

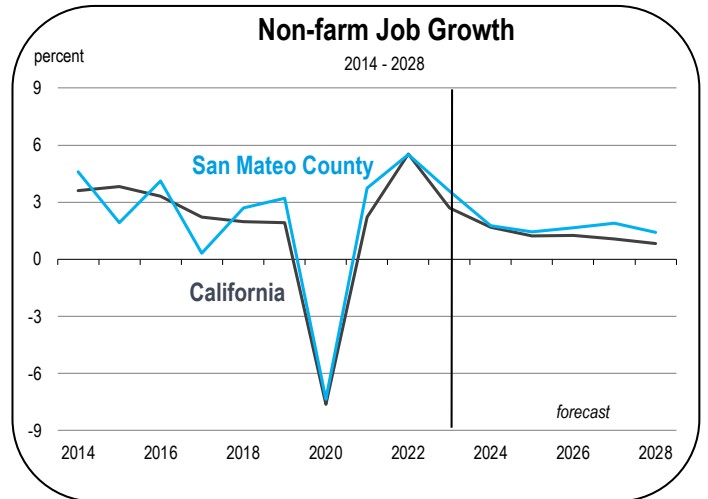
San Mateo County Economic Forecast

Forecast Summary

- Approximately 15,000 jobs will be created in 2023.
- Employment gains will be largest in leisure services, which will add 6,500 jobs, following by the healthcare sector and professional and business services.
- The unemployment rate averaged 2.4 percent in 2022. It will average 2.7 percent in 2023.
- San Mateo County population has been in decline since 2018 and is expected to consolidate further over the forecast period.
- 5.6 percent more residential units will be built over the forecast period than were built during the previous six years.
- The median selling price for all housing increased 2.1 percent in 2022. Home values are on pace to fall 3.8 percent in 2023. Appreciation will resume in 2024 and average 3.3 percent per year over the forecast period.

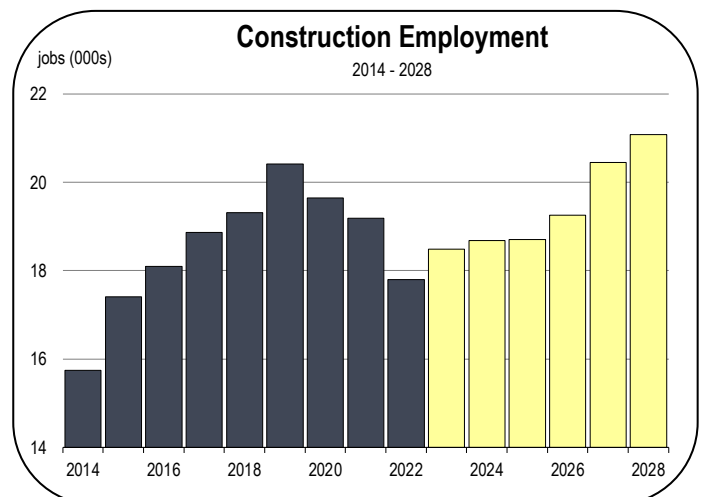
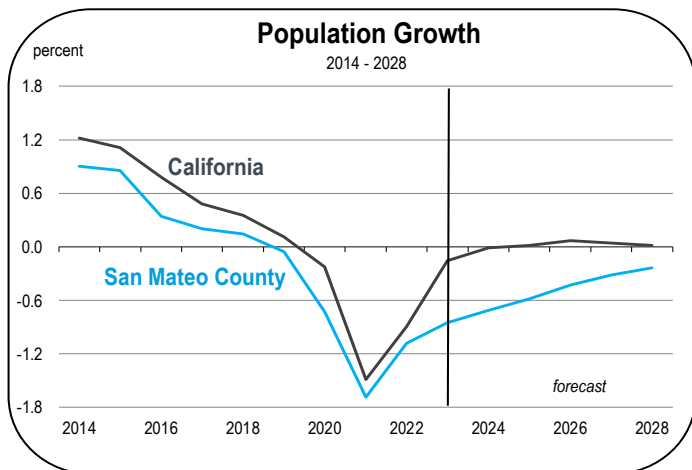
Job Growth

- Total employment in San Mateo County expanded 5.5 percent in 2022 over the previous year with over 22,000 new jobs. The local economy is on pace to add 15,000 jobs in 2023.
- Between 2024 and 2028, job growth in San Mateo County will average 1.6 percent per year with the addition of 36,700 jobs.

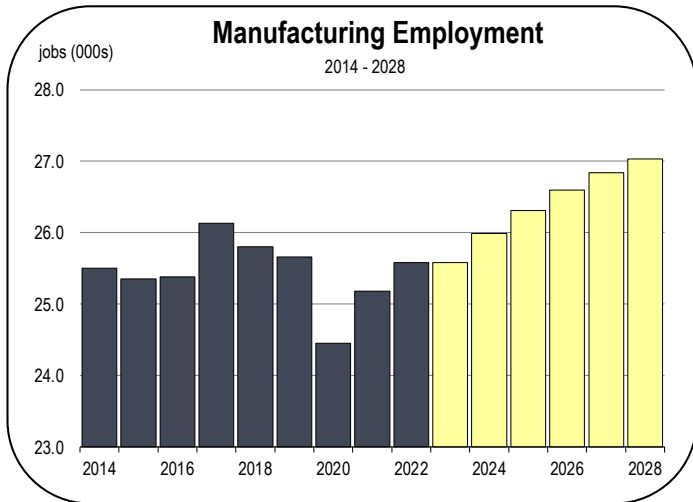


Construction Employment

- The construction sector contracted by 1,400 jobs in 2022, a decline of 7.2 percent. A rebound is occurring in 2023 as the sector is on pace to grow employment 3.8 percent with the restoration of almost 700 jobs.
- Growth in construction employment will continue over the forecast period averaging 2.7 percent per year with the addition of 2,600 jobs.

