

Economic Indicators

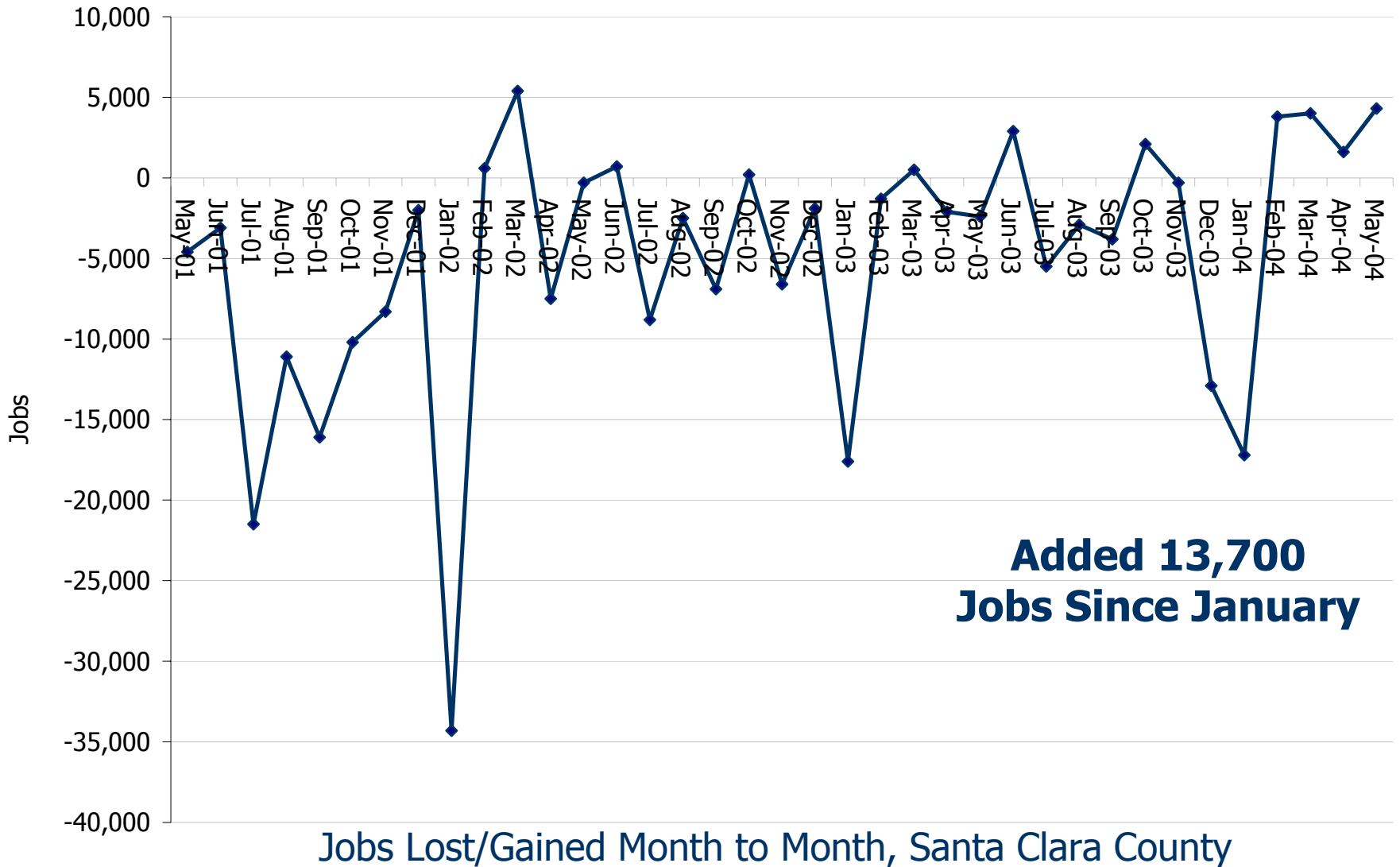
June 2004

Office of Economic Development

- I. Some Signs of Recovery**
- II. Waiting for Improvement**
- III. Comparing San Jose with Silicon Valley**

