

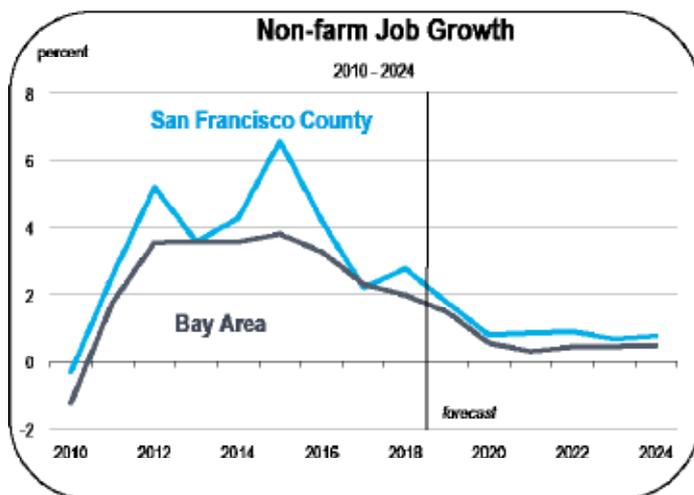
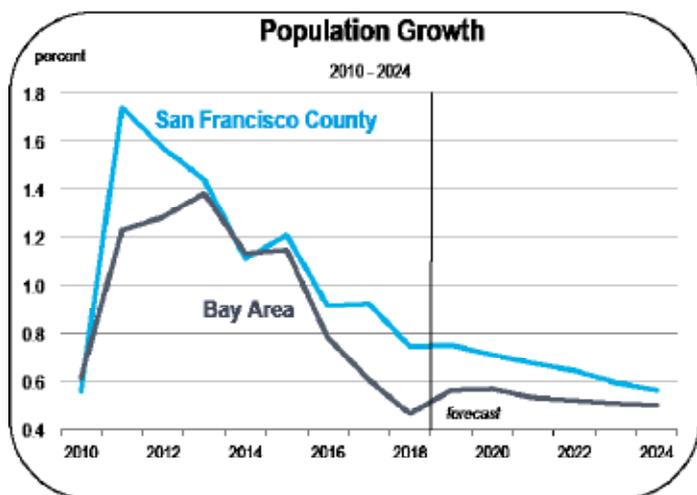
San Francisco County Economic Forecast

Forecast Summary

- 13,100 non-farm jobs will be created in San Francisco County during 2019. Over the following five years, an average of 6,200 new jobs are expected per year.
- Employment growth will be led by professional services, information services, leisure services, and education and healthcare. These sectors will account for 86 percent of net job creation through 2024.
- The unemployment rate averaged 2.4 percent in 2018, but may begin to rise in 2019.
- Population growth has decelerated and is now similar to the statewide average.
- Housing affordability is a major issue for the entire Bay Area. Families often spend half of their income on mortgage and rent payments, and some spend significantly more in San Francisco. If housing costs continue to rise faster than incomes, affordability will deteriorate further.
- Housing production has increased in recent years but is not keeping pace with Bay Area population growth. This is the primary cause of the affordability “crisis” in the City and the region.

Job Growth

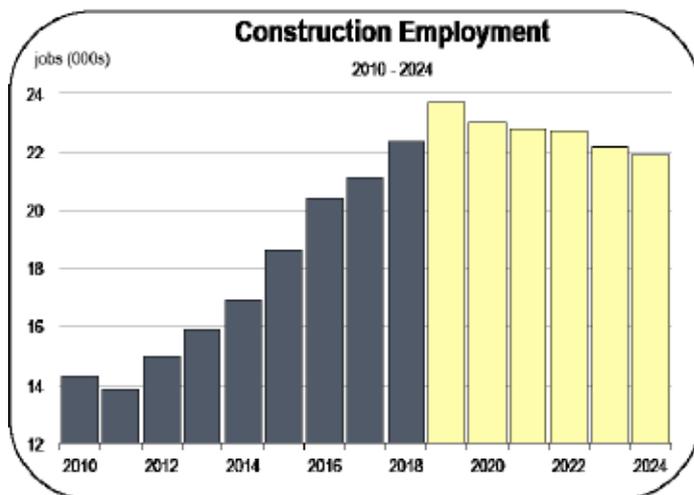
- The expected slowdown in job creation is underway, and growth will slow further in 2019 and 2020.
- In 2018, large gains were observed in professional business services and information services, which contain most of the county’s tech jobs.



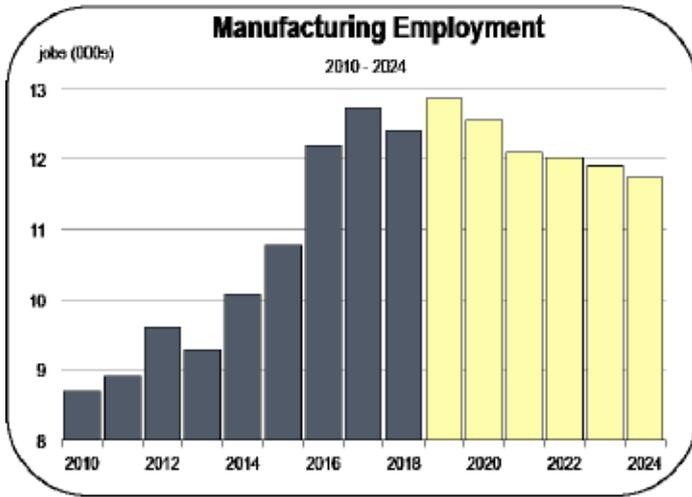
- Between 2012 and 2018, non-farm job growth averaged 3.9 percent per year.
- Between 2018 and 2024, growth is forecast to average 1.0 percent.
- Approximately 13,100 non-farm jobs will be created during 2019.
- Through 2024, an average of 6,200 new non-farm wage and salary jobs per year are forecast.