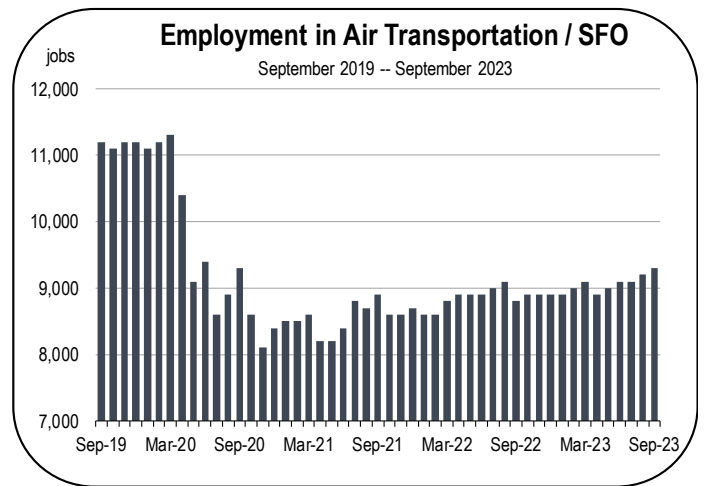


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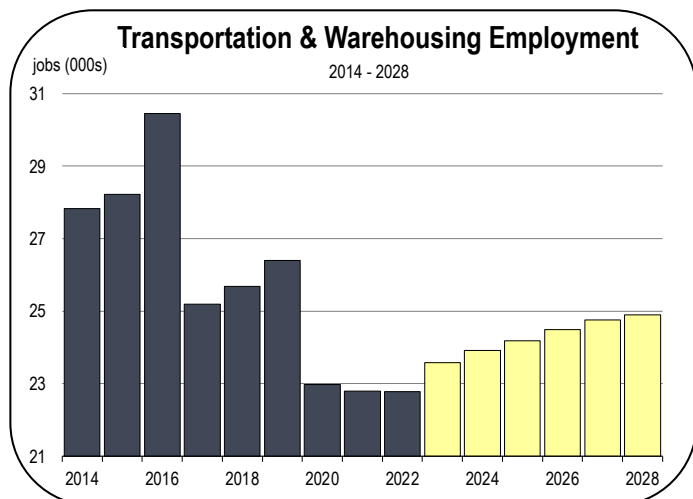
Manufacturing Employment

- In San Mateo County, the manufacturing industry is dominated by two sectors: biotech manufacturing and computer/semiconductor manufacturing. Genentech accounts for the largest share of manufacturing jobs in the county, with 3,700 employees.
- Manufacturing employment increased by 400 jobs in 2022 and will remain stable in 2023.
- Manufacturing represents a skilled labor market in San Mateo County due largely to the growth of the computer and biotech sectors. However, these sectors have been relocating jobs to lower cost regions including Florida, North Carolina, and overseas. Consequently, minimal average annual growth of 1.1 percent is expected between 2024-2028.

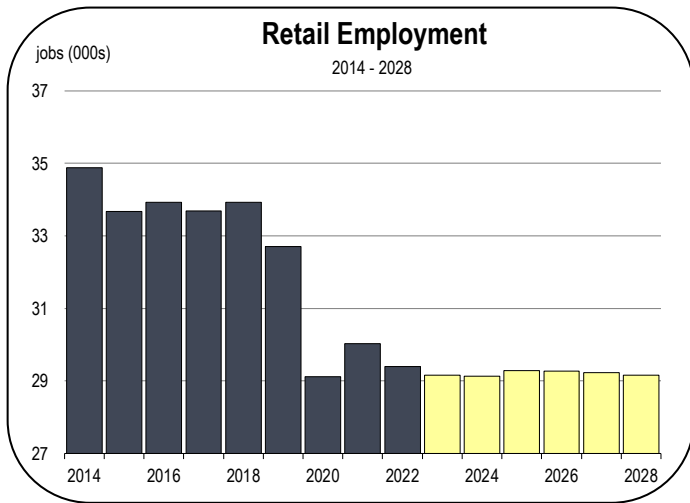


Transportation and Warehousing Employment

- More than half of all transportation jobs in San Mateo County are located at San Francisco International Airport, the second busiest airport in California after LAX, and seventh busiest airport in the U.S. In July 2023 total monthly passenger traffic surpassed the pre-pandemic level for the first time as it approached the five million passenger level.
- With the airport recovering close to its pre-pandemic levels of passenger counts, the broader sector is on pace to increase employment 3.5 percent with the addition of 800 jobs in 2023.
- Due to growth at SFO and within the region's industrial sector, the forecast calls for positive but modest average annual growth of employment of 1.1 percent, totaling 1,500 jobs, for transportation/warehousing over the next five years.



