

The San Jose Economy

**Economic Indicators
November 2003**

Economic Indicators: Mixed Signals

September/October

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- Number of unemployed people drops to lowest level since December 2001. (69,300 residents unemployed countywide 7.6% unemployment rate)
- Amount of R&D/Office space up for lease had biggest drop in last 2 years
- Applications for new business licenses up 13% from prior year
- IT spending up 37% nationally from Q2 to Q3
- Bay Area Business Confidence has risen to highest level in more than a year

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- 2,500 more jobs added countywide in October, however total losses remain high at 204,400. Overall number of jobs 865,800.
- Plans for new commercial/non-residential construction down 32% from previous year. 21% of total Office/R&D space is up for lease
- After rising through the summer, air travel fell back to January levels
- Bankruptcy filings continue to trend at the highest monthly rate since 1999.

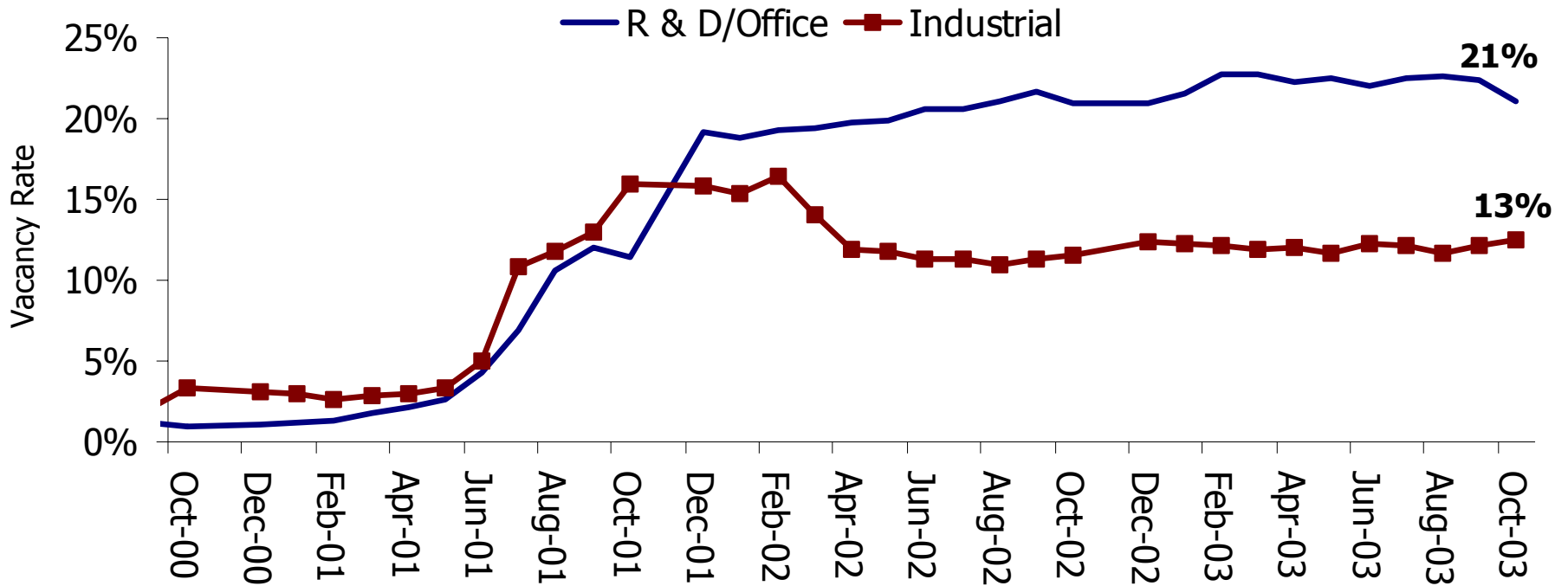
I. Economic Activity Indicators

Real Estate Activity

Visitor Activity

Business Activity

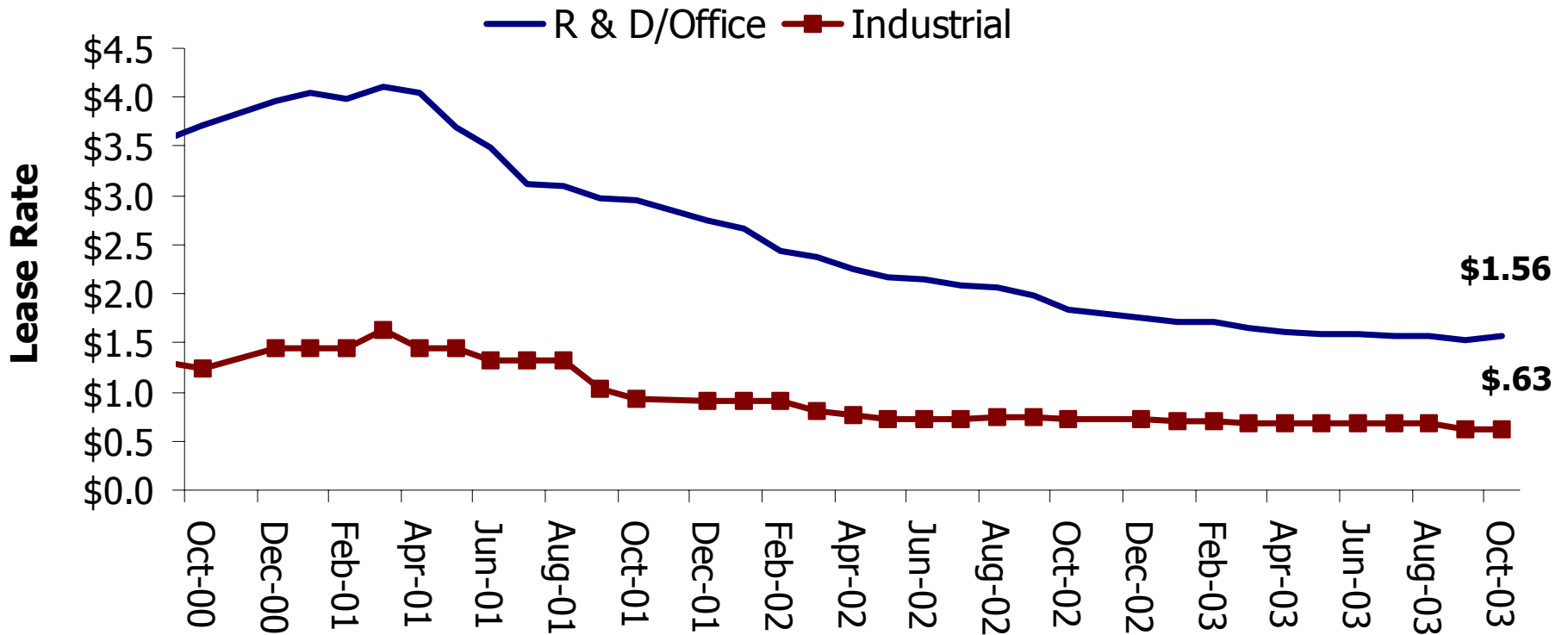
R&D/Office Vacancies Decline from 23% to 21%



