

SAN FRANCISCO COUNTY ECONOMIC FORECAST

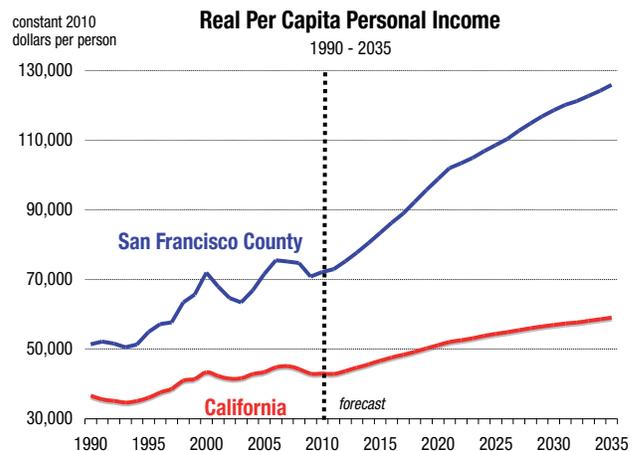
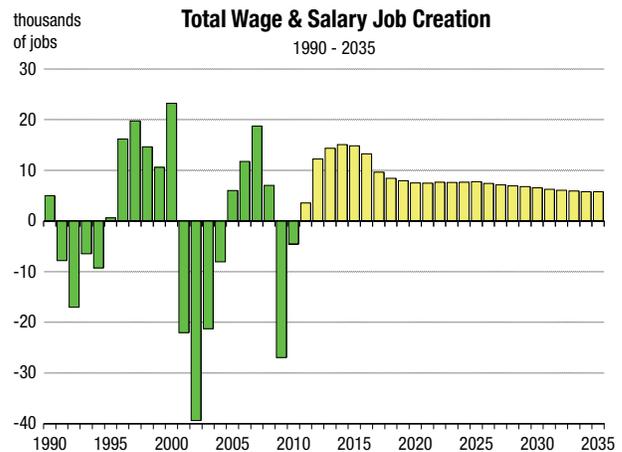
San Francisco County, located on a peninsula north of San Mateo County between the San Francisco Bay and Pacific Ocean, is one of the State's largest tourist destinations. San Francisco County has a population of 807,000 people, and 519,500 wage and salary jobs making it a jobs center for the adjacent counties of Marin and San Mateo. The per capita income in San Francisco County is \$72,104, and the average salary per worker is among the highest in the state at \$91,370.

Employment growth in Northern California was negative in 2010. Employment in the greater Bay Area declined by 1.4 percent last year. Employment fell by 4,500 total jobs in San Francisco County, a decline of 0.9 percent. The unemployment rate increased to 9.5 percent in 2010.

The leisure, professional services, and government sectors all created jobs during 2010, though in all cases the increase was minor. The sectors that had the largest job declines were financial activities (-1,900 jobs) construction (-1,300 jobs), and information (-600 jobs). 2010 was the 13th consecutive year of negative growth in the transportation, warehousing and utilities sector where employment has declined 56 percent since 1997. The services sector will lead the economic expansion in 2011.

The population of San Francisco County grew just 3.7 percent between the 2000 and 2010 census. Net migration has been positive since 2005, but has slowed slightly in recent years.

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.



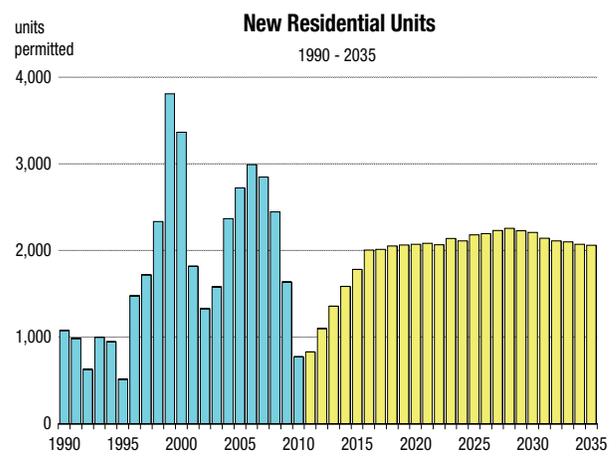
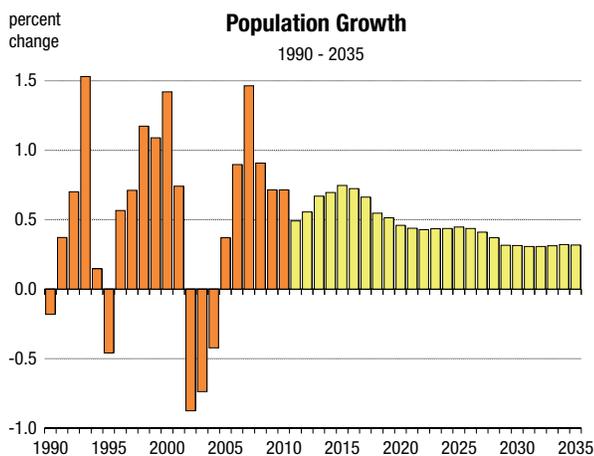
FORECAST HIGHLIGHTS