I. Some Signs of Recovery

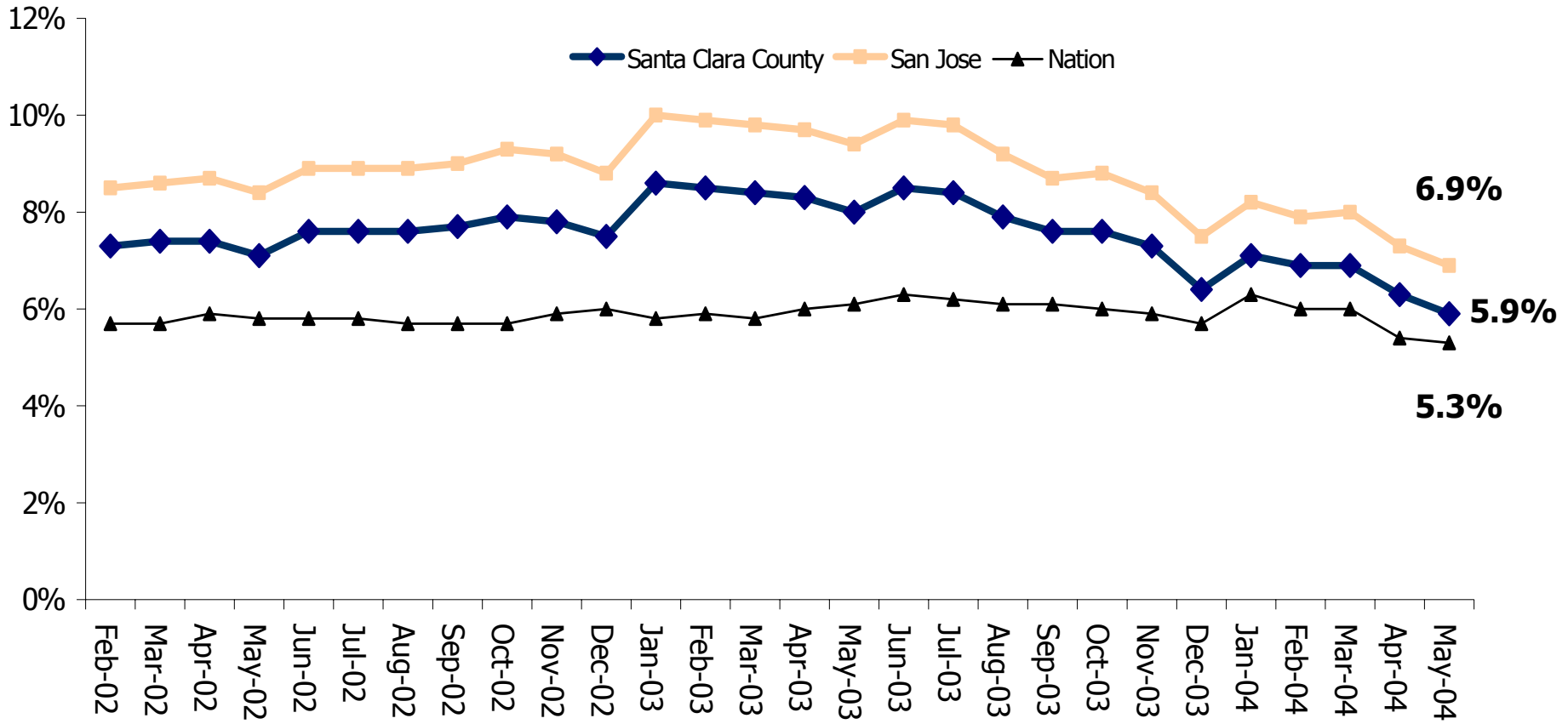
Four Months of Positive Job Growth



Source: Employment Development Department

The most recent monthly 2004 figures "May" reflect the EDD's preliminary estimate of jobs. May figures will become *official* with the release of the June 2004 figures. All figures prior to May 2004 reflect *official* numbers.

Unemployment Rate Keeps Falling



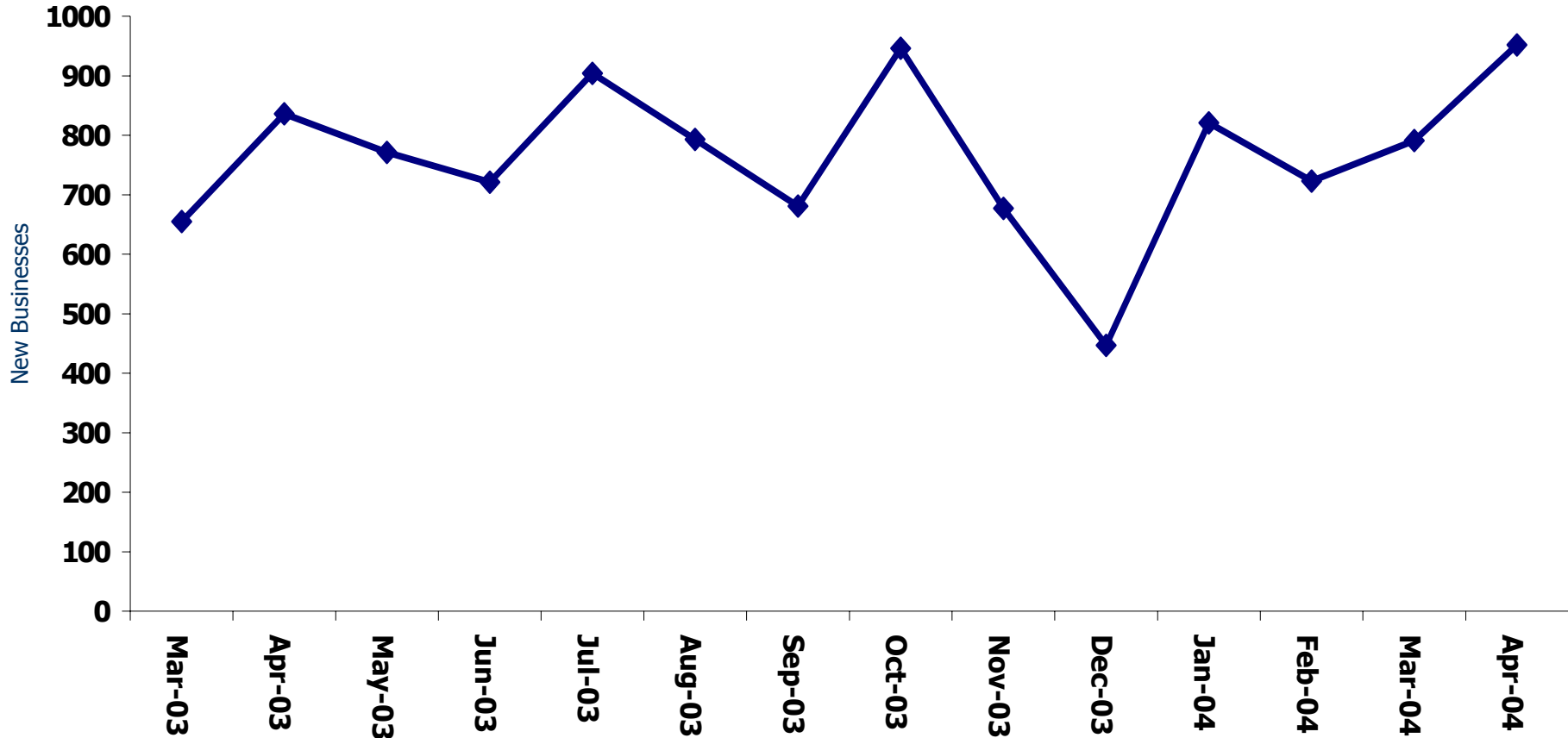
Unemployment Rate

51,300 county residents, including 30,710 San Jose residents, are "officially" unemployed

Source: Employment Development Department

The most recent monthly 2004 figures "May" reflect the EDD's preliminary estimate of jobs. May figures will become *official* with the release of the June 2004 figures. All figures prior to May 2004 reflect *official* numbers.

New Business Licenses Up 14% From Prior Year



New Business Licenses Issued, San Jose

San Jose Retains Lower Lease Rates than Peninsula

	Office	R&D	Manufacturing
Redwood City	\$2.16	\$1.15	\$.81
Palo Alto	\$3.09	\$1.90	\$.75
Mountain View	\$2.27	\$1.17	\$1.17
North San Jose	\$1.84	\$.91	\$.59
Downtown San Jose	\$2.22	N/A	N/A
South San Jose	\$1.72	\$.91	\$.42

Source: BT Commercial, 1st Quarter 2004

Rates reflect the weighted average of current "asking rates", converting all NNN to Full Service.

