



QuickFacts

August 2017

Unemployment

California’s unadjusted unemployment rate increased from 4.9% in June to 5.4% in July, a slight increase. In the Bay Area, unemployment also increased from a revised 3.1% in June to 3.9% in July. San Mateo still claims the lowest unemployment rate of 3.2% in the Bay Area, followed by Marin (3.4%), and San Francisco (3.4%).

Unemployment in the Bay Area is lower than in many other parts of California. For example, Sacramento (5.4%), San Diego (4.7%), and Los Angeles (5.2 %) are higher all have greater unemployment.

Bay Area Unadjusted Unemployment Rates (Not Seasonally Adjusted)

County	16-July	17-May	17-June	17-July**
Alameda	4.8%	3.3%	4.0%	4.3%
Contra Costa	5.0%	3.4%	4.2%	4.5%
Marin	3.6%	2.6%	3.1%	3.4%
Napa	4.2%	3.0%	3.6%	3.9%
San Francisco	3.7%	2.7%	3.2%	3.4%
San Mateo*	3.4%	2.4%	2.9%	3.2%
Santa Clara	4.2%	2.9%	3.5%	3.8%
Solano	6.0%	4.3%	5.1%	5.4%
Sonoma	4.4%	3.0%	3.6%	3.9%

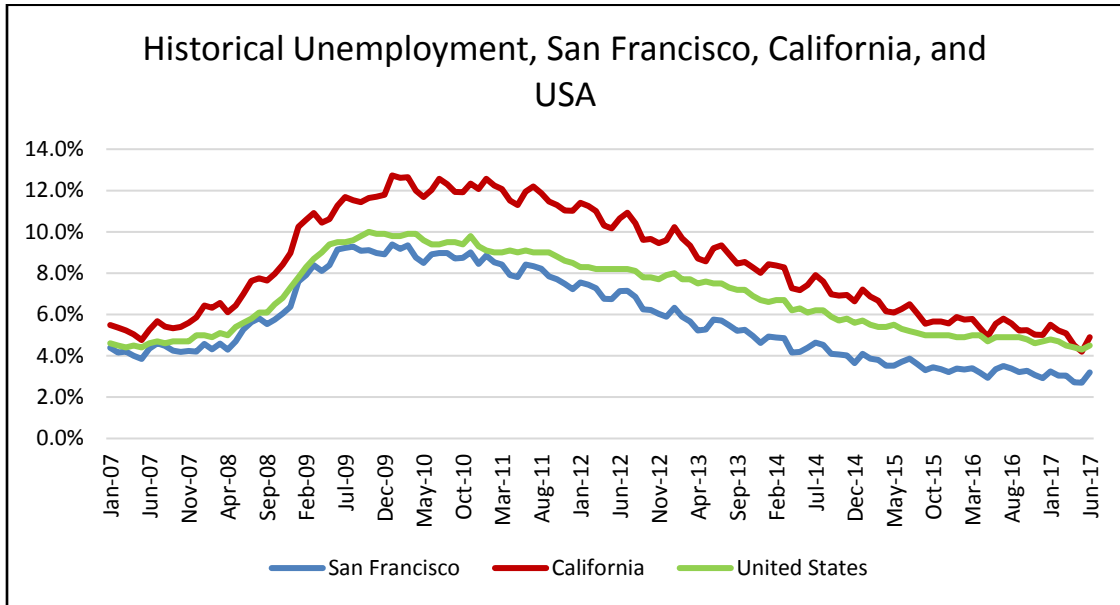
*Lowest in State. Source: CAL-EDD

**Data for July 2017 is preliminary

Jobs in the counties of San Francisco and San Mateo increased by 19,300 between July 2016 and July 2017 or by 1.9%. June 2017 was the San Francisco metropolitan area’s 85th consecutive monthly job gain on a year-over basis. Leisure and hospitality added about 6,800 jobs over the year, followed by educational and health services, which created 3,500 positions since last July. Specifically between June and July 2017, there was no change in jobs in the San Francisco area.

The number of employed workers across California also rose by about 140,000 since last July, despite a small decrease this month. As a result, there are now 18,212,000 employed workers in the state.

Historical Unemployment: San Francisco, California, USA



Source: EDD, Monthly

Housing

Bay Area home sales increased in May but remain insufficient. In May 2017, a total of 8,164 new and resale houses were sold in the Bay Area marking an 18.4% month over month increase from April 2017 and a 1.6% year over year increase from May 2016. San Francisco exhibited the greatest year over year change with an increase of 9.8% between May 2016 and May 2017.