- Employment rises 0.7 percent in 2011. From 2011 to 2016, the annual growth rate is forecast to average 2.5 percent per year.
- Average salaries adjusted for inflation are currently well above the California state average, and will remain so over the foreseeable future. Real average salaries are expected to rise by an average of 1.0 percent per year between 2011 and 2016.
- From 2011 to 2016 the principal engines of employment growth are professional services, recreation/leisure services, information, and government. These sectors account for 78 percent of the job growth forecast for the county.
- Population growth remains positive, but modest, averaging 0.7 percent per year between 2011 and 2016.
- Net migration is expected to slow in 2011, to 1,400 people. Net migration averages 2,900 persons from 2011 to 2016.
- Real per capita incomes are forecast to increase at a rate of 1.2 percent in 2011. During the 2011 to 2016 period real per capita incomes are forecast to increase 3.4 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 3.7 percent per year between 2011 and 2016.
- Industrial production is forecast to decline slightly in 2011, due to weakness in the non-durable manufacturing sector. From 2011 to 2016 the growth rate of industrial production is forecast to be 3.5 percent per year as manufacturing reverses course.

San Francisco County Economic Forecast

2006-2010 History, 2011-2040 Forecast

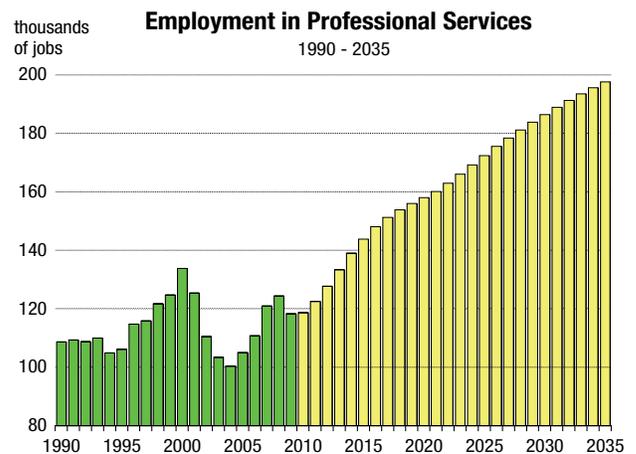
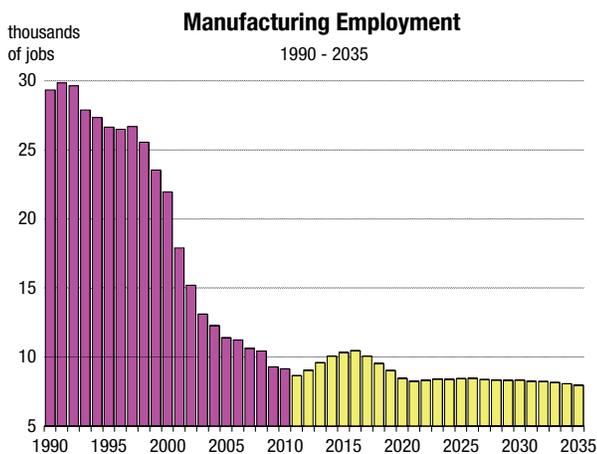
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	777,071	4,474	469	339	2,992	\$13.9	\$53.9	\$75,472	3.2	2.7	3.96	4.2
2007	788,451	8,299	474	342	2,848	\$14.6	\$56.3	\$75,119	3.4	1.7	3.58	4.2
2008	795,621	3,955	470	345	2,447	\$14.8	\$58.2	\$74,738	3.0	1.2	3.60	5.3
2009	801,324	2,600	470	348	1,637	\$12.6	\$56.0	\$70,858	0.8	1.1	3.61	9.0
2010	807,068	3,192	470	351	774	\$12.8	\$58.2	\$72,104	1.3	1.0	3.60	9.5
2011	811,040	1,376	470	349	830	\$14.1	\$61.1	\$72,967	3.3	0.8	3.59	9.1
2012	815,560	2,017	471	349	1,100	\$15.1	\$64.8	\$75,238	2.3	0.6	3.69	8.2
