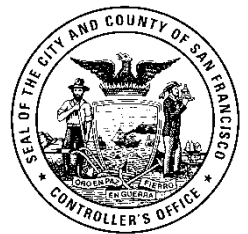


City and County of San Francisco

Office of the Controller – Office of Economic Analysis

ECONOMIC BAROMETER

June 2011



August 10, 2011

CONTROLLER'S OFFICE
Office of Economic Analysis (OEA)

The Office of Economic Analysis identifies and reports on all legislation introduced at the Board of Supervisors that might have a material economic impact on the City. It analyzes the likely impacts of legislation on business attraction and retention, job creation, tax and fee revenues to the City, and other matters relating to the overall economic health of the City and reports its findings to the Board of Supervisors.

About the Economic Barometer:

The purpose of the Economic Barometer is to provide the public, elected officials, and City staff with a current snapshot of San Francisco economic indicators. The Economic Barometer reviews major sectors of the City's economy, including tourism, real estate, retail sales, as well general economy-wide employment indicators.

This is a recurring bi-monthly report. The August 2011 report is scheduled to be issued in October 2011.

Program Team:

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Prior editions can be downloaded from the OEA's website: www.sfgov.org/controller/oea

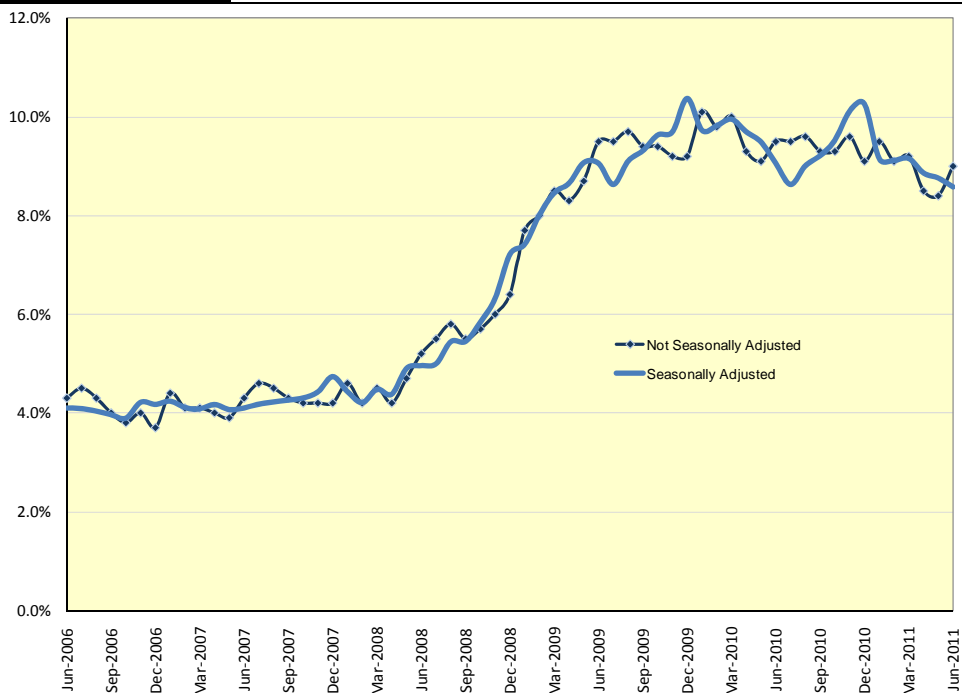
If you would like to receive this report every month, please e-mail your request to Debbie Toy in the Controller's Office: debbie.toy@sfgov.org

Economic Barometer – June 2011

- San Francisco's unemployment rate increased to 9.0% in June. However, on a seasonally adjusted basis, the unemployment rate showed a slight drop from the previous month, continuing a 6-month downward trend. Temporary employment in San Francisco, a bellwether of firms cautiously increasing production, has increased about 12% in the last year.
- However, job creation in the 3-county metropolitan division has remained relatively stagnant, showing only nominal job growth of 0.2% in the past year.
- San Francisco's office market continues to recover with positive net absorption for the fourth consecutive quarter. Increased tenant demand, evidenced by 1.3 million square feet of net absorption in the past year, has resulted in a 1.6% decline in vacancy rates, pushing Class A rental rates up 18% in the past year. Office lease rates have been increasing steadily, but remain about 13% below their recent peak in Q1 2008.
- San Francisco housing remains flat, with median prices virtually unchanged from June 2010. On the other hand, rental rates for housing continue to show growth, with average one-bedroom asking rents on Craigslist 11% higher than they were in June 2010.
- San Francisco's tourism sector continued its recovery in June with hotel rates and occupancy increasing from a year ago, although declining from the most recent month, on a seasonally-adjusted basis. Airport traffic remains strong, particularly from domestic carriers, with a 5% increase in passenger volume in the last year, and a slight increase from the prior month. International passenger volume, on the other hand, increased less than 1% from the prior year, and marked a slight decline from the previous month.
- Retail indicators in Union Square, San Francisco's largest retail area, continue to trend up with both BART ridership to Powell Street station on Saturday and City parking garage tickets increasing more than 5% from last year.