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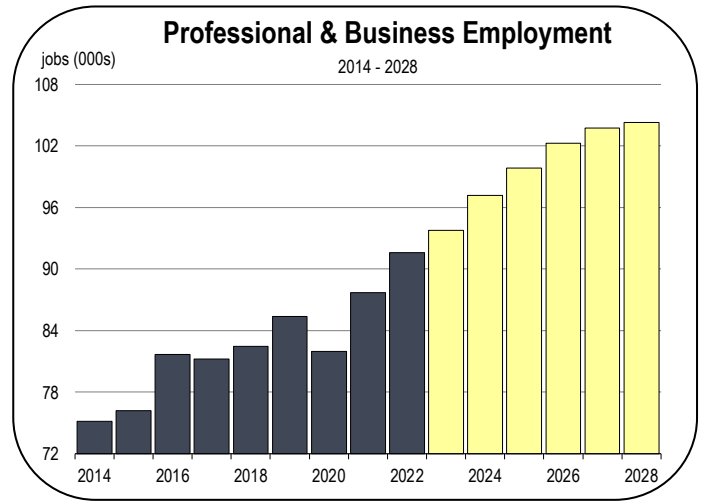
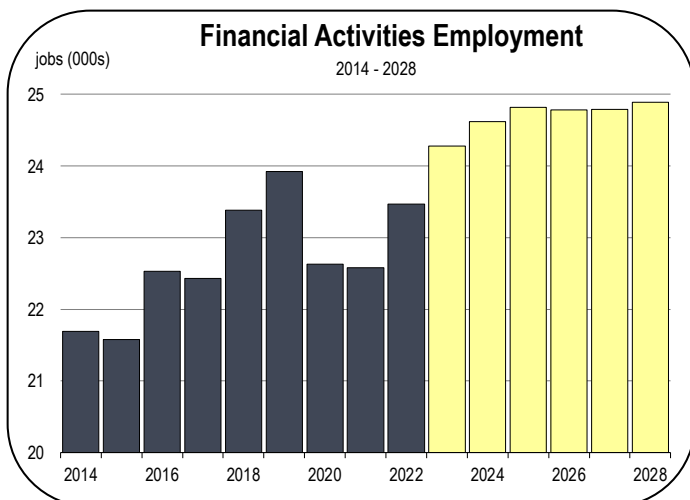


Retail Employment

- The retail sector lost 630 jobs in 2022 and is expected to lose another 250 positions in 2023 due to automation and the transition to online shopping. Despite these challenges continuing, the employment level in this sector is expected to largely remain stable.

Financial Activities Employment

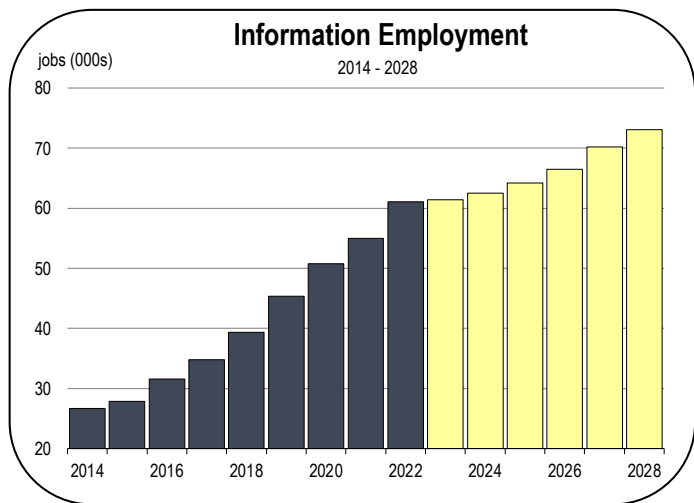
- Financial activities in San Mateo County are principally banking, car rentals, and real estate sales, leasing, title, and mortgage.
- The rebound of over 900 workers in 2022, representing 3.9 percent growth, is due to the full opening and operation of rental car agencies serving SFO. The sector is on pace to add another 800 workers in 2023.
- Employment growth will moderate over the remainder of the forecast period averaging 0.5 percent annual growth represented by 600 new jobs.



Professional and Business Services Employment

- Within the professional and business services industry is a large scientific and technical services community that accounts for half all jobs. Other professional jobs including legal, architecture, and management which account for another third of all professional services employment.
- What we call technology jobs are largely contained in the scientific and technical sector that includes computer chip and systems design, scientific research, and technical consulting. Jobs are highly skilled and currently in demand. The unemployment rate for workers in this industry was 2.9 percent in September 2023.
- Employment across all subsectors increased by 4.4 percent, an addition of 3,900 jobs in 2022.
- Another 2,200 jobs are expected to be added in 2023, far surpassing pre-pandemic levels.
- Employment gains will continue in the near term with growth of 3.7 percent and 3,400 jobs expected in 2024. Job growth during the forecast period will average 2.2 percent per year.
- Business consulting, IT consulting, and scientific research labs continue to expand in California and in particular, the Bay Area. Despite much reported on tech layoffs in early 2023, most workers were rapidly rehired by other companies, leaving the unemployment rate unaffected and the professional services sector at fully employed levels.
- Longer term, professional, technical, and IT consulting will continue to create more jobs. Scientific research labs will also expand, although some of these jobs are being relocated to lower cost regions of the country.

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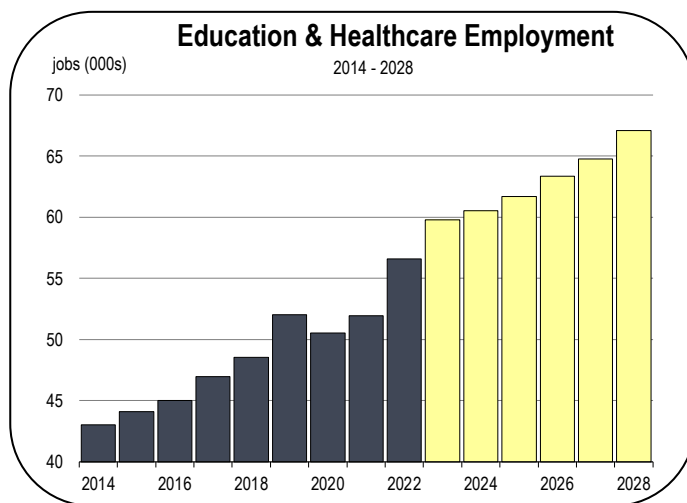


Information Employment

- In San Mateo County, the information sector is dominated by software publishers as well as data and internet service companies like YouTube.
- Oracle is the largest employer in Redwood City, with an estimated 7,000 workers. Their headquarters was moved to Austin, Texas in 2020 but employment counts in the broader information sector were unaffected.
- The software and internet/data subsectors are a principal engine of growth for the San Mateo County economy. Expansion was rapid in 2022 with job growth of 11.0 percent and over 6,000 new jobs.
- Due to cost-of-living considerations, some companies are relocating many jobs in this sector elsewhere or enabling more remote work for workers. Consequently, the forecast for growth moderates in 2023 with 350 new jobs expected.
- Average annual growth of 3.5 percent, represented by 11,600 new jobs, is expected between 2024-2028.