Average Vacancy Rates, San Jose

Industrial Lease Rates

Hold Steady At \$.63, R&D/Office at \$1.56



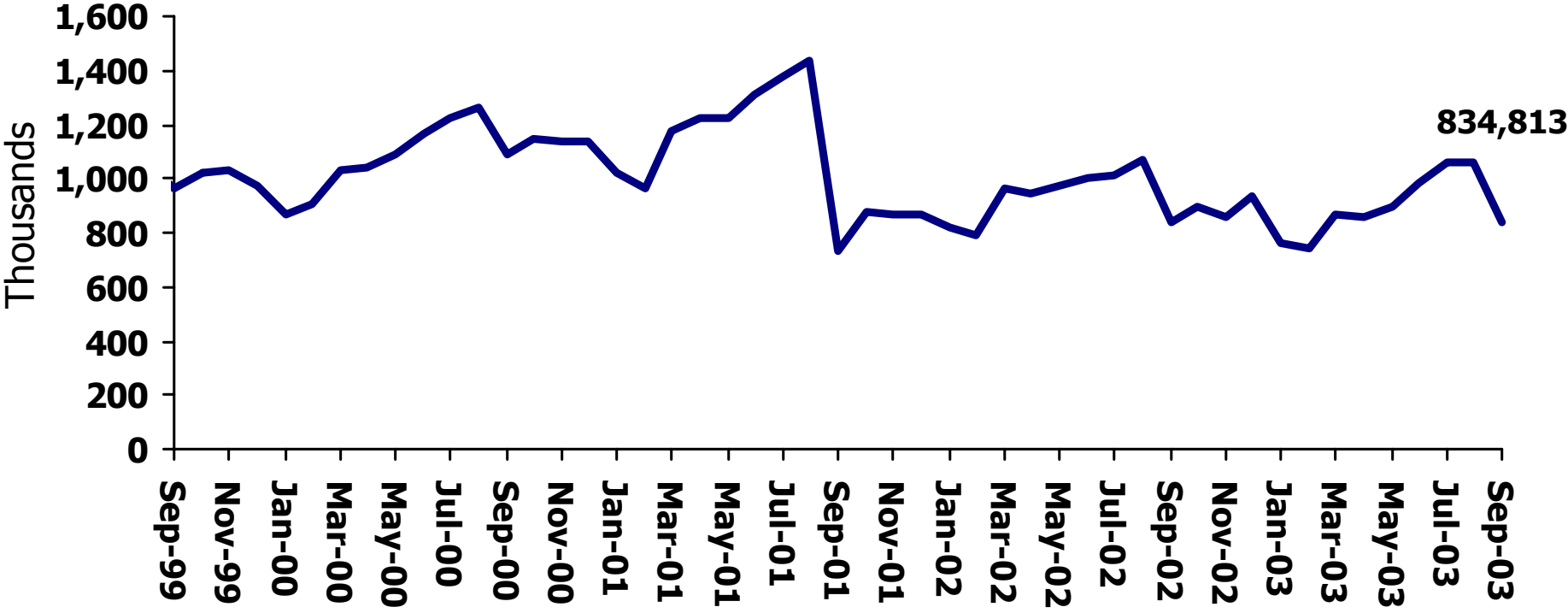
Average Lease Rates, San Jose

15 million Sq ft of available space for lease

San Jose Has Lower Lease Rates than Peninsula

	Office	R&D	Manufacturing
Redwood City	\$2.17	\$1.26	.78
Palo Alto	\$3.18	\$1.93	.63
Mountain View	\$2.22	\$1.15	1.08
North San Jose	\$1.90	\$.98	.63
Downtown San Jose	\$2.19	N/A	N/A
South San Jose	\$1.65	\$.98	.50

