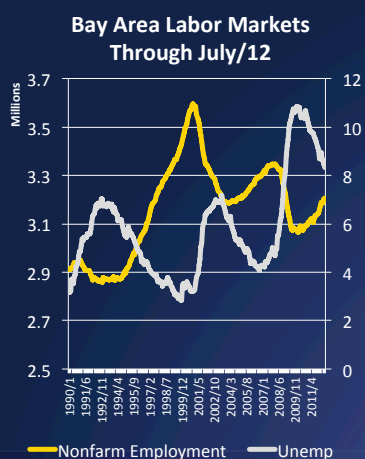


Bay Area Economic Recovery: California's Real Bright Spot?

Jon Haveman
Chief Economist, BAC Economic Institute
November, 2011

Bay Area Doing Relatively Well



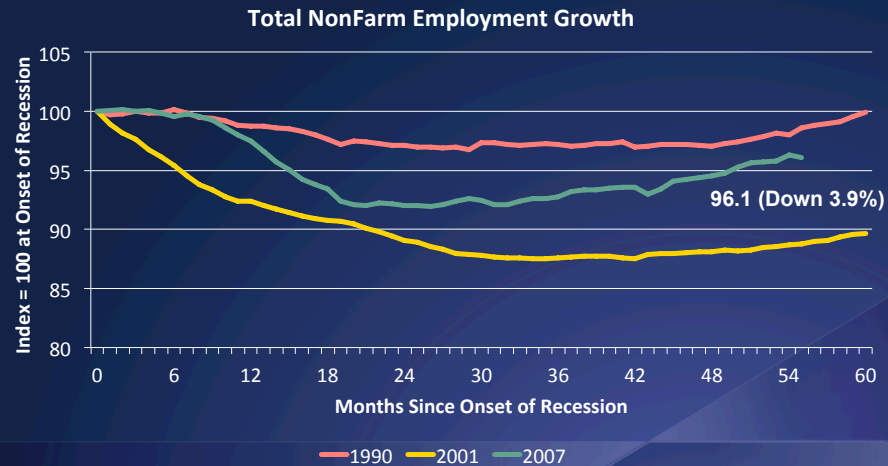
Employment Recovery Around California:

	July	Peak to Current (%)
Inland Empire	1,148	-10.1
Orange County (MD)	1,395	-8.5
Oakland (MD)	962	-8.5
Los Angeles	5,246	-7.2
CALIFORNIA	14,358	-5.5
San Diego	1,259	-4.2
San Francisco (MD)	980	-2.2
San Jose	908	-1.4

*Total Non-Farm Employment
(Thousands)

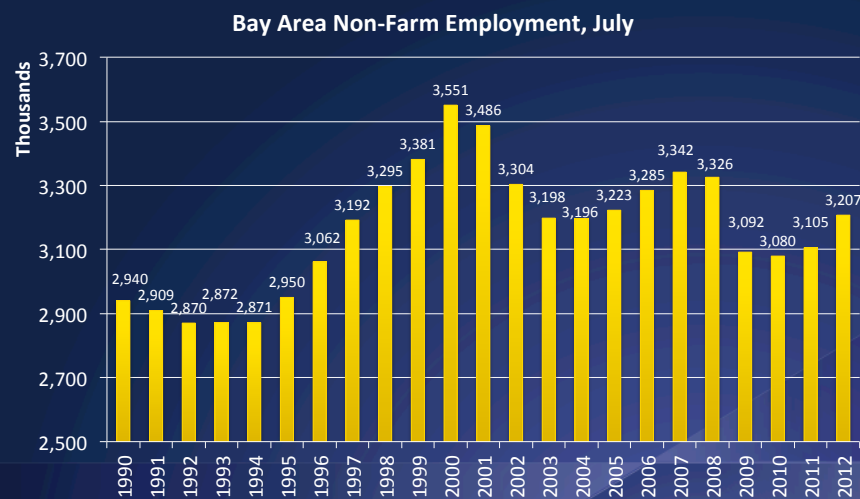
Source: California Employment Development Department

Bay Employment Growth



Source: Bureau of Labor Statistics

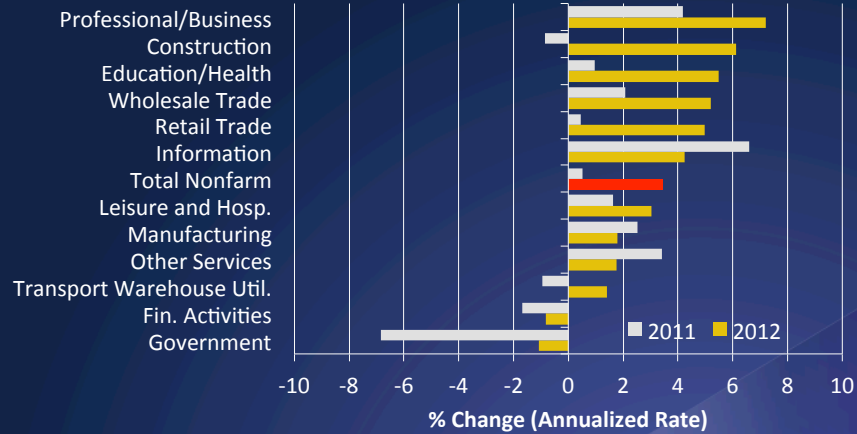
Still, Bay Area employment remains at levels first seen 15 years ago



