

Metropolitan Transportation Commission and the Association of Bay Area Governments Regional Advisory Working Group

October 8, 2019

Agenda Item 4

Vital Signs: Economy Update

Subject: Summary of findings from recent updates to Vital Signs economy indicators.

Background: The Vital Signs performance monitoring initiative was a key implementation action of *Plan Bay Area*, allowing residents to view and interact with data for 41 indicators across the themes of transportation, land & people, the economy, the environment, and equity. Data are available over time and across geographies, allowing users to view historical trends and compare conditions across Bay Area counties, cities, and even neighborhoods, depending on the geographic specificity of the data available. Since the site was launched in 2015, over 100,000 users have visited the Vital Signs website, with traffic increasing by over 25 percent between Fiscal Years 2018 and 2019.

In August and September 2019, updated data for eight of the nine economy indicators were published on the Vital Signs website. The ninth economy indicator, list rents, will be updated upon the identification of a replacement data source, as the data source previously analyzed on Vital Signs is now defunct.

Key Findings

The Bay Area economy is performing better than ever by a number of metrics. The latest data published on Vital Signs show historic highs for number of wage and salary jobs, per capita economic output, seaport traffic, and airport traffic. The Bay Area also hit a new low in unemployment rate. Not only did the region outperform its prior performance for these measures, but it also was the top performer among peer metro areas for unemployment and per capita economic output.

However, economic prosperity is not equally distributed along geographic or socioeconomic lines. While the region on the whole is experiencing a period of economic growth, not all counties or socioeconomic groups are benefitting equally. For example, the top 20 percent of earners in the region have seen their incomes grow four times faster than the bottom 20 percent, after adjusting for inflation. Disparities also exist along geographic lines, with Contra Costa and Solano counties seeing inflation-adjusted incomes decline between 2010 and 2017, while the rest of the region's counties saw incomes trending upward.

The Bay Area economy has diversified in the past decade. Economic output, or the value of goods and services produced by an economy, has historically been concentrated in the San Francisco Metropolitan Statistical Area (MSA), which includes San Francisco, San Mateo, Marin, Alameda and Contra Costa counties. However, between 2009 and 2017, the San Jose MSA, which includes San Jose and San Benito counties, has nearly doubled its economic output, reducing the concentration of economic activity that has existed within San Francisco and its immediate surroundings. The mix of industries in which Bay Area residents are employed has also been in flux, with information overtaking education and health services as the sector with the largest increase in jobs since 1990. Meanwhile, the manufacturing sector has reversed a decades-long trend of decline, adding just under 50,000 jobs between 2010 and 2017. The construction sector has also seen

growth following the end of the Great Recession, with employment numbers nearing pre-Recession levels.

Housing costs for renters and homebuyers are at historic highs. The median Bay Area home price was just under \$1 million in 2018, a new high for the region (after adjusting for inflation). Similarly, inflation-adjusted median rent payments were also at their highest point in 2017, with the median renter household paying \$1,800 per month. The Bay Area leads the nation's major metro areas in both median home price and median rent payments, with the gap between our region and its peers widening since 2010.

Issues: None

Next Steps: Staff are currently in the process of updating the Land & People indicators, and expect to publish updated data on the Vital Signs website later in 2019.

Attachments: **Attachment A:** Presentation

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ECONOMY UPDATE
RALEIGH MCCOY, MTC/ABAG
REGIONAL ADVISORY WORKING GROUP
OCTOBER 13, 2019

VITAL SIGNS



MTC



ABAG



BAAQMD



BCDC



BARC₁

Vital Signs tracks 41 performance indicators to understand if the Bay Area is (or is not) making progress towards key regional goals.



The interactive Vital Signs website allows residents to explore trends at the regional, county, city, and even neighborhood levels.

