

City and County of San Francisco

Office of the Controller – Office of Economic Analysis

ECONOMIC BAROMETER

October 2011



January 6, 2012

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 December 2011 report is scheduled to be issued in February 2012.

Program Team:

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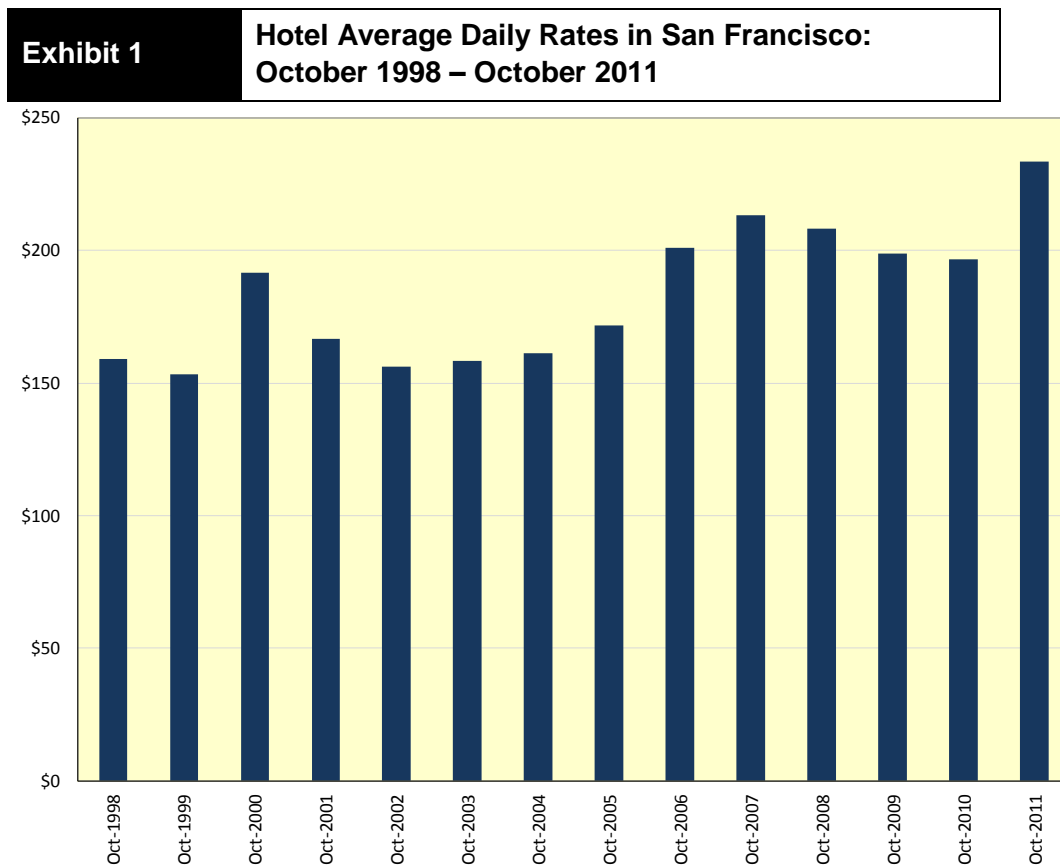
Prior editions can be downloaded from the OEA's website: www.sfgov.org/controller/oea

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 – October 2011

- San Francisco's labor market picture continued to gradually brighten in the fall of 2011, with unemployment falling to 8.1%. This compares with 9.3% the previous October, and represents the lowest unemployment rate in the city since February 2009.
- Private-sector job creation is finally beginning to drive down unemployment. 16,200 jobs were created in the 3-county San Francisco metropolitan division since October 2010. 15,200 of those jobs were in the private sector, with particular growth in the professional services, and leisure and hospitality industries.
- Tourism appears to be close to a full recovery from the recession. Hotel rates, as noted in the chart below, are at an all-time high in October, while employment in restaurants and bars is 2,000 greater than it was 3 years ago.
- The recovery in employment has led to increases in commercial rents and occupancy, though not yet to pre-recession levels. Average housing sales prices remain weak, at 2.6% below the level of October 2010.

Monthly average hotel rates in San Francisco hit an all-time high in October, at \$233 a night. Last October's rates were 9% above the level of October 2007



Source: Colliers PKF Consulting

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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}	Oct-11	8.1%	0.1%	-1.2%	Weak	Positive
Number of Unemployed in San Francisco ¹	Oct-11	37,600	780	-5,100	Weak	Positive
Consumer Price Index, San Francisco MSA ²	Oct-11	235.3	0.2%	3.2%	Strong	Positive
County Adult Assistance Program Caseload ³	Oct-11	7,256	-1.6%	-3.5%	Neutral	Positive
Total Employment, San Francisco MD ¹	Oct-11	960,800	0.6%	1.8%	Neutral	Positive
Temporary Employment, San Francisco MD ^{1,f}	Oct-11	18,700	2.4%	3.9%	Strong	Positive
Real Estate						
Median Home Sales Price ⁴	Oct-11	\$635,000	0.8%	-2.6%	Weak	Negative
Office Vacancy Rate ^{5,e}	3Q 2011	15.6%	-0.2%	-2.0%	Weak	Positive
Office Average Class A Asking Lease Rate ⁵	3Q 2011	\$45.44	1.7%	19.7%	Neutral	Positive
Tourism						
Domestic Air Passengers ⁶	Oct-11	2,814,344	-2.9%	4.0%	Strong	Positive
International Air Passengers ⁶	Oct-11	768,489	-0.2%	-0.4%	Strong	Neutral
Hotel Average Daily Rate ⁷	Oct-11	\$233.38	5.1%	18.7%	Strong	Positive
Hotel Occupancy Rate ⁷	Oct-11	87.3%	3.4%	3.3%	Strong	Positive
Retail						
Average Daily Parking Garage Customers ⁸	Oct-11	10,082	0.5%	-0.7%	Weak	Neutral
Powell St. BART Average Saturday Exits ⁹	Oct-11	25,096	1.9%	7.6%	Neutral	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] - Jones Lang LaSalle
- [6] - San Francisco International Airport
- [7] - Colliers PKF Consulting
- [8] - San Francisco Municipal Transportation Agency (MTA). Parking garages include Union Square, Fifth-Mission, Sutter-Stockton, and Ellis-O'Farrell.
- [9] - Bay Area Rapid Transit (BART)