

The San José Economy

Economic Indicators
March 2003

Overview

- I. Economic Activity Indicators
- II. Economic Outcome Measures
- III. Economic Strategy Project

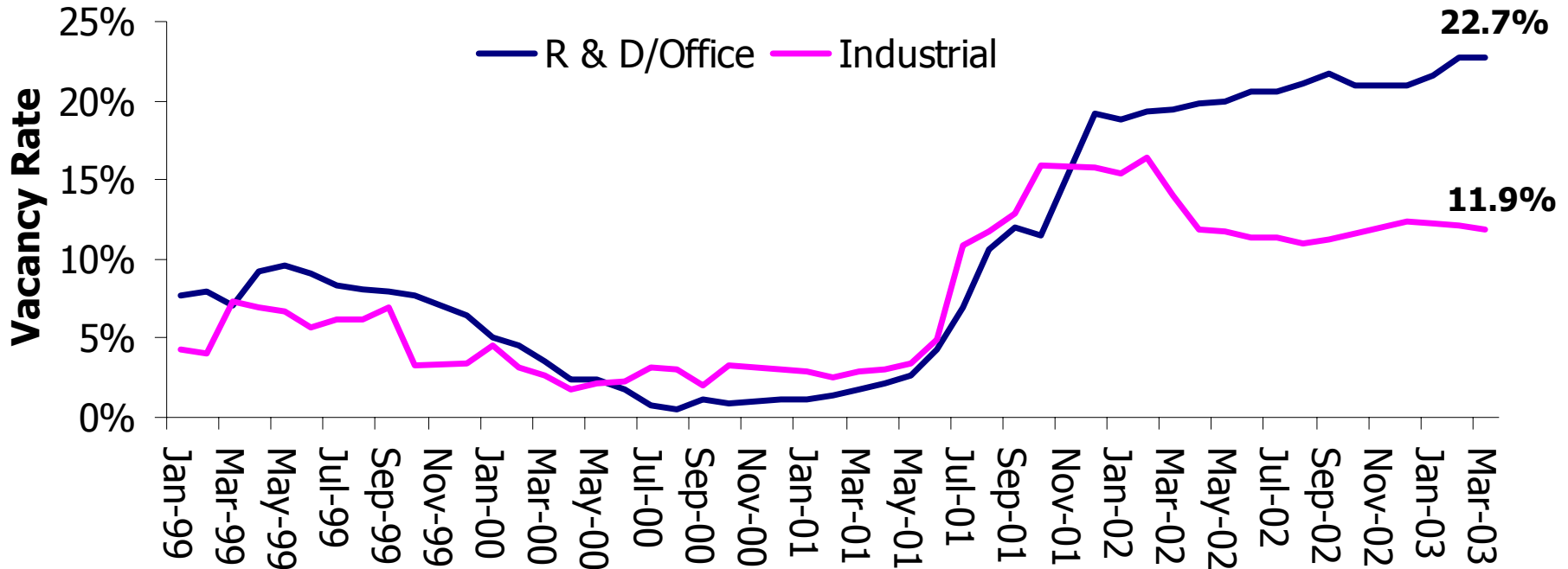
I. Economic Activity Indicators

Real Estate Activity

Visitor Activity

Business Activity

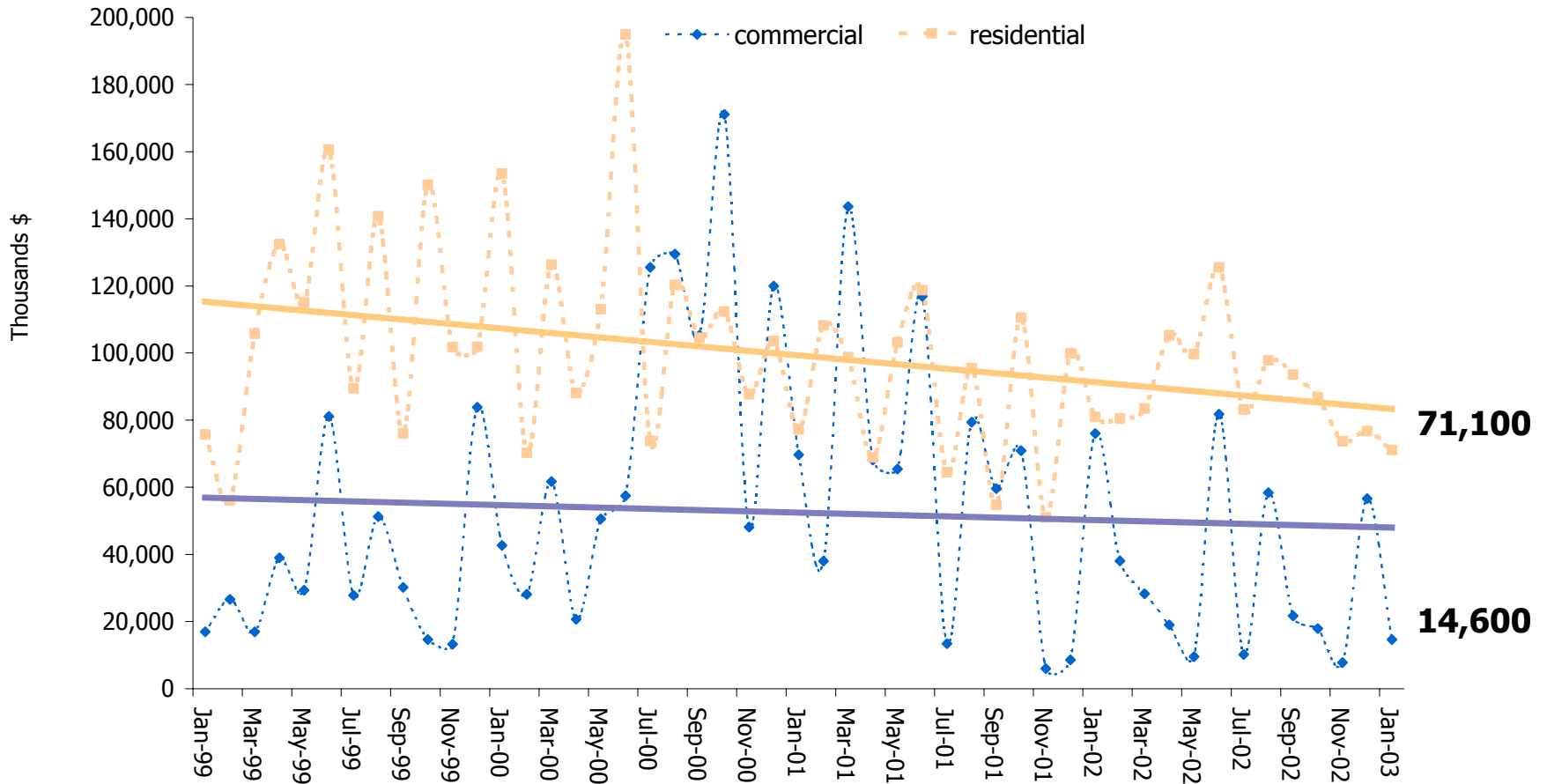
Industrial Vacancies Hold Steady At 11%, R & D/Office at 22%