Private Education and Healthcare Employment

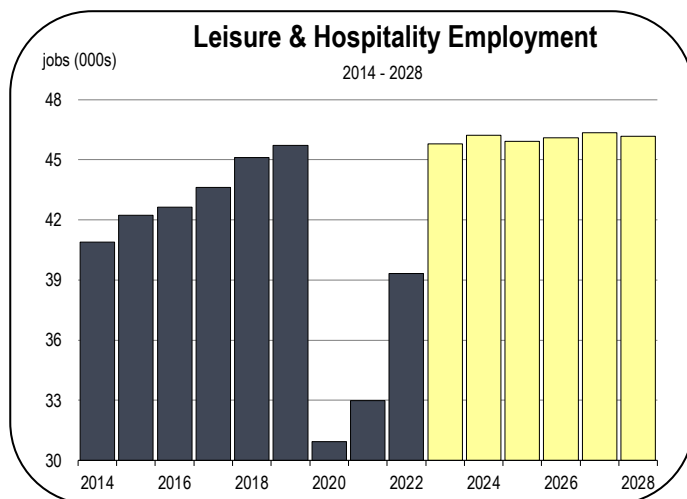
- Within the composite private healthcare and education industry, healthcare accounts for 43 percent of all employment and social assistance contributes 45 percent of all jobs. Private education accounts for the balance.
- Gurnick Academy (2,700 students) and Menlo College (743 students) are the principal private colleges in San Mateo County.
- Kaiser Permanente is the largest healthcare provider in the county with hospital locations in Redwood City and South San Francisco, and medical offices in San Mateo. The company employs over 5,000 workers. San Mateo Medical Center employs over 2,000 workers.



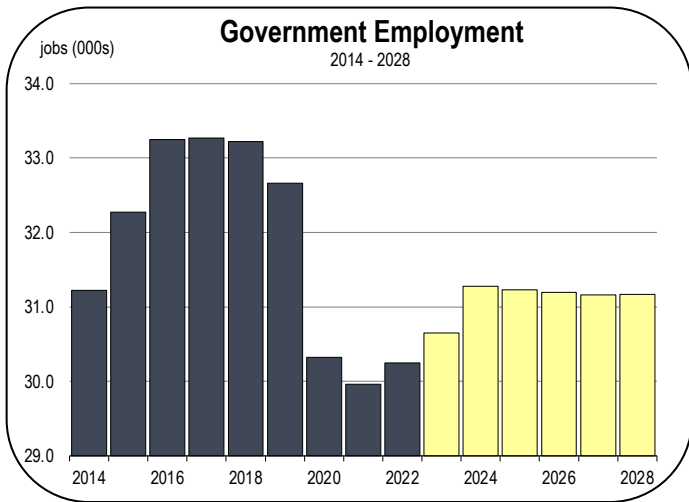
- Employment at doctor and dentist offices increased rapidly in 2022 contributing to growth in the sector of 8.9 percent and 4,600 new jobs overall.
- The pace of job formation in 2023 will generate 3,200 new jobs representing growth of 5.7 percent. Employment growth will continue over the forecast period averaging 2.3 percent per year and culminating in over 7,300 jobs.

Leisure and Hospitality Employment

- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through SFO has increased as noted above, and the visitor demand that drove the expansion in leisure and hospitality in 2022 and will continue through 2023.
- In 2022, 6,350 jobs were added in the leisure and hospitality sector, which accounted for an employment increase of 19.3 percent. Restaurants and other food services along with hotels generated most of the job gains in 2022.



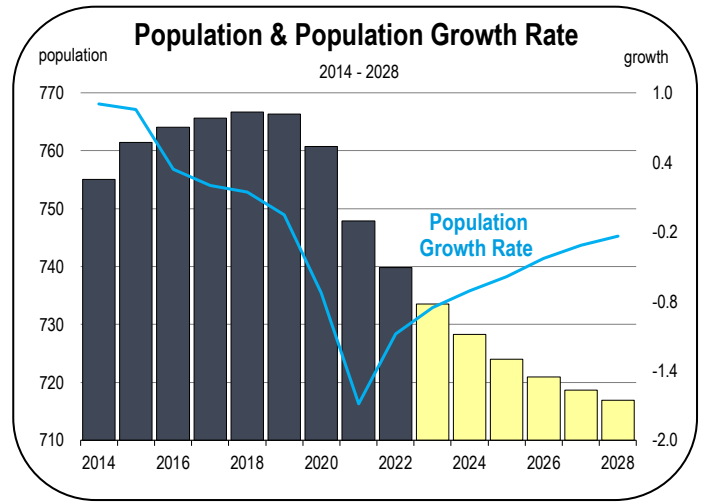
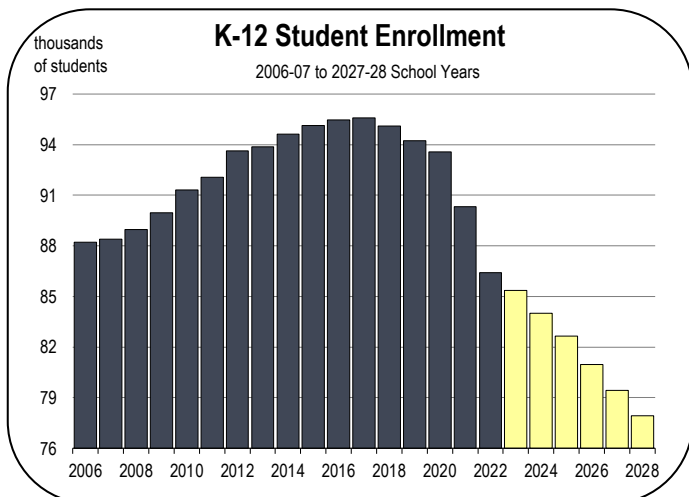
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- Leisure services contributed more new jobs to the county than any other sector in 2022 and is on pace to do the same again in 2023 with growth of 16.4 percent and 6,450 new jobs expected.
- Job growth in the sector will slow over the remainder of the forecast period averaging 0.2 percent per year.

