

SAN FRANCISCO COUNTY ECONOMIC FORECAST

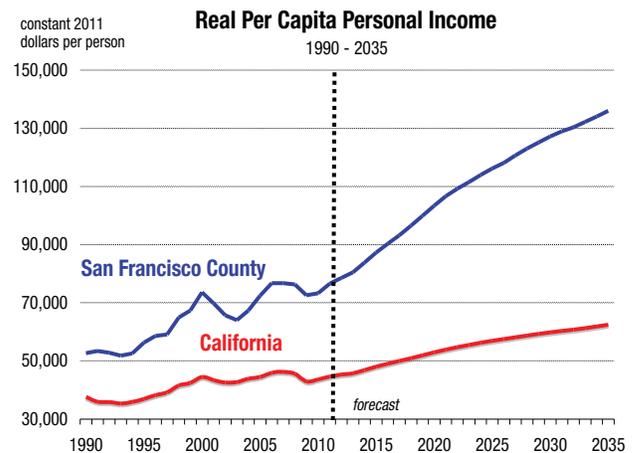
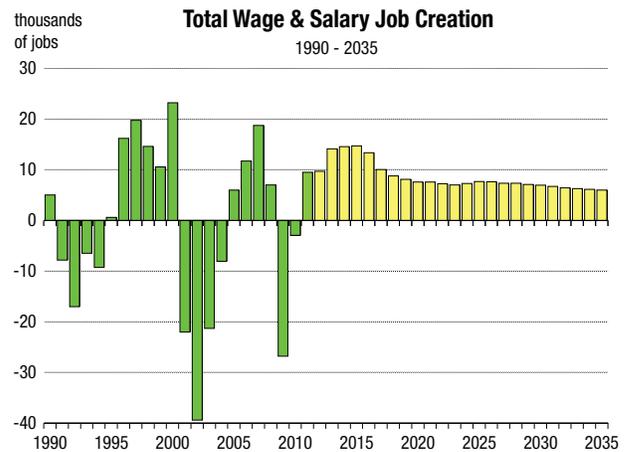
San Francisco County, located on a peninsula north of San Mateo County, between the San Francisco Bay and Pacific Ocean, is one of the State's largest tourist destinations. San Francisco County has a population of 814,000 people and has 530,800 wage and salary jobs, making it a jobs center for a number of Bay Area counties. The per capita income in San Francisco County is \$76,534, and the average salary per worker is among the highest in the state at \$97,474.

In 2011, employment in Northern California increased by 0.9 percent, whereas employment in the greater Bay Area grew by 1.2 percent. Employment grew by 9,500 total jobs in San Francisco County last year, a gain of 1.8 percent. The unemployment rate improved to 8.6 percent.

Most employment sectors were characterized by growth in 2011. The largest gains occurred in the professional services (+5,100 jobs), leisure and hospitality (+2,700 jobs), and information (+1,000 jobs) sectors. The industries with the largest job declines were government (-400 jobs) and financial activities (-300 jobs). 2011 was the 14th consecutive year of negative growth in the transportation, warehousing and utilities sector, where employment has declined 56 percent since 1997.

The population of San Francisco County grew by 4.4 percent between 2006 and 2011, an annual average increase of 0.7 percent. Net migration has been positive for 5 of the past 6 years, but has been relatively low.

The county never fully recovered from the dotcom bust of 2000. As a result of the fallout from the 2008-09 recession, it will take at least six more years for employment to recover to the peak level reached in 2000.



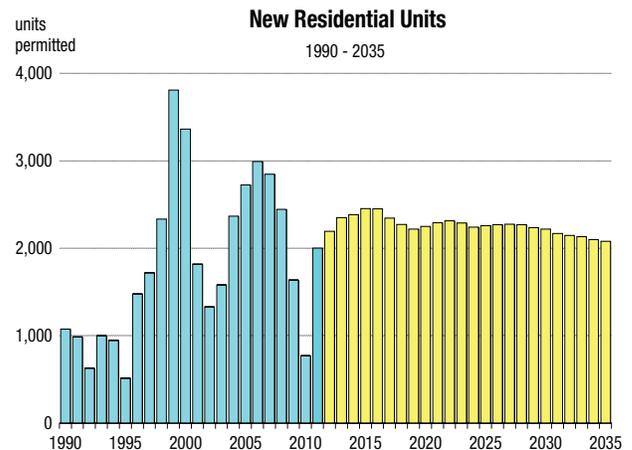
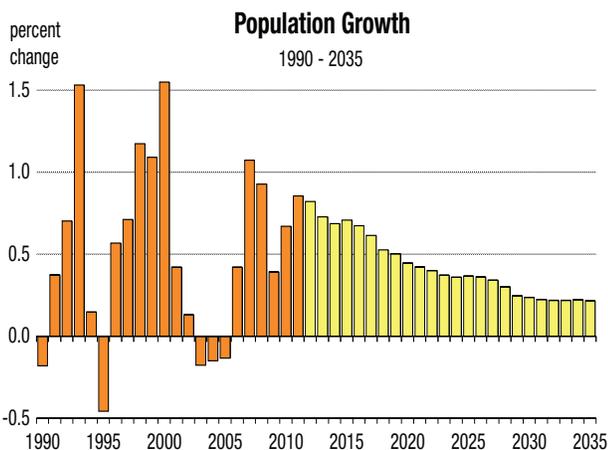
FORECAST HIGHLIGHTS