Average Vacancy Rates, San José

Source: Colliers International

Building Permit Valuations Continue Slide in January 2003

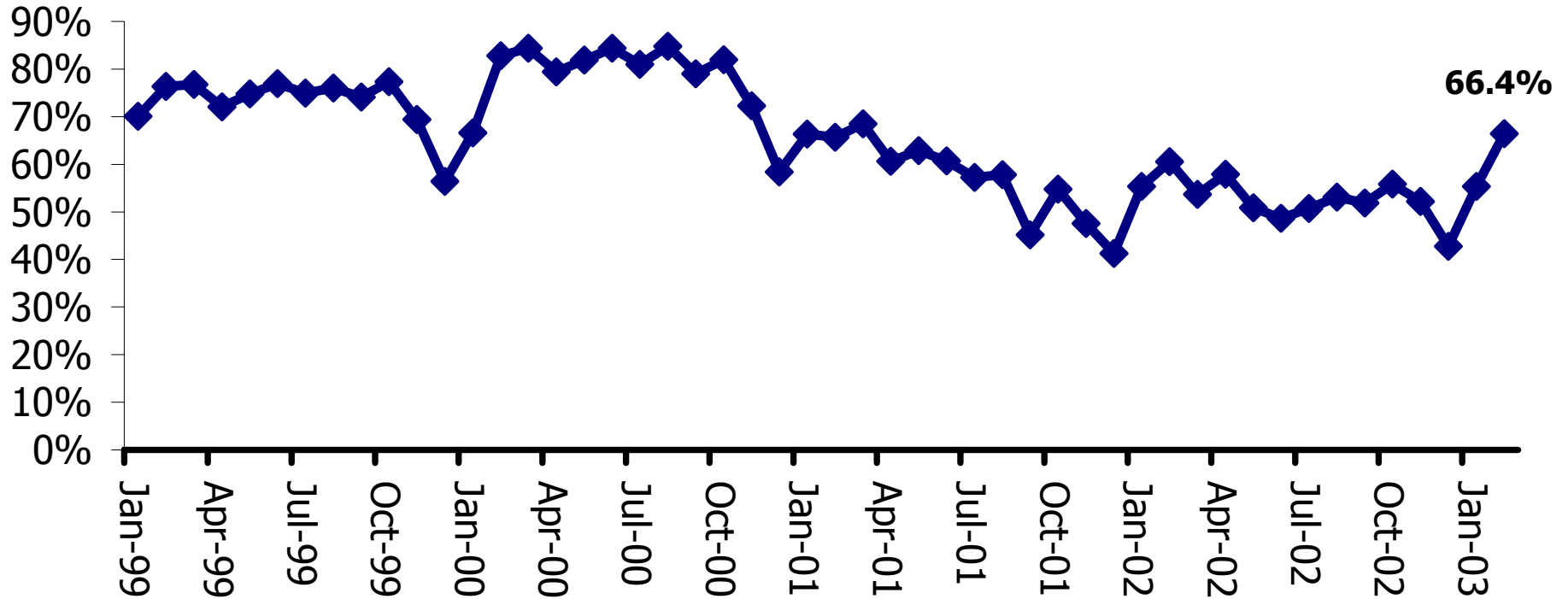


Building Permit Valuations, Santa Clara County

Source: Construction Industry Research Board



Hotel Occupancy Up in February

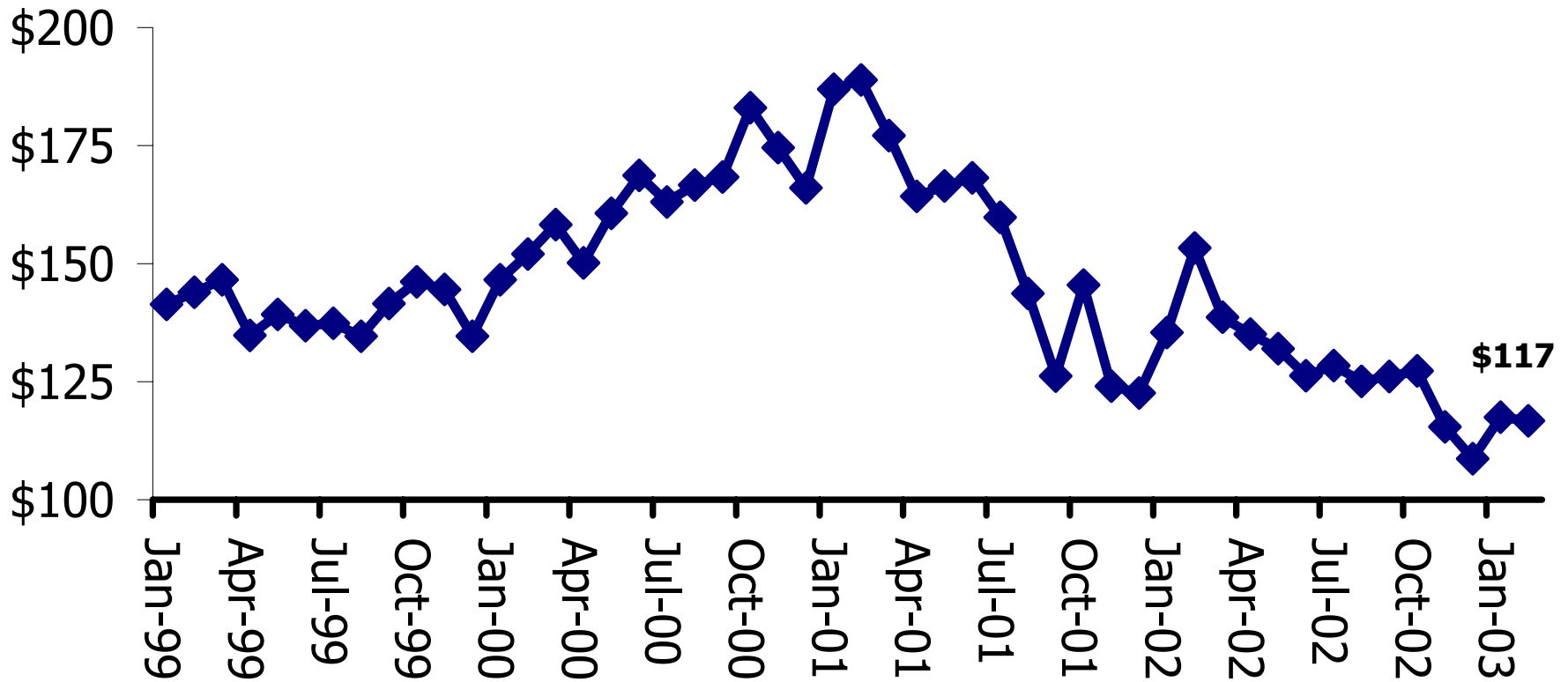


Hotel Occupancy, San José

