

# **The San Jose Economy**

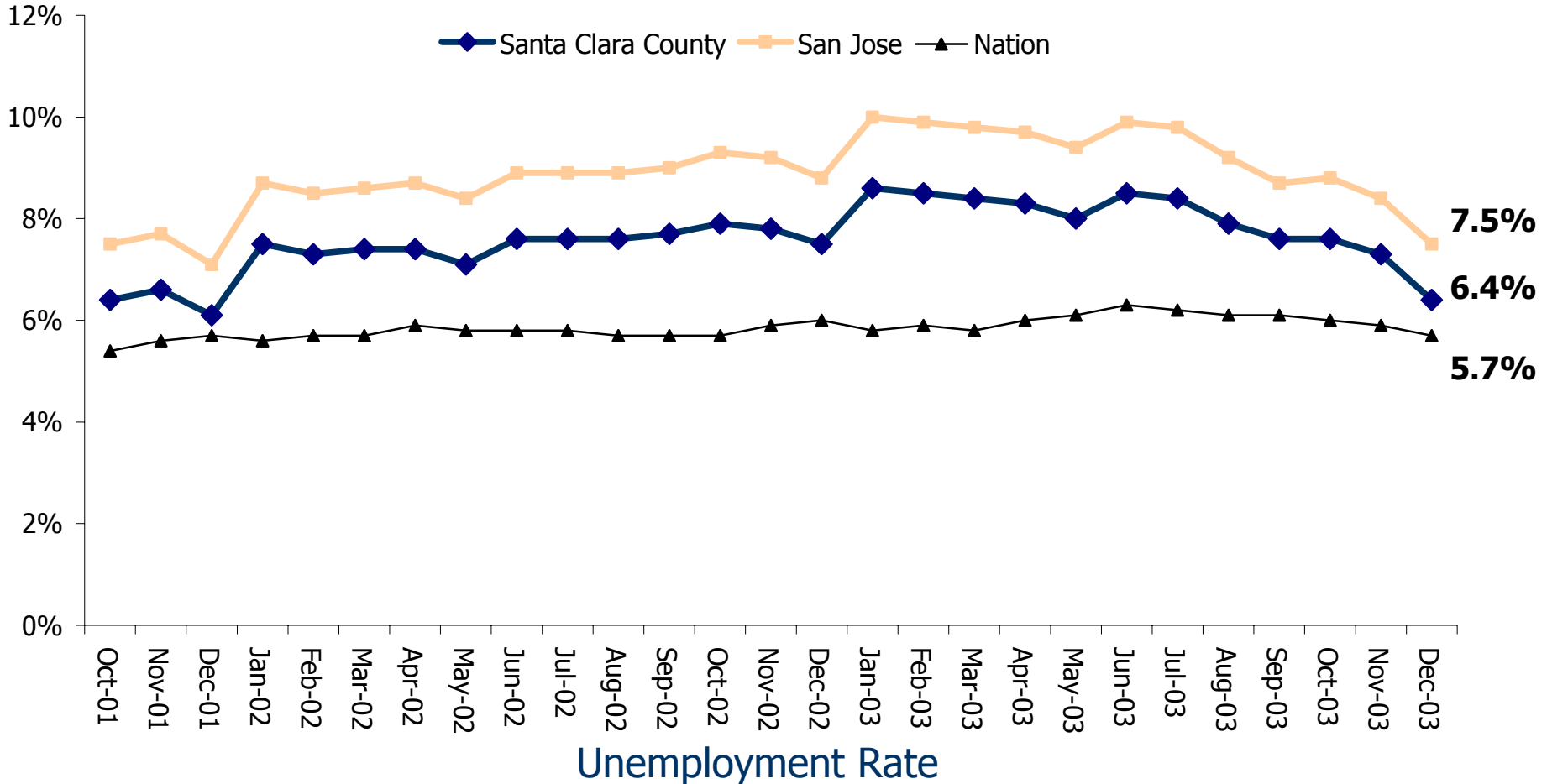
**Economic Indicators  
January 2004**

# Overview

- I. Key Economic Indicators**
- II. Downtown Economic Profile**
- III. Highlights: JVSV 2004 Index**

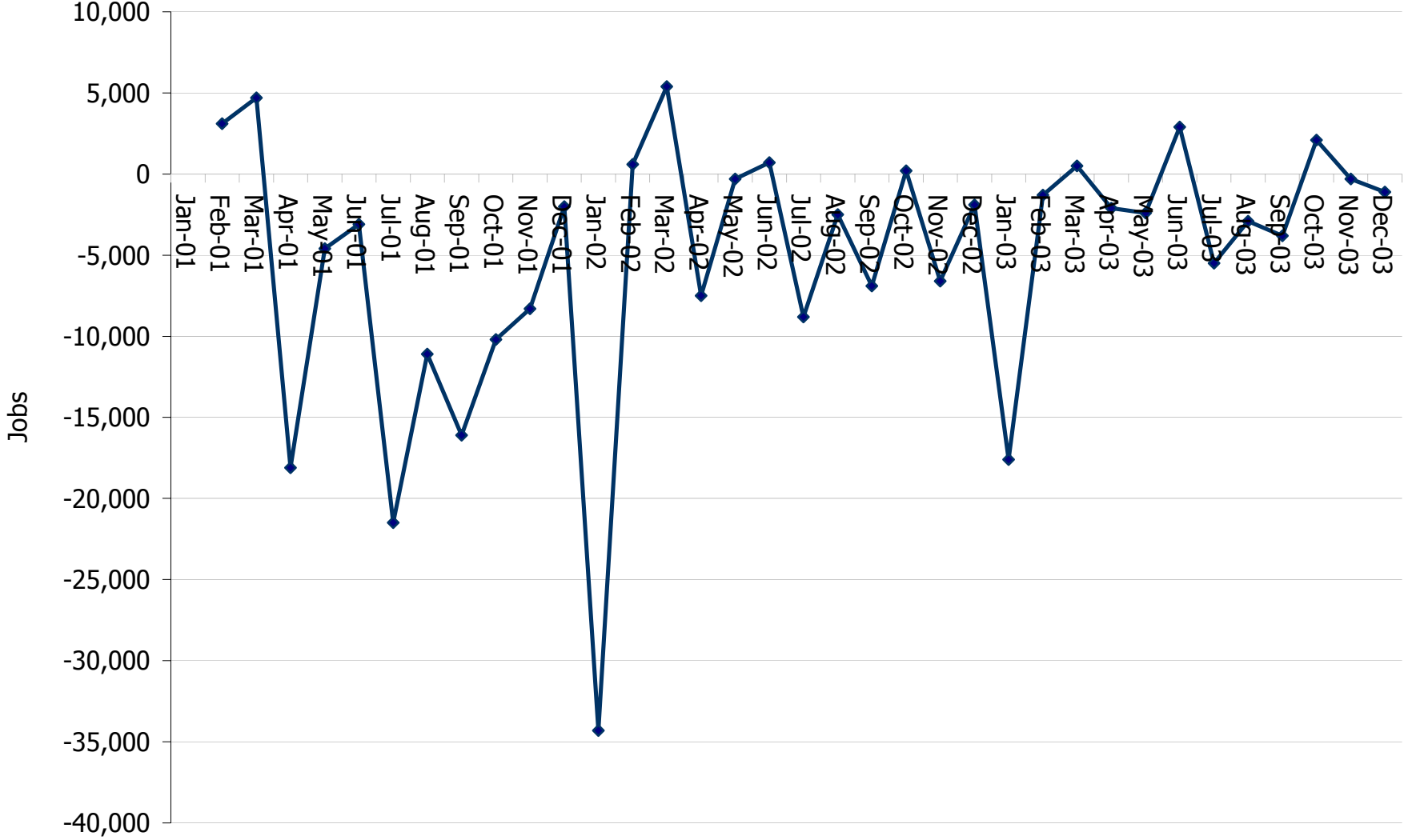
# **I. Key Economic Indicators**

# Unemployment Rate Falls to Lowest Level Since October 2001



**58,000 county residents, including 34,800 San Jose residents, are "officially" unemployed**

# But, San Jose Area Continues to Lose Jobs



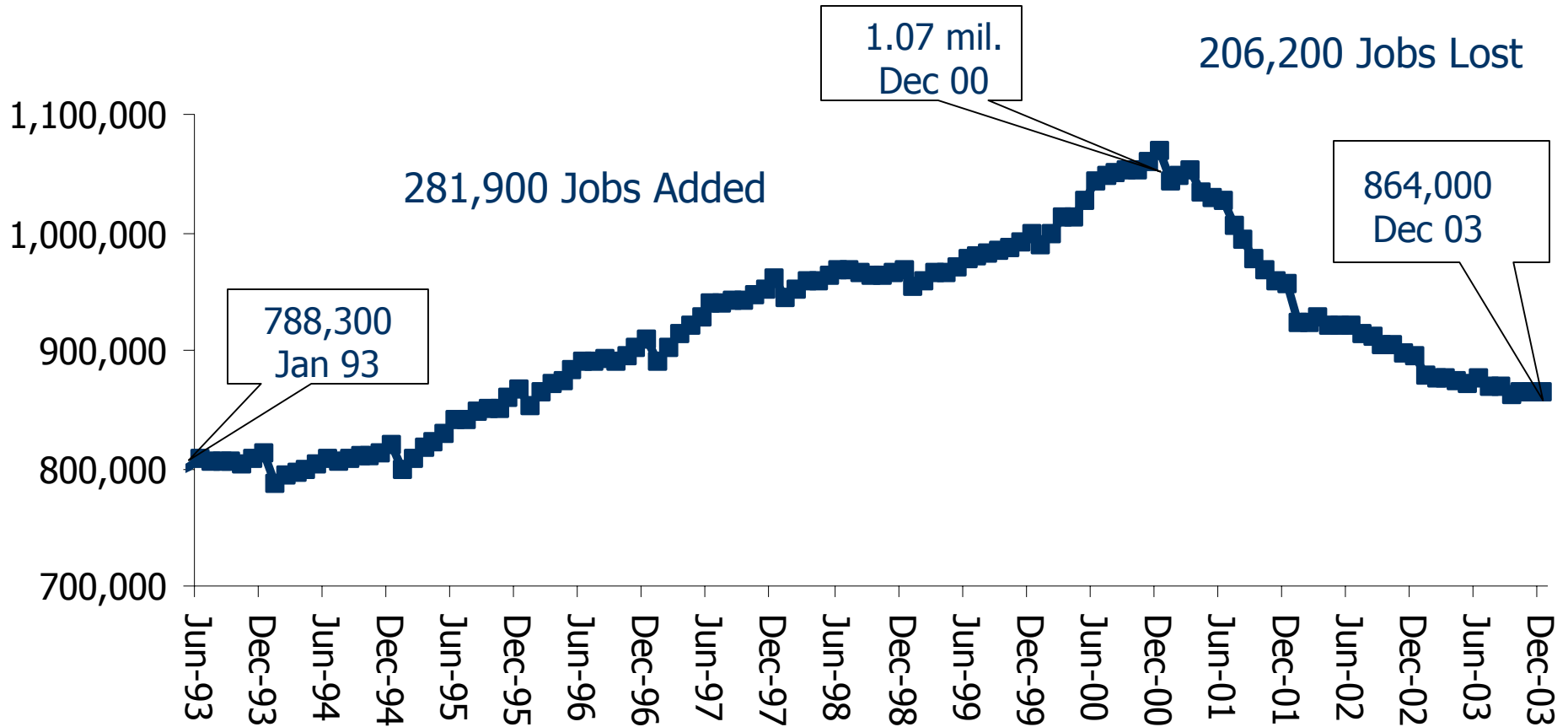
Jobs Lost/Gained Month to Month, Santa Clara County

