demonstrated a gradual recovery. At 11.5 percent, California's February 2012 unemployment rate was 0.6 percentage points lower than it was a year prior, and 1.4 points lower than its peak of 12.9 percent in January 2010. Over the year, 27 states and Washington, D.C. experienced statistically significant increases in employment. The largest increase occurred in Texas (+245,700), followed by California (+181,000).

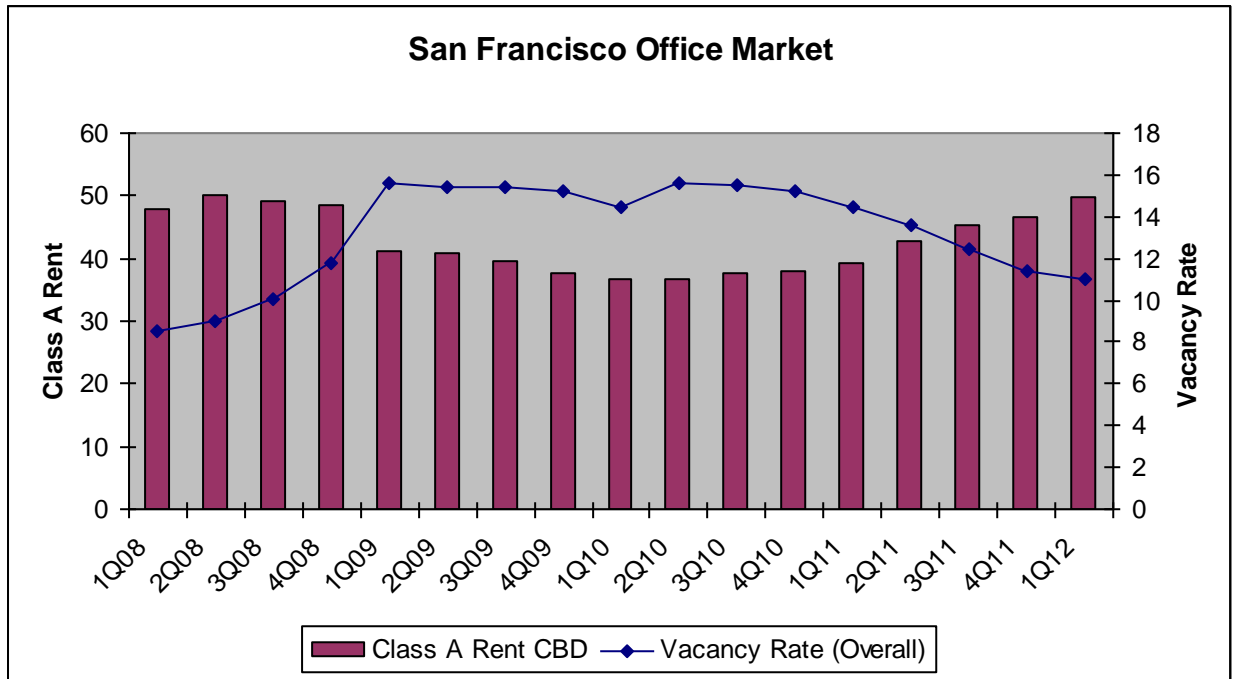
Among the Bay Area counties, unemployment rates in San Francisco and Napa remained relatively stable with an increase of 0.1 percentage points, while the other counties posted stronger increases. Despite that, six of the nine area counties fall within the 10 lowest in state, with Marin again posting the lowest of all. At its current rate of 8.1 percent, San Francisco joins Orange as the county with the 3rd lowest unemployment rate in California. Other noteworthy counties: San Diego (9.5), Los Angeles (11.9), Sacramento (11.4).