San Jose Vacancy Rates are Lower than Peninsula

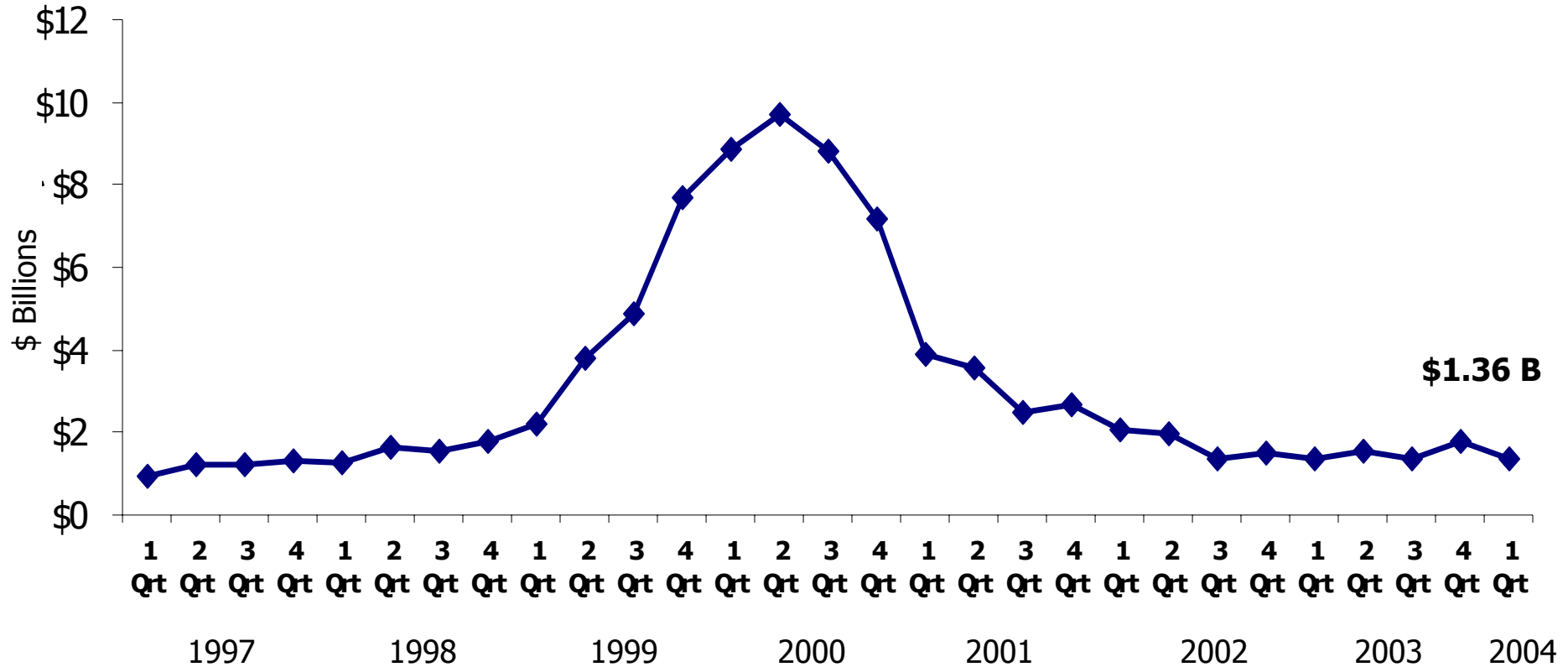
	Office	R&D	Manufacturing
Redwood City	47.5%	38.3%	5.4%
Palo Alto	14.3%	21.3%	9.8%
Mountain View	24.8%	20.3%	9.3%
North San Jose	11.5%	20.5%	9.2%
Downtown San Jose	13.9%	N/A	N/A
South San Jose	8.3%	20.5%	5.6%

Source: BT Commercial, 1st Quarter 2004

Office Space reflects Class A, Class B, Class C and suburban garden office buildings over 10,000 sq ft.