Government Employment

- The public sector gained 300 jobs in 2022 and is on pace to generate an addition 400 jobs in 2023. Much of this is delayed catch-up from positions that remained open since the pandemic. The largest public college is the College of San Mateo with 5,550 students.
- Employment growth will slow in tandem with a slower overall rate of employment growth in the County. With population shrinking together with the attendant enrollment of K-12 students, the rate of growth within the public schools is unlikely to produce many new related public sector positions.
- Average annual job growth in the public sector will be 0.3 percent over the forecast period represented by 500 new jobs.

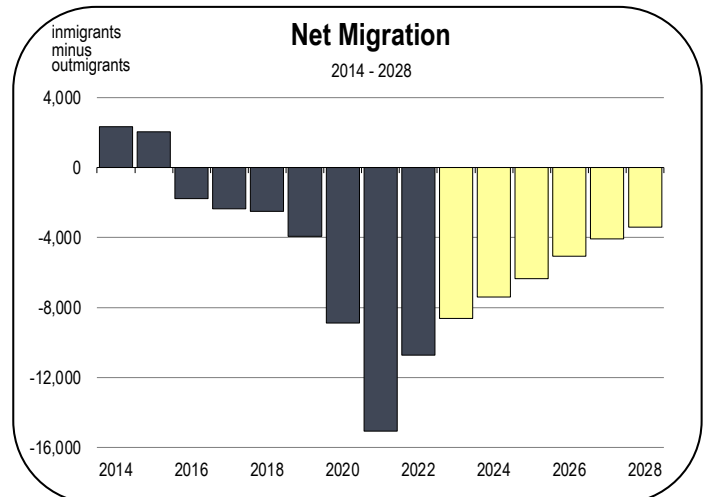


Population Growth

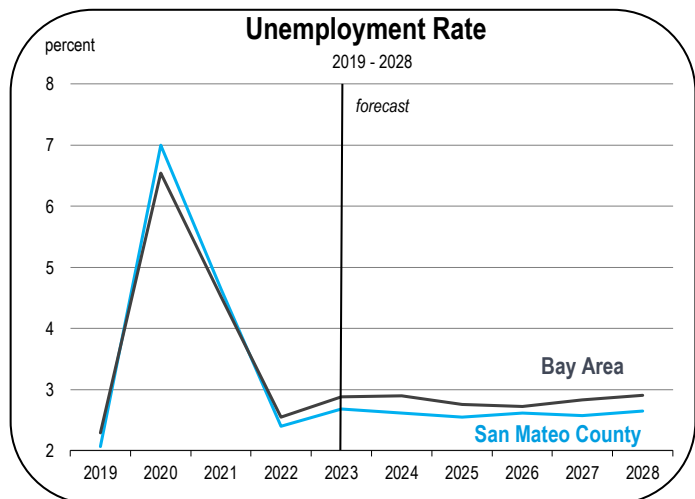
- The San Mateo County population is expected to steadily decline over the 2023 to 2028 forecast period. The population decreased by 1.1 percent in 2022 and will average annual negative growth of 0.5 percent between 2023-2028. Altogether, this translates into a decline of 31,000 residents over the next 5 years.
- Approximately 10,700 net migrants left the county in 2022 and an average of 5,800 per year are forecast to out-migrate from 2023 and 2028.
- Because San Mateo County has arguably the highest home prices in California, residents have demonstrated a history of relocating to alternative areas with more affordable conditions.

Unemployment and Inflation Rates

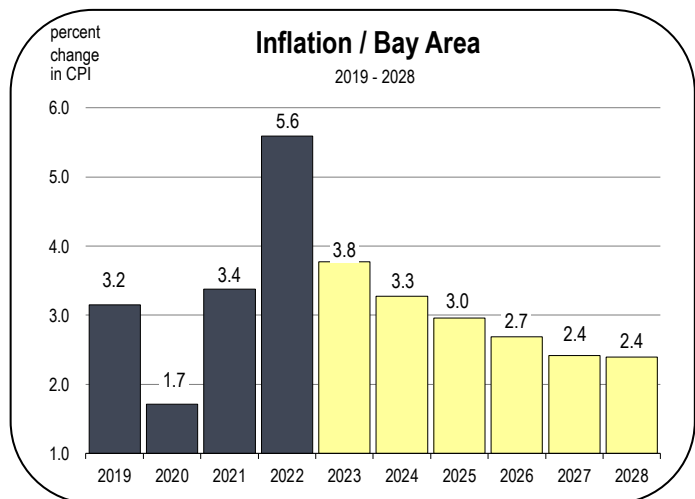
- The unemployment rate in San Mateo County averaged 2.4 percent in 2022, which was lower than the composite rate for the Bay Area.
- An unemployment rate below 4.0 percent signifies a fully employed workforce in San Mateo County.