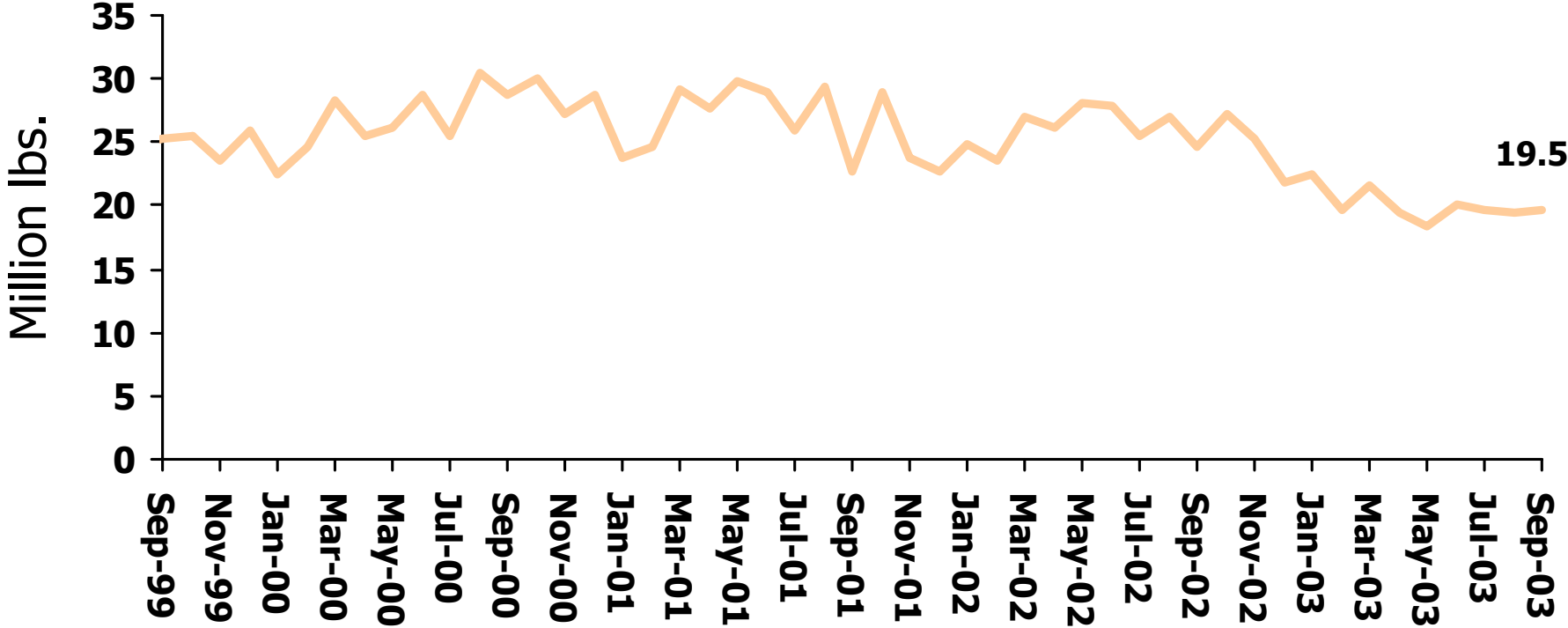
Airport Passenger Traffic Falls to January Levels