Bay Area Unemployment Rates
(Data Not Seasonally Adjusted)

County	Mar-12	Feb-12	Mar-11
Alameda	9.7%	9.5%	10.6%
Contra Costa	9.9%	9.6%	10.9%
Marin*	7.0%	6.8%	7.7%
Napa	9.0%	8.9%	9.9%
San Francisco	8.1%	8.0%	9.0%
San Mateo	7.5%	7.3%	8.1%
Santa Clara	9.0%	8.8%	10.0%
Solano	11.1%	10.9%	12.1%
Sonoma	9.5%	9.3%	10.2%

*Lowest in state. Source: CAL-EDD

Commercial Real Estate



Source: Cushman & Wakefield

San Francisco’s office market got off to strong start in 2012, with activity driven by large leases by the City’s growing tech sectors. Nine of the top 10 new leases were held by tech companies—Salesforce’s being the largest, and Riverbed and Macys.com transacting other important deals.

The City’s overall vacancy rate dropped slightly, to 10 percent, and rental rates for Class A space in the CBD grew by 7.7 percent. Tishman Speyer announced in April that it will start construction in July on a 286,000 square foot building South of Market, the first speculative ground-up office development in the City since 2007. With further growth in employment and rental rates expected through 2012, analysts expect construction of new office space as well.

Housing

All homes	Sales Volume			Median Price		
	Mar-11	Mar-12	%Chng	Mar-11	Mar-12	%Chng
Alameda	1,400	1,539	9.9%	\$341,000	\$328,000	-3.8%
Contra Costa	1,414	1,519	7.4%	\$245,000	\$256,500	4.7%
Marin	249	269	8.0%	\$668,250	\$565,000	-15.5%
Napa	128	127	-0.8%	\$308,000	\$328,000	6.5%
Santa Clara	1,665	1,781	7.0%	\$460,000	\$475,000	3.3%
San Francisco	495	551	11.3%	\$650,000	\$650,000	0.0%
San Mateo	579	645	11.4%	\$555,000	\$541,500	-2.4%
Solano	608	688	13.2%	\$190,000	\$189,000	-0.5%
Sonoma	513	575	12.1%	\$285,000	\$295,000	3.5%
Bay Area	7,051	7,694	9.1%	\$360,000	\$358,000	-0.6%

Source: DQ News

March home sales in the Bay Area were at their highest level for that month in five years as the result of lower prices and an improving economy. Last month’s distressed property sales – the combination of foreclosure resales and “short sales” – made up almost half of the Bay Area’s resale market.

Foreclosure resales accounted for one quarter of resales in March; that is the lowest rate in four years. The Bay Area saw a total of 1,734 condo resales last month, the most for any month since August 2006. The median price paid for condos increased 10.4% relative to a year ago. Foreclosure activity remains high by historical standards but below peak levels reached over the last three years.

Rankings

Economist Ranking "Hot spots: Benchmarking Global City Competitiveness"

Ranks competitiveness of 120 of the world's major cities

- **San Francisco** ranked 13th Overall (1. New York 2. London 3. Singapore)
- Human Capital: Rank 9; Institutional Effectiveness and Financial Maturity: Rank 10
- Mid-size cities are emerging as a key driver of global growth
- Human capital categories show the ability to develop and attract the world's top talent
- Quality of the educational system, an entrepreneurial mindset of citizens, cultural activities and good quality of life are key elements of maintaining competitiveness

PWC Ranking "Cities of Opportunity"

1. New York
 2. Toronto
 3. **San Francisco**
 4. Stockholm
 5. Sydney
- Top cities characterized as both centers of economic energy and intellectual vitality
 - "Beta" cities, including Toronto, San Francisco, Stockholm and Sydney, are the new competitors in an increasingly virtual world
 - SF is a major financial hub, with great importance to Silicon Valley, one of the most innovative economies in the US
 - SF is a pioneer city for social policies that influence business in a positive way

Tourism and Hospitality 2011 Highlights

- 16.4 Million Visitors in 2011 (2.7% more than in 2010)
- 79% Hotel Occupancy
- Tourists spent \$8.5 Billion in 2011 (9.8% more than in 2010)
- 71,400 jobs are supported by Tourism
- Current project: Renovation of the **Moscone Convention Center** entered its final phase
 - \$56 million investment; two years of upgrading two buildings with a combined 1.2 million square feet of function space; a new \$4.5 million wireless system has been installed, providing high speed service to as many as 60,000 devices at one time

Source: San Francisco Travel Association, Economics Research Associates, Destination Analysts, Inc.

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