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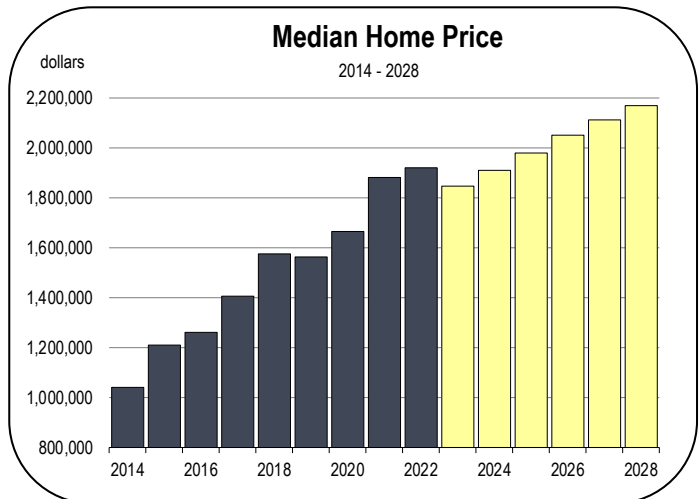
- The unemployment rate is expected to average 2.7 percent in 2023 and 2.6 percent in 2024.
- Inflation soared to 5.6 percent in 2022. This was lower than the 7.9 percent inflation rate that most of California was burdened with. Bay Area inflation rates were more subdued due to housing cost reductions. Bay Area inflation will decelerate in 2023 to 3.8 percent due largely to declining energy costs, the restoration of supply chains, and stagnant housing costs.
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- The rate is forecast to continuously decelerate over the forecast period as the labor force is restored, interest rates subside, and wage inflation is contained.



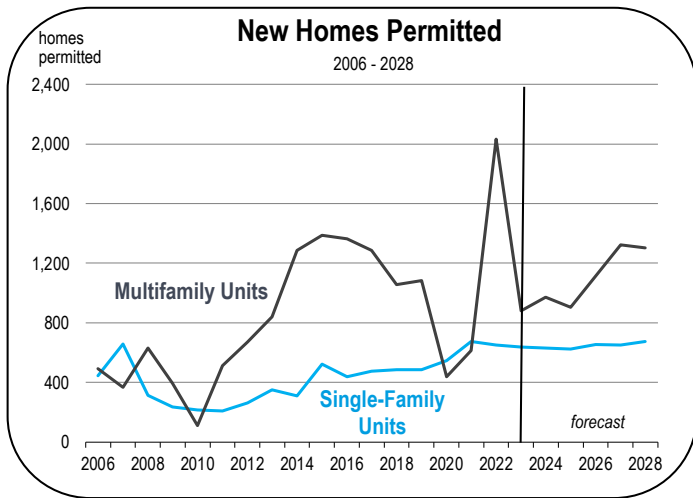
- A risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the surge of inflation nation-wide. Another risk is whether the economic slowdown will moderate the demand for labor, leading to lower wage inflation.
- Average general inflation rates eventually decline to 3 percent again by 2024.

Home Prices and New Housing Production

- In 2022 the median home purchase price in San Mateo County was \$1.9 million, a 2.1 percent increase from the previous year. Values are on pace to decline 3.8 percent in 2023.
- Home price appreciation is expected to average 3.3 percent per year between 2024-2028.
- The unincorporated town of Atherton with 6,900 residents is the most expensive community in California. The median selling value for the seven homes sold in August-September of 2023 was \$7.6 million.
- The housing affordability crisis is more acute in San Mateo than almost anywhere in the nation, but San Francisco and Marin Counties are not far behind.
- The typical household would need to spend more than 50 percent of its pre-tax income to afford the median-priced home.
- Accumulating even a 10% down payment translates into \$190,000 - an amount which is out of reach for almost anyone outside of the technology, asset management, corporate law, corporate management, or biotech industries.



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- Interest rates are expected to remain high in 2024 exacerbating the affordability issues.
- From 2017 to 2022, an average of 1,630 new residential units were started per year. About 66 percent were apartments and condos.
- Housing production is forecast to average 1,730 homes per year from 2023 to 2028, consisting principally of rental apartments.

New Development in San Mateo County

Kilroy Oyster Point

- Phase I of the Kilroy Oyster Point, the largest commercial development in the county, is now completed in South San Francisco.

- The massive project is 4 million square feet, delivered over 5 phases of construction on 50 acres. Many of the tenants will be technology and life sciences companies.
- Not only is the first phase completed, it is also 100% leased. Phase 2 is currently up for lease with 865,000 square feet available. Phase 3 and 4 are scheduled to be completed in 2028. 1.4 million square feet is planned in 4 buildings.

Redwood LIFE Sciences Campus

- A huge development project has just been submitted in Redwood City to develop a 3.3 million square foot life science campus. The project involves redeveloping the current Redwood LIFE office park. Longfellow Real Estate Partners are behind this new project called Redwood LIFE: Evolve.
- The Redwood LIFE project proposed area is 84 acres. The development would include a 20-building office park and a life science campus with 13 new office buildings. A 104-room hotel is also planned.
- Zoning will need to be modified by the Redwood City Council, replacing the current Westport Specific Plan. Right now, the City is in the process of hiring a consultant to prepare the environmental impact report. The project, if approved, would begin the first phase of construction in 2026.