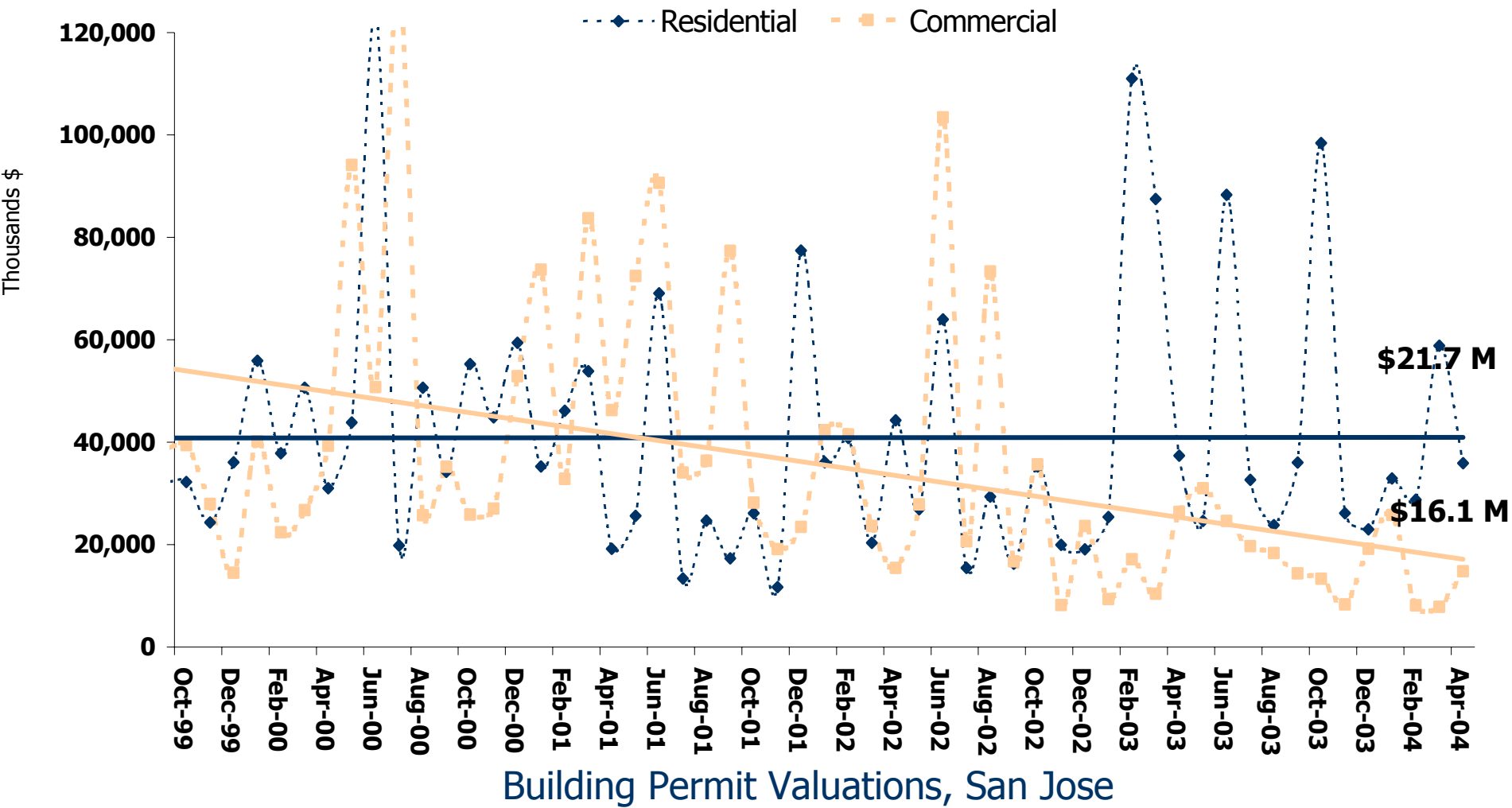
II. Waiting for Improvement

1st Quarter Venture Capital Down 24% from 4th Quarter



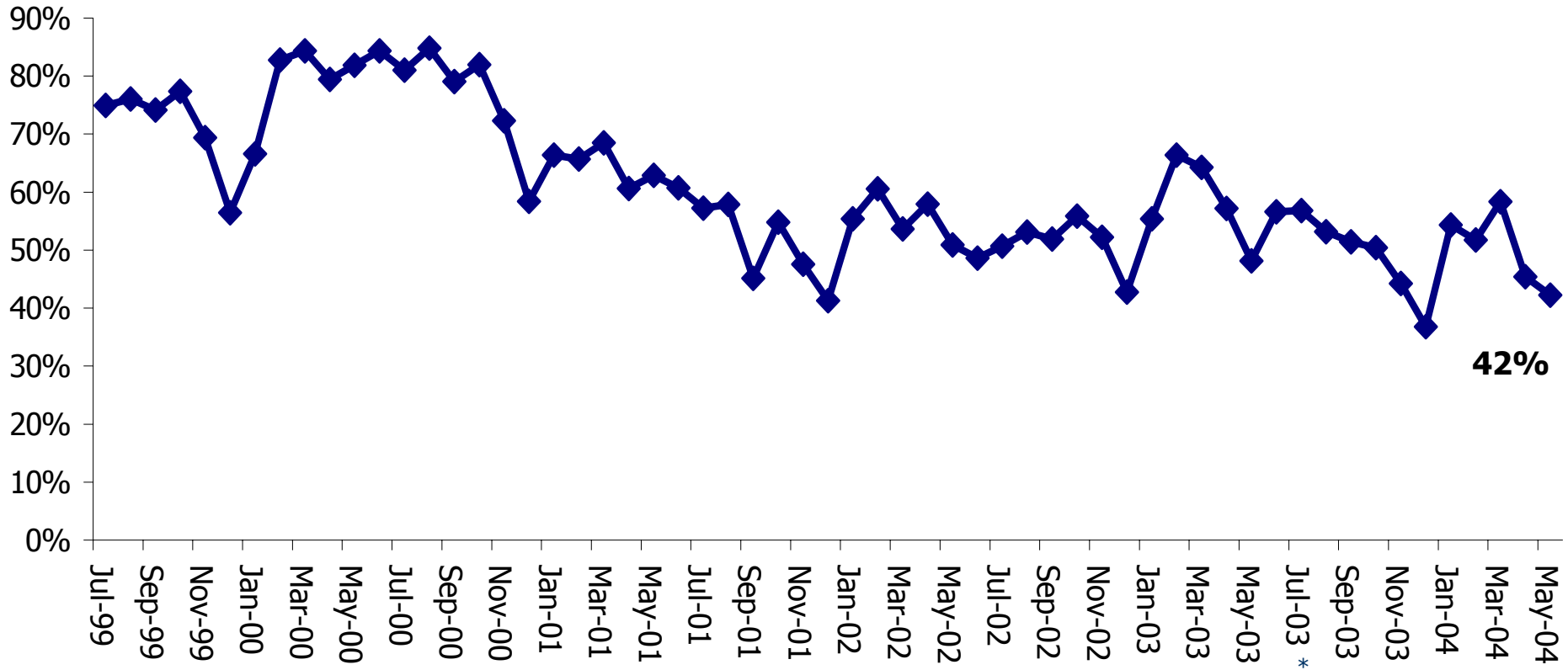
Venture Capital Funding, Silicon Valley

Jan-April Permit Valuation Was at Lowest Level in 5 Years



Source: San Jose Planning Department