STREET PAVEMENT CONDITION

Regional Performance

Regional Distribution

Local Focus

✓ UPDATED SEPTEMBER 2018

JOB BY INDUSTRY

Regional Performance

Regional Distribution

Local Focus

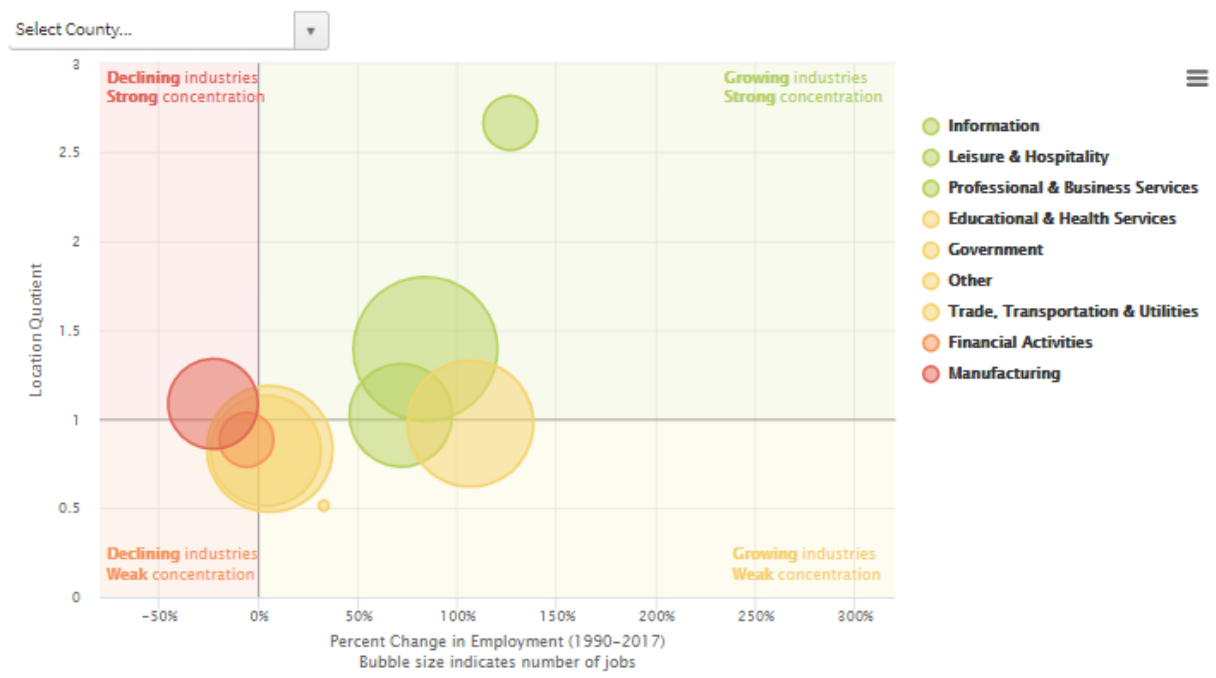
National Context

✓ UPDATED AUGUST 2019

2017 Street Pavement Condition by City and by Street Segment



2017 Industry Specialization Breakdown — Bay Area



vitalsigns.mtc.ca.gov

Today we present updates to eight Vital Signs indicators, ranging from unemployment to home prices.



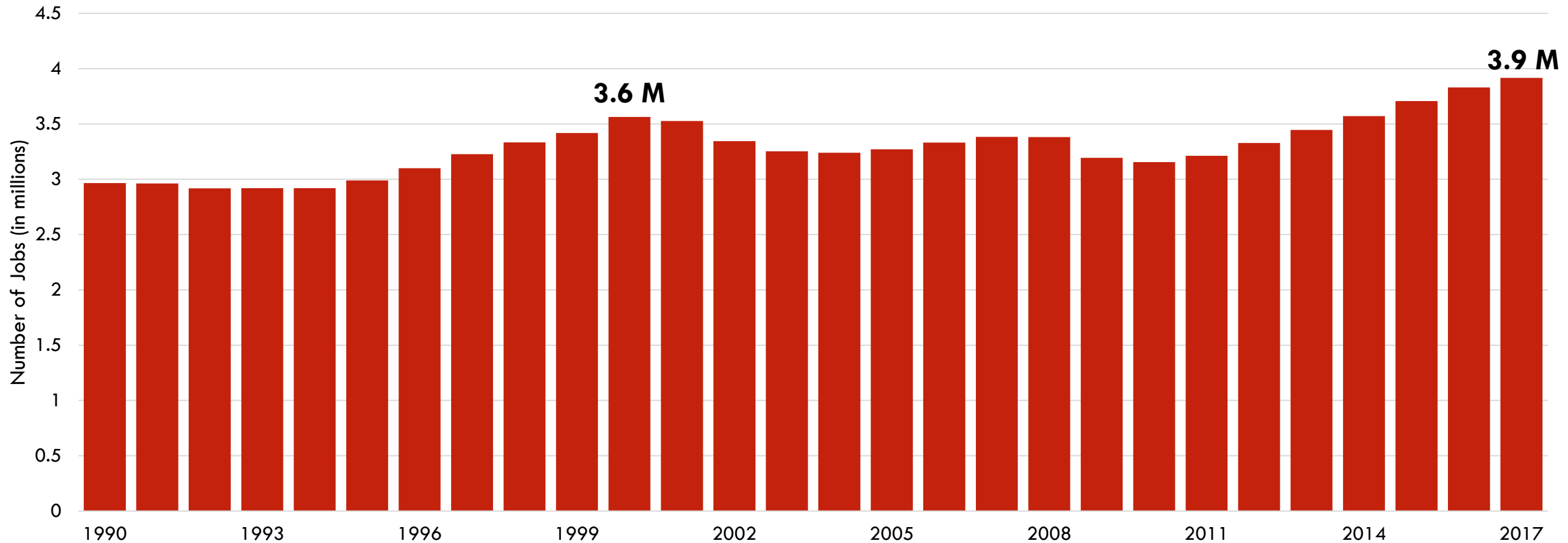
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- ② However, economic prosperity is not equally distributed along geographic or socioeconomic lines.
- ③ The Bay Area economy has diversified in the past decade.
- ④ Housing costs for renters and homebuyers are at historic highs.



REGIONAL PERFORMANCE

There are more jobs in the Bay Area than ever before.