**1,100 jobs lost in December**

# **So...the unemployment rate fell not because jobs increased, but because the labor force contracted!**

- In December of 2003, Santa Clara County's "Labor Force" was 905,000, compared to 938,000 one year prior.
- But...even though our labor force contracted, our overall population remained steady due to natural increase (births-deaths)
- Jobs grew over the last year in healthcare & hotel industries.

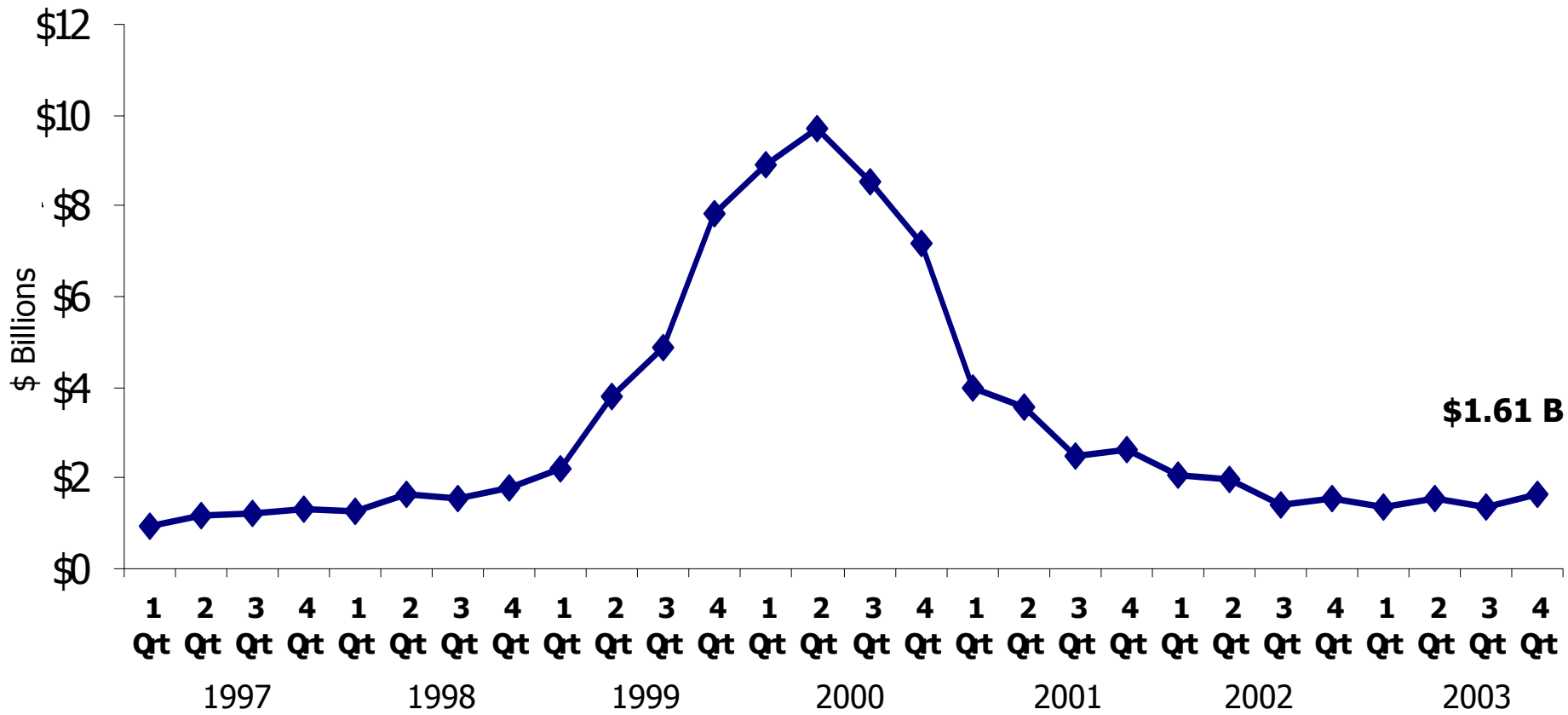
# County Has Lost 206,200 Jobs Since 2000



Jobs, Santa Clara County 1993-2003

**Lost 19% of jobs from the peak**

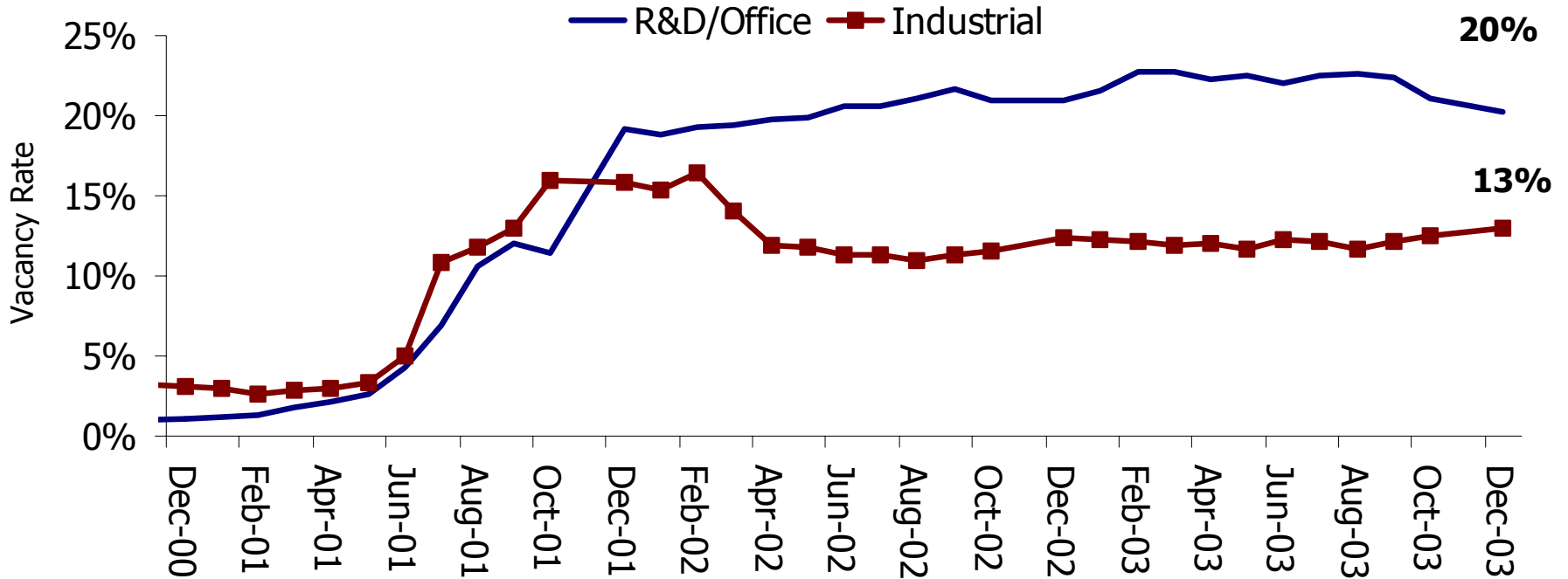
# 4<sup>th</sup> Quarter Venture Capital Up 20% from Prior Quarter