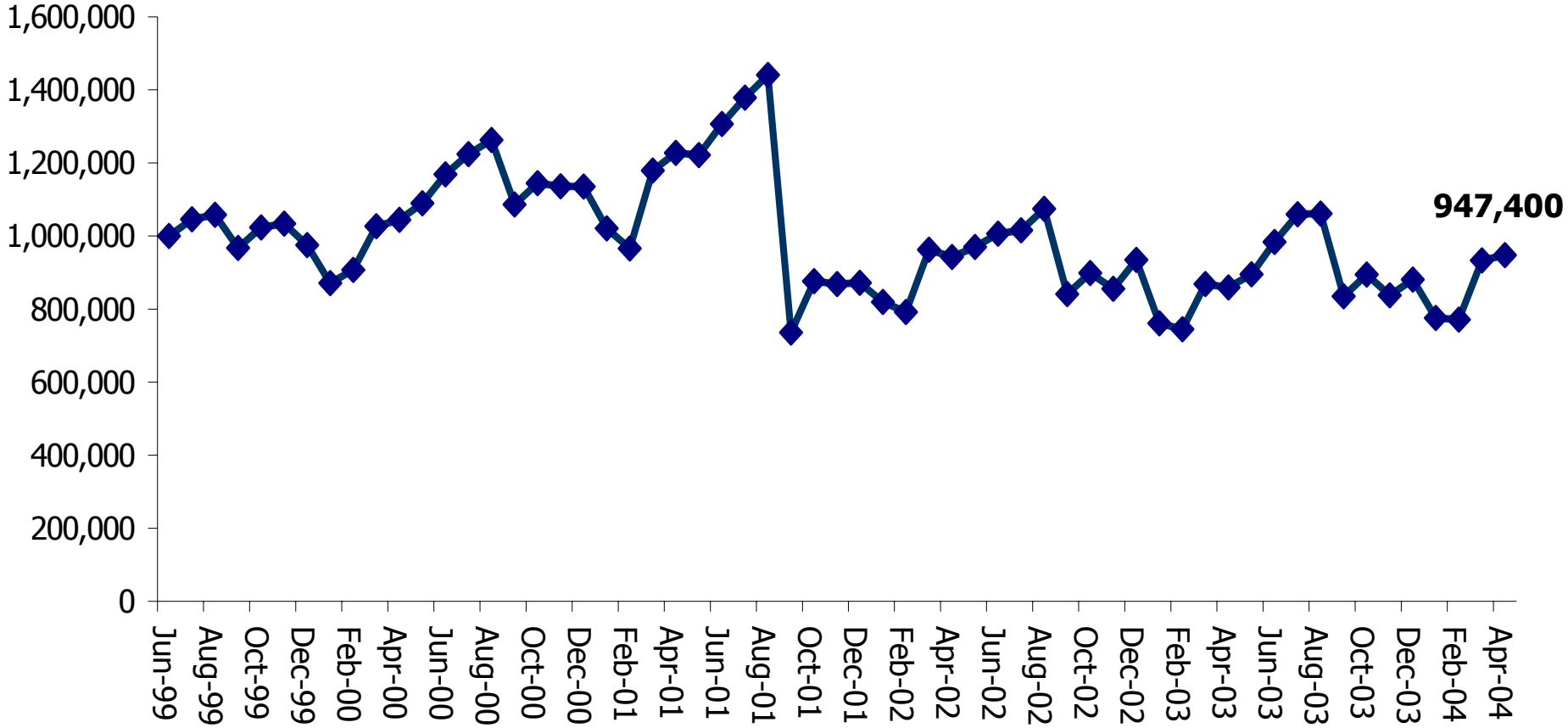
May Occupancy Falls From First Quarter



Hotel Occupancy, San Jose

Source: San Jose Convention & Visitors Bureau
*New Marriott Hotel added July 2003

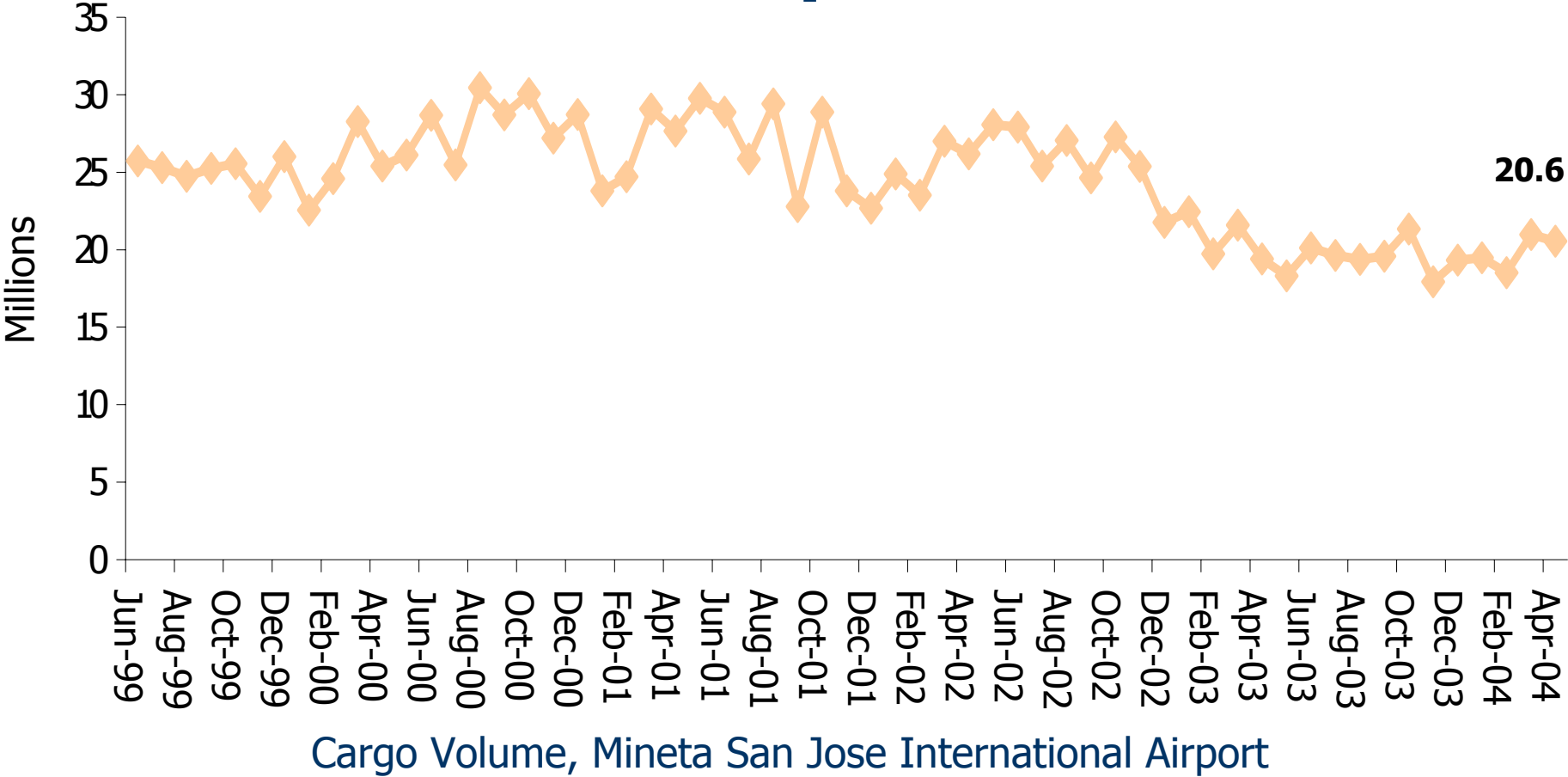
Airport Passenger Levels Up 2 Consecutive Months