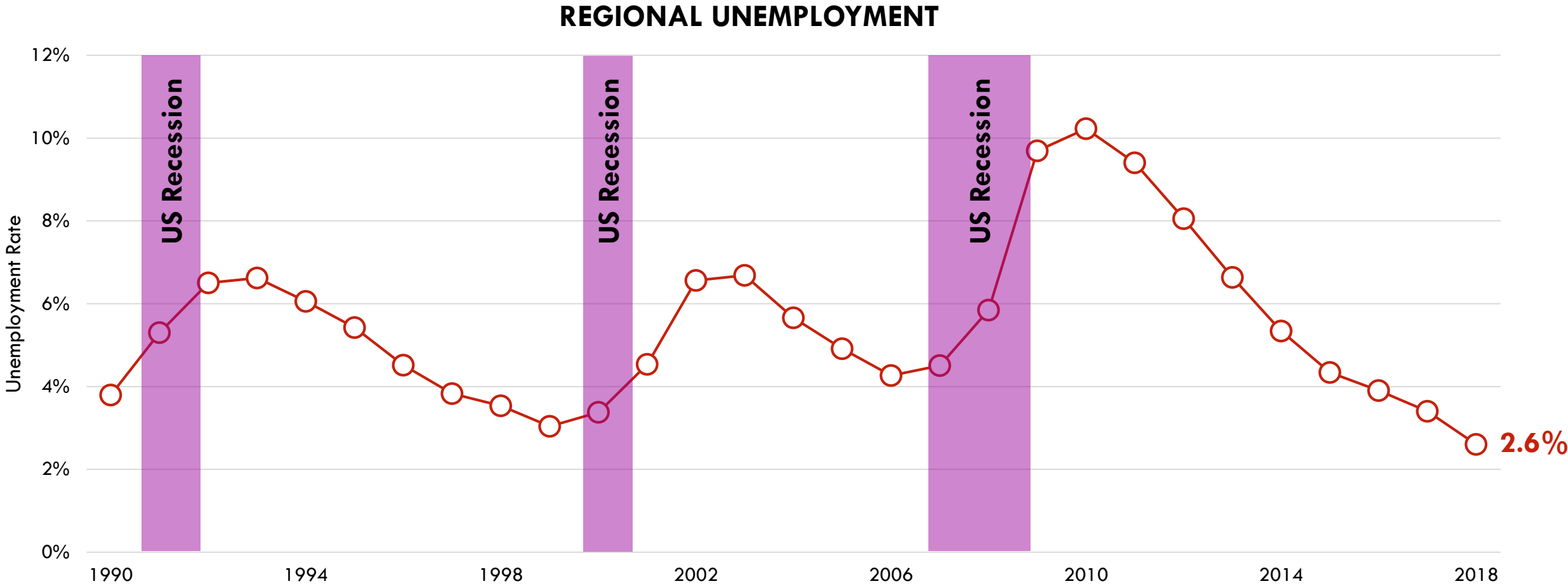
TOTAL REGIONAL WAGE AND SALARY JOBS





REGIONAL PERFORMANCE

The Bay Area's unemployment rate is at a 30-year low.

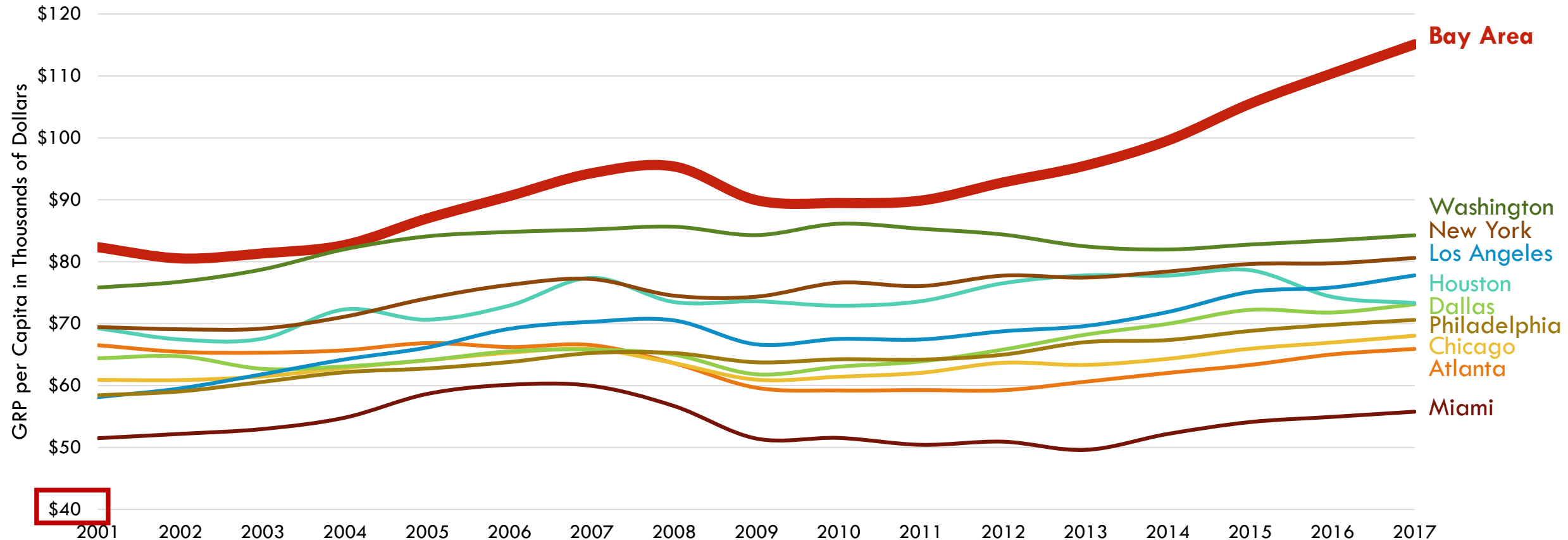


Source: California Employment Development Department

NATIONAL CONTEXT

The Bay Area has had the highest per capita GRP since 2001, with the gap widening each year since 2011.