2013	821,029	3,036	474	350	1,359	\$16.1	\$69.0	\$77,729	2.3	0.6	3.83	7.4
2014	826,754	3,343	478	351	1,586	\$17.1	\$73.6	\$80,432	2.4	0.5	3.97	6.6
2015	832,937	3,836	483	352	1,782	\$18.0	\$78.5	\$83,361	2.1	0.5	4.06	5.8
2016	838,974	3,705	488	354	2,006	\$18.9	\$83.5	\$86,231	2.1	0.5	4.21	5.3
2017	844,542	3,239	493	355	2,014	\$19.9	\$88.5	\$88,976	2.1	0.5	4.17	5.1
2018	849,165	2,285	497	357	2,054	\$20.8	\$94.1	\$92,281	2.0	0.5	4.11	4.9
2019	853,539	2,017	502	358	2,064	\$21.7	\$99.9	\$95,645	1.9	0.4	4.03	4.7
2020	857,473	1,552	506	360	2,074	\$22.7	\$105.5	\$98,875	1.7	0.4	3.94	4.6
2021	861,249	1,362	510	361	2,083	\$23.6	\$111.2	\$101,986	1.7	0.4	3.96	4.6
2022	864,946	1,248	514	363	2,067	\$24.5	\$115.7	\$103,414	2.2	0.4	4.03	4.5
2023	868,720	1,288	517	364	2,139	\$25.5	\$120.4	\$104,924	2.2	0.4	4.11	4.5
2024	872,524	1,283	521	366	2,113	\$26.5	\$125.8	\$106,871	2.1	0.4	4.16	4.5
2025	876,440	1,362	525	367	2,182	\$27.5	\$131.2	\$108,631	2.1	0.4	4.26	4.5
2026	880,272	1,249	529	369	2,194	\$28.6	\$136.6	\$110,362	2.1	0.4	4.34	4.5
2027	883,892	1,013	533	371	2,233	\$29.7	\$143.1	\$112,767	2.1	0.3	4.41	4.5
2028	887,171	653	537	372	2,257	\$30.8	\$149.4	\$114,889	2.1	0.3	4.49	4.5
2029	889,987	175	541	374	2,229	\$31.9	\$155.7	\$116,847	2.1	0.3	4.59	4.5
2030	892,796	158	545	376	2,209	\$33.0	\$162.0	\$118,640	2.1	0.3	4.70	4.6
2031	895,544	93	548	377	2,143	\$34.1	\$168.1	\$120,152	2.2	0.3	4.79	4.6
2032	898,305	109	551	379	2,112	\$35.3	\$173.8	\$121,200	2.2	0.3	4.91	4.6
2033	901,128	177	555	381	2,101	\$36.5	\$180.3	\$122,706	2.1	0.3	5.00	4.6
2034	904,025	265	558	382	2,073	\$37.8	\$187.1	\$124,186	2.2	0.3	5.09	4.6
2035	906,908	271	560	384	2,060	\$39.1	\$194.3	\$125,873	2.2	0.3	5.17	4.6
2036	909,965	469	563	385	2,044	\$40.4	\$201.6	\$127,421	2.1	0.3	5.26	4.6
2037	913,162	639	566	387	2,047	\$41.8	\$209.3	\$129,048	2.2	0.2	5.35	4.6
2038	916,395	712	568	388	2,061	\$43.3	\$217.6	\$130,865	2.1	0.2	5.43	4.6
2039	919,573	698	571	390	2,065	\$44.8	\$226.1	\$132,740	2.1	0.2	5.51	4.6
2040	922,709	704	573	391	2,067	\$46.4	\$234.7	\$134,583	2.1	0.2	5.61	4.6