Construction Employment

- The construction sector is expanding at a breakneck pace.
- In 2018, workers were deployed to mixed-use projects at the S.F. Shipyard and Treasure Island, to office towers near the financial district, and to multifamily housing projects throughout the county.
- Construction employment will peak in 2019 and 2020, and will moderate thereafter as the flurry of new construction starts abates and/or demand slows.



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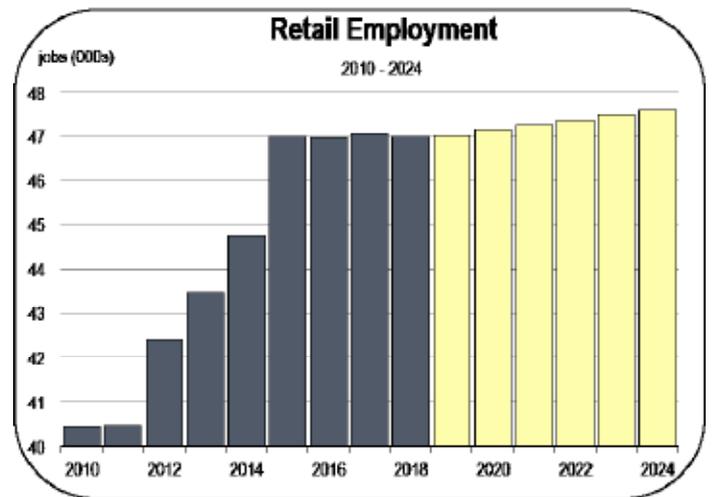
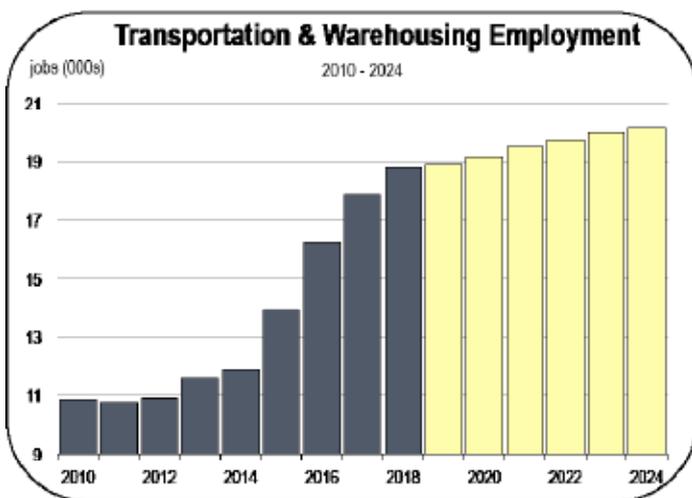


Manufacturing Employment

- The manufacturing sector lost 300 jobs in 2018.
- Most of San Francisco’s manufacturing jobs are in computer manufacturing, food manufacturing, and beverage manufacturing.
- The firm that makes SKYY Vodka laid off 95 workers in March when it moved an office to New York. The company that makes Smucker’s Jelly laid off 100 workers in July.
- There are also a small number of medical manufacturing jobs in San Francisco. This sector laid off 206 workers.

Transportation and Warehousing Employment

- This industry has expanded at an exceptionally rapid rate since 2012, generating almost 8,000 jobs.



- Many of these gains were in delivery companies. Because of the rise of online shopping, more goods are being shipped directly to consumers, leading to expansion at companies like FedEx and UPS.

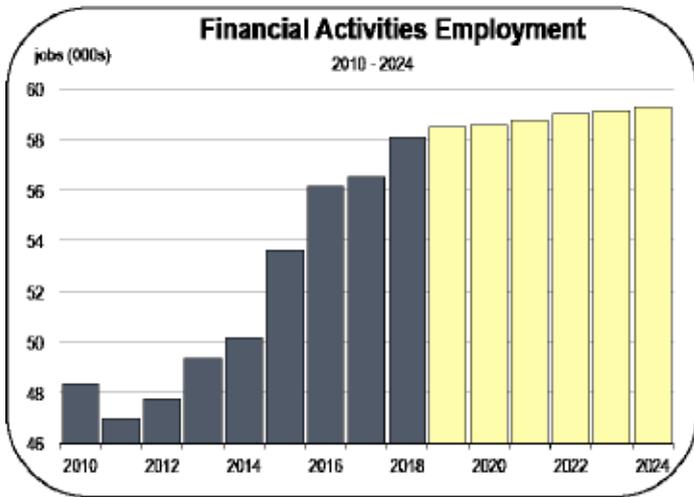
Retail Trade Employment

- This industry is diverging into three segments:
 - Stores facing heavy online competition
 - Stores not facing heavy online competition
 - Online retailers themselves
- Job losses have accelerated at stores with online competition:
 - Clothing stores and department stores
 - Sporting goods stores
 - Consumer electronics stores
 - Office supply stores
- Stores not facing online competition continue to grow:
 - Grocery stores
 - Car dealers
 - Pharmacies and healthcare stores
- Online stores are also creating jobs. San Francisco has 170 online retailers that generated 1,000 jobs last year.
- Industry-wide employment levels are expected to be stagnant, with further divergence among subsectors.