GROSS REGIONAL PRODUCT PER CAPITA BY METRO AREA



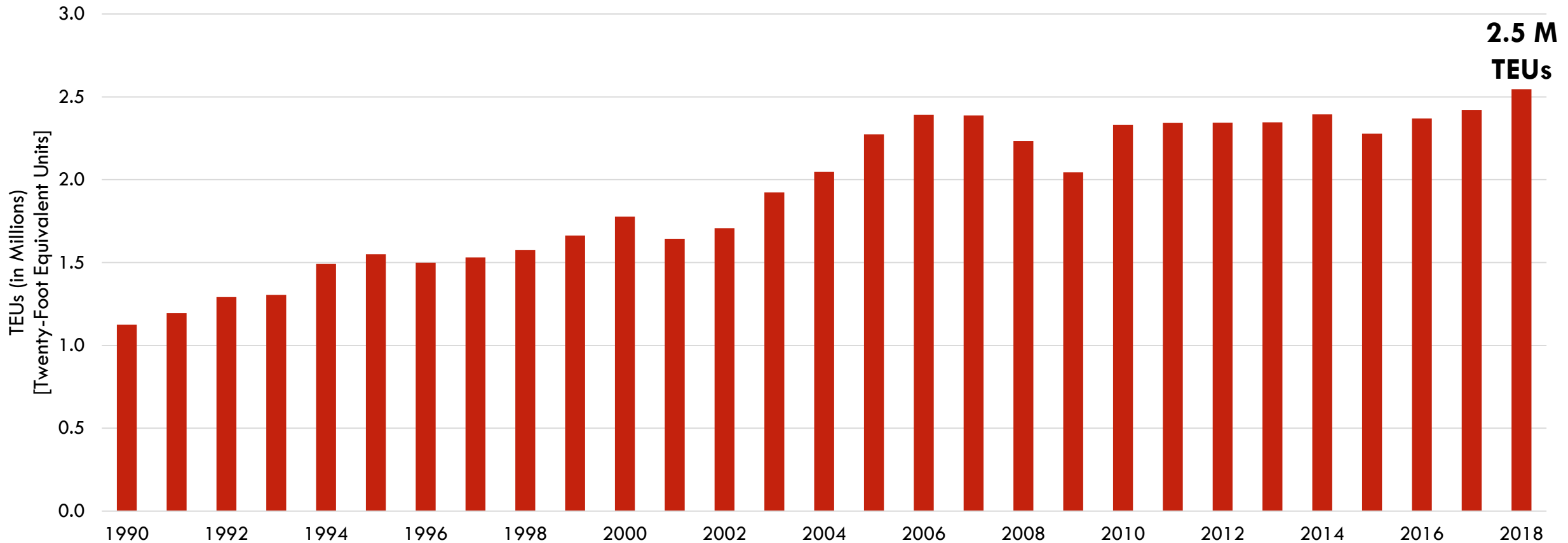
Sources: Bureau of Economic Analysis (inflation-adjusted to 2017 dollars); Department of Finance; US Census Bureau

Note: GRP is reported at the MSA level; the San Jose MSA include Santa Clara County and San Benito County

REGIONAL PERFORMANCE

Port of Oakland's cargo activity is at an all-time high, with container flows twice what was seen in the early 1990s.

PORT OF OAKLAND CONTAINER FLOWS

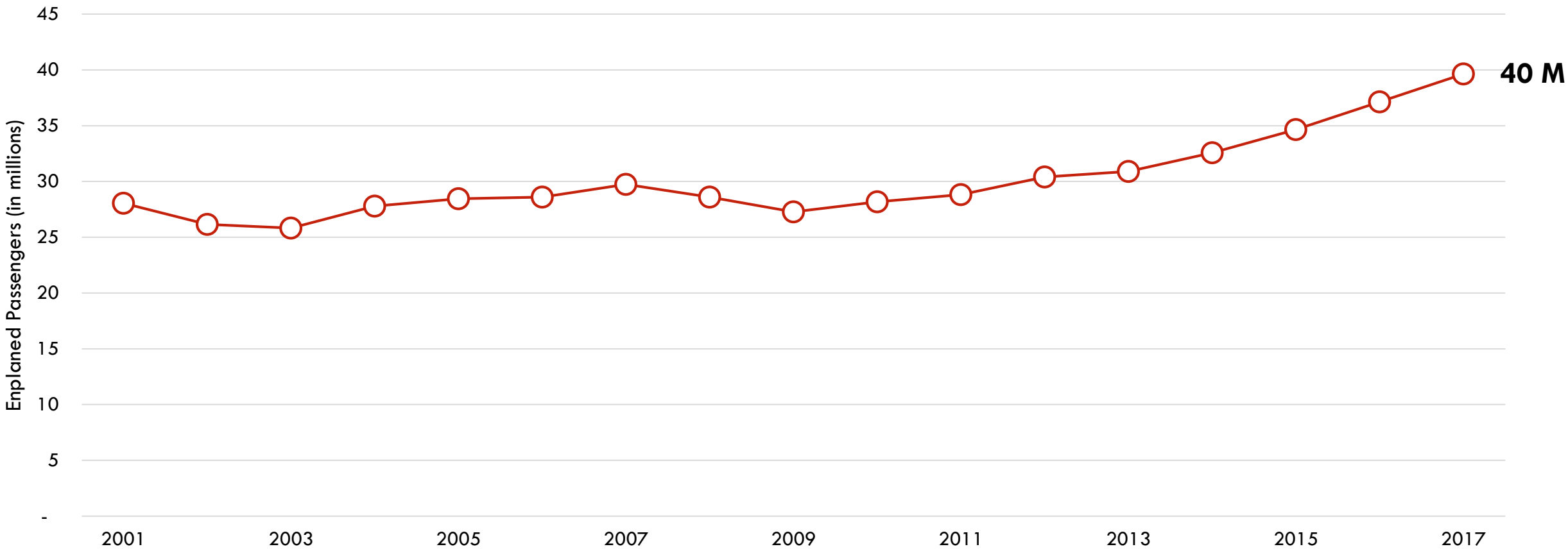




REGIONAL PERFORMANCE

More air passengers are using Bay Area airports than ever before.