Venture Capital Funding, Silicon Valley

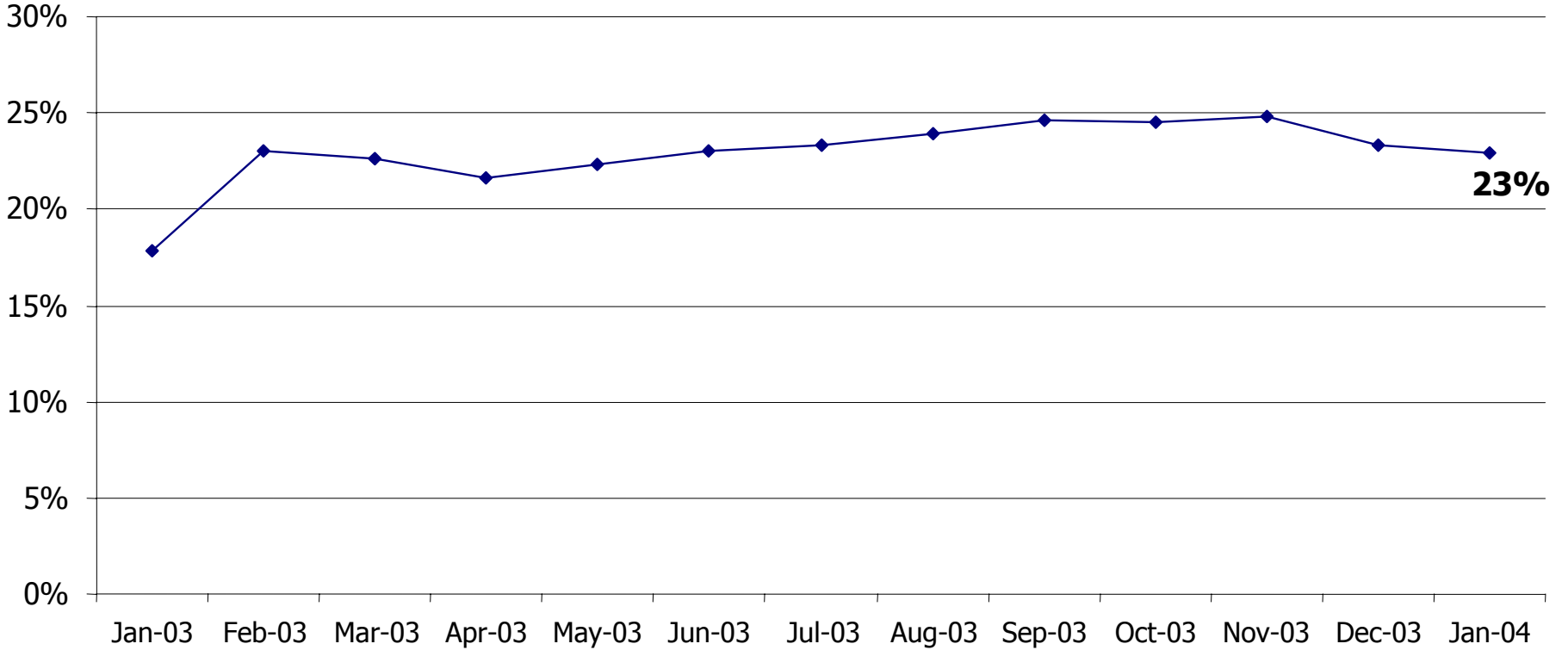
Source: PricewaterhouseCoopers/Venture Economics/National Venture Capital Association MoneyTree™ Survey

# R&D/Office Vacancies Decline Slightly



Average Vacancy Rates, San Jose

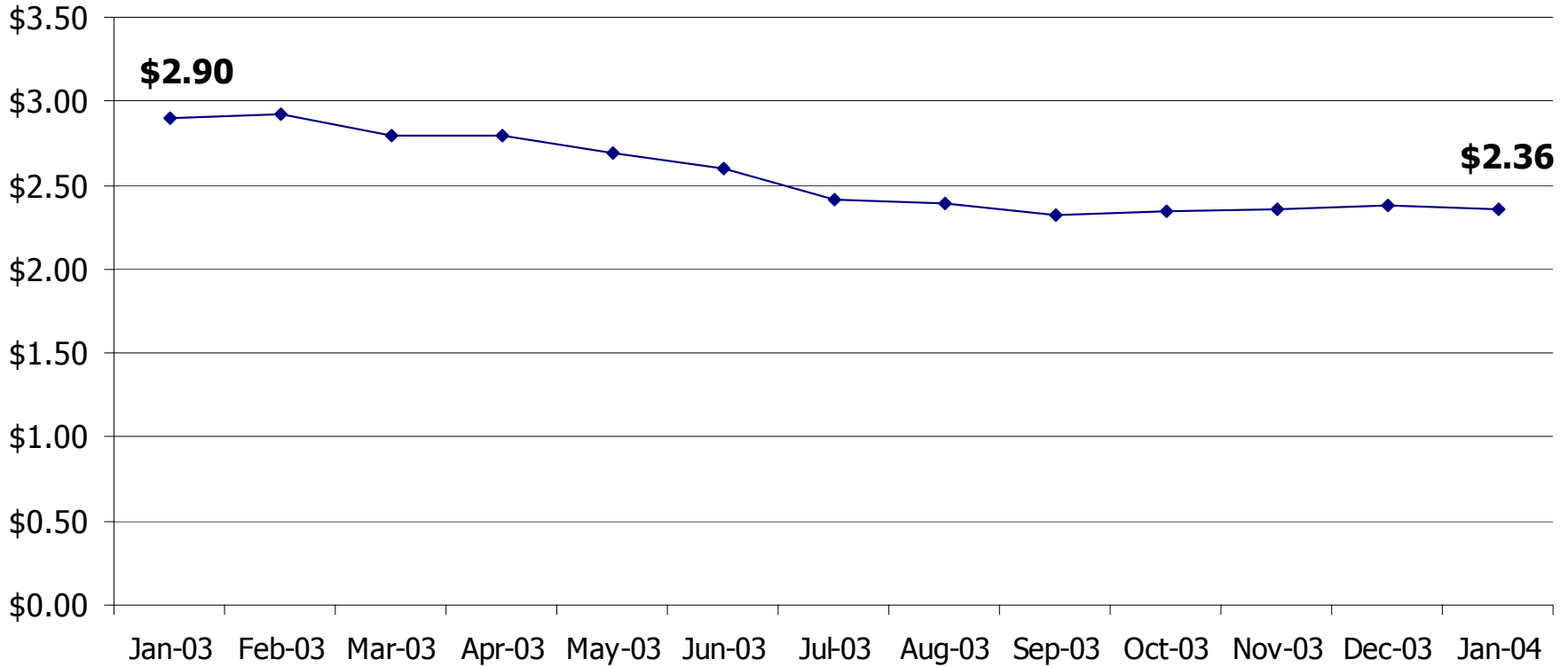
# Downtown Office Vacancy Declines Slightly Also



Downtown Office Vacancy Rate

# Fall In Asking Rates Has Levelled Off

Weighted Average Asking Office Rents

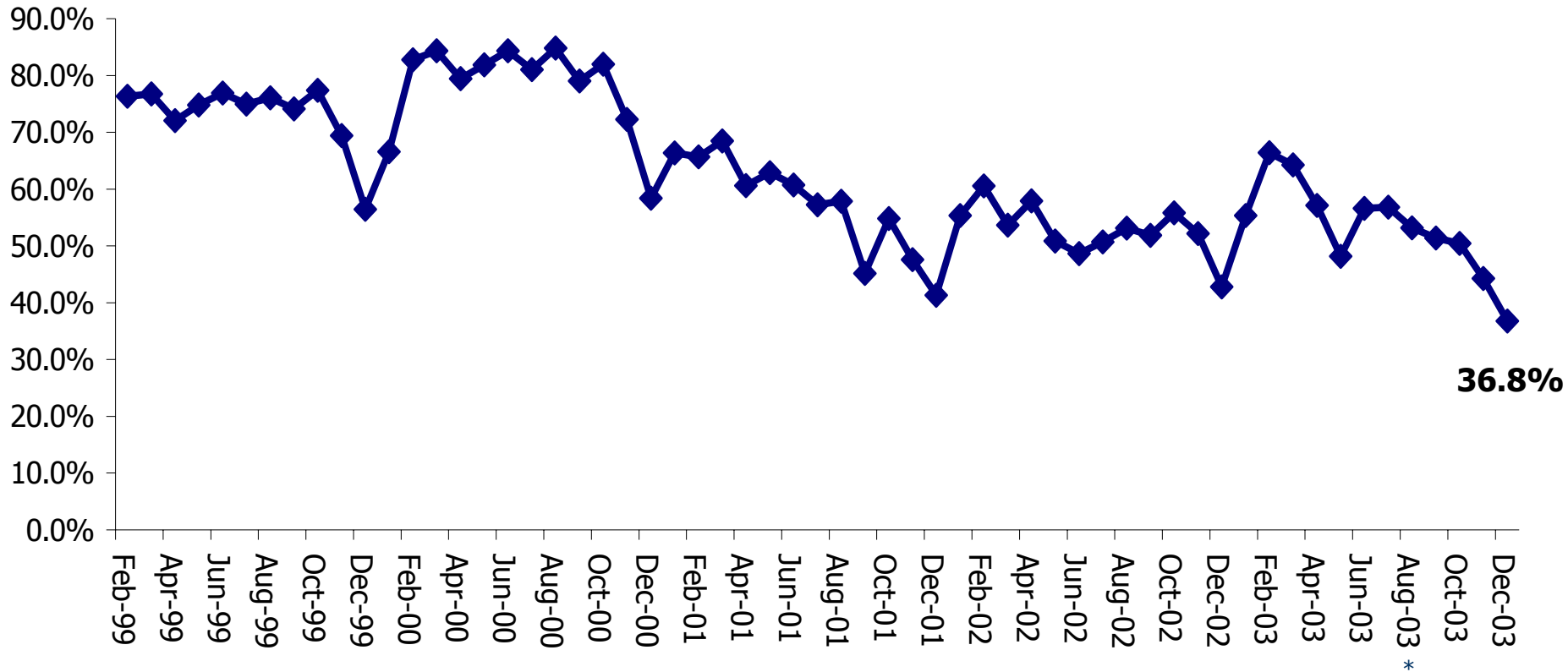


Downtown Office Asking Rates, San Jose

# San Jose Retains Lower Lease Rates than Peninsula

	Office	R&D	Manufacturing
Redwood City	\$2.26	\$1.06	\$.85
Palo Alto	\$3.09	\$1.85	\$.63
Mountain View	\$2.34	\$1.16	\$1.13
<b>North San Jose</b>	<b>\$1.88</b>	<b>\$.94</b>	<b>\$.60</b>
<b>Downtown San Jose</b>	<b>\$2.21</b>	<b>N/A</b>	<b>N/A</b>
<b>South San Jose</b>	<b>\$1.83</b>	<b>\$.94</b>	<b>\$.49</b>