Financial Activities Employment

- Employment in financial activities grew quickly in 2018.
- In most parts of the state, the finance industry consists of local banks, insurance firms, and real estate companies. But in San

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San Francisco, half of the industry is represented by investment management and financial transaction processing.

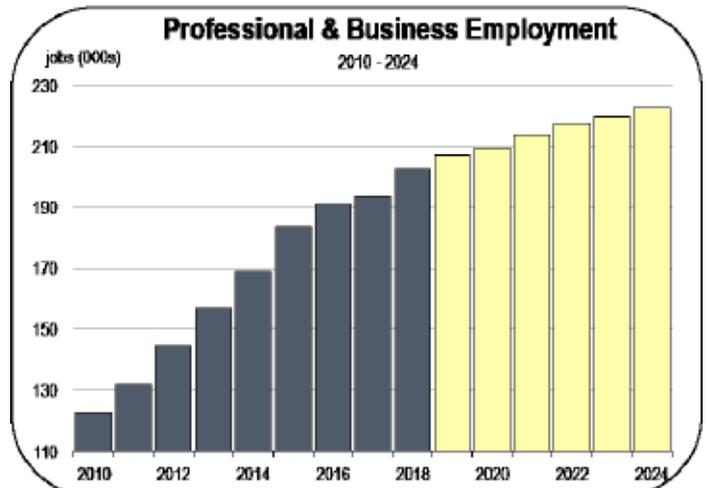
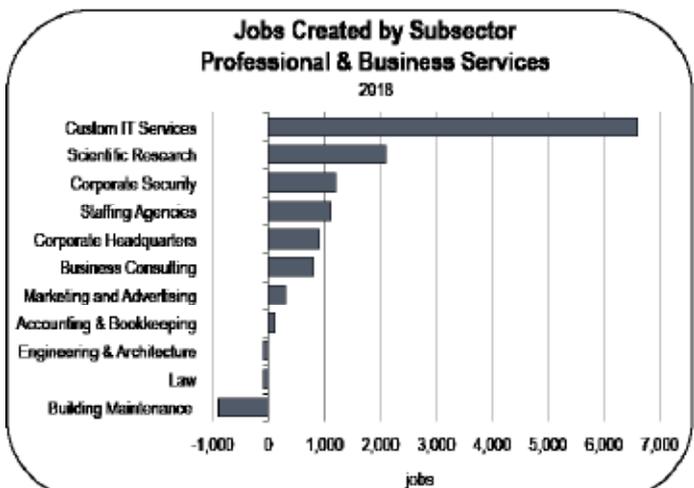
- Real estate is the most rapidly expanding part of this industry, particularly property management and real estate financing.
- Banks gained a small number of jobs last year, but there were layoffs at Wells Fargo and Capital One.

Professional and Business Services Employment

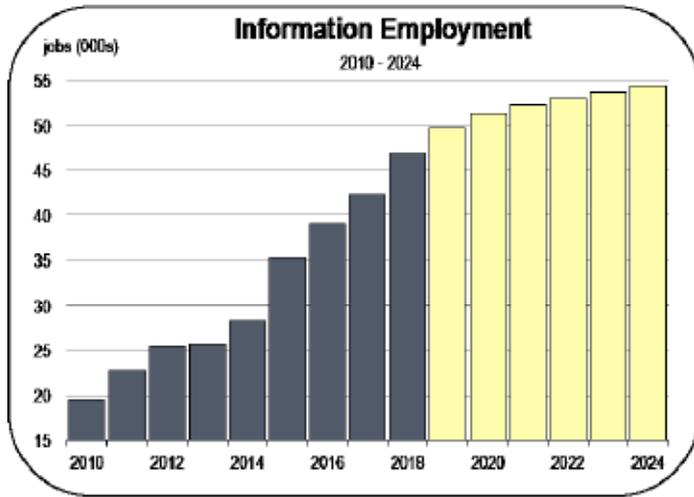
- The professional and business services sector is diverse. It has many of the county's tech jobs, as well as other high-value services like law and accounting.
- It also contains business support functions like staffing agencies, building maintenance services, and security services.
- About 13 percent is comprised of the corporate and regional headquarters of large companies (e.g. the Levi Strauss office on Battery St.).

Professional & Business Services Sub-Sectors 2018	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Custom IT Services	64.7	31.9%
Corporate Headquarters	27.2	13.4%
Law	16.8	8.3%
Business Consulting	14.4	7.1%
Engineering & Architecture	14.0	6.9%
Building Maintenance	13.4	6.6%
Staffing Agencies	12.4	6.1%
Marketing and Advertising	10.1	5.0%
Accounting & Bookkeeping	10.0	5.0%
Corporate Security	8.6	4.2%
Scientific Research	7.2	3.5%
Other	3.7	1.8%

- These industry sizes are unique to San Francisco. Other counties have a much higher share of jobs at business support and staffing agencies and fewer tech jobs.
- Job growth was explosive in custom IT services in 2018 as 6,500 jobs were created in custom software development, computer systems design services, and other custom IT activities.
- Lots of jobs were also created at scientific research companies (including biotech), security firms, and staffing agencies.
- Job growth will be much slower during the forecast period. Hiring managers are having trouble recruiting qualified workers, and chance of recession in late 2020 or 2021 is growing.