Kilroy Oyster Point

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Bespoke

- Bespoke is a proposed mixed-use development in San Mateo. The project includes a seven-story, 60-unit affordable housing building, a five story retail and office building with 156,000 square feet, and 128 on-site parking spaces. The project takes up a full city block bounded by East 4th and East 5th Avenues.
- The developer filed a formal application in February of 2023, and is currently under review with the city.

Peninsula Heights

- Now under construction is this residential project with 290 for-sale residential units.

Waters Park Drive Residences

- The project to redevelop the now empty 100,000 square foot Waters Technology Office Park on Norfolk Street into 190 for-sale residential units is now under construction.

Hampton Inn and Suites Hotel

- A 86,859-square foot, 5-story hotel with 182 rooms was completed in 2023 and soft-opened in August. The grand opening is scheduled for November 2. It is a 10-minute drive from SFO.

Hillsdale Terraces

- Existing structures at the site at 29 Baytree Way will be demolished and 68 condominiums will be constructed. The project includes parking and 13,462 square feet of ground floor retail space.
- The developer filed for an extension to start this approved project through October 2024.

Concur Passage

- The project proposes to demolish the existing commercial buildings and construct 961 multi-family dwelling units and approximately 40,000 square feet of commercial/retail space. The project includes 73 affordable housing units. Commercial uses include Trader Joe's, Peninsula Ballet Theatre, and 7-Eleven, with other retail space and a daycare facility for approximately 70 children.
- The project has approved since 2020, but has not yet started. Moreover, the City of San Mateo approved an extension to execute the Development Agreement until September 30, 2025. The applicant is California Coastal Properties.
- Concur Passage will be under construction for a number of years. In addition to the housing and retail structures, the project also includes a transportation hub, and two public parks.



Concur Passage

San Mateo County Economic Forecast

Economic Indicators 2015-2022 History, 2023-2050 Forecast

	Population (people)	Households (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	761,484	260.4	2,040	1,907	732	\$78	\$10	\$16	\$28	\$129,130	3.5	\$168	2.6
2016	764,070	261.4	-1,781	1,804	747	\$82	\$10	\$16	\$35	\$131,344	3.1	\$166	3.0
2017	765,601	262.4	-2,361	1,759	761	\$89	\$11	\$17	\$41	\$138,908	2.7	\$156	3.2
2018	766,711	263.0	-2,495	1,540	770	\$96	\$11	\$18	\$39	\$143,747	2.3	\$159	4.2
2019	766,312	264.1	-3,947	1,566	781	\$101	\$12	\$18	\$42	\$146,052	2.1	\$145	3.2
2020	760,725	269.4	-8,902	984	705	\$108	\$10	\$32	\$37	\$155,648	7.0	\$102	1.7
2021	747,900	270.7	-15,062	1,290	692	\$118	\$11	\$21	\$40	\$167,191	4.6	\$103	3.4
2022	739,819	272.4	-10,718	2,685	677	\$122	\$14	\$22	\$41	\$164,886	2.4	\$92	5.6
2023	733,506	273.8	-8,621	1,520	722	\$130	\$14	\$24	\$43	\$171,170	2.7	\$87	3.8
2024	728,296	275.2	-7,394	1,603	723	\$140	\$14	\$25	\$44	\$179,019	2.6	\$81	3.3
2025	724,025	276.6	-6,339	1,528	723	\$148	\$15	\$26	\$44	\$185,136	2.6	\$76	3.0
2026	720,905	278.0	-5,073	1,769	727	\$157	\$16	\$28	\$46	\$192,239	2.6	\$71	2.7
2027	718,633	279.5	-4,079	1,975	732	\$167	\$17	\$29	\$49	\$199,860	2.6	\$66	2.4
2028	716,942	281.3	-3,411	1,981	739	\$176	\$18	\$31	\$51	\$206,827	2.6	\$61	2.4
2029	715,805	283.0	-2,783	1,911	744	\$185	\$19	\$32	\$53	\$211,990	2.7	\$57	2.4
2030	715,193	284.7	-2,157	1,948	750	\$193	\$20	\$33	\$55	\$216,485	2.7	\$52	2.5
2031	714,974	286.5	-1,621	1,791	755	\$201	\$21	\$35	\$56	\$220,577	2.7	\$48	2.4
2032	715,172	288.1	-1,097	1,942	760	\$208	\$21	\$36	\$57	\$222,576	2.6	\$44	2.5
2033	715,579	289.8	-784	1,854	764	\$217	\$22	\$37	\$58	\$226,425	2.7	\$41	2.2
2034	716,096	291.4	-543	1,770	767	\$226	\$23	\$38	\$59	\$230,313	2.7	\$37	2.4
2035	716,711	293.0	-333	1,730	769	\$235	\$24	\$40	\$60	\$233,860	2.8	\$34	2.5
2036	717,554	294.5	0	1,748	772	\$244	\$24	\$41	\$60	\$235,827	2.8	\$31	2.8
2037	718,653	296.1	351	1,739	775	\$253	\$25	\$42	\$60	\$237,620	2.9	\$28	2.9
2038	719,853	297.6	577	1,731	777	\$264	\$26	\$43	\$61	\$240,444	3.0	\$25	2.7
2039	721,070	299.2	684	1,688	779	\$274	\$26	\$44	\$61	\$241,975	3.0	\$23	2.9
2040	722,252	300.7	738	1,653	781	\$285	\$27	\$46	\$61	\$244,347	3.0	\$20	2.8
2041	723,337	302.1	756	1,619	783	\$296	\$28	\$47	\$61	\$247,769	3.1	\$18	2.5
2042	724,294	303.6	730	1,562	784	\$308	\$29	\$48	\$61	\$251,214	3.0	\$16	2.4
2043	725,141	305.0	707	1,517	786	\$320	\$30	\$49	\$62	\$254,789	3.0	\$14	2.3
2044	725,860	306.3	678	1,472	786	\$332	\$31	\$51	\$62	\$258,798	3.1	\$13	2.1
2045	726,384	307.6	610	1,448	787	\$343	\$32	\$53	\$62	\$262,184	3.1	\$11	2.2
2046	726,736	308.9	539	1,408	787	\$355	\$33	\$54	\$62	\$265,005	3.1	\$10	2.3
2047	726,895	310.2	453	1,334	787	\$367	\$34	\$56	\$62	\$266,851	3.1	\$8	2.5
2048	726,906	311.3	414	1,313	787	\$378	\$35	\$58	\$62	\$268,578	3.1	\$7	2.5
2049	726,721	312.5	354	1,272	787	\$391	\$36	\$60	\$62	\$271,279	3.1	\$6	2.3
2050	726,366	313.6	304	1,237	788	\$403	\$37	\$62	\$63	\$273,731	3.1	\$5	2.4