- Employment will rise by 1.8 percent in 2012. From 2012 to 2017, the annual growth rate is forecast to average 2.3 percent.
- Average salaries are currently well above the California state average, and will remain so over the foreseeable future. Adjusted for inflation, average salaries are expected to rise by an average of 1.2 percent per year between 2012 and 2017.
- From 2012 to 2017, the principal engines of employment growth will be professional services, recreation and leisure services, financial activities, and information services. These sectors will account for 70 percent of the job growth in the county.
- Population growths will remain positive, but modest, averaging 0.7 percent per year between 2012 and 2017.
- Net migration is expected to remain relatively stable in 2012, adding 3,400 net residents. Net migration averages 2,700 persons from 2012 to 2017.
- Real per capita incomes are forecast to increase by 2.6 percent in 2012. Between 2012 and 2017, real per capita incomes will increase at a rate of 3.3 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.3 percent per year between 2012 and 2017.
- Industrial production is forecast to increase by 2.8 percent in 2012. From 2012 to 2017, industrial production is expected to grow by 3.5 percent per year, but will remain well below the levels seen in 1990.

San Francisco County Economic Forecast

2006-2011 History, 2012-2040 Forecast

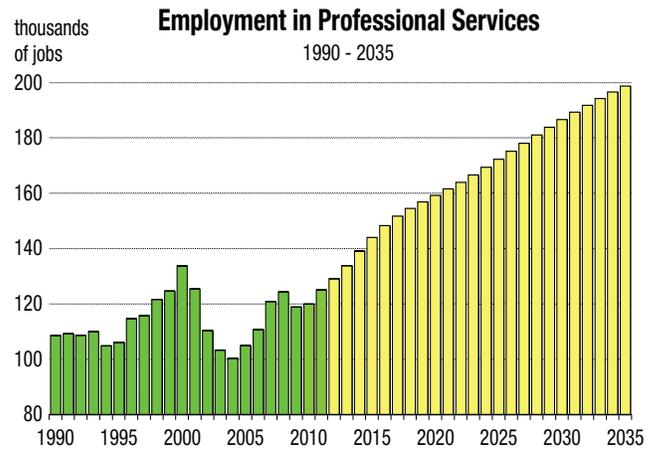
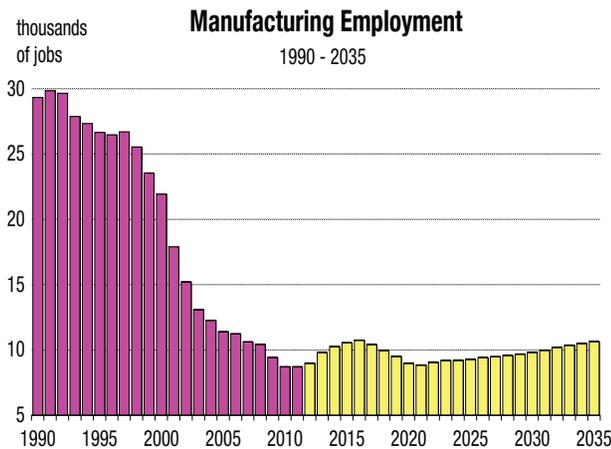
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	782,928	832	469	336.1	2,992	\$13.9	\$53.9	\$76,755	3.2	2.8	4.1	4.2
2007	791,334	5,325	474	338.3	2,848	\$14.6	\$56.3	\$76,692	3.4	1.7	3.7	4.2
2008	798,673	4,124	470	340.6	2,447	\$14.8	\$58.2	\$76,290	3.0	1.2	3.7	5.3
2009	801,799	-409	470	343.2	1,637	\$12.6	\$56.0	\$72,563	0.8	1.1	3.5	9.0
2010	807,177	2,290	470	345.4	774	\$13.4	\$57.7	\$73,269	1.3	0.7	3.5	9.5
2011	814,088	3,773	471	346.5	2,002	\$14.4	\$62.3	\$76,534	2.5	0.7	3.5	8.6
2012	820,782	3,421	472	347.3	2,196	\$15.2	\$65.7	\$78,541	1.9	0.6	3.6	8.1