# Despite 4 Group Bookings at SJCC, Hotel Occupancy Reaches New Low

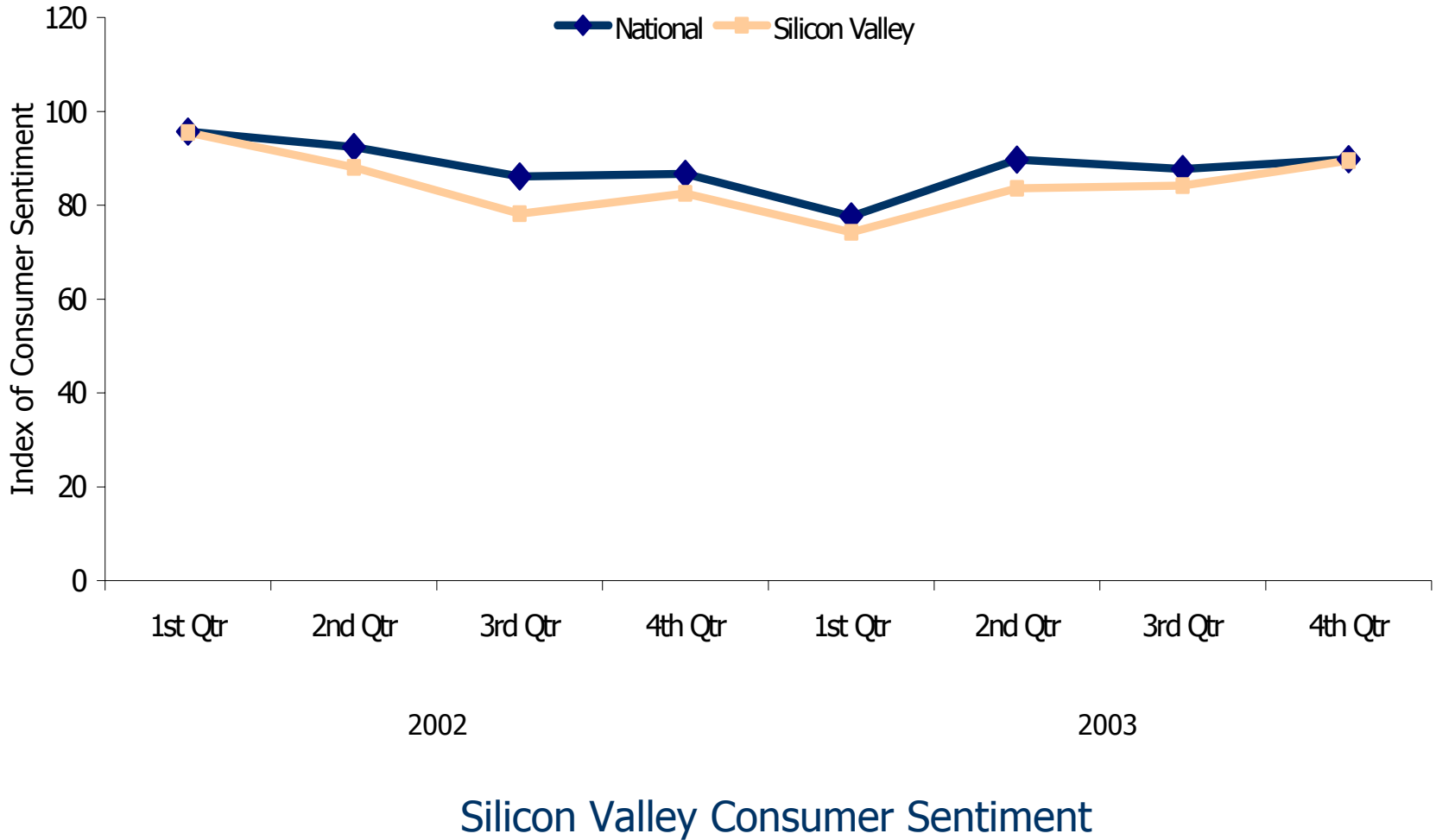


Hotel Occupancy, San Jose

Source: San Jose Convention & Visitors Bureau

\*New Marriott Hotel added July 2003

# Local Consumer Sentiment Has Risen to Nation's Level



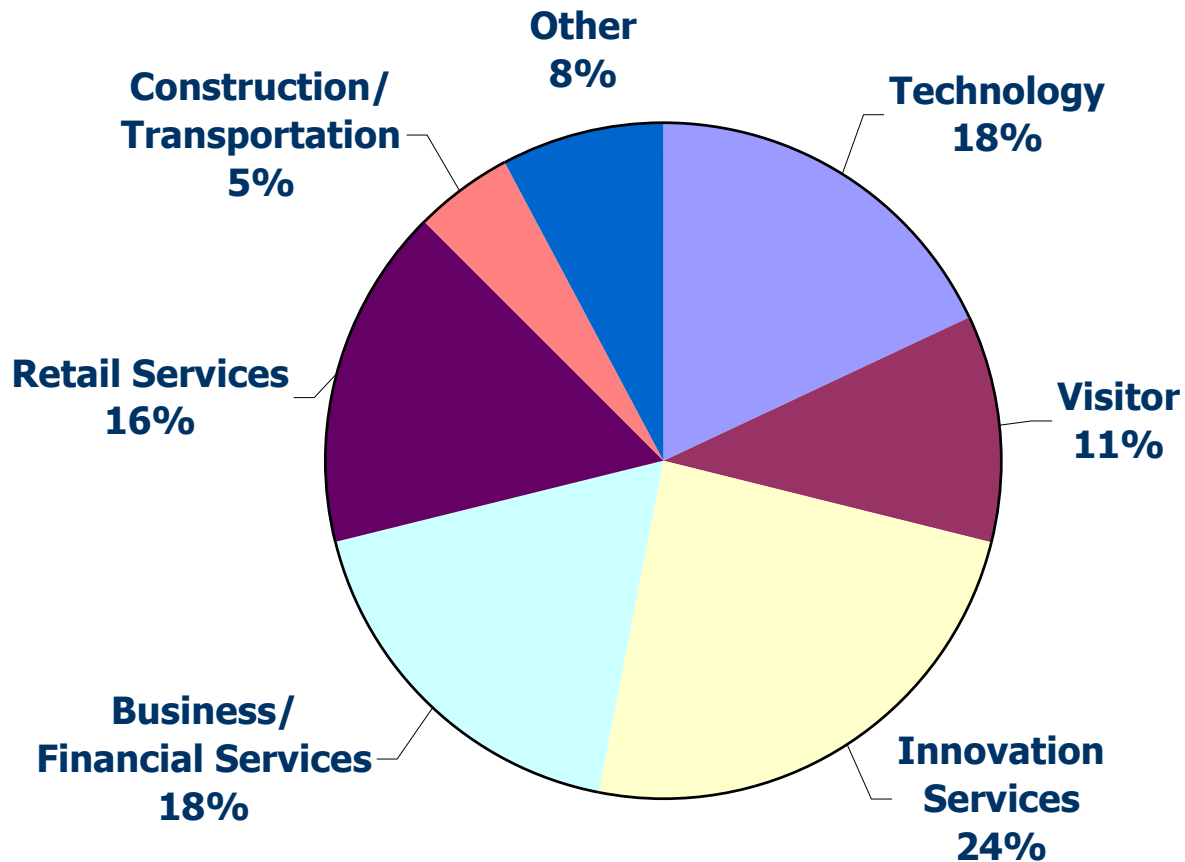
# San Jose Area Fares Well on Regional Comparison

	Percent bachelor's degree or higher	Median household income (dollars)	Percent of people in poverty	Mean travel time to work (minutes)
Austin, TX MSA	38.4%	\$51,624	12.4%	25.0
Boston, MA PMSA	41.7%	\$60,612	8.5%	27.2
Colorado Springs, CO MSA	35.6%	\$49,254	7.7%	21.9
Detroit, MI CMSA	25.4%	\$47,458	10.8%	24.6
New York, NY PMSA	31.0%	\$41,603	17.2%	37.5
Raleigh, NC MSA	41.5%	\$49,326	12.5%	23.2
San Francisco, CA PMSA	46.4%	\$65,237	7.6%	27.0
<b>Santa Clara County</b>	<b>42.9%</b>	<b>\$79,531</b>	<b>7.7%</b>	<b>24.2</b>
Seattle, WA PMSA	37.7%	\$54,343	8.7%	25.8