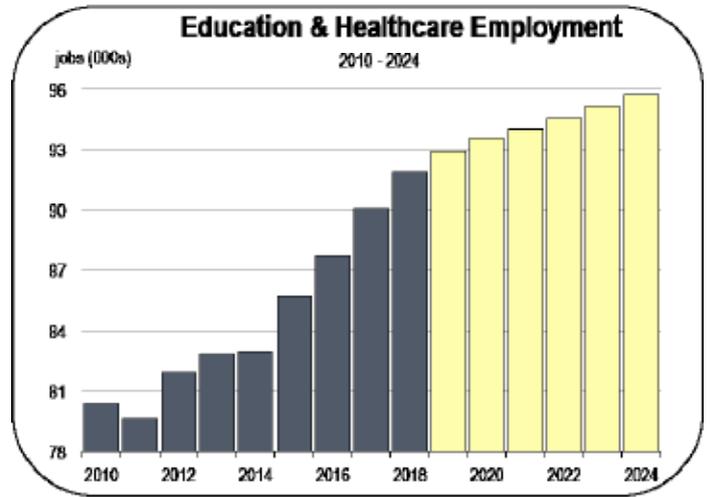
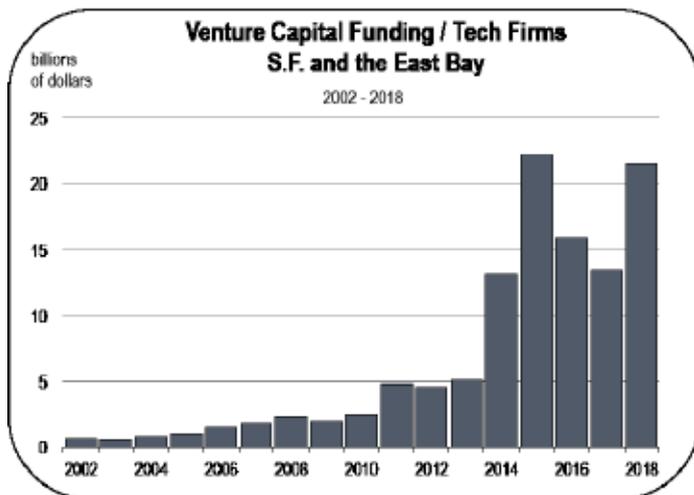


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Information Employment

- The information sector is home to software companies (not including custom programming firms), data services firms, and web hosting firms. It now has:
 - 7,400 workers in software firms.
 - 12,100 workers in data hosting companies (e.g. Dropbox).
 - 16,100 workers in internet publishing and search firms (e.g. the Google office in San Francisco).
- Venture capital funding to tech companies rebounded in 2018, fueling another year of incredibly strong job growth.
- The information sector also contains newspaper publishers, radio stations, and telecommunications companies. These sectors are declining, and losses here will partially offset gains in tech.