Passengers, Mineta San Jose International Airport

Source: Mineta San Jose International Airport

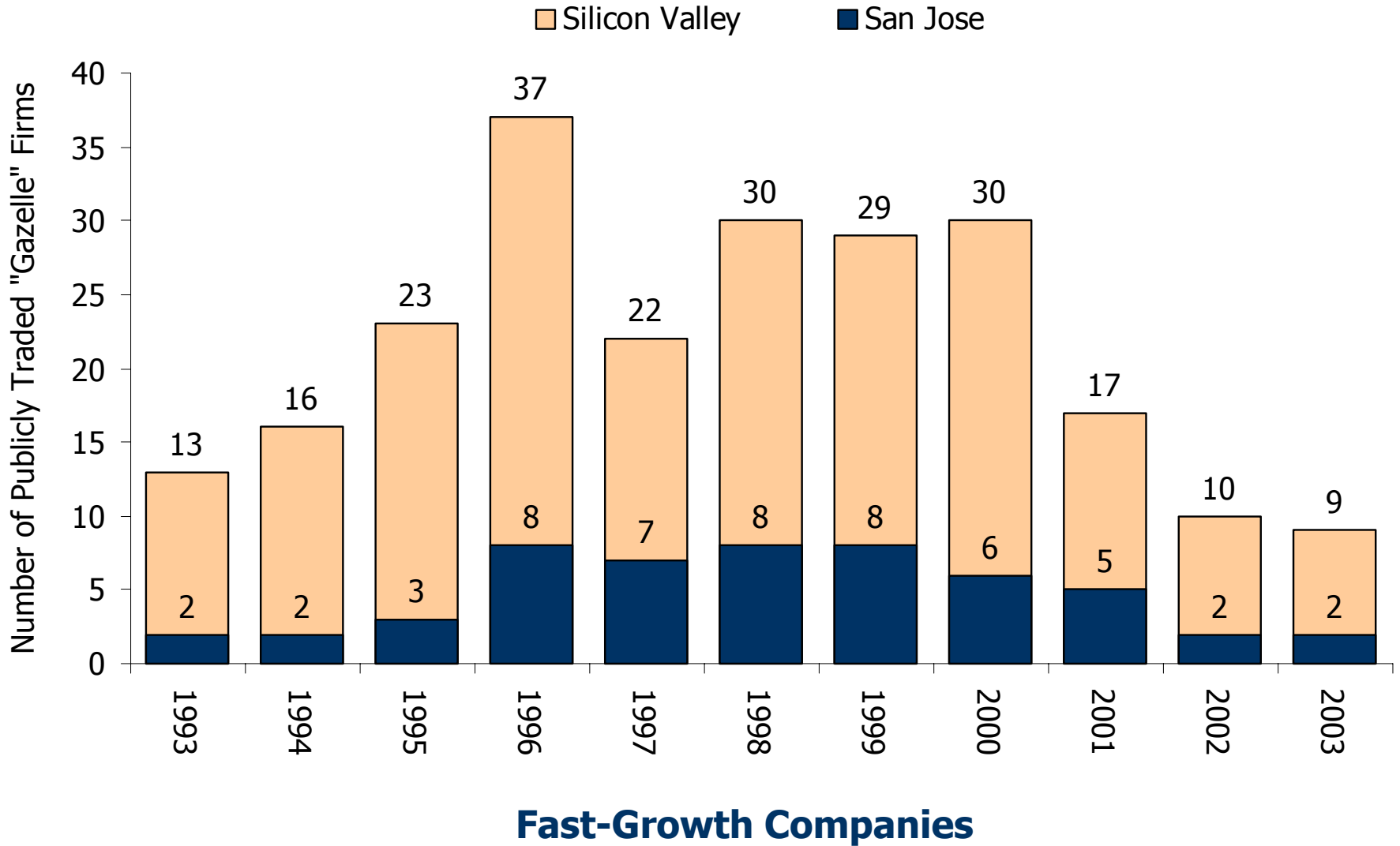
Airport Cargo Traffic Holds Steady in April



Source: Mineta San Jose International Airport

III. Comparing San Jose with Silicon Valley

San Jose is Home to 2 "Gazelle" Companies



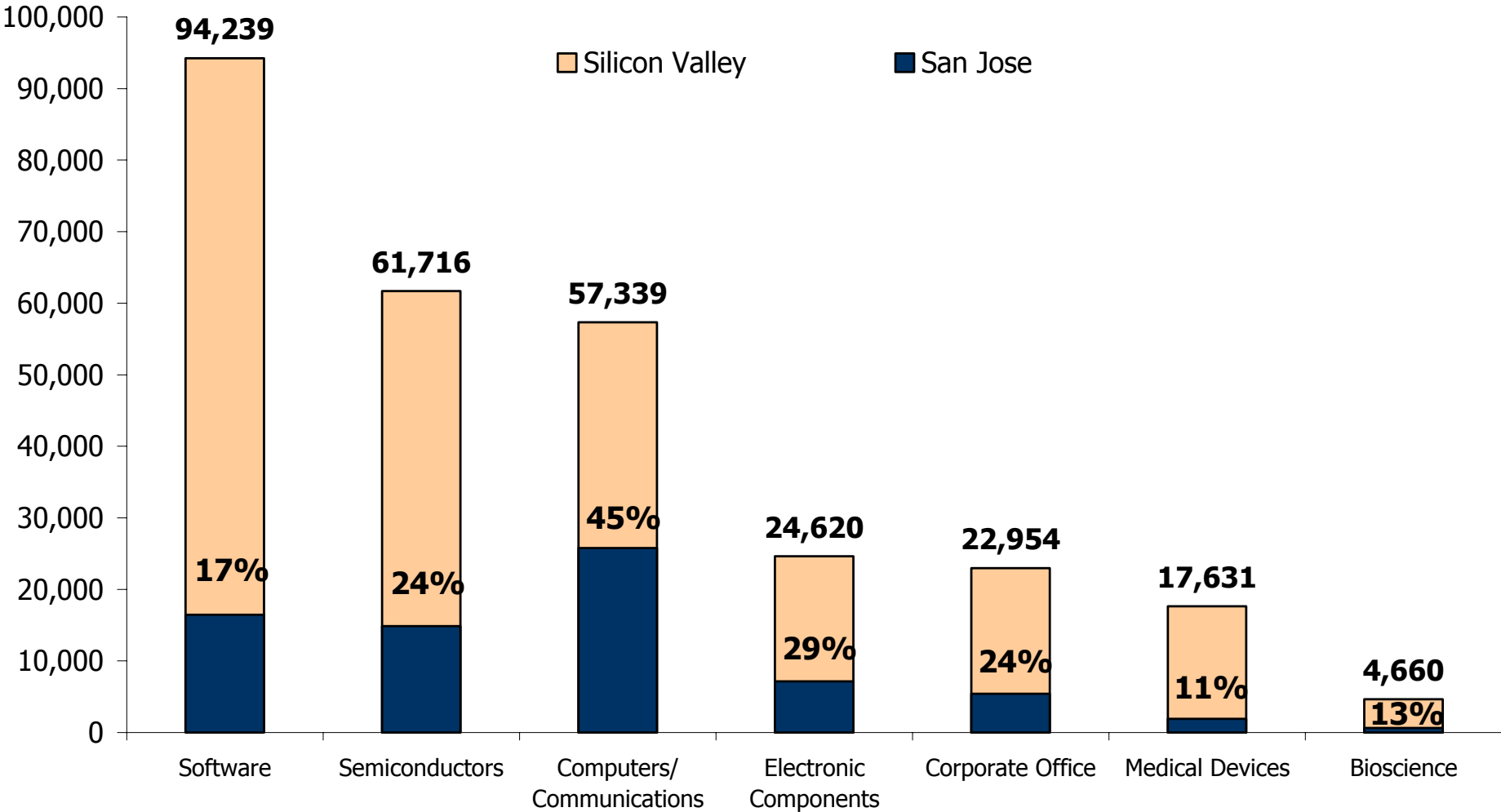
Silicon Valley 150: Largest Publicly Traded Companies