Passengers, Mineta San Jose International Airport

Source: Mineta San Jose International Airport

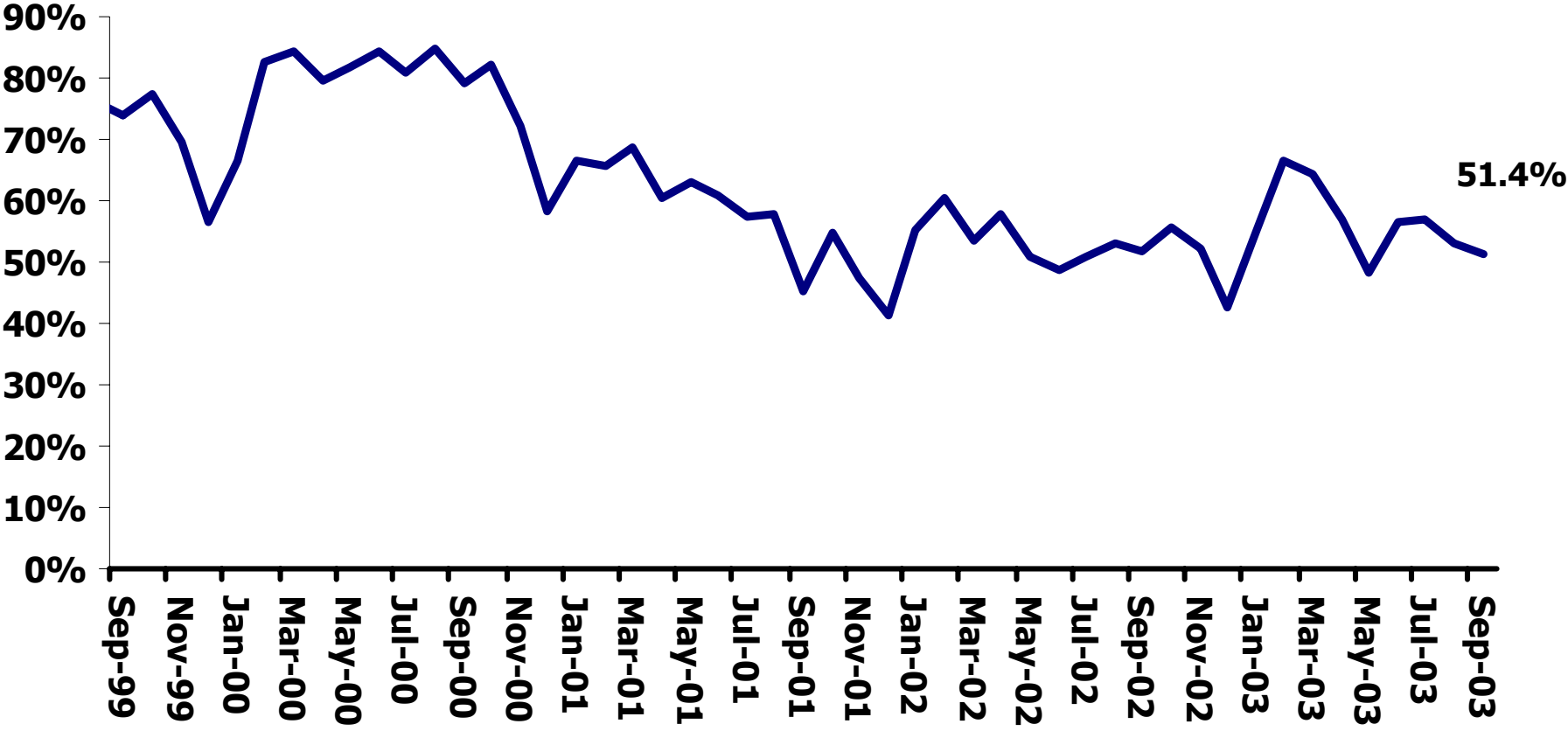
Airport Cargo Traffic Bottoms Out



Cargo Volume, Mineta San Jose International Airport

Source: Mineta San Jose International Airport

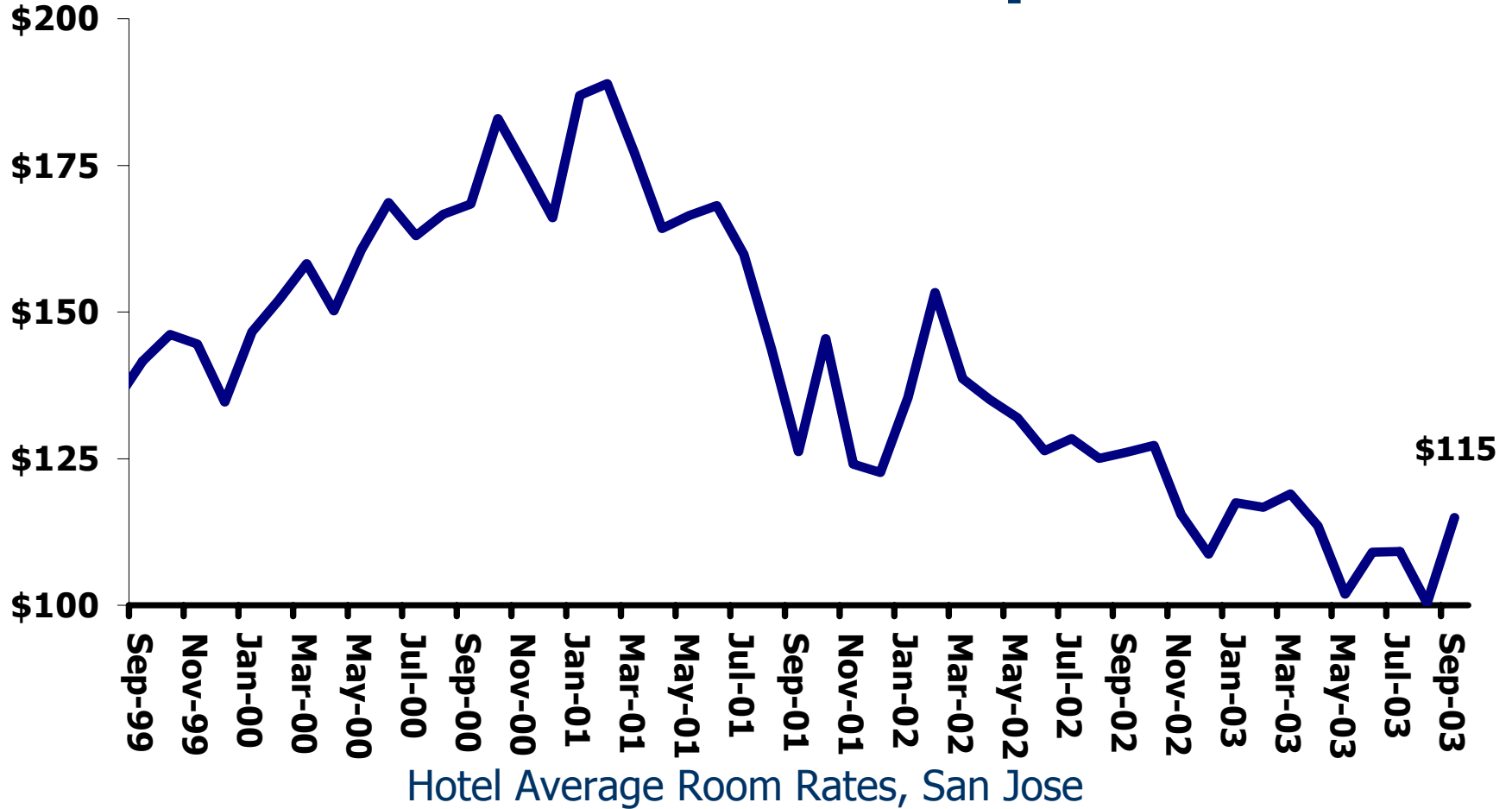
Group Sales Remain Flat as Hotel Occupancy Falls Slightly in September