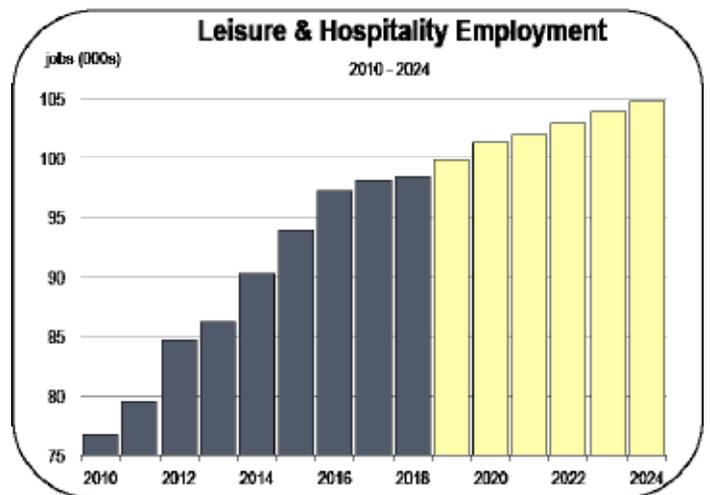


Private Education and Healthcare Employment

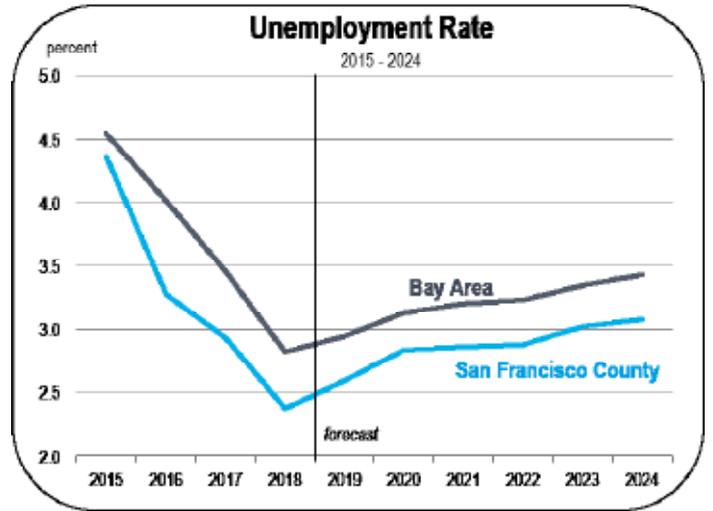
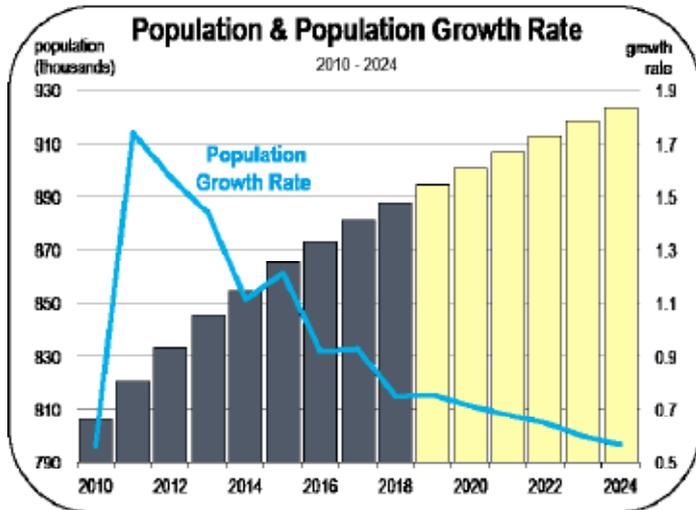
- The healthcare industry generated almost 2,000 jobs last year.
- Private schools and colleges lost 200 jobs (public schools are included in the government sector). Argosy University and Art Institute ceased operations in early 2018, laying off 138 workers.
- Job creation will begin to slow down during the forecast period.
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence employment levels in health services.

Leisure and Hospitality Employment

- Job growth was minimal in 2018. 300 jobs were gained at hotels, 200 jobs were gained at fitness centers, and 500 jobs were lost at restaurants.



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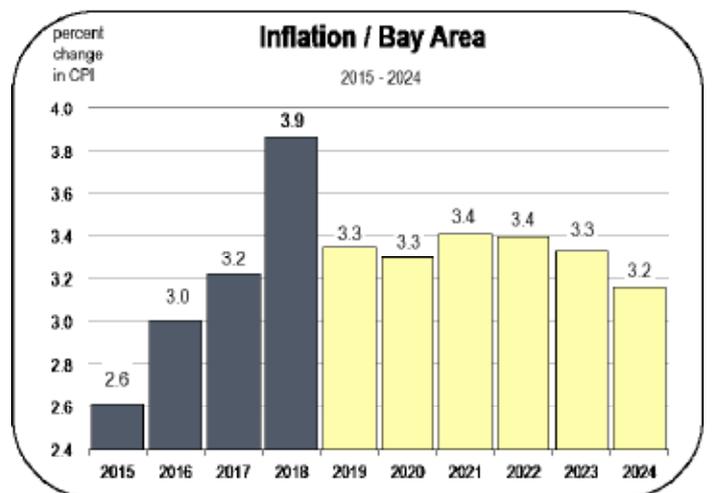
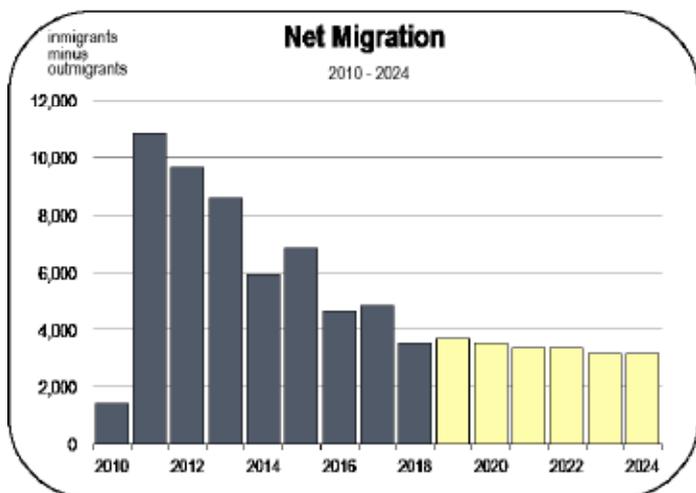


Population Growth

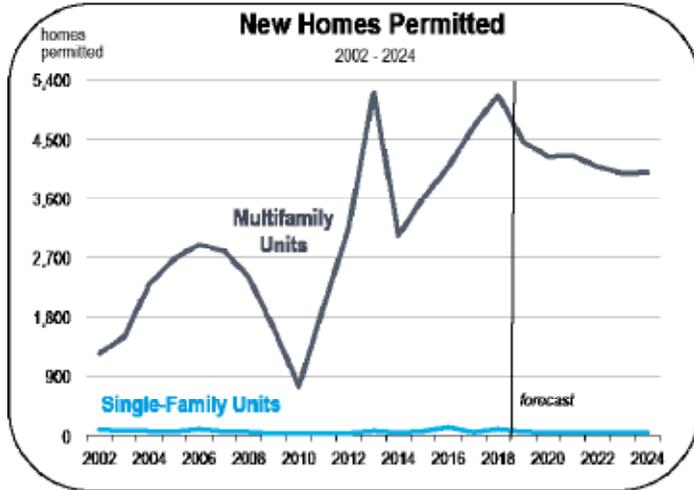
- Population growth is decelerating as fewer people move into San Francisco and more people move out.
- But net migration is still positive, with 3,500 net migrants entering the county last year. Despite exceptionally high housing costs, people continue to move to San Francisco for its job opportunities and unique lifestyle.
- An average of 3,400 net migrants will enter the county each year through 2024.
- Population growth will average 0.7 percent per year, and the county will eclipse 924,000 residents by 2024.