2002 American Community Survey

## **II. Downtown Economic Profile**

# Downtown Core Employment Profile



**Total Employment = 20,500**

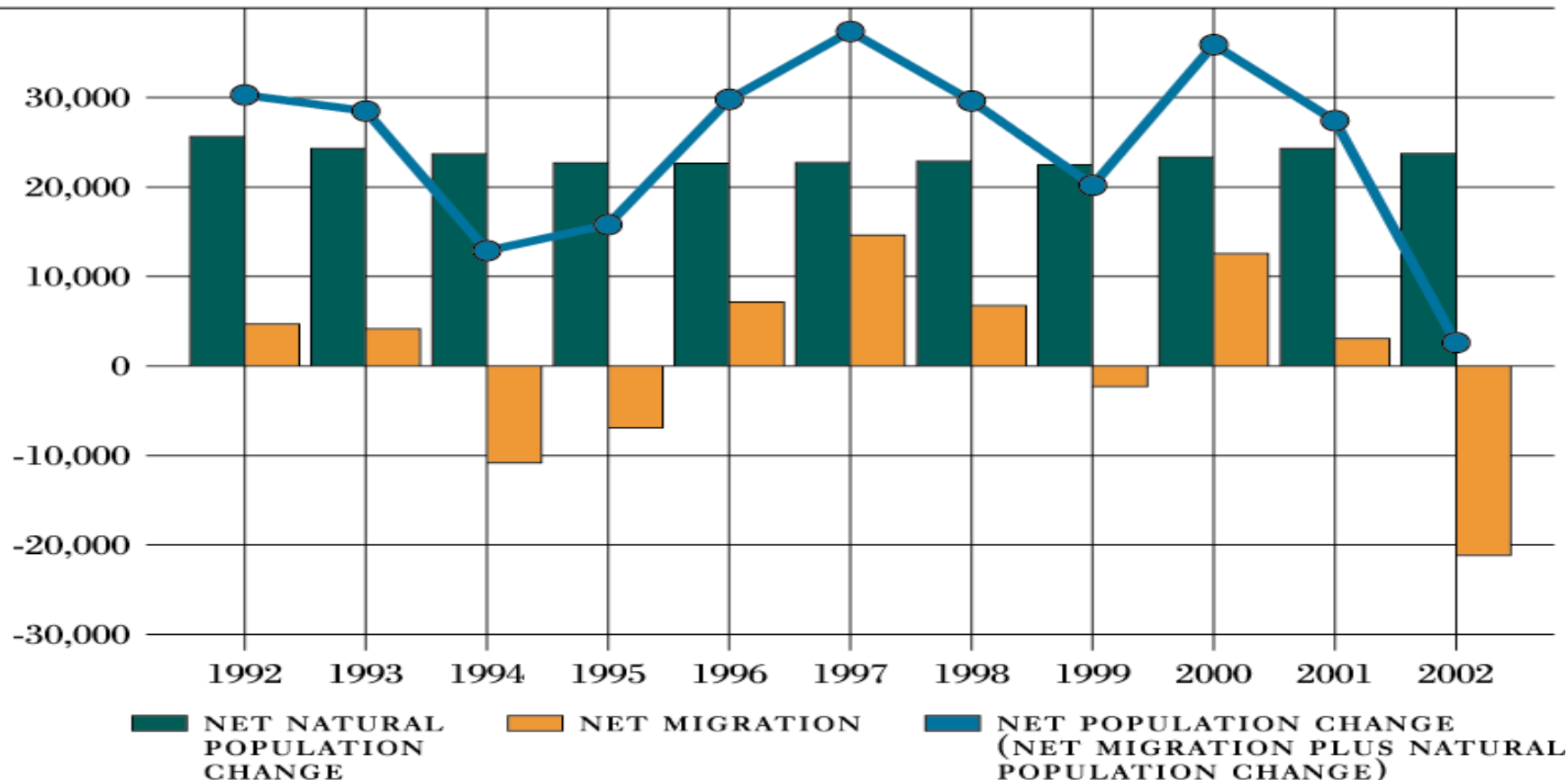
# **“Technology” Employment Downtown**

- Downtown is home to 100 tech companies, employing 3,700 people
- 90 of these companies are software-related
- The largest concentration of software employment in San Jose’s employment areas is Downtown – 20% of Citywide software employment
- Half of Downtown tech employment is Adobe
- Average size of the other firms is 20