2013	826,754	2,740	474	348.6	2,351	\$15.9	\$69.2	\$80,452	2.1	0.6	3.8	7.2
2014	832,439	2,486	477	349.9	2,386	\$16.6	\$74.1	\$83,788	2.1	0.5	3.9	6.6
2015	838,332	2,721	479	351.3	2,456	\$17.3	\$79.1	\$87,240	1.8	0.5	4.1	6.1
2016	843,978	2,488	482	352.7	2,451	\$18.1	\$83.9	\$90,261	1.7	0.5	4.2	5.6
2017	849,170	2,042	485	354.1	2,347	\$18.9	\$88.6	\$93,147	1.7	0.5	4.3	5.4
2018	853,651	1,335	489	355.5	2,273	\$19.7	\$93.8	\$96,498	1.7	0.5	4.3	5.2
2019	857,955	1,161	492	356.8	2,221	\$20.5	\$99.1	\$99,912	1.5	0.4	4.2	5.0
2020	861,786	685	495	358.0	2,250	\$21.3	\$104.4	\$103,337	1.4	0.4	4.2	4.8
2021	865,433	498	499	359.3	2,294	\$22.0	\$109.6	\$106,636	1.3	0.4	4.2	4.8
2022	868,898	313	502	360.7	2,314	\$22.7	\$114.3	\$109,205	1.5	0.4	4.3	4.8
2023	872,138	91	505	362.0	2,291	\$23.5	\$119.0	\$111,513	1.5	0.4	4.4	4.8
2024	875,268	-13	508	363.3	2,241	\$24.3	\$124.0	\$113,985	1.6	0.4	4.5	4.8
2025	878,486	88	511	364.6	2,259	\$25.1	\$129.0	\$116,145	1.7	0.4	4.6	4.8
2026	881,657	63	514	365.9	2,271	\$26.0	\$133.9	\$118,139	1.7	0.4	4.7	4.8
2027	884,662	-76	517	367.2	2,275	\$26.8	\$139.5	\$120,661	1.7	0.3	4.9	4.8
2028	887,341	-364	520	368.5	2,271	\$27.7	\$145.1	\$122,998	1.7	0.3	5.0	4.8
2029	889,531	-811	523	369.8	2,237	\$28.6	\$150.5	\$125,148	1.7	0.3	5.2	4.8
2030	891,636	-845	525	371.1	2,222	\$29.5	\$155.9	\$127,175	1.7	0.3	5.3	4.8
2031	893,634	-892	528	372.4	2,170	\$30.4	\$161.2	\$129,000	1.7	0.3	5.5	4.8
2032	895,601	-857	530	373.6	2,148	\$31.2	\$166.1	\$130,351	1.7	0.3	5.7	4.8
2033	897,571	-780	533	374.8	2,133	\$32.1	\$171.6	\$132,153	1.7	0.3	5.9	4.8
2034	899,571	-669	535	376.1	2,102	\$33.0	\$177.4	\$134,023	1.7	0.3	6.2	4.8
2035	901,509	-643	537	377.3	2,082	\$33.8	\$183.5	\$135,986	1.7	0.3	6.4	4.8
2036	903,544	-452	540	378.5	2,063	\$34.7	\$189.5	\$137,756	1.7	0.3	6.6	4.8
2037	905,659	-271	542	379.7	2,064	\$35.6	\$195.9	\$139,640	1.7	0.2	6.8	4.8
2038	907,749	-187	544	380.9	2,072	\$36.4	\$202.7	\$141,678	1.7	0.2	7.1	4.8
2039	909,718	-195	546	382.0	2,072	\$37.3	\$209.7	\$143,806	1.7	0.2	7.3	4.8
2040	911,568	-193	548	383.2	2,071	\$38.2	\$216.8	\$145,931	1.7	0.2	7.6	4.8