Unemployment and Inflation Rates

- The unemployment rate in San Francisco County averaged 2.4 percent in 2018, which was lower than the composite rate for the Bay Area.
- Beginning in 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 2.6 percent, the job market will still be very tight, and companies may still have trouble finding qualified workers.
- Inflation accelerated in 2018 as energy prices increased and housing costs rose rapidly. Inflation will remain elevated in 2019 and 2020, and will likely be above 3 percent.



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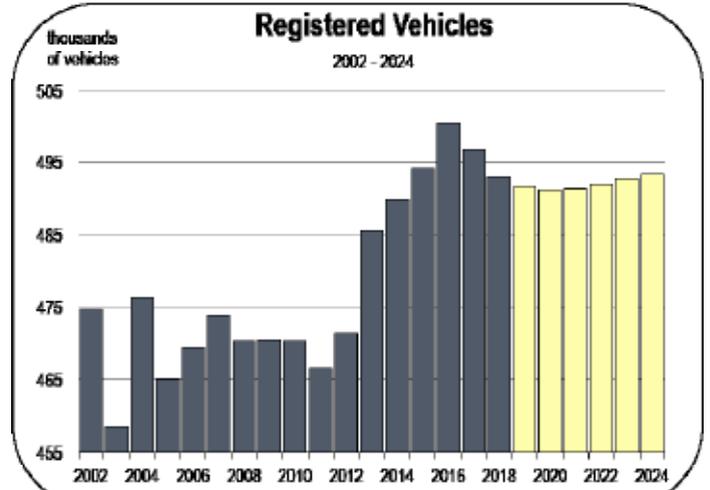
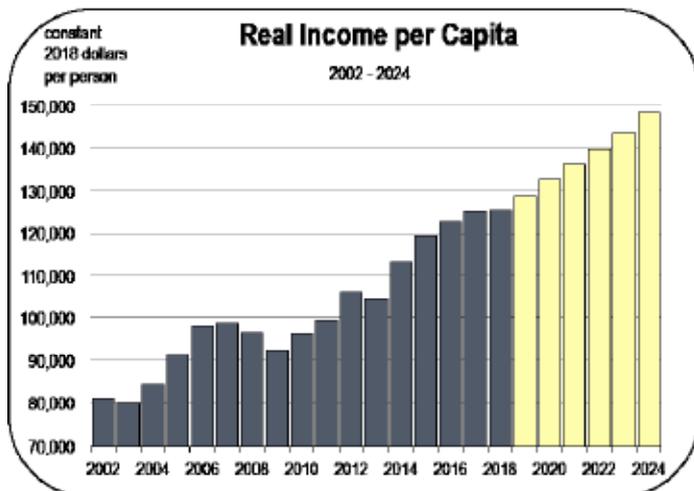


New Housing Production

- From 2013 to 2018, an average of 4,400 housing units were produced each year. From 2019 to 2024, an average of 4,200 units will be built. Virtually all new units will be in multifamily structures.
- San Francisco’s largest project is the Shipyard / Candlestick Point development, at the sites of the former Naval Yard and sports stadium. 14,200 homes could be built, along with 6.5 million square feet of commercial space. The project continues to encounter delays, and the timeline for development is uncertain.
- Other large projects are Parkmerced (southwestern San Francisco) and Treasure Island, which include more than 8,000 homes each. Both will be built over 20-year time horizons.

Income per Capita

- Income per capita in 2018 was \$125,300, placing San Francisco among the wealthiest counties in California.



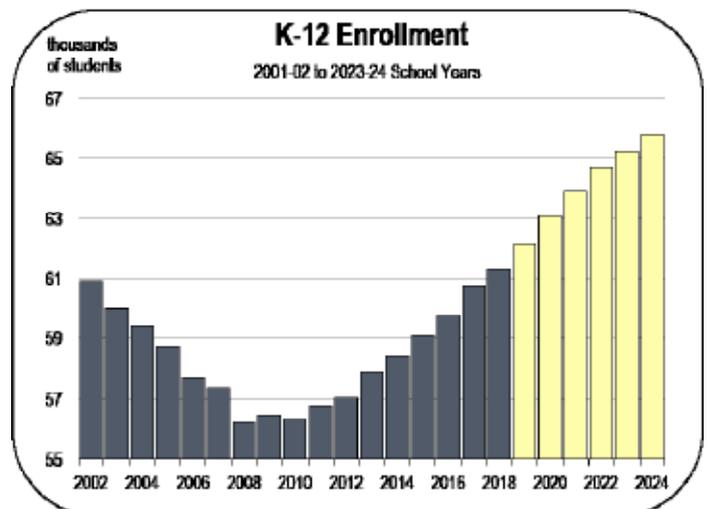
- Income per capita has increased rapidly, growing by an average of 2.8 percent per year over the last 6 years, and is expected to continue to grow by 2.8 percent per year through 2024.

Registered Vehicles

- There were 493,000 registered vehicles in San Francisco County in 2018.
- By 2024, it is expected that the county will have approximately 493,300 registered vehicles.

Public School Enrollment

- In San Francisco County, approximately 61,300 students were enrolled in K-12 public schools during the 2017—2018 school year.
- By 2024, there are expected to be 65,700 K-12 students in the county.



