



City and County of San Francisco  
Office of the Controller  
**Monthly Economic Barometer - June 2008**

	Most Recent Month/Quarter	Value	Month-to-Month Change	Year-to-Year Change	Five-Year Position	Trend
<b>Economy-Wide</b>						
San Francisco Labor Force <sup>1</sup>	June-08	444,400	0.6%	3.1%	<b>Strong</b>	<b>Positive</b>
Number of Unemployed in San Francisco <sup>1</sup>	June-08	23,700	8.7%	24.7%	<b>Neutral</b>	<b>Negative</b>
San Francisco Unemployment Rate <sup>1</sup>	June-08	5.3%	0.4%	0.9%	<b>Neutral</b>	<b>Negative</b>
Total Employment, San Francisco MD <sup>1</sup>	June-08	1,004,800	0.2%	1.3%	<b>Strong</b>	<b>Neutral</b>
<b>Real Estate</b>						
Median Home Sales Price - DataQuick <sup>2</sup>	June-08	\$726,750	-8.0%	-11.9%	<b>Strong</b>	<b>Negative</b>
Median Home Sales Price - CAR <sup>3</sup>	June-08	\$760,000	-4.9%	-7.8%	<b>Strong</b>	<b>Negative</b>
Average Monthly Residential Market Rent <sup>4</sup>	Apr-June-08	\$2,354	1.2%	10.3%	<b>Strong</b>	<b>Positive</b>
Commercial Vacancy Rate <sup>5</sup>	Apr-June-08	11.0%	0.3%	-0.9%	<b>Strong</b>	<b>Negative</b>
Commercial Rental Rate <sup>5</sup>	Apr-June-08	\$44.15	-0.1%	4.4%	<b>Strong</b>	<b>Negative</b>
<b>Tourism</b>						
Domestic Air Passengers <sup>6</sup>	May-08	2,507,219	9.6%	10.3%	<b>Strong</b>	<b>Positive</b>
International Air Passengers <sup>6</sup>	May-08	783,220	8.5%	3.0%	<b>Strong</b>	<b>Positive</b>
Hotel Average Daily Rate <sup>7</sup>	May-08	\$190.46	1.4%	1.0%	<b>Strong</b>	<b>Neutral</b>
Hotel Occupancy Rate <sup>7</sup>	May-08	79.6%	1.9%	-3.9%	<b>Strong</b>	<b>Negative</b>
<b>Retail</b>						
Parking Garage Customers <sup>8</sup>	June-08	356,968	-5.2%	-3.9%	<b>Neutral</b>	<b>Negative</b>
Powell St. BART Ave. Weekday Exits <sup>9</sup>	Apr-June-08	27,929	5.1%	4.1%	<b>Strong</b>	<b>Positive</b>

Month-to-month change is the percentage change to the most recent month or quarter from the prior one.

Year-to-Year change is the percentage change from a given month or quarter to the same one last year.

Five-year position is a relative measure of how strong or weak the indicator is compared to the trend over the last five years.

Unemployment, commercial vacancy, and hotel occupancy rate changes are shown as a percentage point difference, not a percentage change.

Parking garages include Union Square, Fifth/Mission, Sutter-Stockton, and Ellis-O'Farrell.

## Discussion

In this first edition of the Controller's Monthly Economic Barometer, several indicators suggest the city's strong economy began to turn downwards in the month of June. As the media has reported, San Francisco saw significant declines in median home sale prices between June 2007 and June 2008. Demand for rental housing remains strong, featuring double-digit increases in median rent over the same month last year. However, to the extent this is because potential homebuyers are waiting for the housing market to reach bottom, it is not a sign of economic strength.

For the first time in several years, the commercial real estate sector is showing signs of a slowdown, with a slight uptick in vacancy rates and a slight decline in average rents, from the first to second quarter of 2008. While San Francisco's unemployment rate is still one of the lowest in California, it has risen by 0.4% points from May to June, and 1.3% points from June 07-08. There were 23,700 unemployed in San Francisco in June, up nearly 25% from the same month last year.

Tourism is a major driver of the city's economy, and while airport data from May indicates strong growth in both domestic and international passengers, San Francisco hotels have not benefited proportionally. Instead, less-expensive Peninsula hotels have seen rapid growth in average daily rate, and occupancy rate. San Francisco's May 08 occupancy is 3.9% below the figure in May 2007, indicating a softening market. Average daily rates are still growing on a year-to-year basis, but at a much slower rate than they were earlier in 2008.

### Sources:

- [1] - California Employment Development Department. MD refers to the San Francisco Metropolitan Division: San Francisco, Marin, and San Mateo counties.
- [2] - DataQuick
- [3] - California Association of Realtors
- [4] - RealFacts
- [5] - Grubb & Ellis
- [6] - San Francisco International Airport
- [7] - PKF Consulting
- [8] - Municipal Transportation Agency
- [9] - BART

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