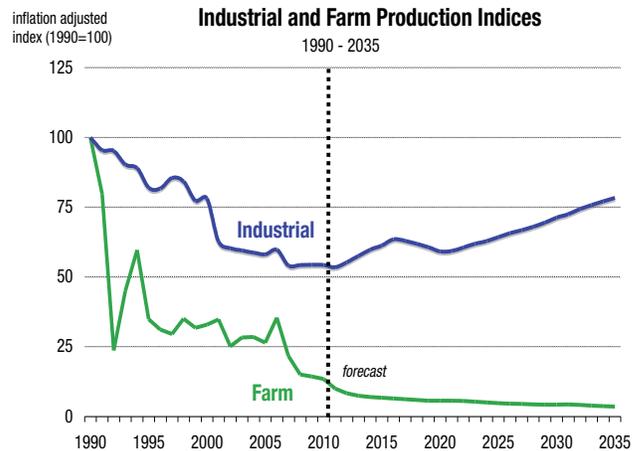
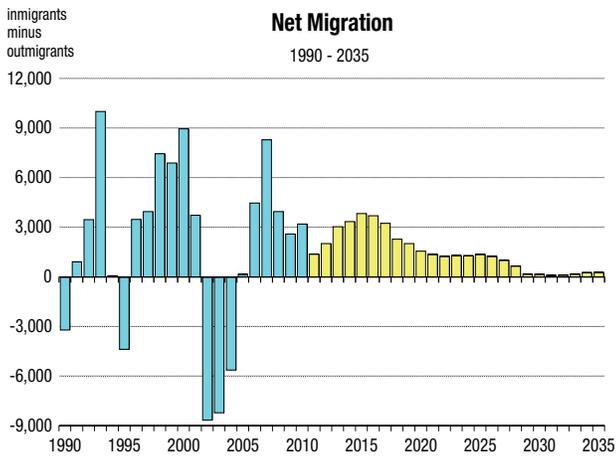
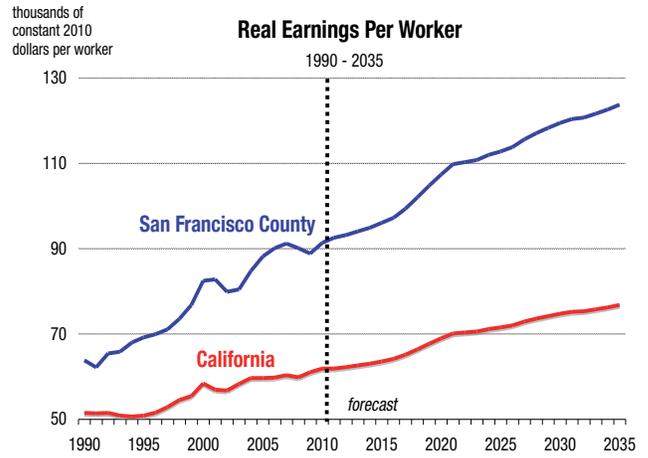
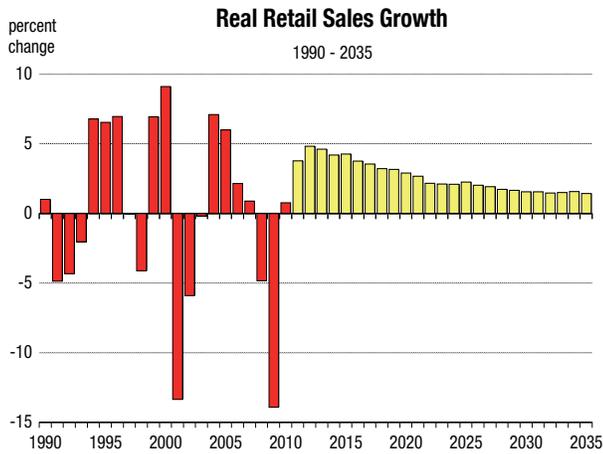