REGIONAL AIR PASSENGER ENPLANEMENTS

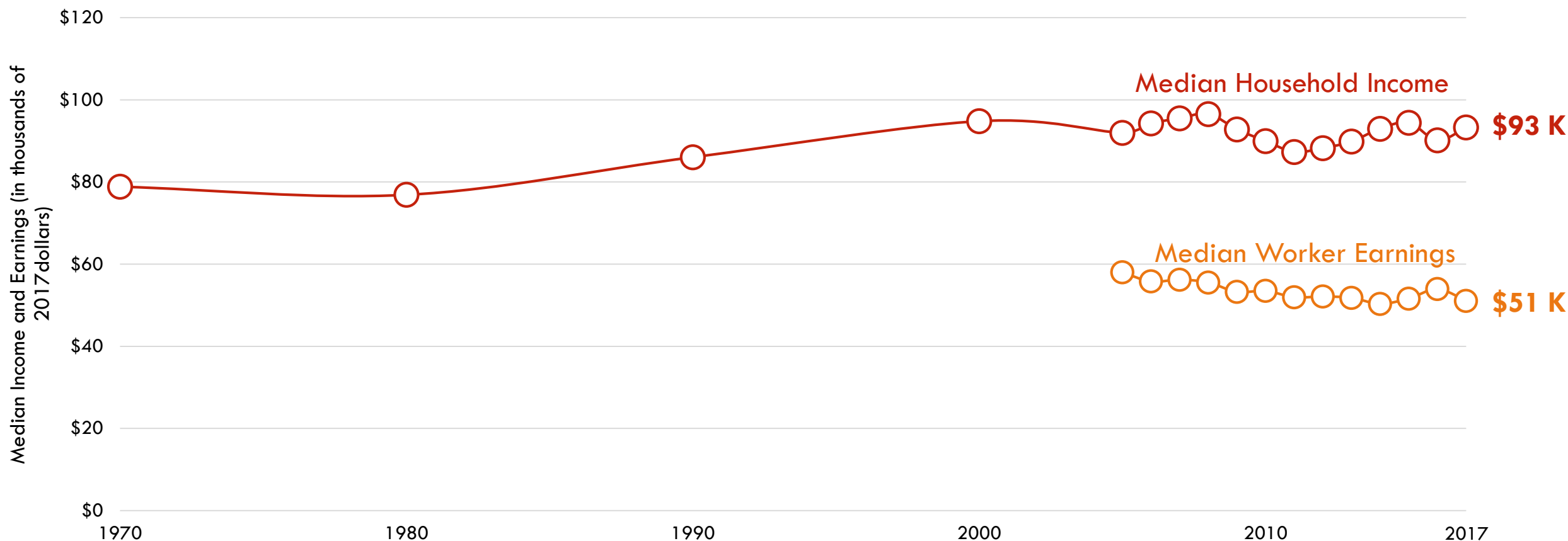


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REGIONAL PERFORMANCE

Median household income and worker earnings in the Bay Area have remained relatively constant since 2010.

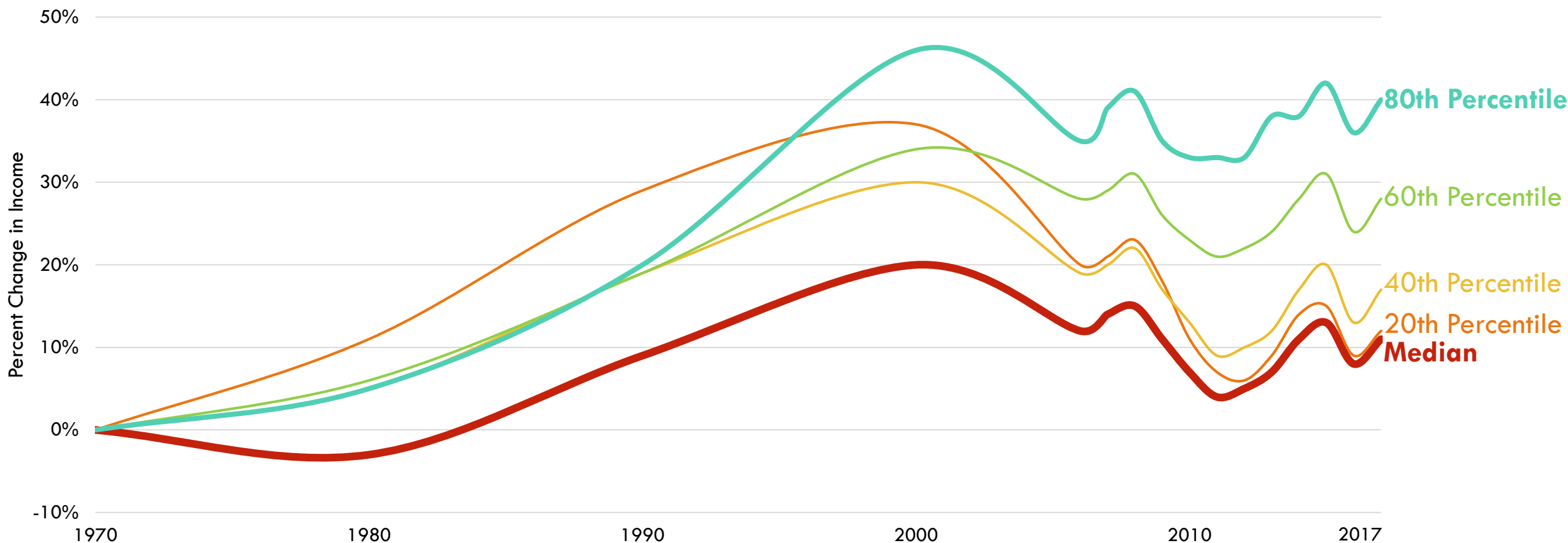
REGIONAL MEDIAN INCOME AND EARNINGS



REGIONAL PERFORMANCE

Higher-income households have seen their incomes grow four times faster than the regional median since 1970.