Hotel Occupancy, San Jose

Source: San Jose Convention & Visitors Bureau

Room Rates Are Up Over \$110 for the First Time Since April



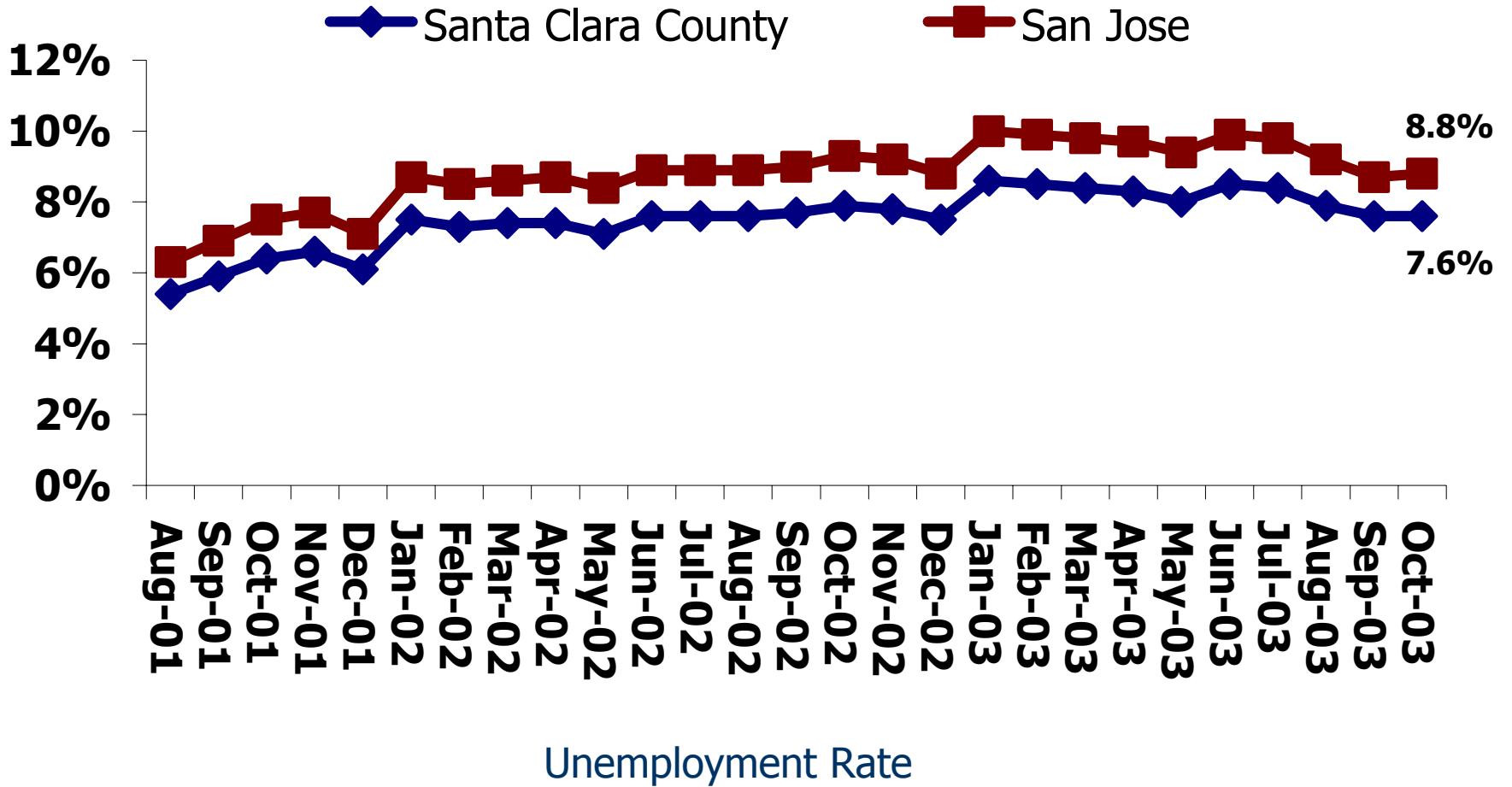
II. Economic Outcome Measures

Growing Economy

Increasing Opportunity