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Economic Indicators

2015-2018 History, 2019-2050 Forecast

	Population (people)	House- holds (thousands)	Average Household Income (dollars)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Local Sales Tax (millions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	School Enrollment (thousands)	Births (people)	Deaths (people)
2015	864,942	358.2	\$264,880	3,670	494	\$94.9	\$12.9	\$322.0	\$25.9	\$119,313	59.1	8,972	5,730
2016	872,876	361.7	\$277,104	4,207	500	\$100.2	\$12.9	\$323.2	\$26.7	\$122,594	59.8	9,062	5,813
2017	880,955	365.3	\$290,201	4,736	497	\$106.0	\$13.1	\$327.4	\$27.4	\$124,984	60.7	8,947	5,876
2018	887,540	368.2	\$302,137	5,264	493	\$111.2	\$13.4	\$334.5	\$27.6	\$125,326	61.3	8,853	5,951
2019	894,224	370.2	\$319,465	4,511	492	\$118.3	\$13.9	\$346.5	\$28.6	\$128,720	62.2	8,866	5,884
2020	900,590	372.8	\$337,991	4,272	491	\$126.0	\$14.3	\$357.9	\$29.4	\$132,600	63.1	8,803	5,940
2021	906,689	375.2	\$357,013	4,281	491	\$134.0	\$14.8	\$369.8	\$30.1	\$136,214	63.9	8,732	6,010
2022	912,552	377.7	\$376,888	4,116	492	\$142.4	\$15.3	\$382.4	\$31.0	\$139,904	64.7	8,648	6,154
2023	917,997	380.1	\$397,601	4,016	493	\$151.1	\$15.8	\$395.0	\$32.0	\$143,724	65.2	8,570	6,296
2024	923,192	382.4	\$420,379	4,035	493	\$160.8	\$16.3	\$407.7	\$32.9	\$148,238	65.7	8,472	6,435
2025	928,164	384.7	\$441,549	4,092	494	\$169.9	\$16.8	\$419.8	\$33.9	\$152,119	66.1	8,355	6,591
2026	932,909	387.1	\$461,056	3,969	495	\$178.5	\$17.3	\$431.5	\$34.8	\$155,334	66.4	8,256	6,736
2027	937,439	389.4	\$482,270	3,949	496	\$187.8	\$17.7	\$443.5	\$35.7	\$159,047	66.7	8,153	6,892
2028	941,566	391.6	\$505,106	3,760	497	\$197.8	\$18.2	\$456.0	\$36.7	\$163,050	66.7	8,030	7,063
2029	945,261	393.8	\$524,786	3,628	497	\$206.7	\$18.7	\$468.5	\$37.4	\$165,698	66.5	7,925	7,245
2030	948,616	395.9	\$543,956	3,593	498	\$215.3	\$19.2	\$480.8	\$37.9	\$168,180	66.2	7,792	7,450
2031	951,593	398.0	\$562,900	3,596	499	\$224.0	\$19.7	\$492.8	\$38.5	\$170,640	65.8	7,661	7,647
2032	954,256	400.0	\$580,296	3,458	500	\$232.1	\$20.2	\$505.6	\$38.9	\$172,202	65.5	7,580	7,844
2033	956,646	402.0	\$600,454	3,239	501	\$241.4	\$20.7	\$517.5	\$39.5	\$175,111	65.1	7,520	8,042
2034	958,772	403.9	\$621,704	2,845	502	\$251.1	\$21.2	\$530.5	\$40.0	\$177,832	64.7	7,491	8,232
2035	960,623	405.5	\$644,010	2,509	502	\$261.2	\$21.8	\$544.4	\$40.5	\$180,448	64.3	7,468	8,441
2036	962,204	407.0	\$666,183	2,333	503	\$271.1	\$22.4	\$560.1	\$40.8	\$182,114	64.0	7,447	8,626
2037	963,613	408.3	\$689,301	1,966	504	\$281.5	\$23.1	\$576.8	\$41.1	\$183,647	63.8	7,502	8,792
2038	964,968	409.4	\$714,272	1,765	504	\$292.5	\$23.7	\$593.1	\$41.5	\$185,739	63.6	7,593	8,949
2039	966,317	410.5	\$740,305	1,713	505	\$303.9	\$24.4	\$610.8	\$41.8	\$187,482	63.4	7,701	9,094
2040	967,689	411.5	\$766,659	1,628	506	\$315.4	\$25.1	\$628.5	\$42.1	\$189,244	63.2	7,816	9,222
2041	969,107	412.4	\$793,615	1,627	507	\$327.3	\$25.8	\$645.6	\$42.5	\$191,282	63.0	7,932	9,302
2042	970,606	413.3	\$821,218	1,614	508	\$339.4	\$26.5	\$662.6	\$42.8	\$193,438	63.0	8,029	9,370
2043	972,142	414.3	\$848,806	1,583	509	\$351.6	\$27.2	\$679.3	\$43.2	\$195,569	63.0	8,156	9,438
2044	973,690	415.2	\$876,801	1,539	510	\$364.0	\$27.8	\$695.3	\$43.6	\$197,975	63.1	8,239	9,516
2045	975,168	416.1	\$904,522	1,416	510	\$376.3	\$28.5	\$712.6	\$43.9	\$199,763	63.2	8,333	9,625
2046	976,675	416.9	\$932,286	1,501	511	\$388.6	\$29.2	\$729.6	\$44.1	\$201,540	63.4	8,419	9,695
2047	978,171	417.7	\$959,656	1,421	511	\$400.9	\$29.9	\$746.9	\$44.3	\$203,098	63.7	8,480	9,727
2048	979,742	418.6	\$987,950	1,448	511	\$413.5	\$30.6	\$764.5	\$44.5	\$204,653	64.0	8,535	9,738
2049	981,335	419.4	\$1,016,940	1,430	511	\$426.5	\$31.3	\$782.6	\$44.7	\$206,194	64.4	8,569	9,737
2050	982,921	420.2	\$1,046,757	1,365	511	\$439.9	\$32.0	\$801.0	\$44.8	\$207,735	64.8	8,590	9,748