Source: San Jose Convention & Visitors Bureau



...And Room Rates Hold Steady in 2003

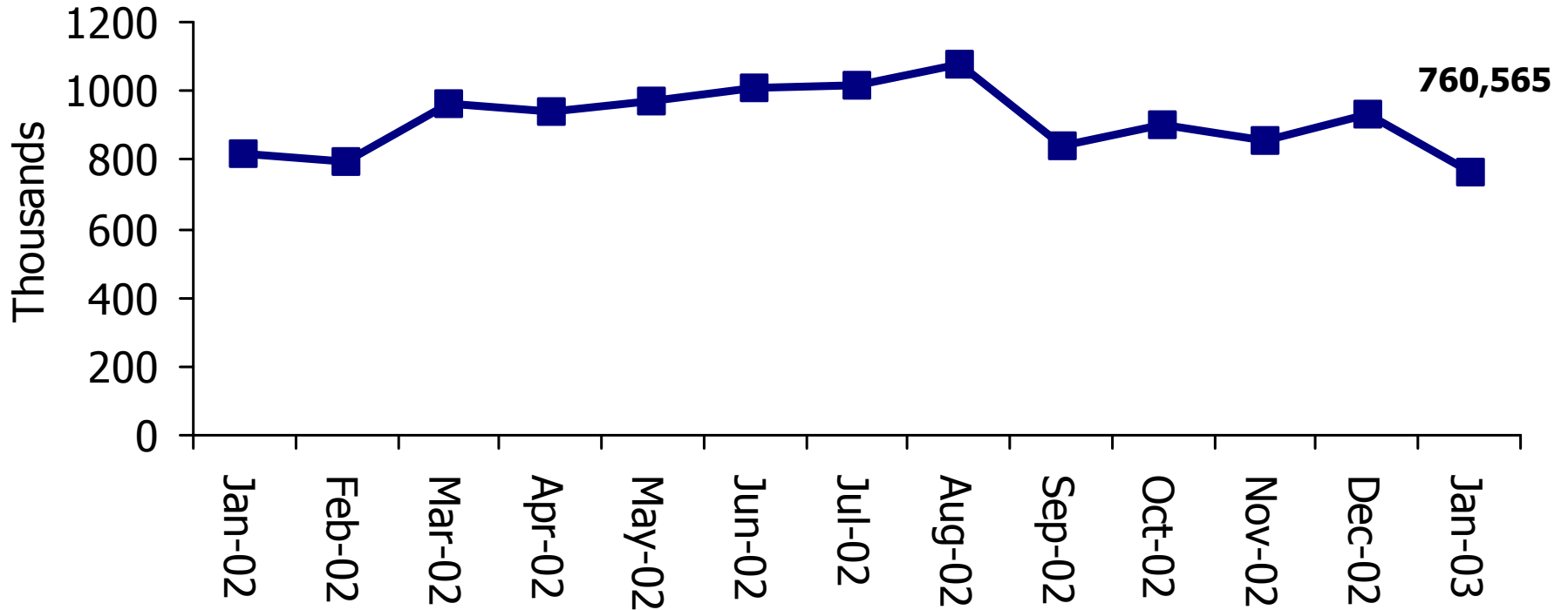


Hotel Average Room Rates, San José

Source: San Jose Convention & Visitors Bureau



Airport Passenger Traffic Returns to 1999 Levels

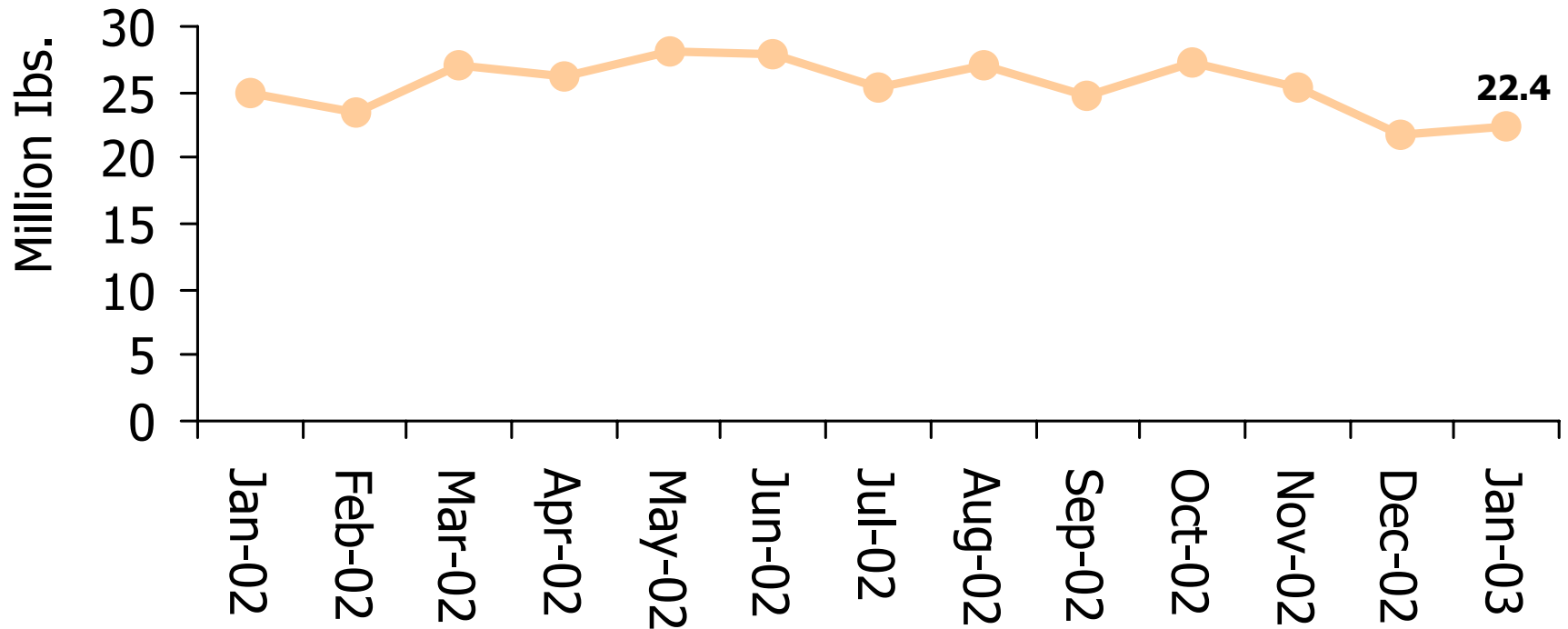


Passengers, Mineta San José International Airport

Source: Mineta San José International Airport