Sustained Revenue Growth

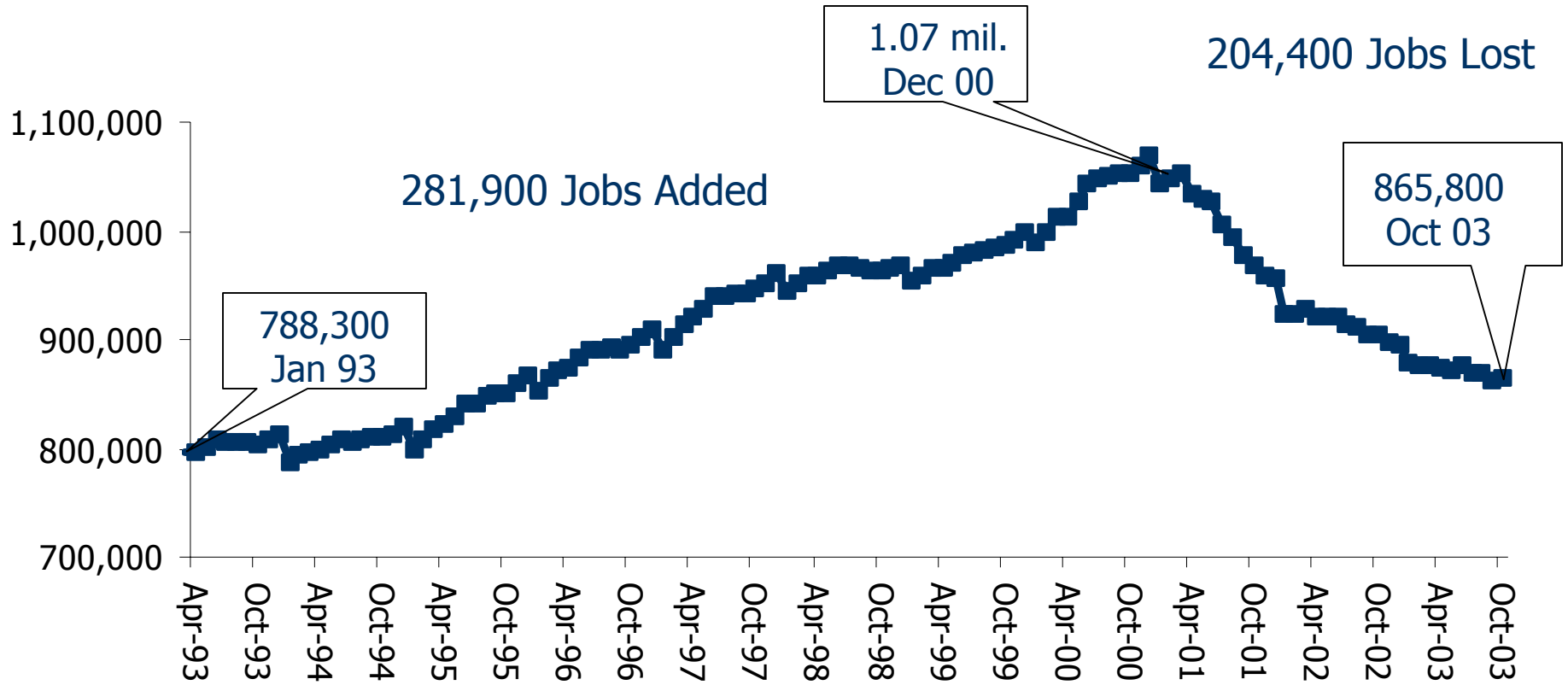
Unemployment Rate Steadies



2,500 Jobs Gained in October

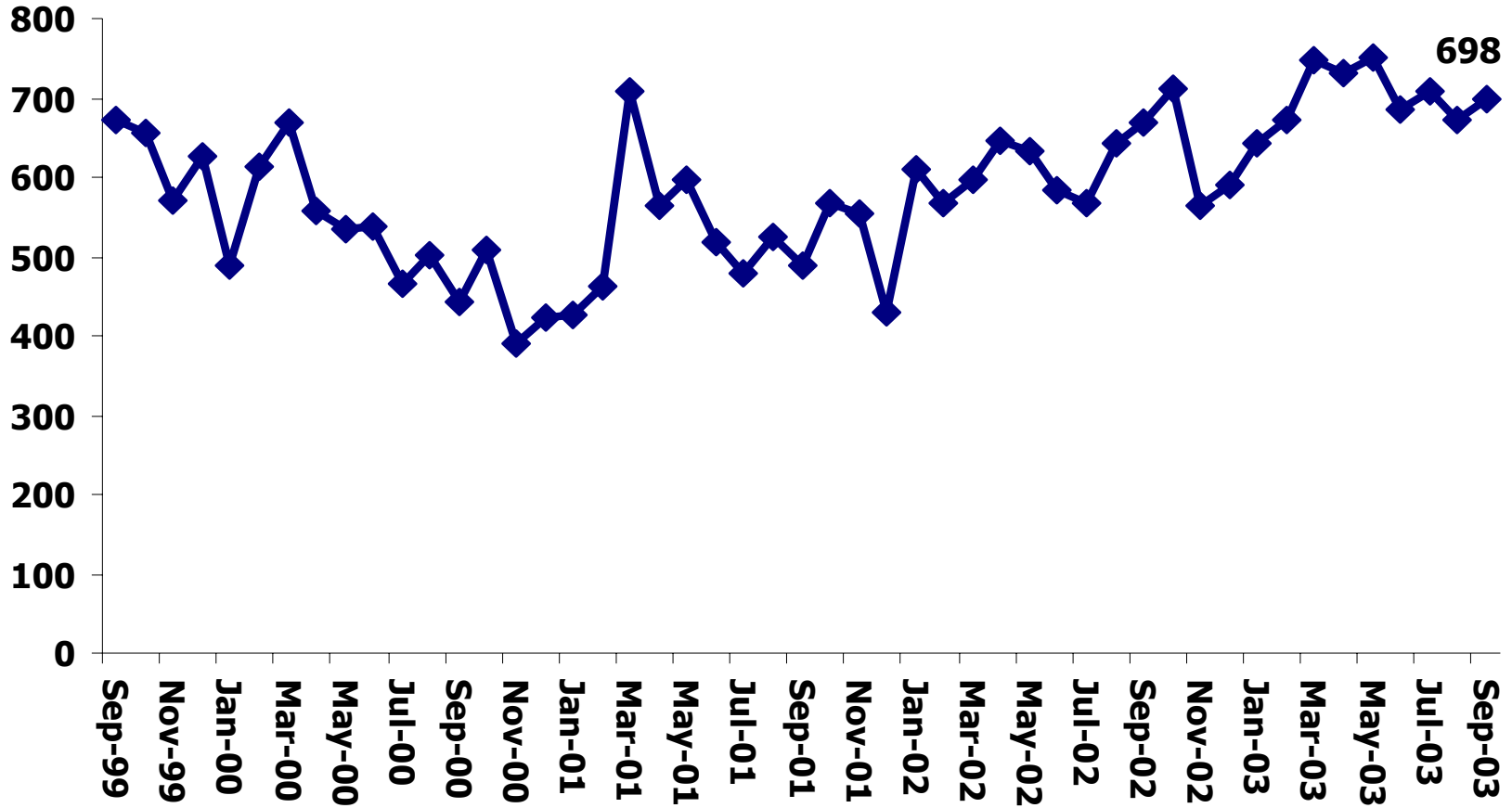


County Has Lost 204,400 Jobs Since 2000



Jobs, Santa Clara County 1993-2003