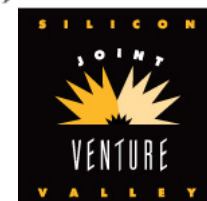
## **III. Highlights: JVSV 2004 Index**

# Many Leave, but Births and New Arrivals Keep Population Constant

NATURAL POPULATION CHANGE AND NET MIGRATION, COMBINED SANTA CLARA AND SAN MATEO COUNTIES, 1992 TO 2002

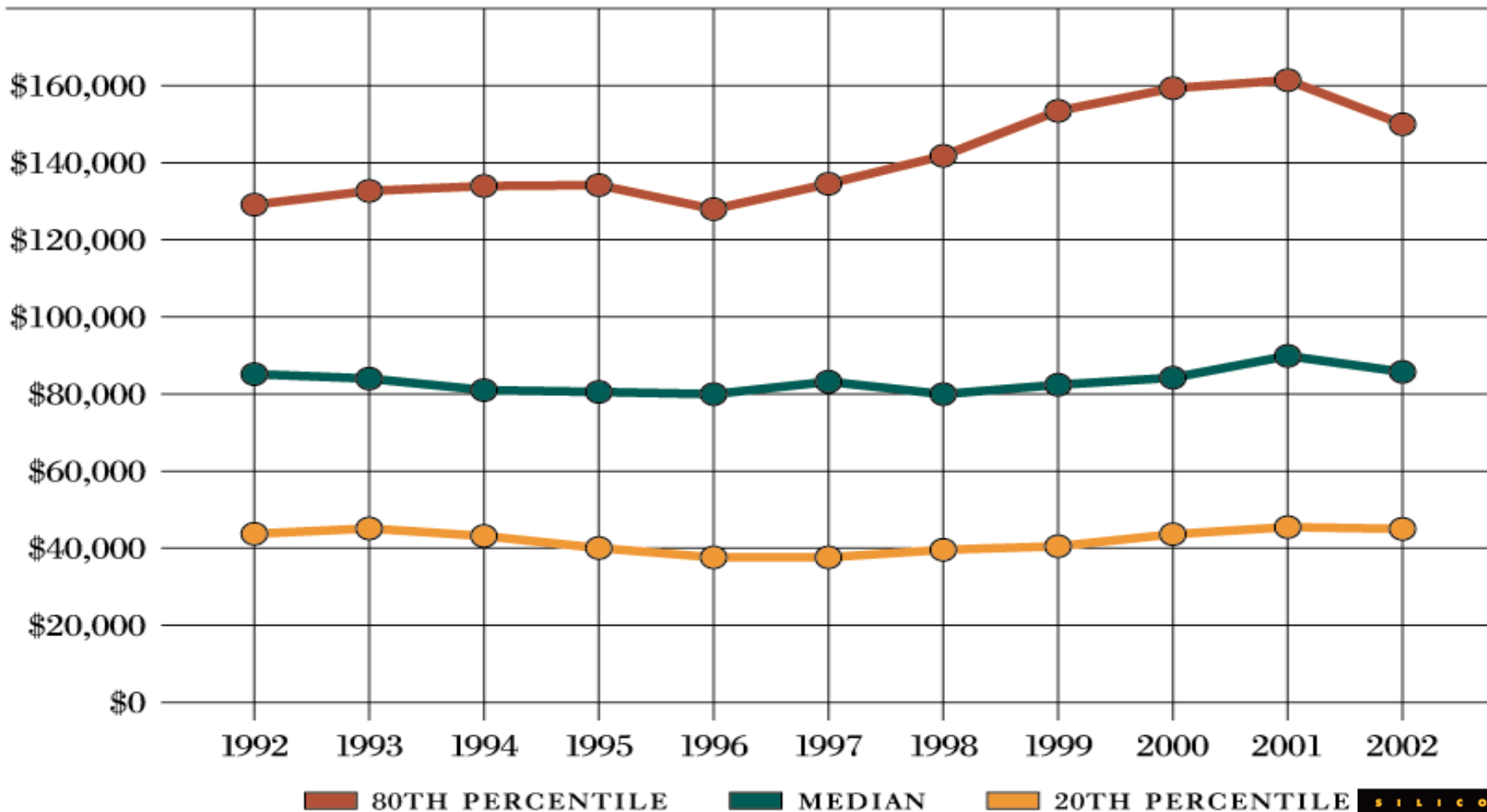


Source: California Department of Finance



# Income Drops More for High-Income Than Low-Income Households

HOUSEHOLD INCOME OF SANTA CLARA COUNTY RESIDENTS, ADJUSTED TO REPRESENT A HOUSEHOLD OF FOUR, 2003 DOLLARS

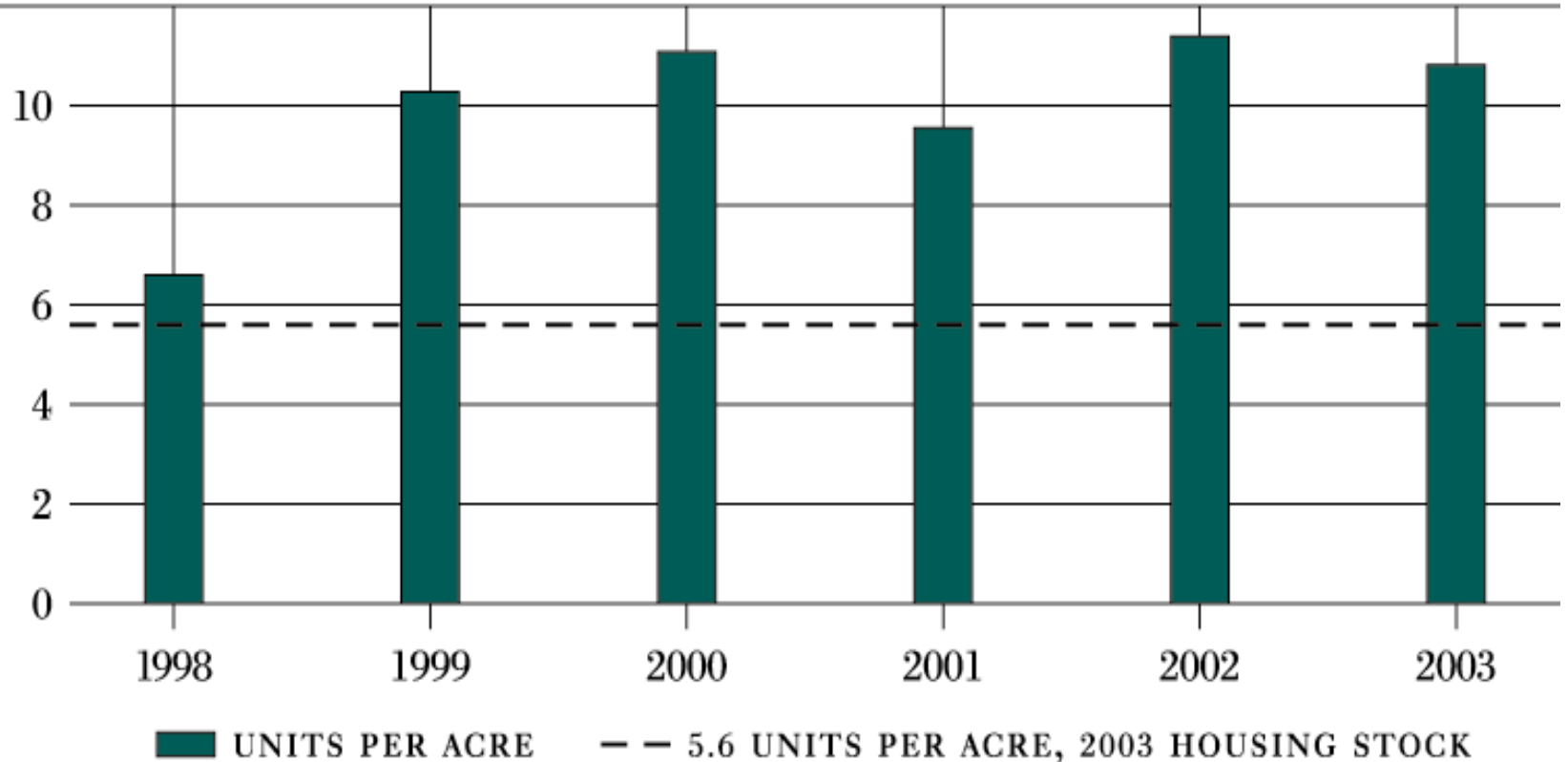


Source: U.S. Census Bureau



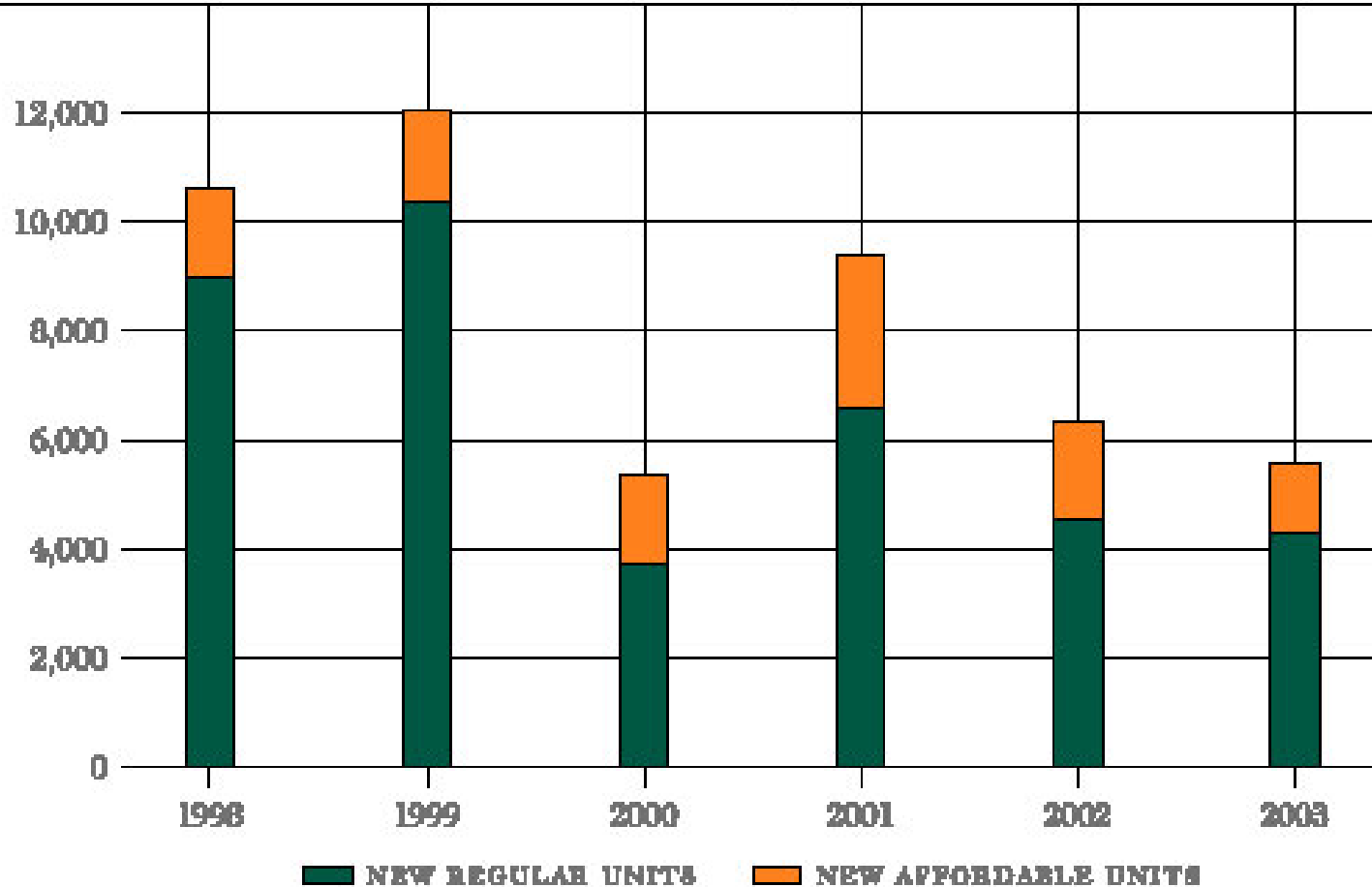
# Cities Continue to Reduce Sprawl Through Efficient Land Use