Airport Cargo Traffic Increases, Slightly from December

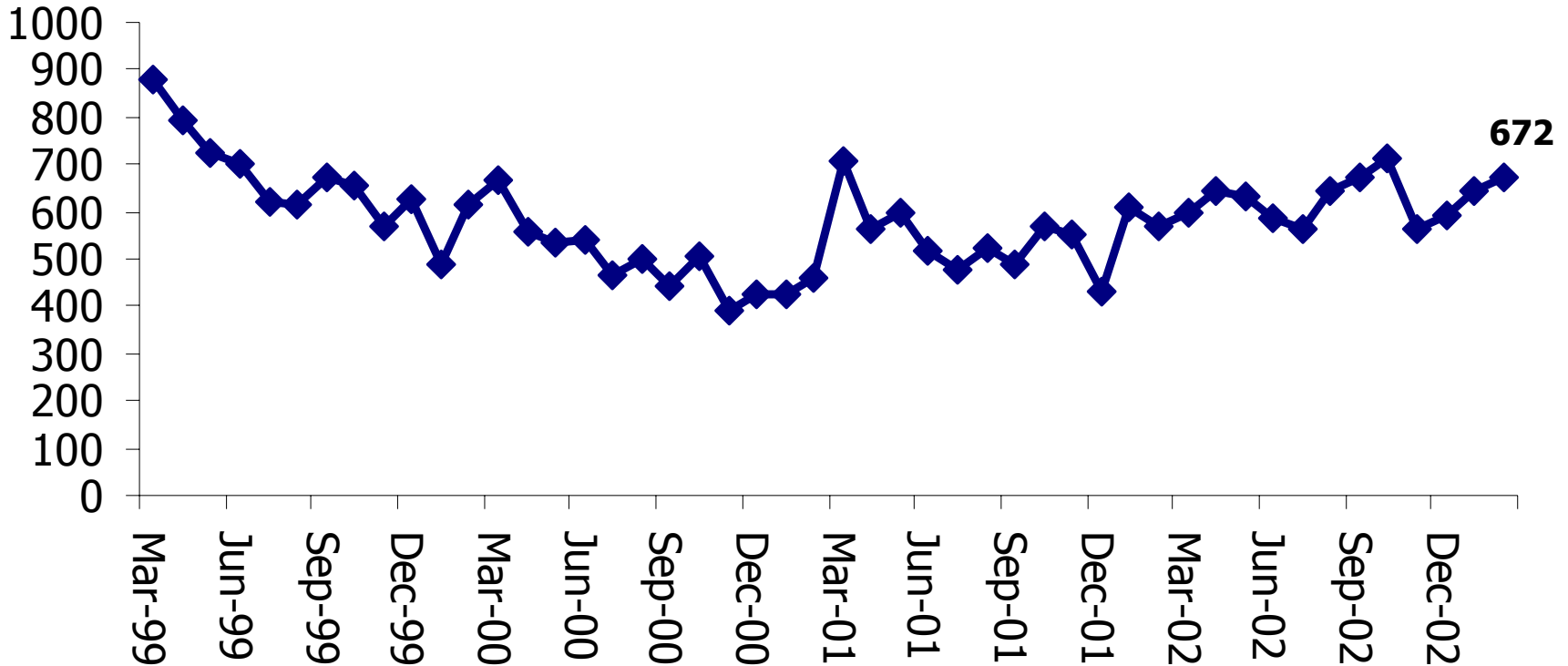


Cargo Volume, Mineta San José International Airport

Source: Mineta San José International Airport



Bankruptcy Filings Rising Again...

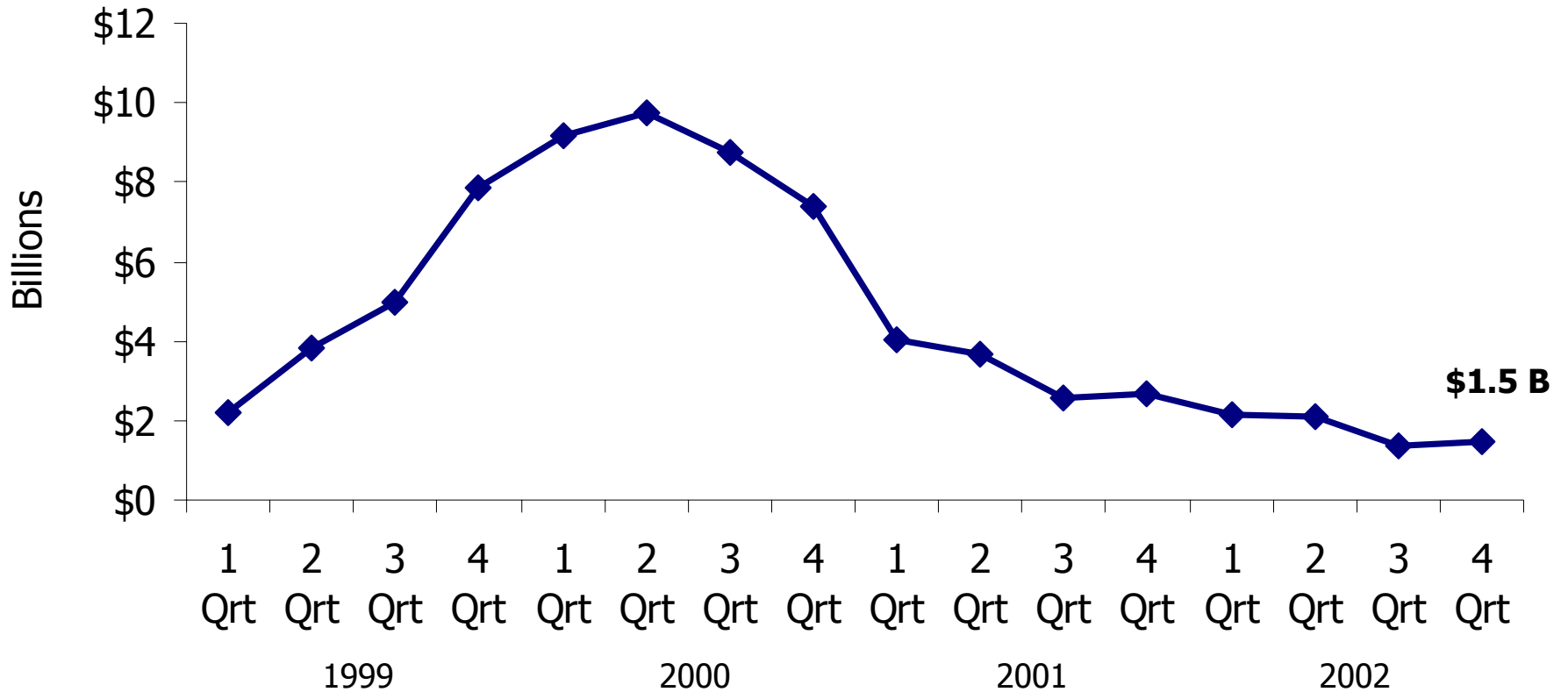


Local Bankruptcies Filings , San José Division

Source: U.S. Bankruptcy Court (San Jose Division)