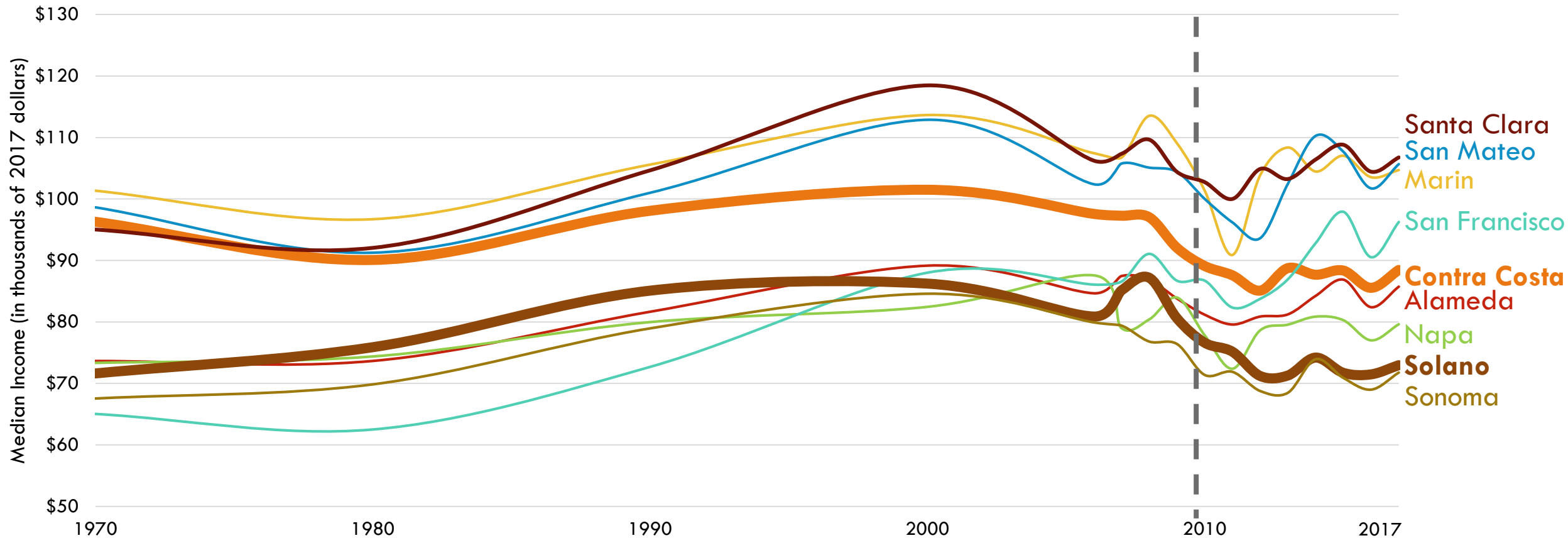
PERCENT CHANGE IN HOUSEHOLD INCOME SINCE 1970



LOCAL FOCUS

Since 2010, median household income risen in every county except Contra Costa and Solano.

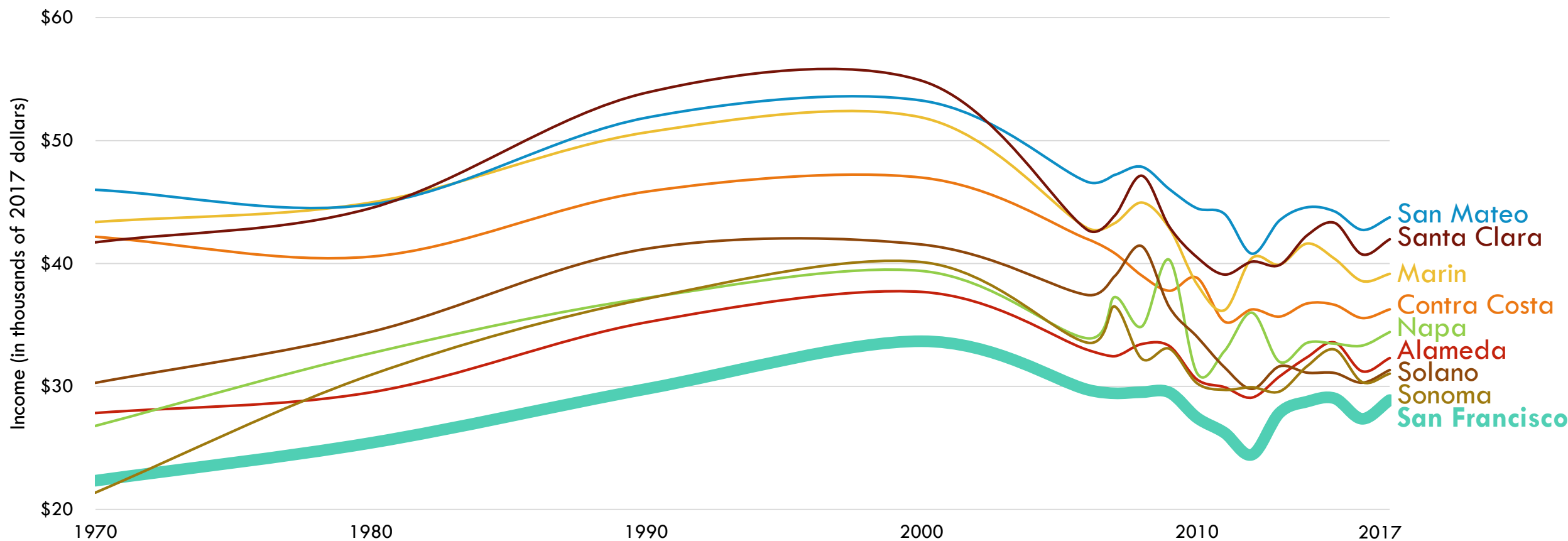
MEDIAN HOUSEHOLD INCOME BY COUNTY



LOCAL FOCUS

Despite having the fastest growing median household income, San Francisco has the lowest 20th percentile income.