Exhibit 1

**San Francisco Unemployment Rate:
June 2006-June 2011**



San Francisco's unemployment rate has been declining since the beginning of the year on a seasonally adjusted basis. However, it remains more than twice the rate at the start of the recession three years ago.

Source: California Employment Development Department, March 2010 Benchmark.

City and County of San Francisco
Office of the Controller
Economic Barometer - June 2011



Economic Sector/ Indicator	Most Recent Month/ Quarter	Value	Adjusted Recent Change ^a	Year-to-Year Change ^b	Five-Year Position ^c	Trend ^d
Economy-Wide						
San Francisco Unemployment Rate ^{1,e}	June-11	9.0%	-0.2%	-0.5%	Weak	Positive
Number of Unemployed in San Francisco ¹	June-11	40,800	-500	-2,400	Weak	Positive
Consumer Price Index, San Francisco MSA ²	June-11	233.6	-0.1%	2.4%	Strong	Positive
County Adult Assistance Program Caseload ³	June-11	7,524	-0.6%	0.1%	Weak	Positive
Total Employment, San Francisco MD ¹	June-11	945,500	0.2%	0.2%	Weak	Neutral
Temporary Employment, San Francisco MD ^{1,f}	June-11	17,500	-0.7%	12.2%	Strong	Positive
Real Estate						
Median Home Sales Price ⁴	June-11	\$665,000	-0.3%	0.2%	Weak	Neutral
Average 1BR Asking Rent ⁵	June-11	\$2,140	-0.4%	10.9%	Strong	Positive
Office Vacancy Rate ^{6,e}	2Q 2011	16.2%	-0.6%	-1.6%	Weak	Positive
Office Average Class A Asking Lease Rate ⁶	2Q 2011	\$43.83	6.5%	18.2%	Neutral	Positive
Tourism						
Domestic Air Passengers ⁷	June-11	2,908,631	0.3%	5.4%	Strong	Positive
International Air Passengers ⁷	June-11	846,596	-3.0%	0.7%	Strong	Neutral
Hotel Average Daily Rate ⁸	June-11	\$179.72	-5.9%	18.0%	Neutral	Neutral
Hotel Occupancy Rate ⁸	June-11	87.2%	-2.6%	2.8%	Neutral	Neutral
Retail						
Average Daily Parking Garage Customers ⁹	June-11	10,546	4.2%	5.4%	Weak	Positive
Powell St. BART Average Saturday Exits ¹⁰	June-11	22,553	0.7%	5.1%	Weak	Positive

Notes:

- [a] - Adjusted recent change is a seasonally-adjusted percentage change to the most recent month or quarter from the prior one.
[b] - Year-to-Year change is the percentage change from a given month or quarter to the same one last year.
[c] - Five-year position is a relative measure of how strong or weak the indicator is compared to the average over the last five years.
[d] - Trend is a relative measure of the indicator's recent performance.
[e] - Rate change is shown as a percentage point difference, not a percentage change.
[f] - Temporary employment refers to employment in the "Employment Services" industry.

Sources:

- [1] - California Employment Development Department, March 2010 Benchmark. MD refers to the San Francisco Metropolitan Division: San Francisco, Marin, & San Mateo counties.
[2] - US Department of Labor, Bureau of Labor Statistics. CPI-U (all urban consumers) is reported for the San Francisco-Oakland-San Jose MSA.
[3] - San Francisco Human Services Agency (HSA)
[4] - MDA DataQuick Information Systems
[5] - Craigslist
[6] - Jones Lang LaSalle
[7] - San Francisco International Airport
[8] - Colliers PKF Consulting
[9] - San Francisco Municipal Transportation Agency (MTA). Parking garages include Union Square, Fifth-Mission, Sutter-Stockton, and Ellis-O'Farrell.
[10] - Bay Area Rapid Transit (BART)