Venture Capital Returns to 1999 Level, Up Slightly in Q4



Venture Capital Funding, Silicon Valley



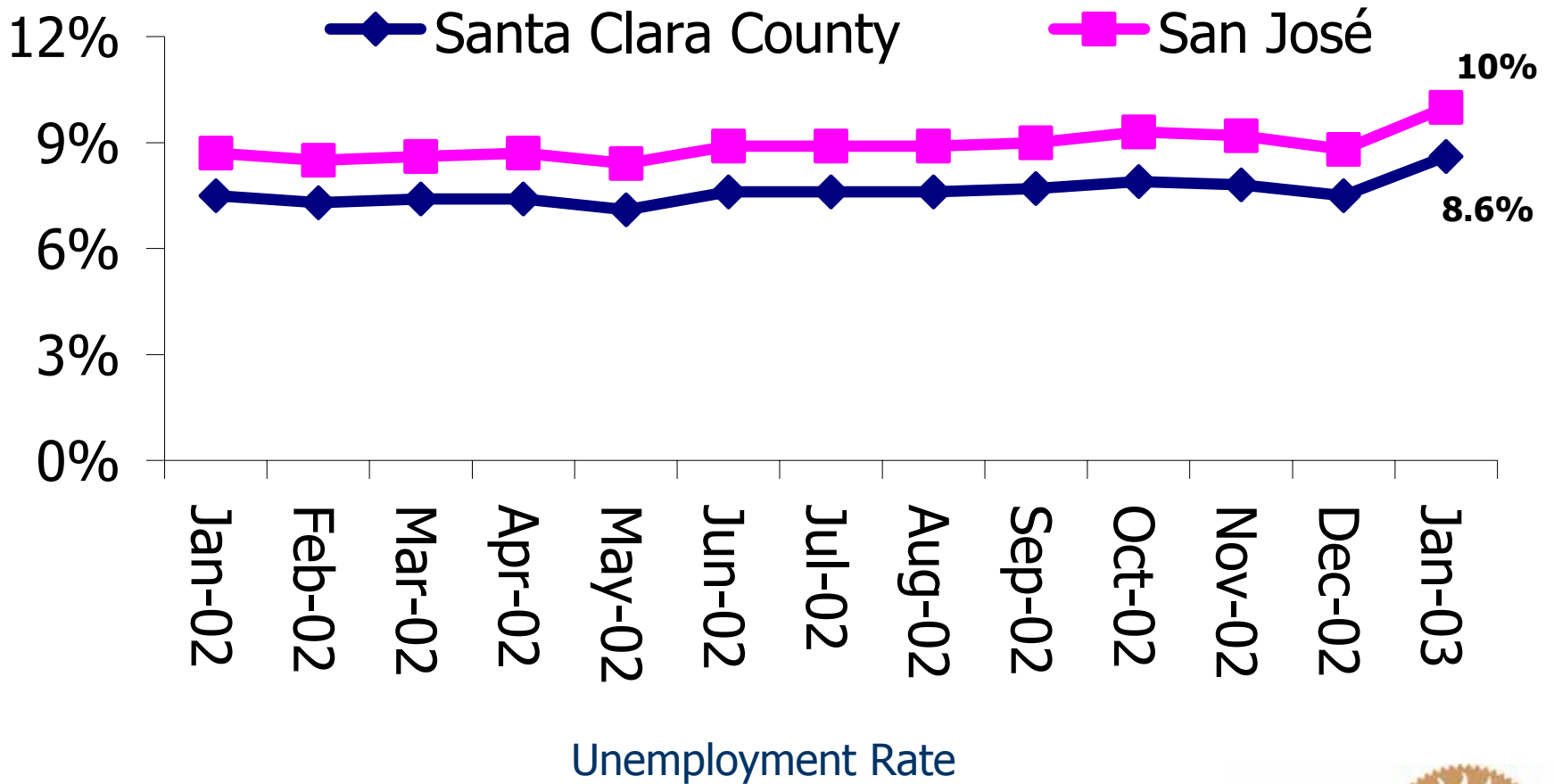
II. Economic Outcome Measures

Increase Prosperity

Increase Economic Well Being

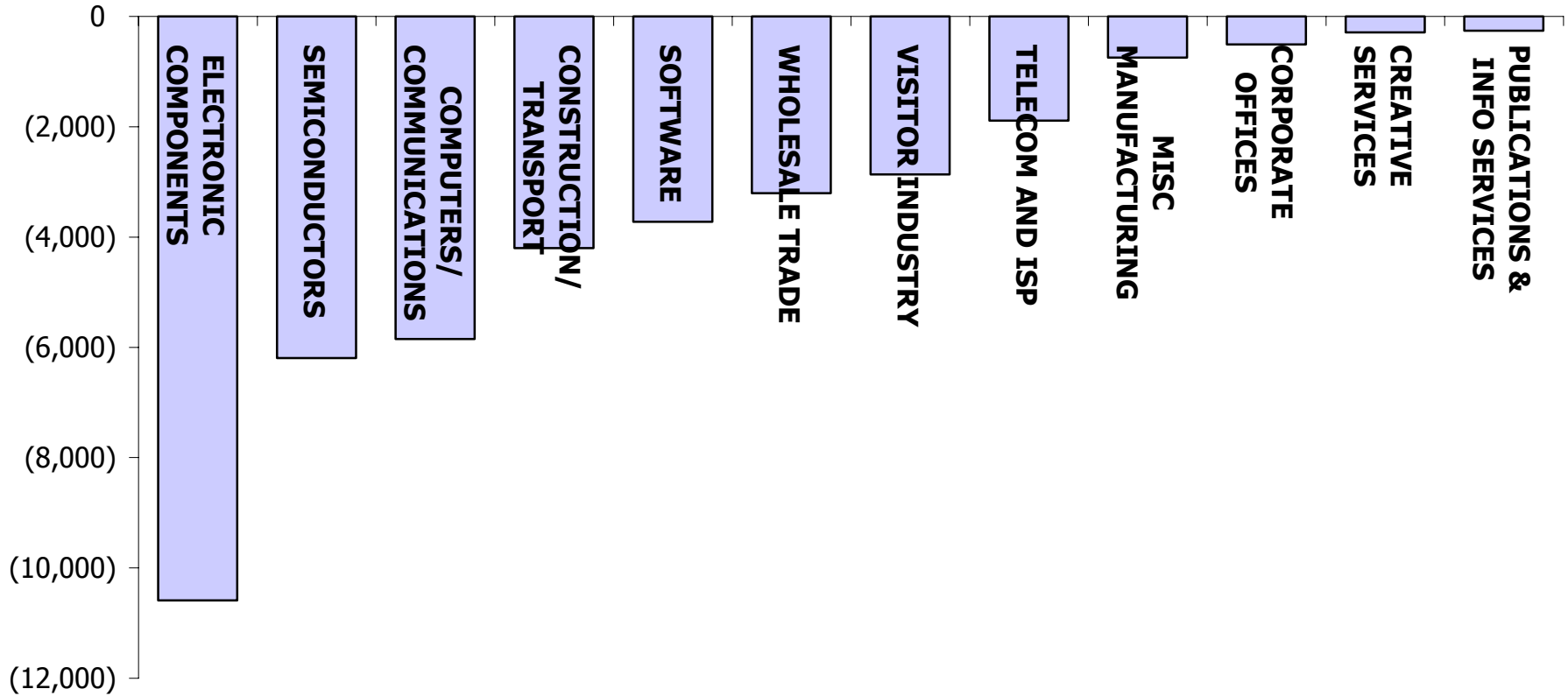
Sustain Revenue Growth

San José Unemployment: Double Digits