20TH PERCENTILE HOUSEHOLD INCOME BY COUNTY



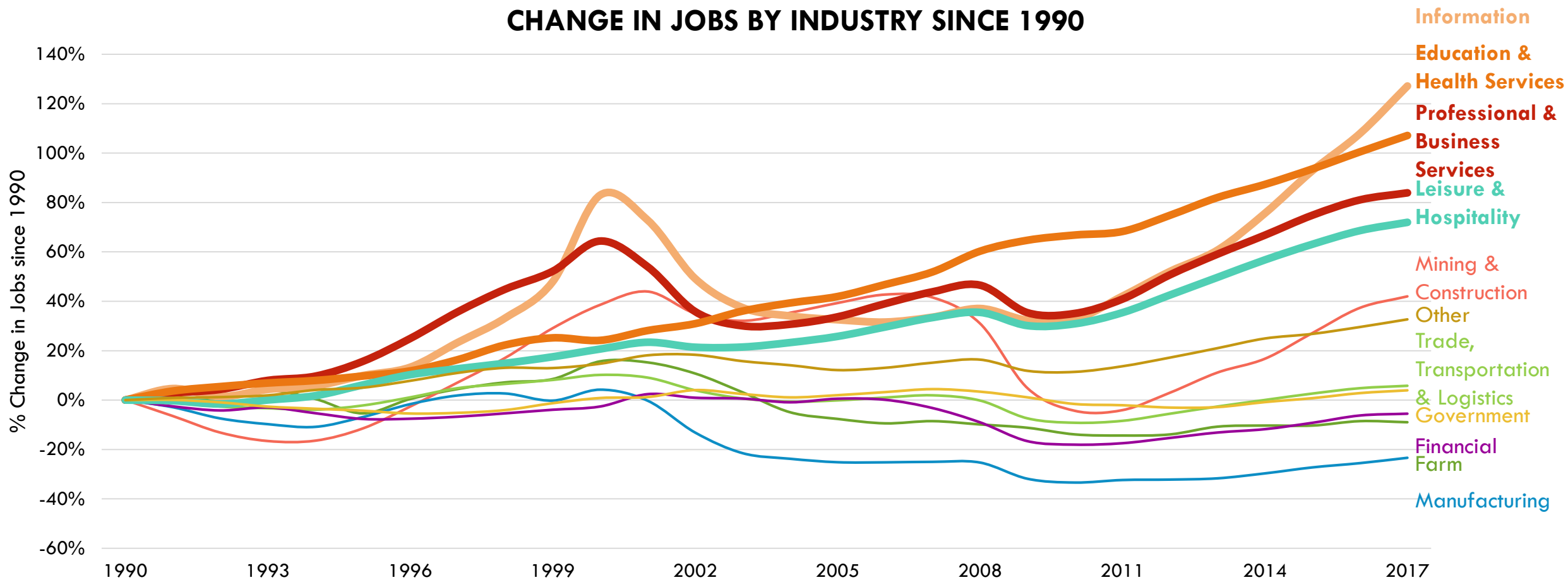
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REGIONAL PERFORMANCE

In recent years, the information industry surpassed service-based industries as the fastest growing sector in the region.

CHANGE IN JOBS BY INDUSTRY SINCE 1990

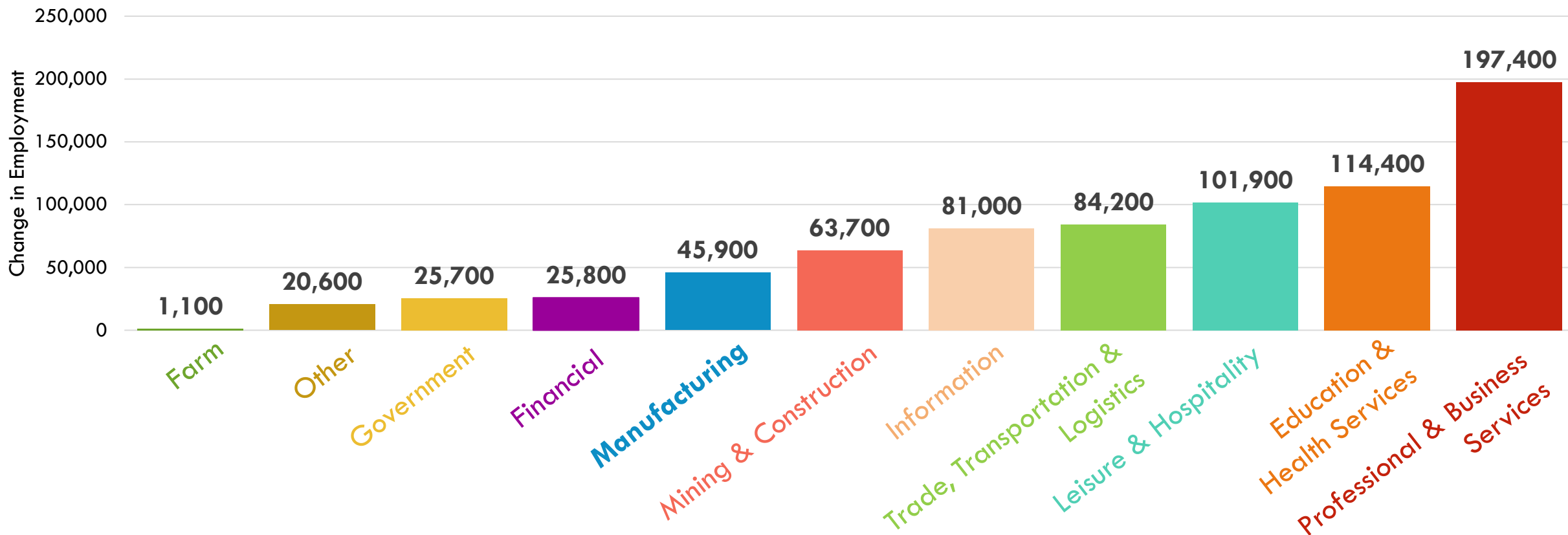




REGIONAL PERFORMANCE

The manufacturing sector has reversed a decades-long trend of declining employment since 2010.