At the same time, the median price of a house in the Bay Area reached another peak in May. The median sales price of \$755,000 indicates an increase of 0.7 percent month over month from April 2017 and an increase of 7.1% year over year from May 2016. Every county in the Bay Area saw an increase in the median housing price. San Francisco exhibited a year over year increase of 6.2% and San Mateo had the largest year over year increase of 17.8%.

Bay Area Home Sales: Volume and Median Price

All Homes	Sales Volume			Median Price		
	May-16	May-17	% Chng	May-16	May-17	% Chng
Alameda	1,587	1,691	6.6%	\$710,000	\$732,000	3.1%
Contra Costa	1,634	1,552	-5.0%	\$540,000	\$575,000	6.5%
Marin	338	354	4.7%	\$969,500	\$1,132,750	16.8%
Napa	141	143	1.4%	\$575,000	\$622,250	8.2%
Santa Clara	1,878	1,942	3.4%	\$875,000	\$940,000	7.4%
San Francisco	510	560	9.8%	\$1,137,500	\$1,207,500	6.2%
San Mateo	678	650	-4.1%	\$1,025,000	\$1,207,500	17.8%
Solano	658	664	0.9%	\$370,250	\$397,000	7.2%
Sonoma	614	608	-1.0%	\$530,000	\$561,000	5.8%
Bay Area	8,038	8,164	1.6%	\$705,000	\$755,000	7.1%

Source: CoreLogic

Commercial Real Estate

The San Francisco office market is displaying a second wind. At the end of the second quarter, the Citywide overall vacancy rate was 8.4%, a -30 basis point (BPS) reduction from the first quarter but a +110 BPS increase from last year. The citywide overall asking rent surpassed \$70 per square foot (PSF) for the first time, increasing \$0.50 PSF or +0.7% to \$70.16 PSF in the second quarter. Average asking rents are expected to continue this upward trend.

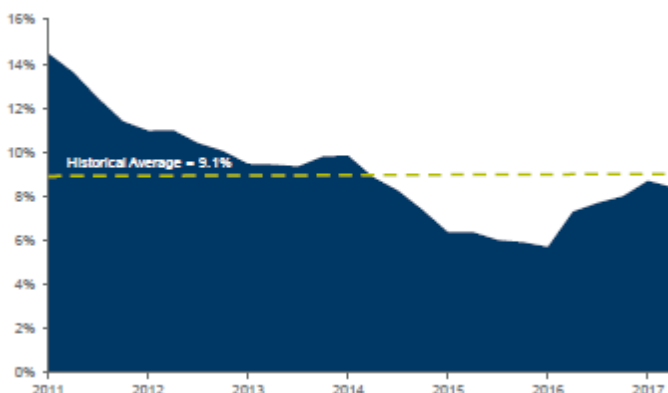
At the close of the quarter, 5.1 million square feet (MSF) was under construction with 2.3 MSF of the new construction lined up to be completed in 2017 at Salesforce Tower, 181 Fremont Street, and 350 Bush Street. Of this inventory, 1.3 MSF (55.1%) was pre-leased by the end of Q2. New leasing ended Q2 at 1.3 MSF in activity making the total for the first half of the year 3.3 MSF. At this rate, 2017 should exceed last year's total of 6.2 MSF.

Market Indicators (Overall, All Classes)

	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy	7.3%	8.4%	▲
Net Absorption (sf)	271K	-115K	▼
Under Construction (sf)	3.8M	5.1M	▼
Average Asking Rent*	\$69.30	\$70.16	▲