Source: Employment Development Department

Hardware Sectors Lead Job Loss

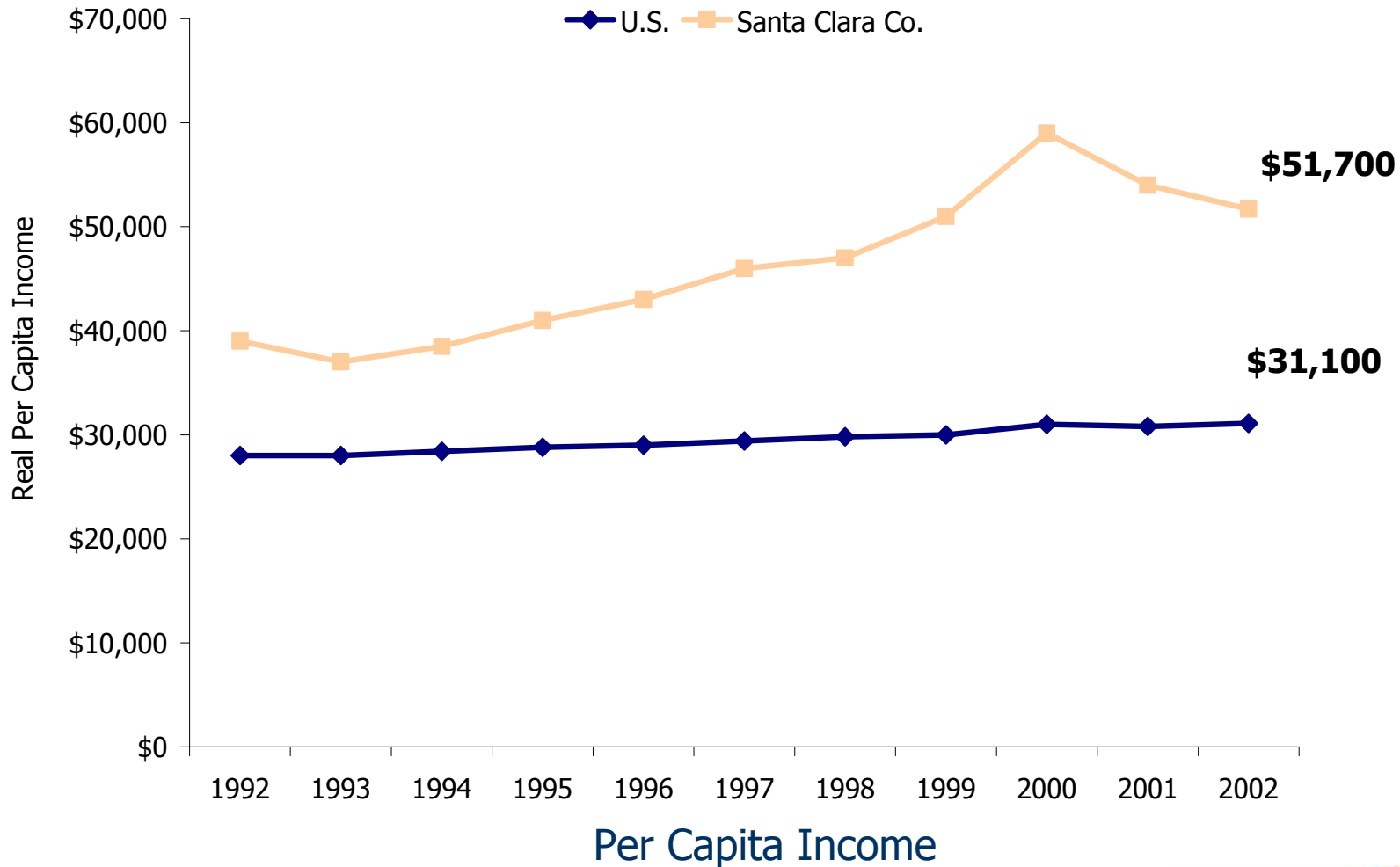


Jobs Lost between 1st Qrt 2001 and 2nd Qrt 2002, San Jose

Source: EDD, Joint Venture 2003

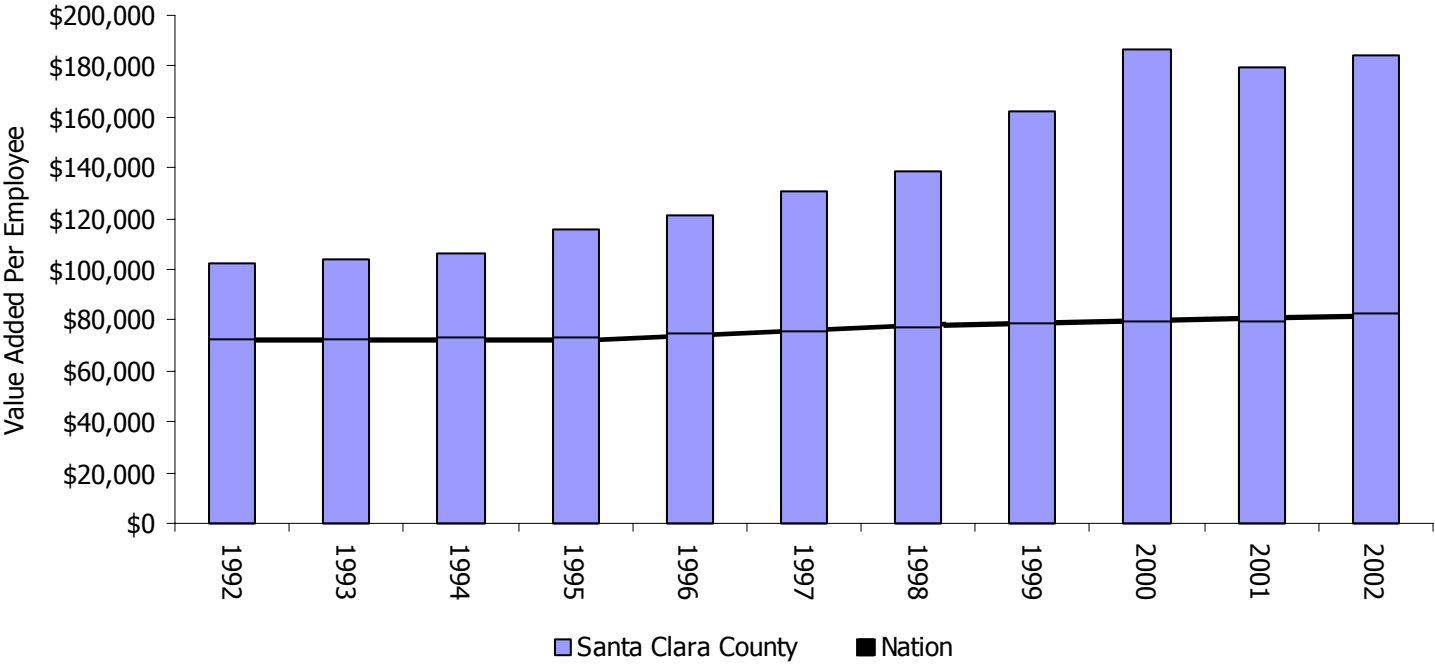


Real Per Capita Income Declines



Source: Economy.com, Joint Venture 2003