Source: California Employment Development Department

Employment by Industry

Bay Area Employment by Industry, YTD to July



Source: California Employment
Development Department

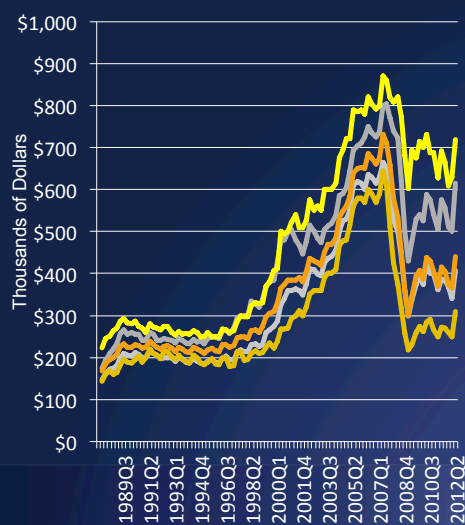
Strengths Relative to CA (12 month % growth to July)

Industry	Bay Area	California
PSTS	6.8	4.3
Information	4.7	4.0
Admin Support	5.3	7.7
Retail Trade	3.2	1.6
Manufacturing	0.5	-0.6
Other Services	2.7	0.3

W/in Region Strengths (12 month % growth to July)

Region/Industry	Local Growth	Bay Area
San Francisco MD	4.4	3.3
- PSTS	10.7	6.8
- Information	6.2	4.7
San Jose MSA		
- Information	7.4	4.7
- Admin Support	7.3	5.3
Oakland MD	2.2	3.3
- Local Gov't	6.1	2.8
- Trans Ware/Util	4.7	1.2

Median Home Prices Through Q2-2012



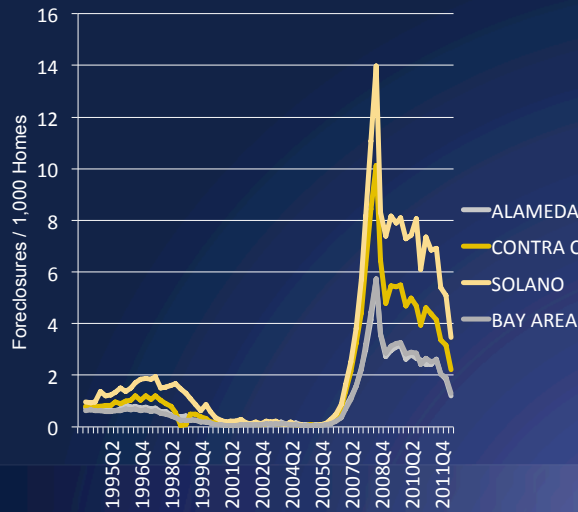
- Price Declines – Peak to Current

– Bay Area:	-33%
– Solano:	-50%
– Napa:	-41%
– Contra Costa:	-39%
– Alameda:	-32%
– Sonoma:	-30%
– Santa Clara:	-20%
– San Mateo:	-19%
– Marin:	-18%
– San Francisco:	-12%

Source: DataQuick

Foreclosures

Through Q2-2012



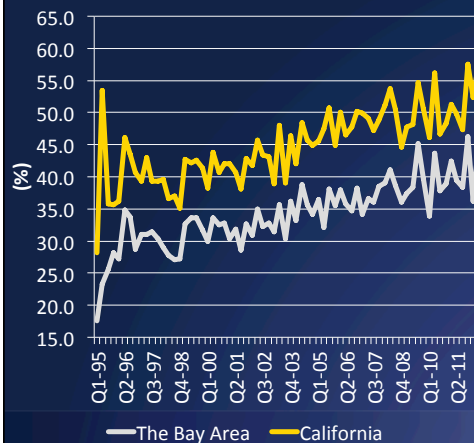
Source: DataQuick

Current Rates

— Bay Area:	1.3
— Solano:	3.5
— Contra Costa:	2.2
— Napa:	1.8
— Sonoma:	1.6
— Alameda:	1.2
— San Mateo:	0.7
— Marin:	0.7
— Santa Clara:	0.6
— San Francisco:	0.5

Venture Capital

CA and Bay Shares of U.S. Venture Capital to Q2-2012



Source: PriceWaterhouseCoopers MoneyTree

Q2-2012	Value of All Deals (Millions)	% of Total US VC
Bay Area	3,230	46
California	4,078	58
United States	7,044	

Longer Term Trends

- GDP/Capita is high and increasing its lead
- Employment is increasingly concentrated in high wage sectors
- Labor force is highly educated
- Wage inequality is rising rapidly
- Long term trends reveal greater homogeneity in industry concentrations across sub-regions
- Labor markets are increasingly integrated
- Home building is slow/Home prices remain relatively high

Summary

- Recovery has been more robust in Bay Area than elsewhere
- Region has long term challenges
 - Employment growth
 - Housing/education
- Significant assets
 - VC/Research/Quality of life
 - Entrepreneurial climate