Employment Sectors 2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
----- (thousands of jobs) -----												
2015	376.9	1.8	17.4	25.4	28.2	45.9	21.6	76.2	27.9	44.1	42.2	32.3
2016	392.3	1.8	18.1	25.4	30.5	46.0	22.5	81.7	31.6	45.0	42.6	33.3
2017	393.5	1.7	18.9	26.1	25.2	45.6	22.4	81.2	34.8	47.0	43.6	33.3
2018	403.8	1.4	19.3	25.8	25.7	45.8	23.4	82.5	39.4	48.5	45.1	33.2
2019	416.6	1.4	20.4	25.7	26.4	44.2	23.9	85.4	45.4	52.0	45.7	32.7
2020	386.0	1.4	19.6	24.5	23.0	39.8	22.6	82.0	50.7	50.5	30.9	30.3
2021	400.5	1.4	19.2	25.2	22.8	40.9	22.6	87.7	55.0	52.0	33.0	30.0
2022	422.6	1.6	17.8	25.6	22.8	40.6	23.5	91.6	61.0	56.6	39.3	30.3
2023	437.6	1.4	18.5	25.6	23.6	40.4	24.3	93.8	61.4	59.8	45.8	30.6
2024	445.3	1.4	18.7	26.0	23.9	40.5	24.6	97.2	62.5	60.5	46.2	31.3
2025	451.6	1.4	18.7	26.3	24.2	40.7	24.8	99.9	64.2	61.7	45.9	31.2
2026	459.1	1.4	19.3	26.6	24.5	40.8	24.8	102.3	66.5	63.3	46.1	31.2
2027	467.8	1.4	20.4	26.8	24.8	41.0	24.8	103.7	70.2	64.8	46.3	31.2
2028	474.3	1.4	21.1	27.0	24.9	40.8	24.9	104.3	73.0	67.1	46.2	31.2
2029	480.2	1.4	20.9	27.2	25.0	41.1	24.9	104.6	75.7	69.4	46.3	31.2
2030	485.7	1.4	21.0	27.3	25.1	41.0	24.9	105.0	78.1	71.8	46.3	31.2
2031	489.9	1.4	20.5	27.4	25.2	40.9	24.9	105.1	80.2	74.1	46.4	31.2
2032	494.4	1.4	20.7	27.5	25.2	40.7	24.9	105.3	82.0	76.4	46.4	31.3
2033	498.0	1.4	20.3	27.5	25.3	40.6	24.9	105.4	83.4	78.8	46.5	31.3
2034	501.3	1.3	19.9	27.6	25.4	40.6	24.9	105.5	84.6	81.1	46.5	31.3
2035	504.5	1.3	19.8	27.6	25.4	40.4	24.9	105.6	85.4	83.5	46.6	31.3
2036	507.9	1.3	19.8	27.7	25.5	40.4	24.9	105.9	85.9	85.8	46.6	31.3
2037	510.8	1.3	19.7	27.7	25.6	40.2	24.9	106.2	86.3	88.1	46.7	31.3
2038	514.0	1.3	19.6	27.8	25.6	40.3	24.9	106.5	86.6	90.5	46.8	31.3
2039	517.0	1.3	19.5	27.8	25.7	40.3	25.0	106.8	87.0	92.8	46.9	31.3
2040	520.0	1.3	19.4	27.8	25.7	40.2	25.0	107.1	87.3	95.1	46.9	31.3
2041	522.8	1.3	19.3	27.8	25.8	40.1	25.0	107.3	87.5	97.3	47.0	31.4
2042	525.3	1.3	19.0	27.9	25.8	40.0	25.0	107.6	87.8	99.6	47.1	31.4
2043	527.9	1.3	18.7	27.9	25.9	40.0	25.0	107.8	88.0	101.8	47.2	31.4
2044	530.6	1.3	18.4	27.9	25.9	40.1	25.0	108.1	88.2	104.1	47.3	31.4
2045	532.9	1.3	18.2	27.9	25.9	39.9	25.0	108.3	88.5	106.3	47.4	31.4
2046	535.1	1.3	17.9	27.9	26.0	39.8	24.9	108.5	88.6	108.5	47.4	31.4
2047	537.2	1.3	17.4	27.9	26.0	39.7	24.9	108.8	88.8	110.6	47.4	31.4
2048	539.5	1.3	17.2	27.9	26.0	39.7	24.9	109.0	89.0	112.8	47.5	31.4
2049	541.6	1.3	16.9	27.9	26.0	39.6	24.9	109.2	89.1	114.9	47.5	31.4
2050	543.7	1.3	16.6	27.8	26.0	39.5	24.9	109.4	89.3	117.0	47.5	31.4

San Mateo County Economic Forecast

Socioeconomic Indicators