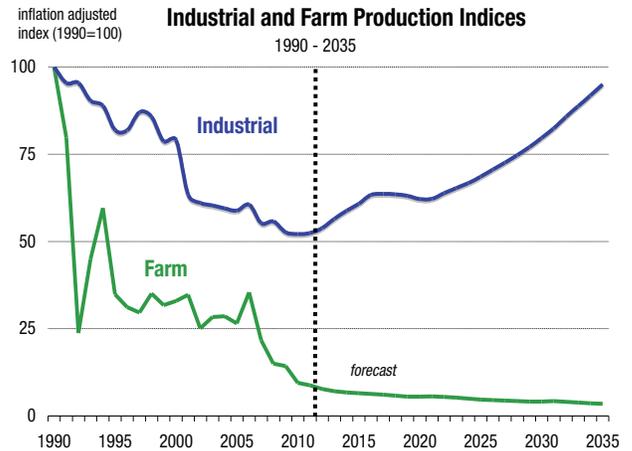
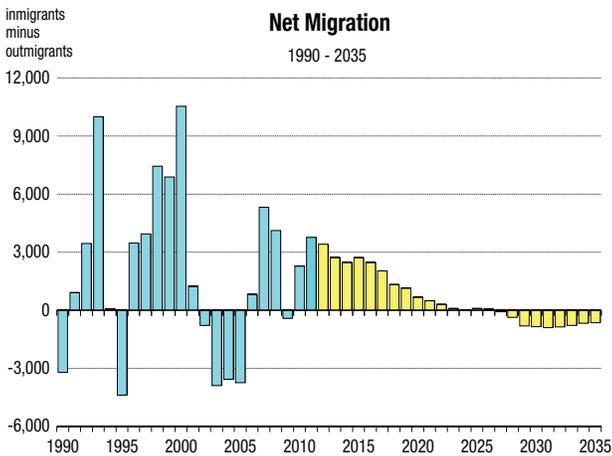
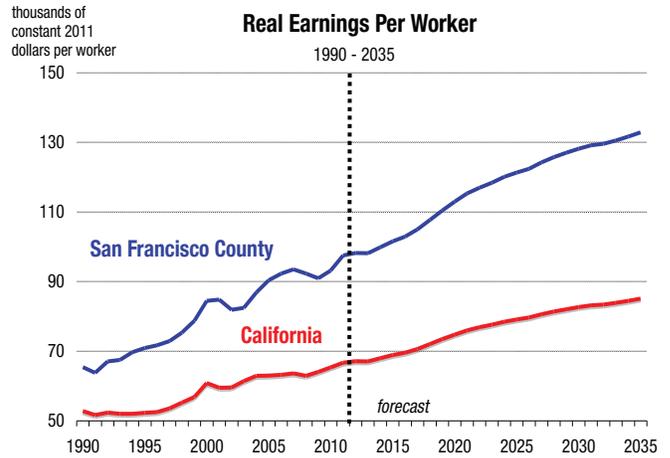
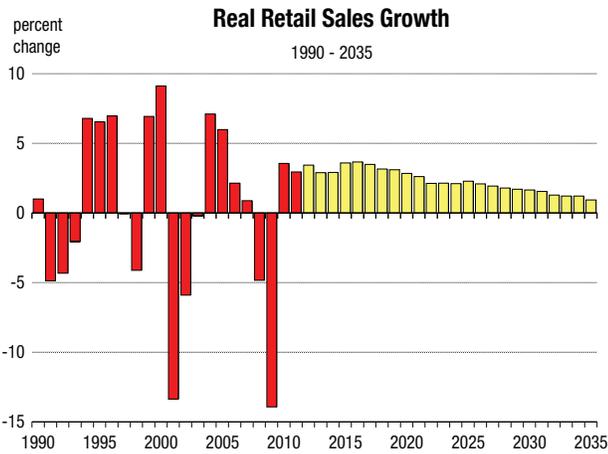