	2002	2003
San Jose	32	35
Sunnyvale	24	26
Santa Clara	23	22

San Jose has Small Share of Venture-Backed Companies

	San Jose	Bay Area
1st Quarter 2004	8	175
4th Quarter 2003	16	172

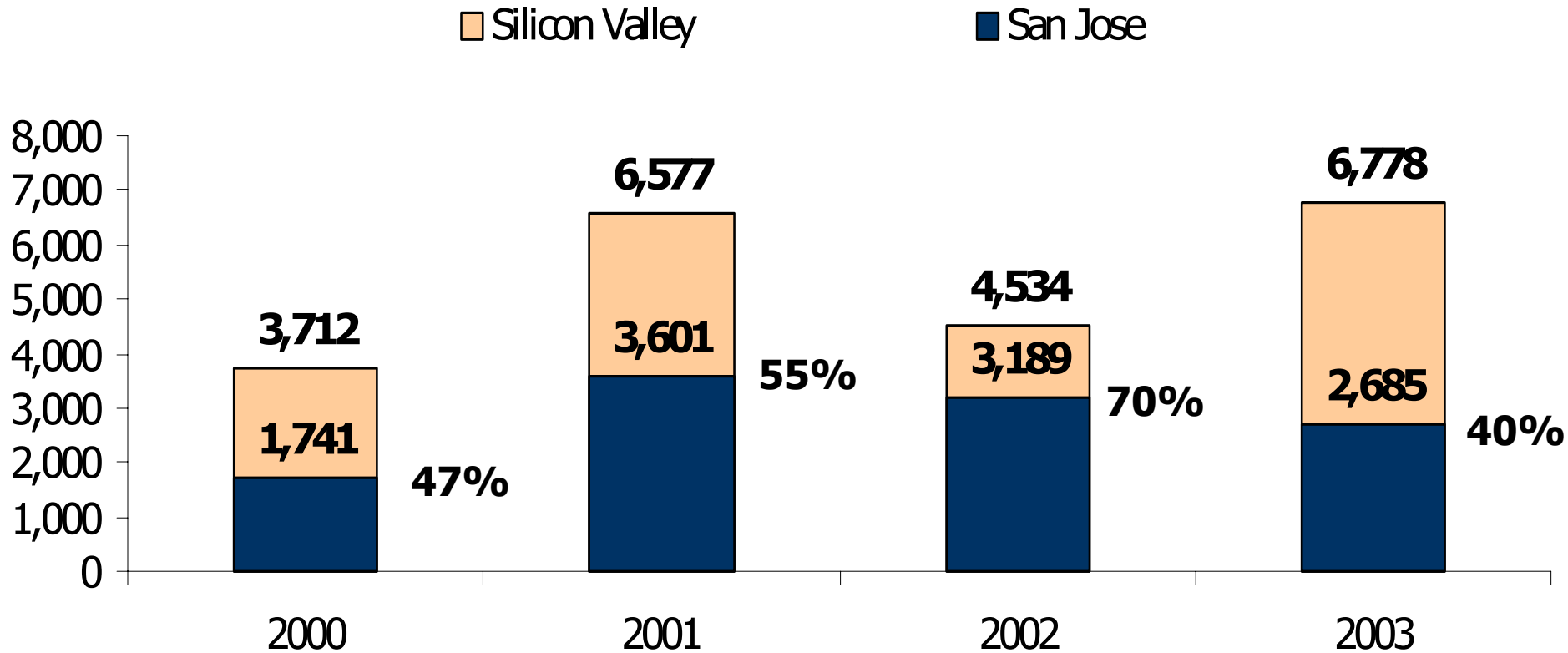
San Jose's Share of Regional Software Jobs Fall