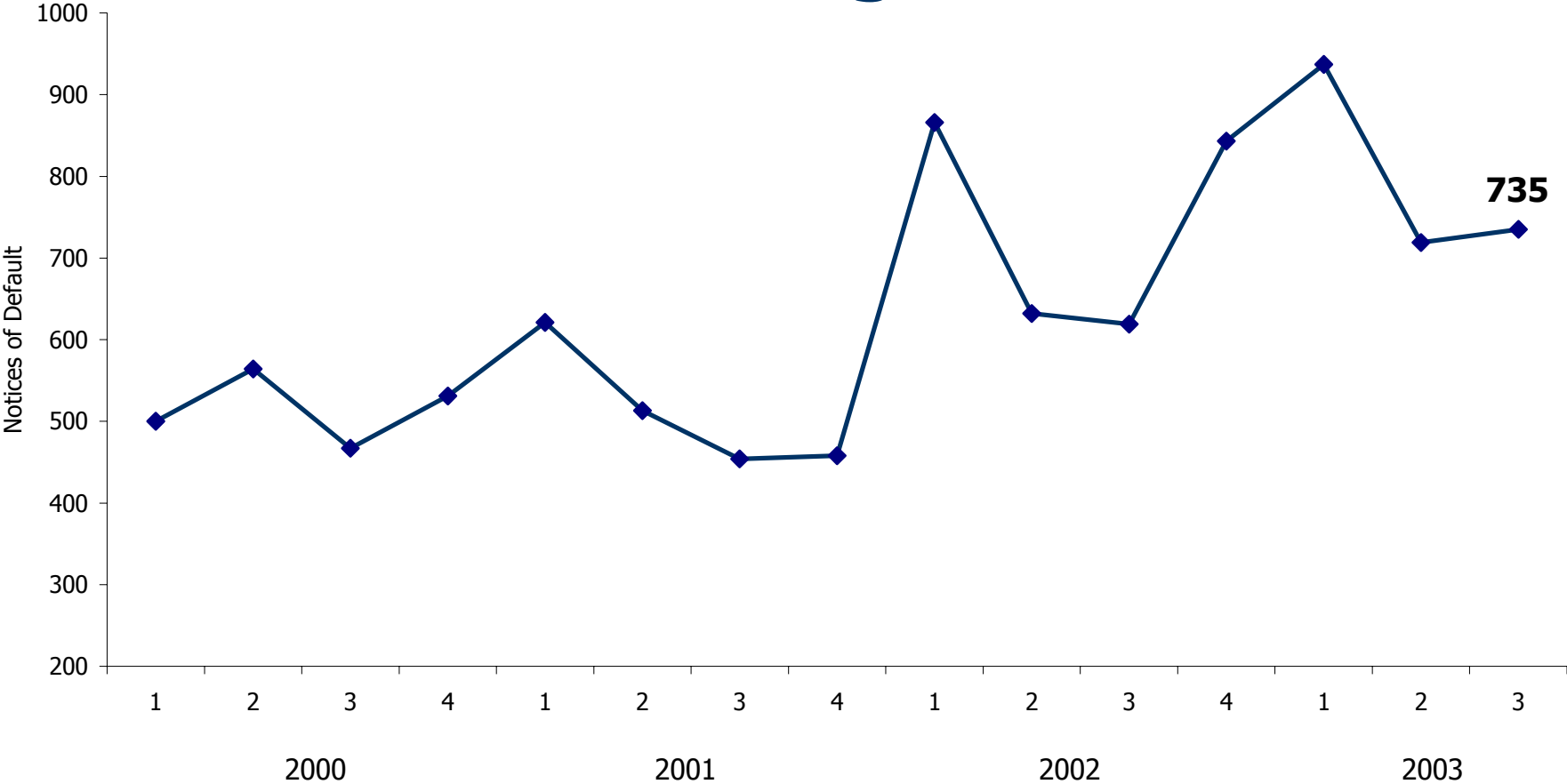
Bankruptcy Filings Remain High



Local Bankruptcies Filings , San Jose Division

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

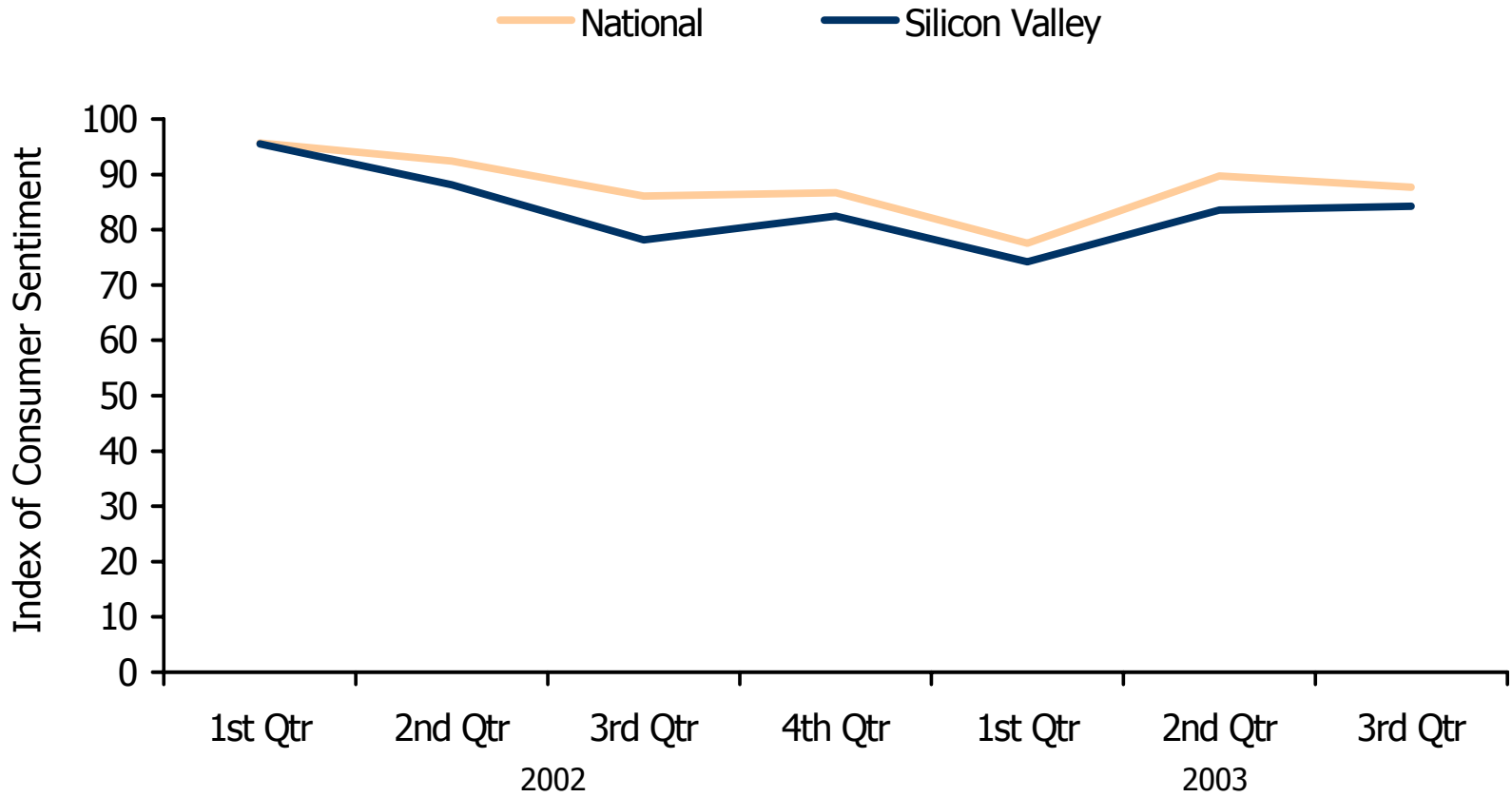
Residential Property Foreclosures Rise Again