Productivity per Employee Remains Double the Nation

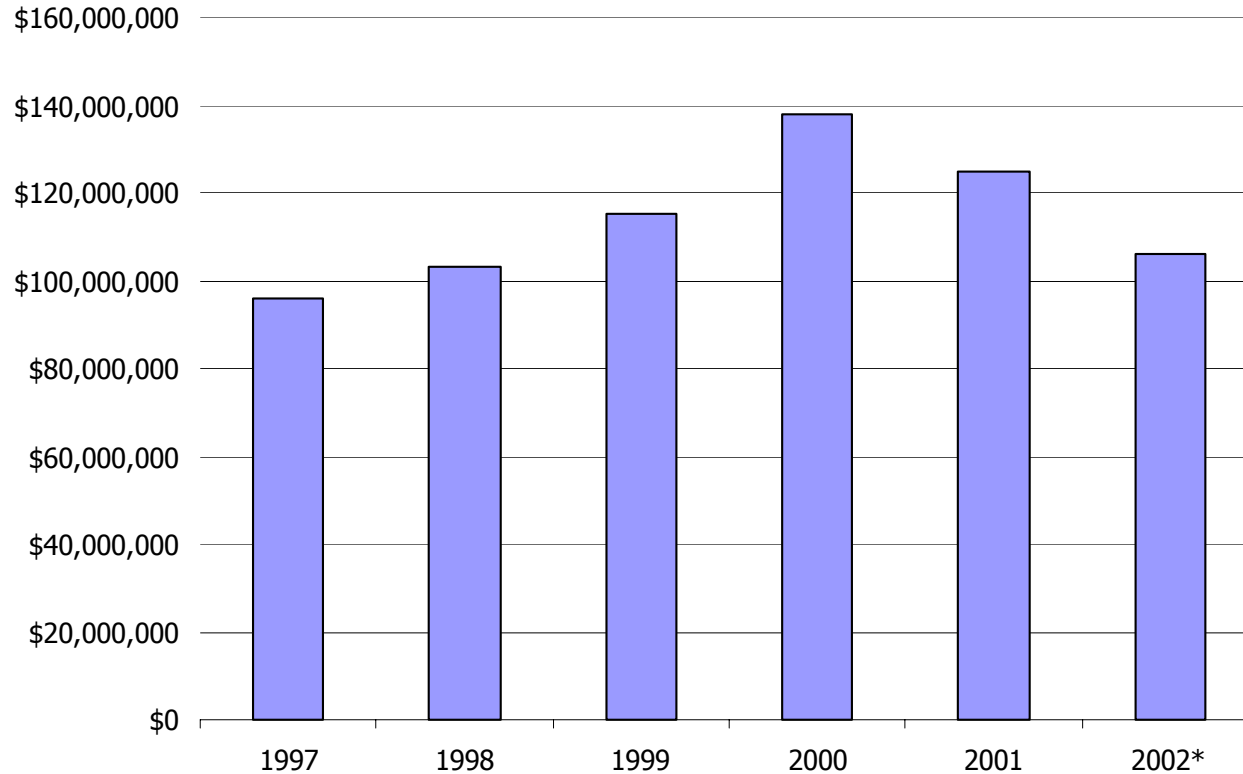


Value Added Per Employee, Santa Clara County

Source: Economy.com, Joint Venture 2003



Sales Tax Returns to '98 Level

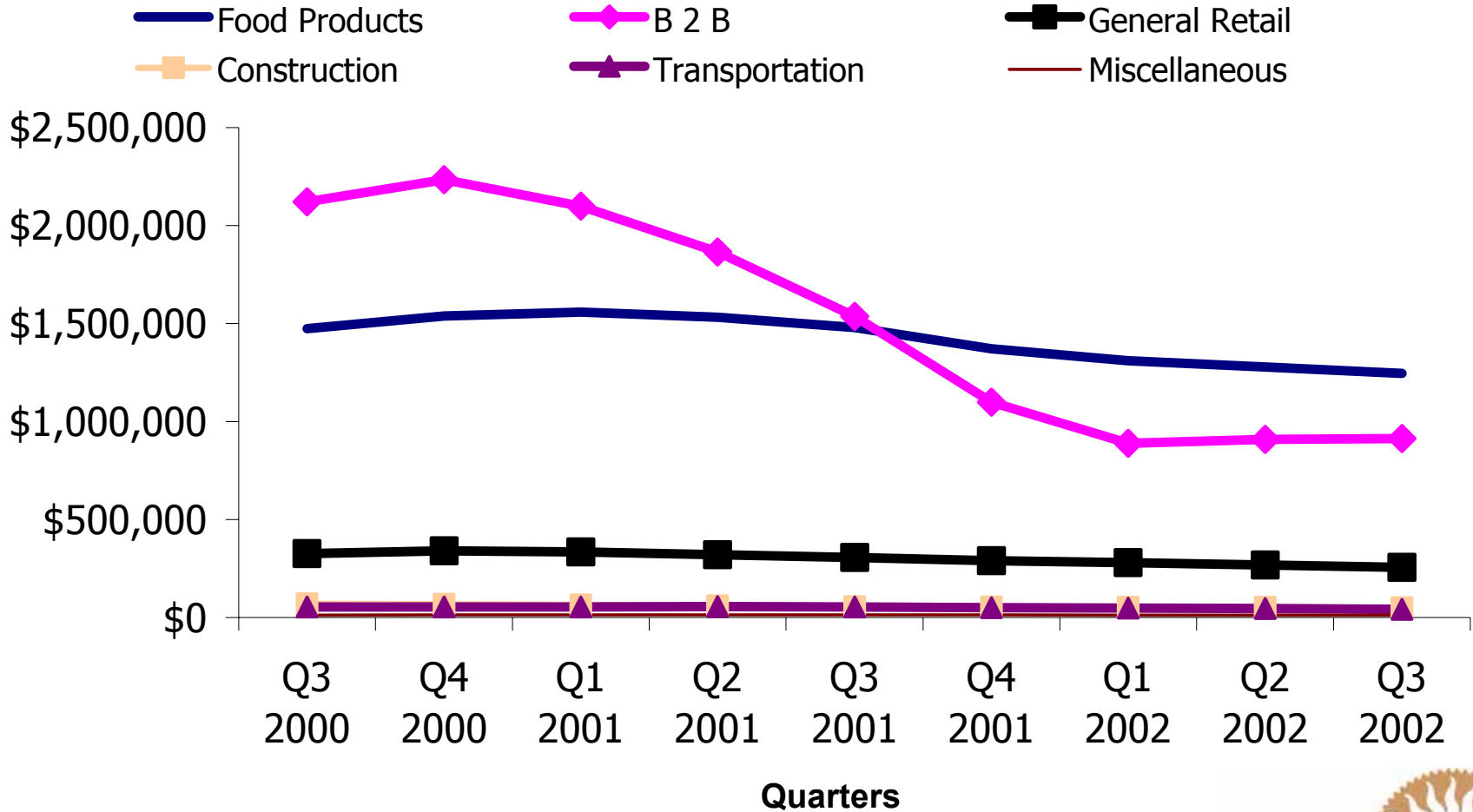


*Includes Estimated 4th Quarter 2002 data. Data does includes 3rd Quarter 2002 receipts