Employment Sectors

2015-2018 History, 2019-2050 Forecast

	Total Wage and Salary	Farm	Construction	Manufac- turing	Transportation and Utilities	Wholesale and Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health and Education	Leisure	Government
2015	675.3	0.2	18.6	10.8	13.9	61.7	53.6	183.4	35.2	85.7	93.9	92.1
2016	703.7	0.1	20.4	12.2	16.2	62.6	56.1	190.6	39.0	87.7	97.3	94.3
2017	719.2	0.1	21.1	12.7	17.8	63.0	56.5	193.6	42.4	90.1	98.1	96.4
2018	739.2	0.1	22.4	12.4	18.8	63.2	58.1	202.4	46.9	91.9	98.4	96.9
2019	752.3	0.1	23.7	12.9	18.9	63.4	58.5	206.8	49.7	92.9	99.9	97.4
2020	758.3	0.1	23.0	12.6	19.2	63.7	58.6	209.5	51.3	93.6	101.2	97.4
2021	764.9	0.1	22.8	12.1	19.5	64.0	58.8	213.8	52.2	94.0	101.9	97.3
2022	771.8	0.1	22.7	12.0	19.8	64.3	59.0	217.2	53.0	94.6	102.9	97.8
2023	777.1	0.1	22.2	11.9	20.0	64.5	59.1	219.6	53.7	95.2	103.8	98.4
2024	783.2	0.1	21.9	11.7	20.1	64.8	59.3	222.5	54.4	95.8	104.7	98.9
2025	789.5	0.1	21.7	11.8	20.3	65.0	59.5	225.3	55.1	96.3	105.6	99.8
2026	795.7	0.1	21.5	11.8	20.4	65.2	59.7	228.2	55.8	96.9	106.4	100.6
2027	802.2	0.1	21.8	11.9	20.5	65.4	59.9	231.0	56.4	97.4	107.2	101.3
2028	807.5	0.1	21.2	11.9	20.6	65.5	60.1	233.8	57.0	97.8	108.0	102.0
2029	812.2	0.1	20.4	11.9	20.7	65.7	60.3	236.6	57.5	98.2	108.6	102.5
2030	817.6	0.1	20.6	11.9	20.8	65.8	60.5	239.4	58.0	98.7	109.1	102.8
2031	822.4	0.1	20.3	11.8	20.9	65.9	60.6	242.2	58.5	99.1	109.7	103.1
2032	827.2	0.1	20.2	11.8	21.0	66.0	60.8	245.0	58.9	99.6	110.0	103.4
2033	832.1	0.1	20.0	11.8	21.1	66.1	61.0	247.9	59.4	100.0	110.6	103.6
2034	836.6	0.1	19.6	11.8	21.1	66.2	61.2	250.7	59.8	100.5	111.2	103.8
2035	841.0	0.1	19.2	11.7	21.2	66.3	61.4	253.5	60.2	100.9	111.7	104.0
2036	845.0	0.1	18.7	11.7	21.2	66.3	61.5	256.4	60.5	101.4	112.0	104.2
2037	848.9	0.1	18.0	11.7	21.3	66.4	61.7	259.2	60.9	101.8	112.2	104.4
2038	853.1	0.1	17.6	11.6	21.3	66.4	61.9	262.0	61.3	102.3	112.6	104.6
2039	857.5	0.1	17.5	11.6	21.4	66.5	62.1	264.9	61.6	102.7	112.9	104.7
2040	862.1	0.1	17.5	11.6	21.4	66.6	62.3	267.7	61.9	103.2	113.2	104.9
2041	866.5	0.1	17.4	11.6	21.5	66.6	62.4	270.5	62.2	103.6	113.6	105.1
2042	871.4	0.1	17.6	11.5	21.5	66.7	62.6	273.4	62.5	104.1	113.9	105.4
2043	875.9	0.1	17.5	11.5	21.5	66.7	62.8	276.2	62.8	104.5	114.3	105.6
2044	880.5	0.1	17.6	11.5	21.5	66.8	63.0	279.0	63.0	105.0	114.8	105.8
2045	884.6	0.1	17.3	11.5	21.5	66.8	63.2	281.9	63.3	105.4	115.1	105.9
2046	889.2	0.1	17.4	11.5	21.5	66.9	63.3	284.7	63.5	105.9	115.4	106.1
2047	893.3	0.1	17.1	11.5	21.5	66.9	63.5	287.5	63.8	106.3	115.7	106.3
2048	897.9	0.1	17.3	11.5	21.4	67.0	63.7	290.4	64.0	106.8	116.0	106.5
2049	902.2	0.1	17.2	11.5	21.4	67.0	63.9	293.2	64.2	107.2	116.3	106.8
2050	906.4	0.1	17.1	11.5	21.3	67.0	64.0	296.1	64.4	107.7	116.6	107.0

San Francisco County Economic Forecast

Socioeconomic Indicators