AVERAGE UNITS PER ACRE OF NEW RESIDENTIAL DEVELOPMENT,  
SILICON VALLEY



# New Housing Approvals and Percentage Affordable Continues to Drop

**TOTAL NEW HOUSING UNITS APPROVED, INCLUDING NEW AFFORDABLE HOUSING UNITS, SILICON VALLEY**

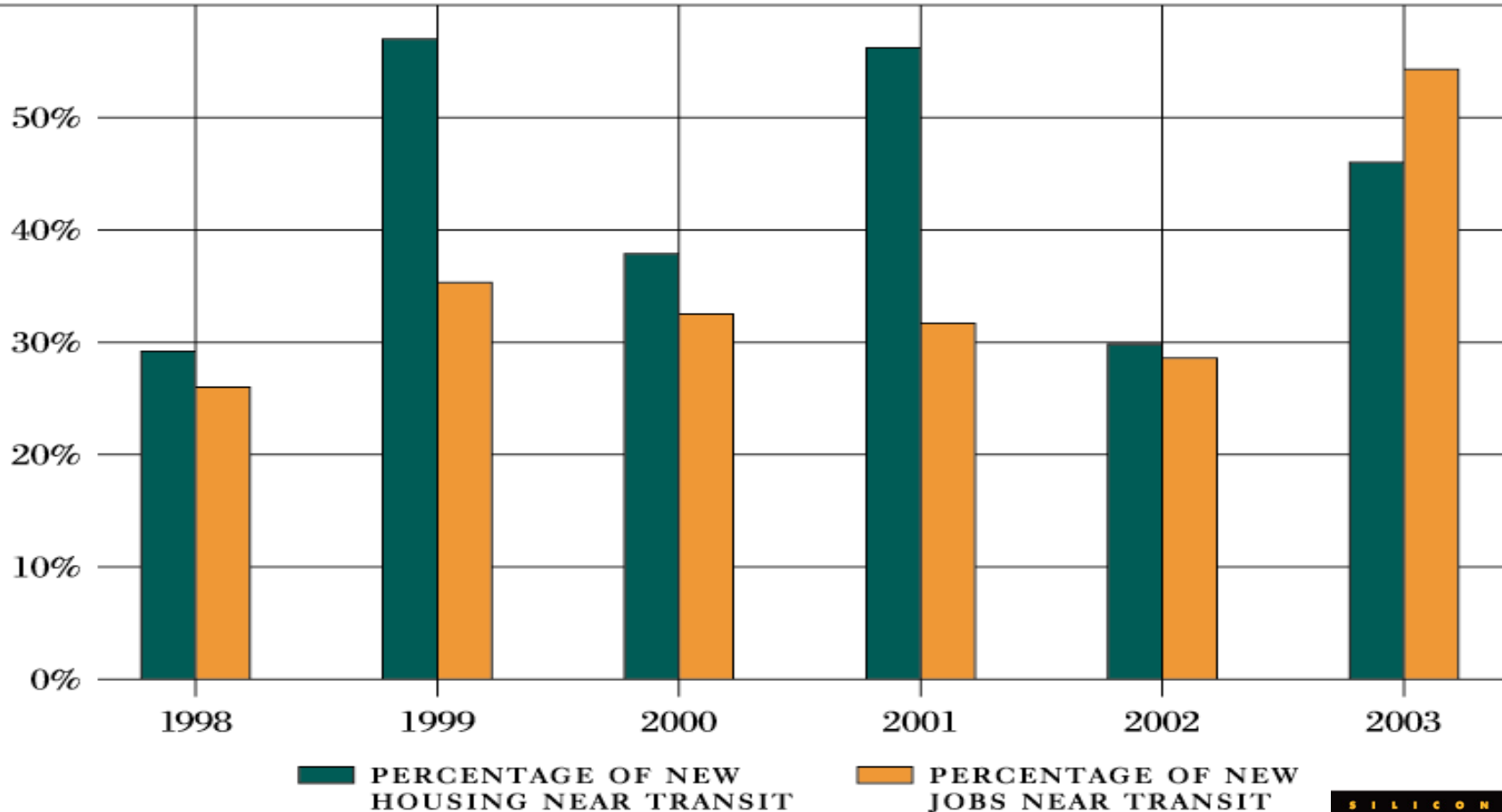


\*Source: City Planning and Housing Departments



# About Half of New Housing and New Jobs Located Near Transit

NEW HOUSING UNITS AND NEW JOBS WITHIN 1/4 MILE OF RAIL STATIONS OR MAJOR BUS CORRIDORS, SILICON VALLEY

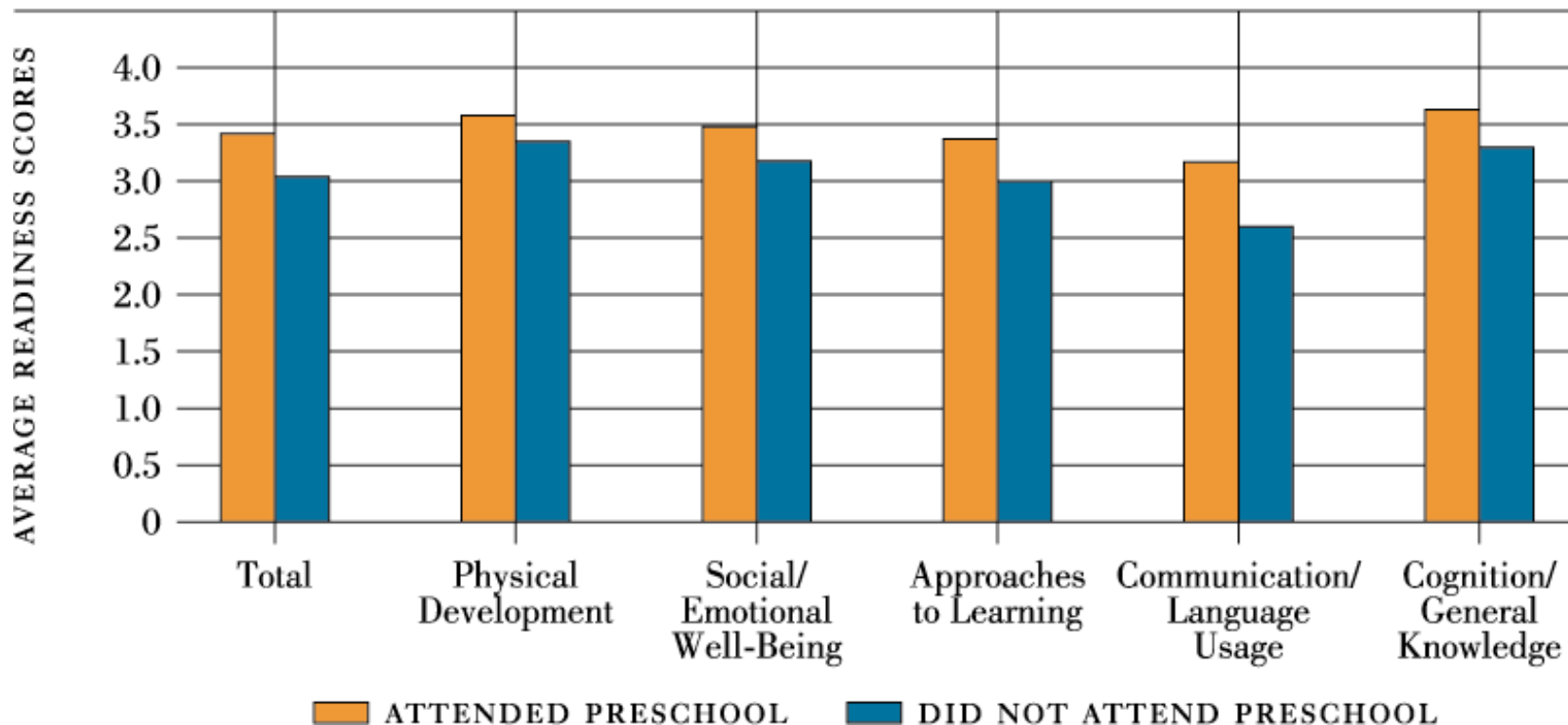


Source: City Planning and Housing Departments



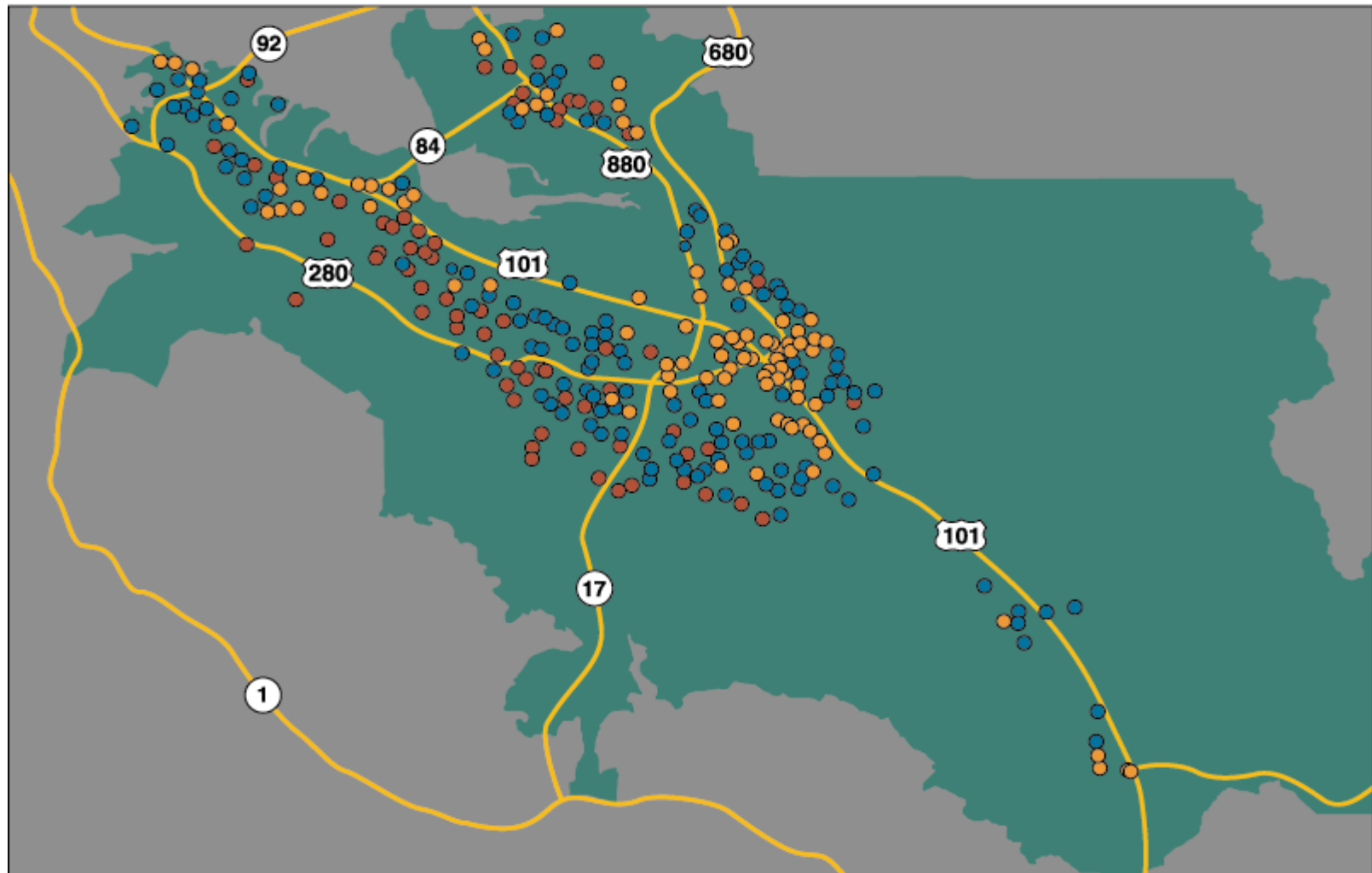
# Children Who Have Attended Preschool Are Significantly More Prepared for Kindergarten Than Those Who Have Not

KINDERGARTEN READINESS SCORES OF CHILDREN IN SAN MATEO COUNTY WHO DID AND DID NOT ATTEND PRESCHOOL, 2003



# 54% of Third Graders Reading Below National Median, Wide Disparities Among Schools

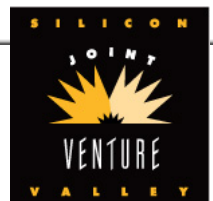
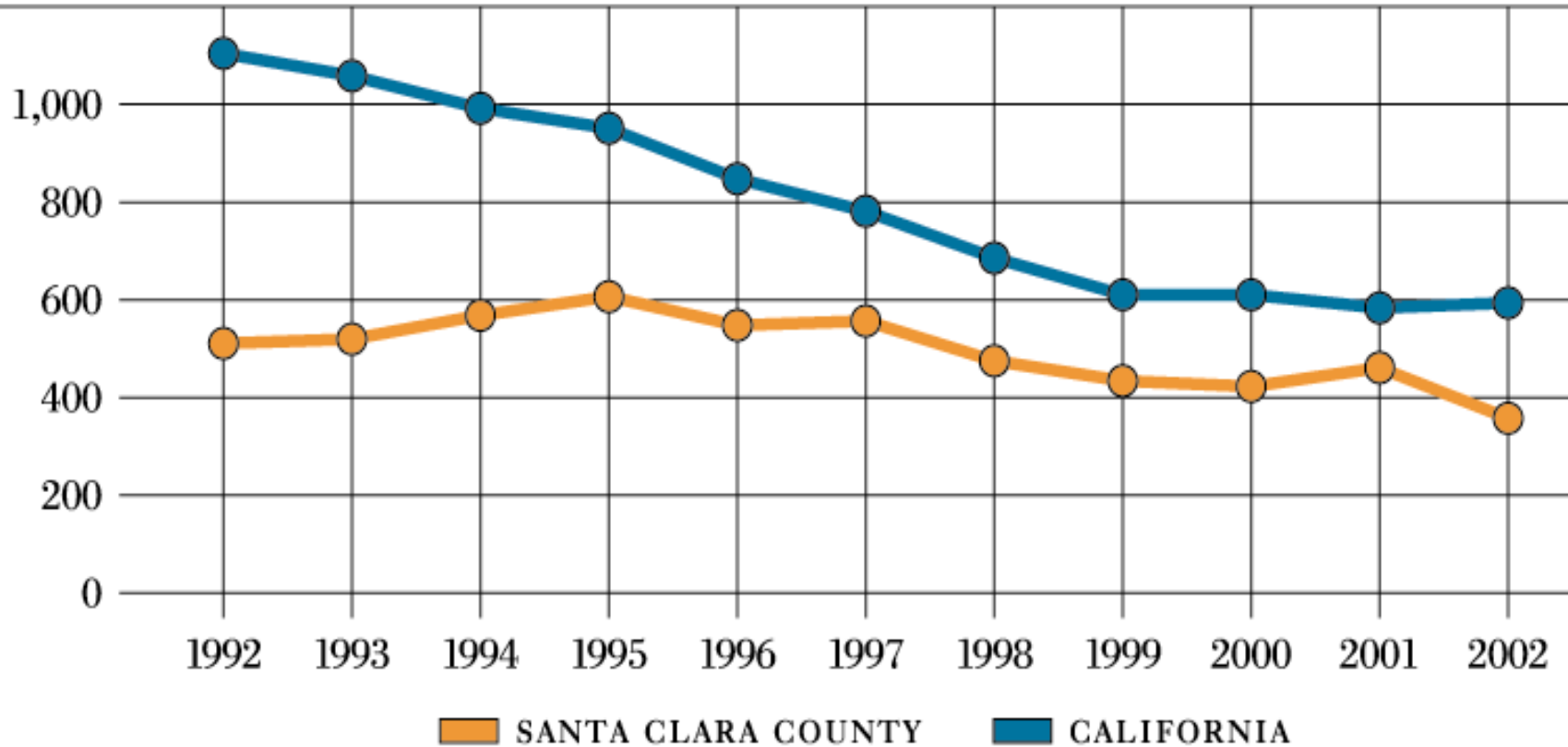
SILICON VALLEY ELEMENTARY SCHOOLS BY PERCENTAGE OF THIRD GRADERS SCORING AT OR ABOVE NATIONAL MEDIAN ON CAT/6 READING TEST