Source: MBIA Muniservices



Sales in Downtown Continue to Fall



Downtown is approximately 2.5% of total sales tax collected



III. Economic Strategy Project

Economic Strategy Product

Goals

Prosperity • Well-Being • Revenue

Vision/Opportunity

Opportunities to excel and achieve the goals

Strategy Elements

How the community will achieve the vision

City Tactics

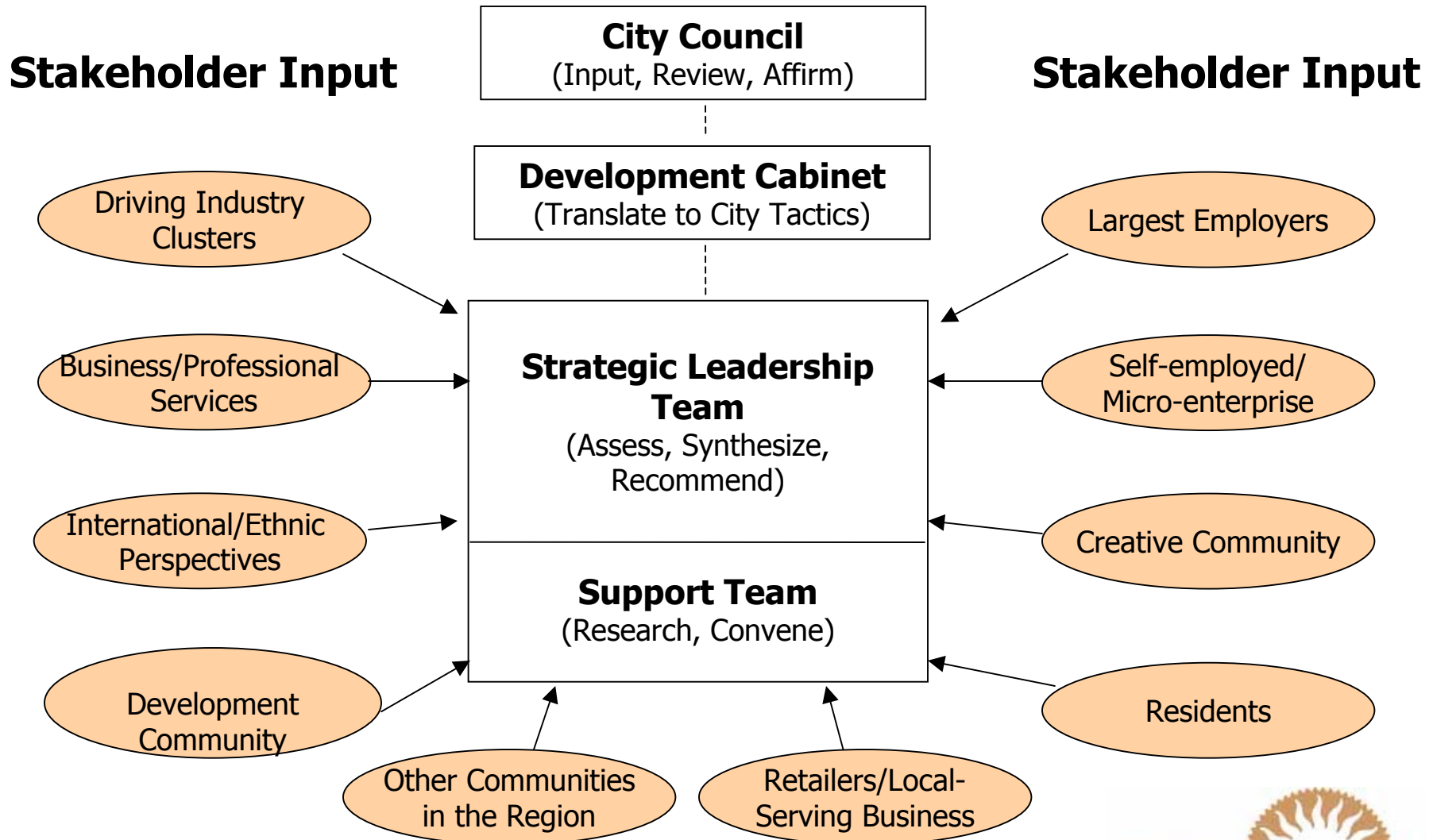
How the City can advance the strategy

Land Use • Infrastructure • Marketing • Redevelopment • Arts •
Housing • Workforce • Business Retention • Incubation

Fact-Based Assessment

Economic Structure • Community Success Factors
• External Context • Economic Performance

Participation in Economic Strategy



Strategic Questions

- What are San Jose's **goals** for its economy?
- How should we evolve San Jose's current **economic base**?
- What distinctive assets and **advantages** does San Jose have to build on?
- What competitive challenges and **disadvantages** do we need to address?

Strategic Questions

- What **unique role** can San Jose play in the regional, national, and global economies?
- How will we **differentiate** our community from competitors?
- What can **city government** do to enable evolution of the economy toward key goals?

Success Factors from the Community

WORLD CLASS PLACE

- Variety of quality neighborhoods, housing
- Vibrant downtown and commercial centers
- Outdoor recreation and environmental quality
- Distinctive arts, culture and entertainment
- Compelling community identity

EXCEPTIONAL WORKFORCE

- Technical, entrepreneurial, & creative talent
- Educated, learning-oriented people
- Higher education and training opportunities
- Civic infrastructure for economic participation and well-being
- Quality pre-K through 12

MINDSET

- Innovative spirit
- Openness to new ideas and people
- Long-term perspective
- Vigilance about competition
- Regional collaboration

EFFICIENT BUSINESS ENVIRONMENT

- Timely, predictable permit processing
- Competitive operating and development costs
- Land ready for development
- First-rate public infrastructure, transportation
- Public finance system aligned with service demand

HABIT FOR INNOVATION

- Innovation assets and networks
- Entrepreneurial support
- Policies and initiatives that enable evolution of economic base
- Support for small business, self-employed
-