San Francisco County Employment Forecast

2006-2011 History, 2012-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	525.1	0.23	18.4	11.2	14.1	55.0	57.8	110.8	18.3	56.0	73.8	88.1
2007	543.9	0.23	19.4	10.6	12.4	56.4	58.6	120.9	19.7	57.4	76.4	89.9
2008	551.0	0.26	18.9	10.5	11.5	56.2	58.1	124.4	19.8	58.7	79.1	91.1
2009	524.2	0.28	15.0	9.4	11.4	52.2	53.1	118.9	19.5	57.2	76.0	89.4
2010	521.3	0.23	13.7	8.7	11.0	50.9	51.6	120.0	19.2	58.6	76.5	89.3
2011	530.8	0.20	13.7	8.7	10.9	51.3	51.3	125.2	20.2	59.0	79.2	88.8
2012	540.6	0.21	14.7	9.0	10.8	52.3	51.6	129.2	21.2	59.9	81.4	87.3
2013	554.8	0.20	15.5	9.8	10.8	53.1	52.6	133.9	22.4	60.5	83.4	89.5
2014	569.3	0.20	16.5	10.3	10.8	54.0	54.0	139.2	23.8	61.3	85.6	90.3
2015	584.1	0.20	17.0	10.6	11.0	55.2	55.5	144.1	25.1	62.2	88.0	91.5
2016	597.4	0.20	17.2	10.8	11.4	56.5	57.2	148.4	26.1	62.9	90.3	92.4
2017	607.5	0.20	17.3	10.4	11.3	57.8	58.8	151.8	26.8	63.6	92.4	93.1
2018	616.3	0.20	17.4	10.0	11.3	59.0	60.2	154.5	27.2	64.2	94.4	93.8
2019	624.5	0.20	17.5	9.5	11.3	60.1	61.5	157.0	27.5	64.9	96.5	94.2
2020	632.1	0.20	17.6	9.0	11.3	61.3	62.7	159.3	27.7	65.5	98.6	94.7
2021	639.7	0.20	17.8	8.9	11.3	62.3	63.7	161.6	27.9	66.0	100.6	95.2
2022	647.0	0.20	17.9	9.1	11.2	63.1	64.6	164.0	27.9	66.5	102.4	95.8
2023	654.1	0.19	18.1	9.2	11.1	64.0	65.4	166.7	27.8	67.0	103.9	96.2
2024	661.4	0.19	18.2	9.2	11.1	64.9	66.2	169.4	28.0	67.5	105.5	96.6
2025	669.1	0.19	18.3	9.3	11.1	65.8	66.9	172.3	28.4	68.0	106.9	97.0
2026	676.8	0.19	18.5	9.4	11.0	66.7	67.7	175.2	29.0	68.6	108.2	97.4
2027	684.1	0.19	18.6	9.5	11.0	67.5	68.4	178.2	29.4	69.1	109.4	97.7
2028	691.5	0.19	18.8	9.6	11.0	68.3	69.1	181.1	29.9	69.6	110.6	98.1
2029	698.7	0.19	19.0	9.7	10.9	69.0	69.8	183.9	30.3	70.2	111.7	98.4
2030	705.7	0.19	19.1	9.8	11.0	69.8	70.5	186.7	30.6	70.8	112.7	98.8
2031	712.5	0.19	19.2	10.0	11.0	70.5	71.1	189.3	31.0	71.3	113.7	99.1
2032	718.9	0.19	19.4	10.2	11.0	71.1	71.8	191.9	31.3	71.9	114.6	99.5
2033	725.2	0.19	19.5	10.4	11.0	71.7	72.3	194.3	31.6	72.4	115.6	99.8
2034	731.4	0.19	19.6	10.5	11.0	72.3	72.9	196.6	32.0	73.0	116.6	100.1
2035	737.4	0.19	19.8	10.7	11.0	72.8	73.5	198.8	32.3	73.5	117.7	100.5
2036	743.4	0.18	19.9	10.8	11.0	73.2	74.0	200.9	32.7	74.1	118.8	100.8
2037	749.4	0.18	20.0	11.0	11.0	73.7	74.5	203.1	33.1	74.6	119.9	101.2
2038	755.4	0.18	20.2	11.1	11.0	74.1	75.0	205.2	33.5	75.1	121.2	101.5
2039	761.4	0.18	20.4	11.2	11.0	74.4	75.5	207.4	33.8	75.6	122.4	101.8
2040	767.5	0.18	20.5	11.4	11.0	74.8	76.0	209.5	34.2	76.1	123.8	102.2





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	21.8 %
Expected job growth:	14.5 %
Fastest growing jobs sector:	Information
Expected personal income growth:	27.0 %

Expected population growth:	4.3 %
Net migration to account for:	45.3 %
Expected growth in number of vehicles:	3.0 %

Demographics

Unemployment rate (March 2012):	8.1 %
County Rank* in California (58 counties):	3rd
Working age (16-64) population:	73.0 %

Population with B.A. Degree or higher:	51.9 %
Median Home Selling Price:	\$634,062
Median Household Income:	\$69,224

Quality of Life

Violent Crime rate (2010):	676 per 100,000 persons
County Rank* in California (58 counties):	55th
Average Commute Time to work (2012):	32.3 minutes

High School drop out rate (2010):	14.8 %
Households at/below poverty line:	7.1 %

* The county ranked 1st corresponds to the lowest rate in California