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

Overall Vacancy



Source: Cushman & Wakefield

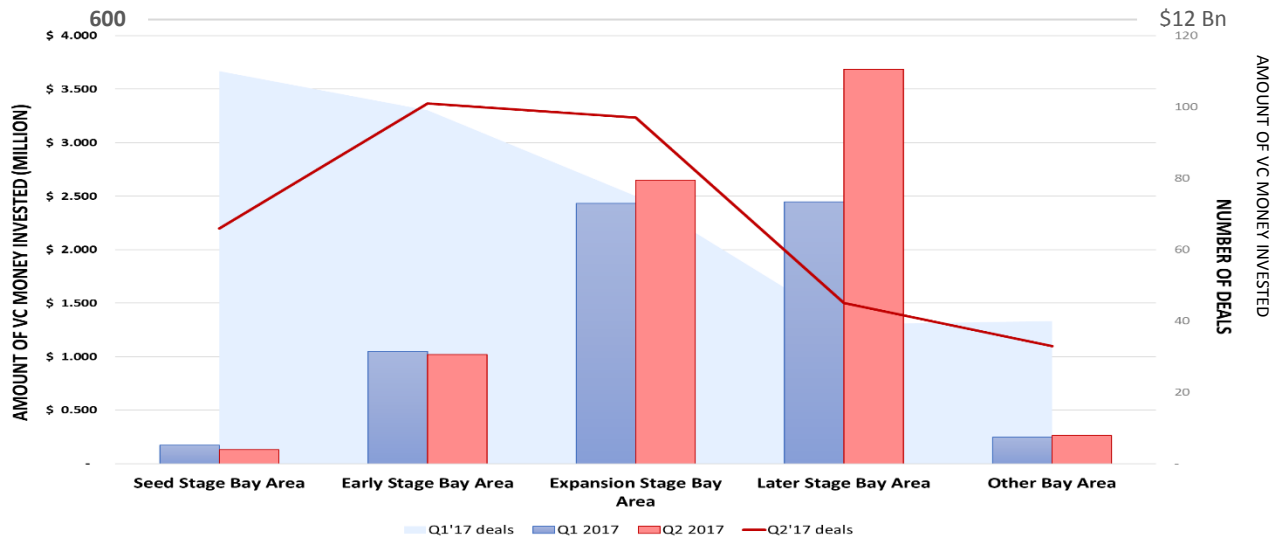
Venture Capital Investment

After two successive quarters of decline at the end of 2016 (respectively -28% in Q3 2016 and -35% in Q4 2016), the Venture Capital investments increased in the first half of 2017. At Q1'17, investments increased by 51% to reach \$6.32Bn in the Bay Area (\$3.5Bn in San Francisco) while they increased by 22% in Q2'17 to \$7.75Bn (\$4.14Bn in San Francisco). On the other hand, the half year 2017 was also marked by a reduction of 12% of the number of deals to 705 (342 in Q2'17). Venture Capital firms have favored bigger deals on established companies this quarter (82% for Expansion and Later Stage companies versus 74% in Q1 2017).

Despite fewer transactions, the SF Bay Area continued to receive the most funding of all U.S. regions. In the second quarter 2017, 42% of U.S investments made by Venture Capital were to Bay Area based companies. New York Metro Area had the second highest Q2 investment with \$2.78Bn (15%), followed by New England with \$1.43Bn (8%).

Seed stage and Early stage funding decreased respectively by 24% and 3% during the second quarter in the Bay Area while the other stages increased. Mature stages (Expansion and Later stages) saw the biggest growth (9% and 51%) and continued to receive the most of venture capital investments.

The Internet sector remained the main activity for Venture Capital in the Bay Area, accounting for \$3.75Bn which represents 48% of the total amount invested in the Bay Area (vs 42% last quarter). It is followed by Mobile & Telecommunications with \$1,307Bn and Healthcare with \$986M.



Source: MoneyTree Report Q2 2017, CB Insights.

San Francisco Rankings

Ranked #1 Leading Location of 2017

Area Development ranked metropolitan statistical areas (MSAs) based on their performance in four key categories: Prime Workforce, Economic Strength, Year-Over-Year Growth, and Five-Year Growth.

Ranking	Leading Locations	Prime Work Force	Economic Strength
1	San Francisco-Redwood City-South San Francisco	San Francisco-Redwood City-South San Francisco	Goshen, Indiana
2	San Jose-Sunnyvale-Santa Clara	San Jose-Sunnyvale-Santa Clara	San Francisco-Redwood City-South San Francisco
3	Oakland-Hayward-Berkeley	Nashville-Davidson-Murfreesboro-Franklin	San Jose-Sunnyvale-Santa Clara
4	Columbus	Oakland-Hayward-Berkeley	Fort Collins
5	Fort Collins	Columbus	Kokomo

* December 2015 to December 2016

** December 2011 to December 2016

Source: Area Development

Ranked #1 of the Top 30 Big Cities

Big cities tend to rank higher on Area Development's Leading Locations because of their economic diversity, scale, and the worker inflow they attract due to the variety of opportunities and lifestyles they offer.

Ranking	Leading Locations
1	San Francisco-Redwood City-South San Francisco
2	San Jose-Sunnyvale-Santa Clara
3	Oakland-Hayward-Berkeley

4	Nashville-Davidson-Murfreesboro-Franklin
5	Anaheim-Santa Ana-Irvine

Source: Area Development

Brief QuickFacts

Education and Innovation

- 50% of Bay Area residents have four-year degrees or higher
- San Francisco Produces more patents than any other city in the nation
- San Francisco attracts about 45% of total venture capital investment in the U.S.

Source: Area Development

Contact Us:

QuickFacts is produced by the San Francisco Center for Economic Development, a 501(c)(3) non-profit division of the San Francisco Chamber of Commerce Foundation.

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