San Francisco County Employment Forecast

2006-2010 History, 2011-2040 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	524.0	0.27	15.0	9.3	11.3	52.3	53.4	118.3	19.5	57.9	75.7	89.7
2010	519.5	0.26	13.7	9.1	11.0	51.7	51.6	118.7	18.9	57.8	75.7	89.8
2011	523.1	0.27	14.2	8.9	11.0	52.1	51.0	122.6	19.1	58.9	76.0	88.0
2012	535.3	0.26	14.7	9.2	11.1	53.1	51.4	127.7	20.3	59.6	77.5	89.3
2013	549.7	0.26	15.2	9.6	11.0	54.2	52.5	133.4	21.8	60.4	79.6	90.4
2014	564.8	0.26	15.7	10.1	11.1	55.4	54.0	139.0	23.3	61.3	81.7	91.5
2015	579.7	0.26	16.1	10.3	11.2	56.7	55.8	143.9	24.7	62.2	84.0	92.8
2016	593.0	0.25	16.5	10.5	11.5	58.0	57.7	148.1	25.7	63.0	86.1	93.8
2017	602.6	0.25	16.7	10.1	11.4	59.2	59.4	151.3	26.3	63.7	88.0	94.3
2018	611.1	0.25	16.9	9.6	11.3	60.4	60.9	153.8	26.8	64.3	89.8	94.8
2019	619.0	0.25	17.1	9.1	11.2	61.5	62.3	156.0	27.2	65.0	91.8	95.3
2020	626.5	0.25	17.3	8.5	11.1	62.5	63.5	158.1	27.5	65.7	93.9	95.8
2021	634.0	0.25	17.4	8.3	11.1	63.5	64.6	160.1	27.9	66.3	95.9	96.2
2022	641.7	0.25	17.5	8.4	11.0	64.4	65.4	163.0	28.2	66.9	97.3	96.7
2023	649.4	0.25	17.7	8.4	11.0	65.2	66.2	166.1	28.5	67.6	98.5	97.2
2024	657.0	0.25	17.8	8.4	11.0	66.1	67.0	169.3	28.9	68.3	99.8	97.6
2025	664.8	0.25	18.0	8.4	10.9	67.0	67.7	172.4	29.3	69.1	101.1	97.9
2026	672.3	0.24	18.2	8.4	10.9	67.8	68.4	175.6	29.7	69.8	102.2	98.3
2027	679.4	0.24	18.3	8.3	10.8	68.6	69.2	178.4	30.1	70.5	103.3	98.6
2028	686.4	0.24	18.5	8.3	10.8	69.3	69.9	181.2	30.6	71.3	104.4	99.0
2029	693.2	0.24	18.6	8.3	10.8	70.0	70.5	183.9	31.0	72.0	105.5	99.3
2030	699.7	0.24	18.7	8.3	10.8	70.7	71.2	186.5	31.5	72.8	106.4	99.6
2031	706.0	0.24	18.7	8.2	10.7	71.4	71.8	189.0	31.9	73.5	107.3	100.0
2032	712.1	0.24	18.8	8.2	10.8	72.1	72.5	191.3	32.3	74.2	108.1	100.4
2033	718.0	0.24	18.9	8.1	10.8	72.7	73.0	193.6	32.7	75.0	108.9	100.9
2034	723.8	0.24	18.9	8.0	10.8	73.5	73.6	195.7	33.1	75.7	109.8	101.2
2035	729.6	0.24	19.0	7.9	10.8	74.1	74.1	197.7	33.5	76.4	110.8	101.7
2036	735.4	0.24	19.0	7.8	10.8	74.9	74.6	199.6	33.9	77.2	111.8	102.1
2037	741.3	0.24	19.1	7.7	10.8	75.6	75.1	201.5	34.3	77.9	112.9	102.5
2038	747.2	0.24	19.2	7.6	10.8	76.4	75.6	203.5	34.7	78.7	114.1	102.8
2039	753.1	0.24	19.2	7.5	10.7	77.1	76.1	205.4	35.1	79.4	115.3	103.1
2040	759.2	0.24	19.3	7.4	10.7	78.0	76.6	207.4	35.5	80.1	116.7	103.5





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	23.6 %
Expected job growth:	13.4 %
Fastest growing jobs sector:	Information
Expected personal income growth:	22.2 %

Expected population growth:	3.4 %
Net migration to account for:	57.1 %
Expected growth in number of vehicles:	3.8%

Demographics (2011)

Unemployment rate (June 2011):	9.0 %
County Rank* in California (58 counties):	4th
Working age (16-64) population:	72.1 %

Population with B.A. Degree or higher:	51.5 %
Median Home Selling Price:	\$660,000
Median Household Income:	\$69,347

Quality of Life

Violent Crime rate (2009):	713 per 100,000 persons
County Rank* in California (58 counties):	55th
Average Commute Time to work (2011):	30.9 minutes

High School drop out rate (2009):	12.0 %
Households at/below poverty line:	7.0%

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