LOWEST QUARTILE    MIDDLE QUARTILES    HIGHEST QUARTILE

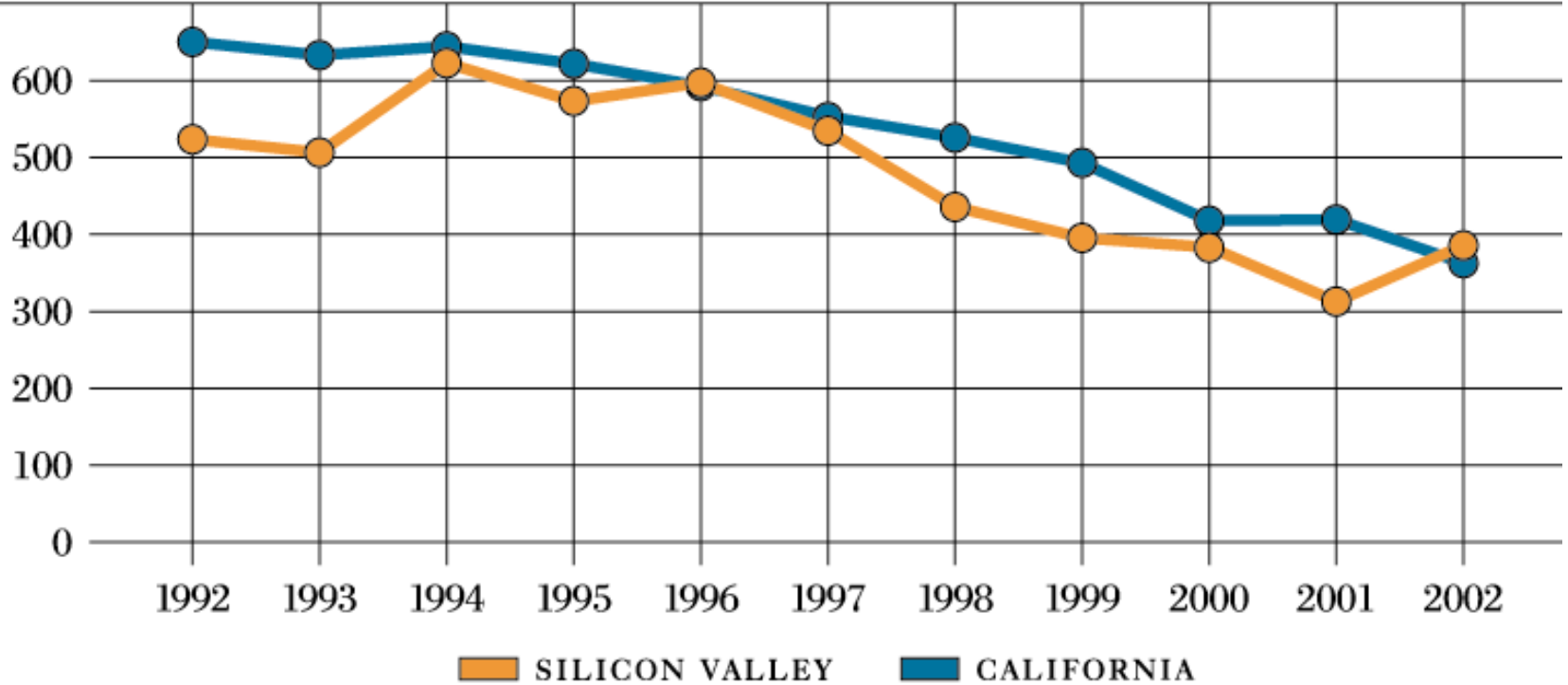
# The Violent Crime Rate Drops...

## VIOLENT CRIMES PER 100,000 RESIDENTS



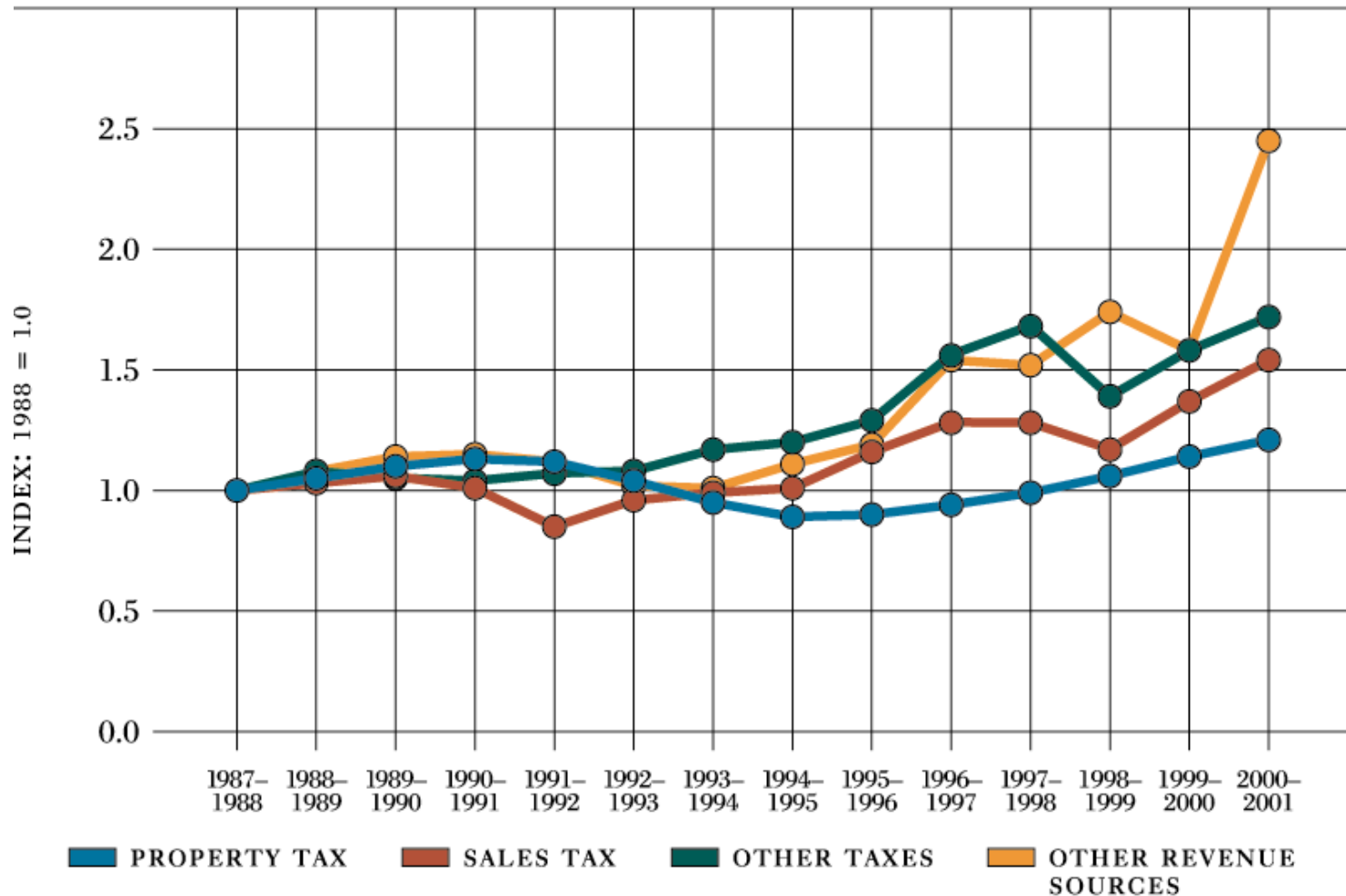
# ...but Juvenile Felony Arrests Rates Rise

JUVENILE FELONY ARRESTS FOR VIOLENT CRIMES,  
PER 100,000 10- TO 17-YEAR-OLDS



# Much of Local Government Revenue Increasingly Volatile

GROWTH IN REVENUES OF SILICON VALLEY'S CITIES



Source: California State Controller

2004 INDEX OF SILICON VALLEY