Residential Property Foreclosures, Santa Clara County

Source: Dataquick News Source

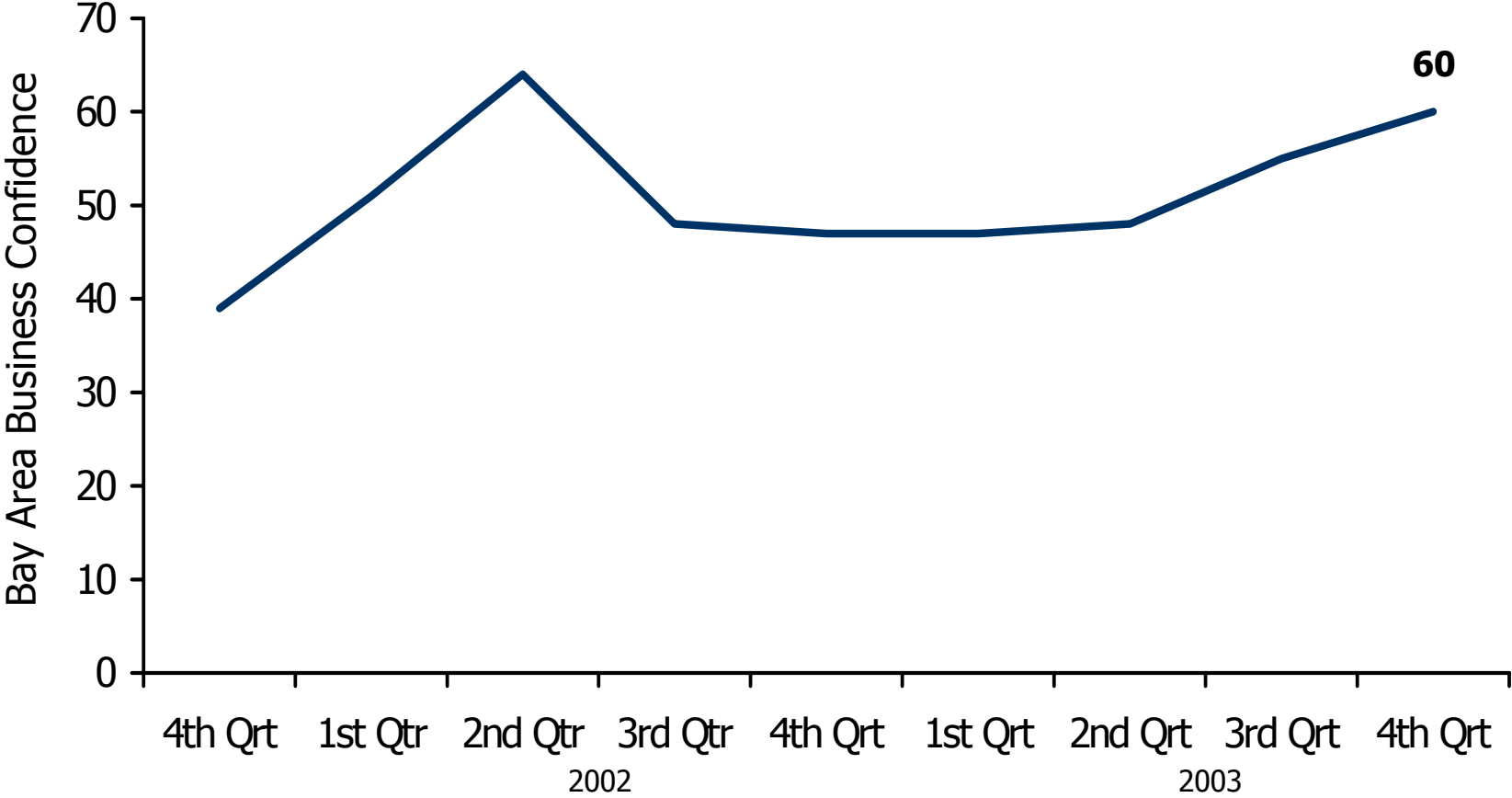
Local Consumers More Pessimistic Than the Nation



Silicon Valley Consumer Sentiment

Source: Silicon Valley Consumer Confidence Survey

Bay Area Business Confidence Rises



Bay Area Business Confidence Index

Source: Bay Area Council