San Jose's Share of the Silicon Valley Job Base is 31%

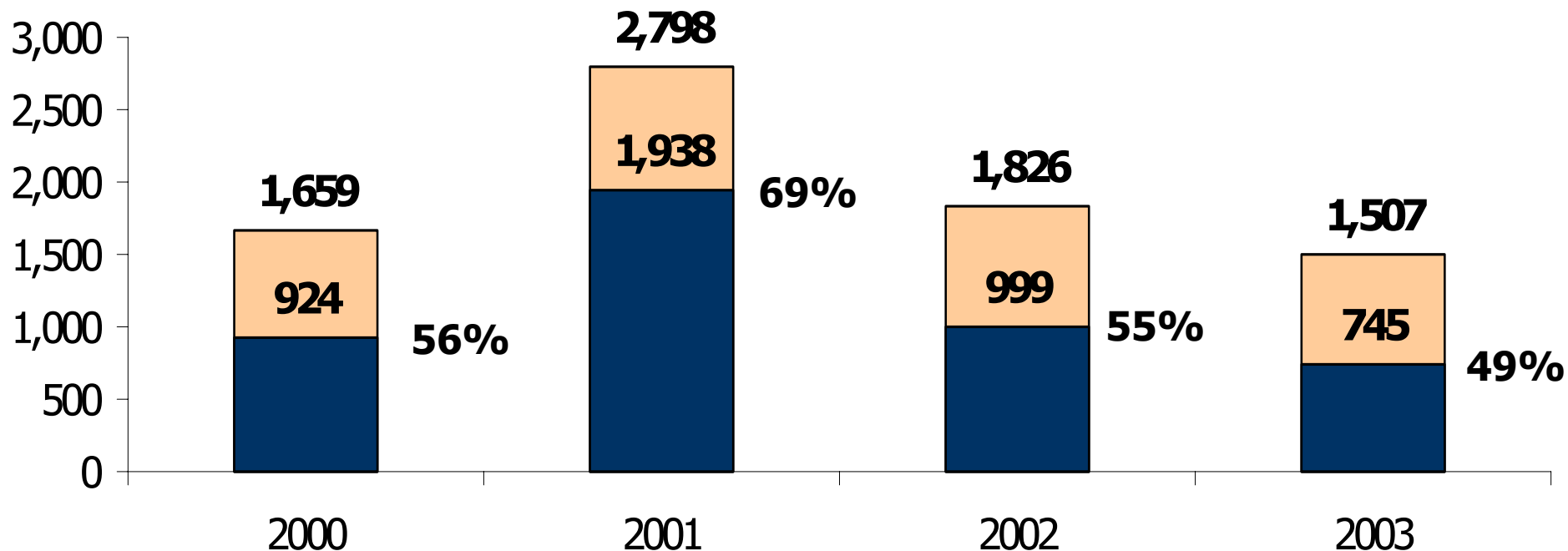
Source: CA Employment Development Department, LMID 2nd Qrt 2003

San Jose Produced 40% of Silicon Valley Housing in 2003



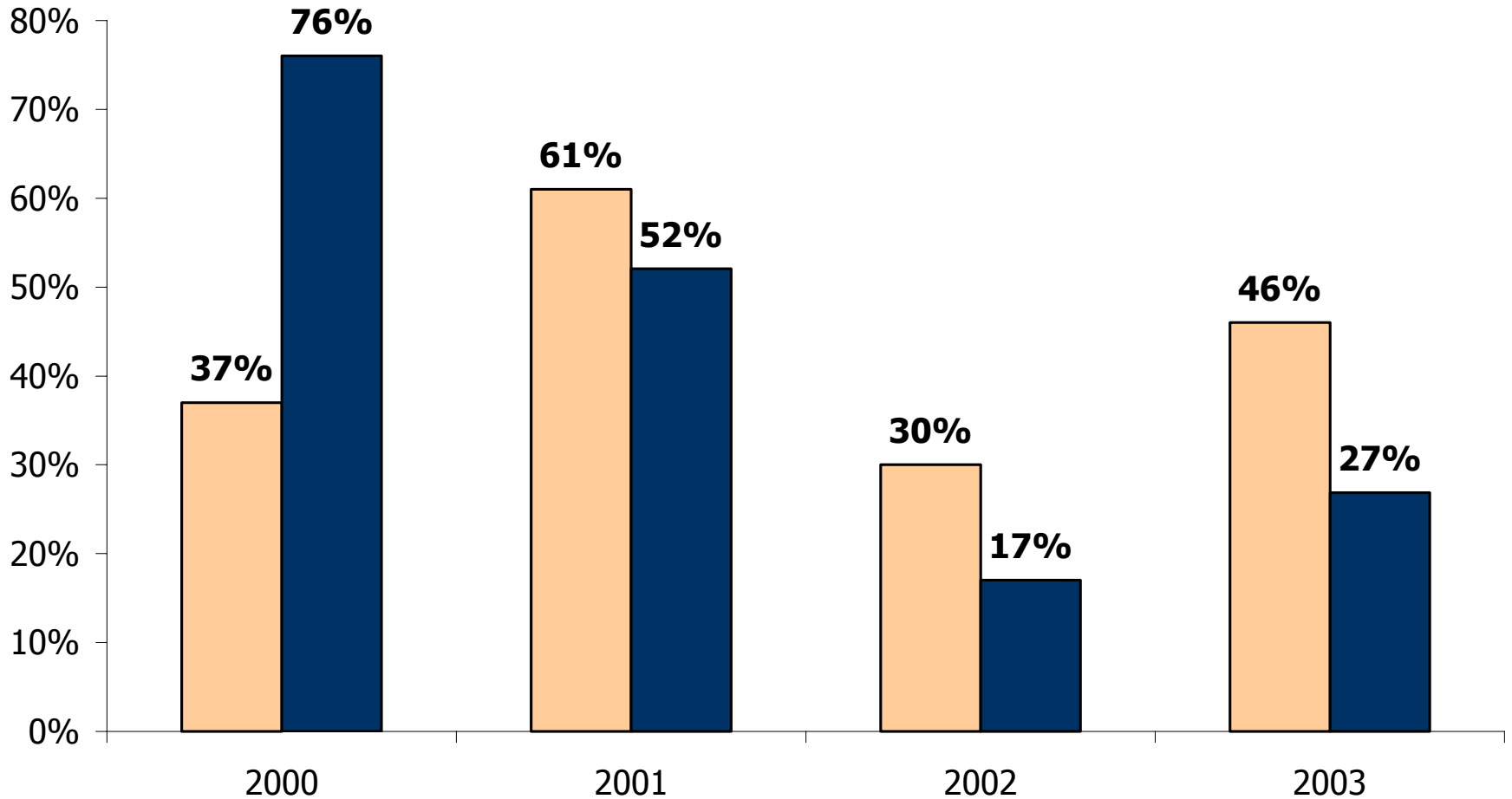
San Jose Produced Half of Silicon Valley's Affordable Housing in 2003

■ Silicon Valley ■ San Jose



27% of New Housing Is Transit Oriented

■ Silicon Valley ■ San Jose



Share of Newly Approved Housing Units Located Near Transit

San Jose's New Workplaces Are Not Transit Oriented