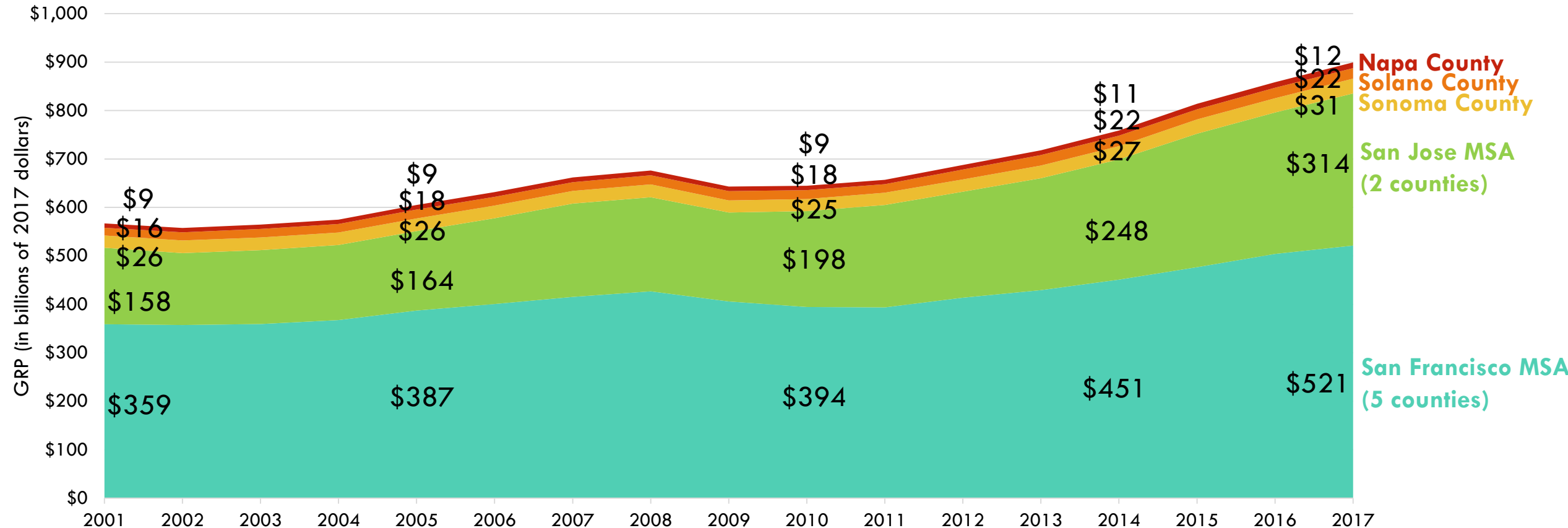
JOB GROWTH – 2010 to 2017



LOCAL FOCUS

The North Bay contributes a small but stable fraction of the region's economic output.

GROSS REGIONAL PRODUCT BY SUB-REGION

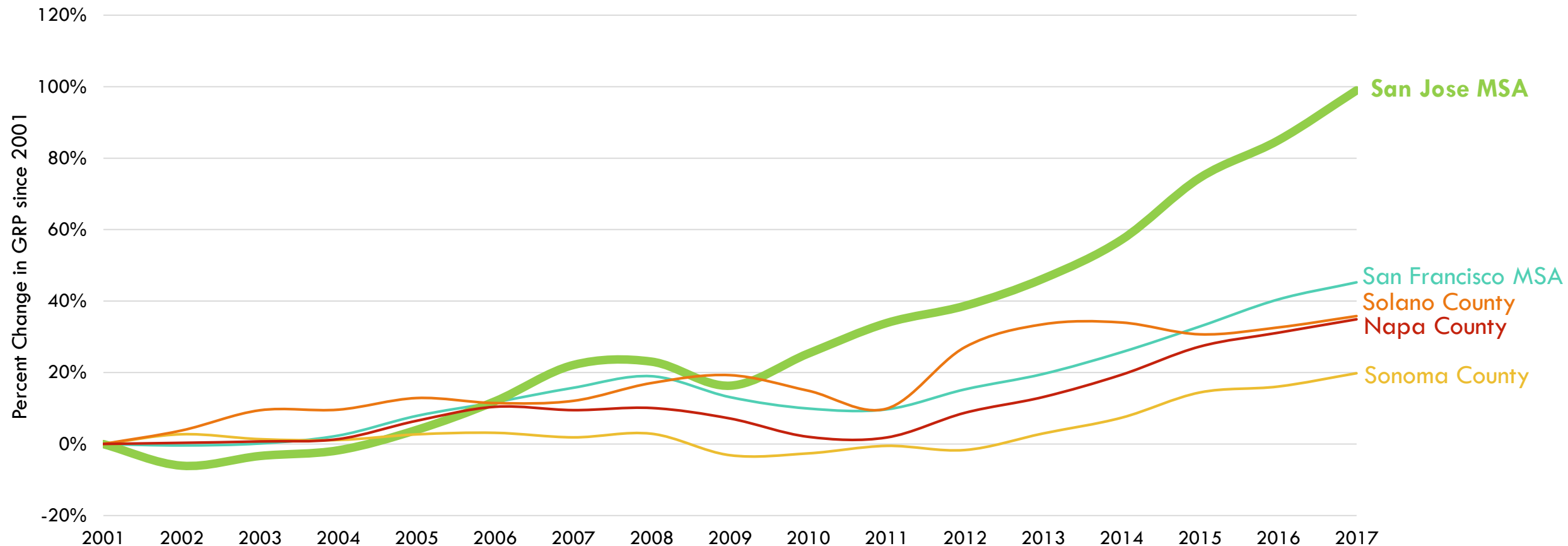


Source: Bureau of Economic Analysis (inflation-adjusted to 2017 dollars)

Note: GRP is reported at the MSA level; the San Jose MSA include Santa Clara County and San Benito County

LOCAL FOCUS

Silicon Valley's growth since 2009 has far outpaced growth in other sub-regions.

PERCENT CHANGE IN GROSS REGIONAL PRODUCT SINCE 2001

Source: Bureau of Economic Analysis (inflation-adjusted to 2017 dollars)

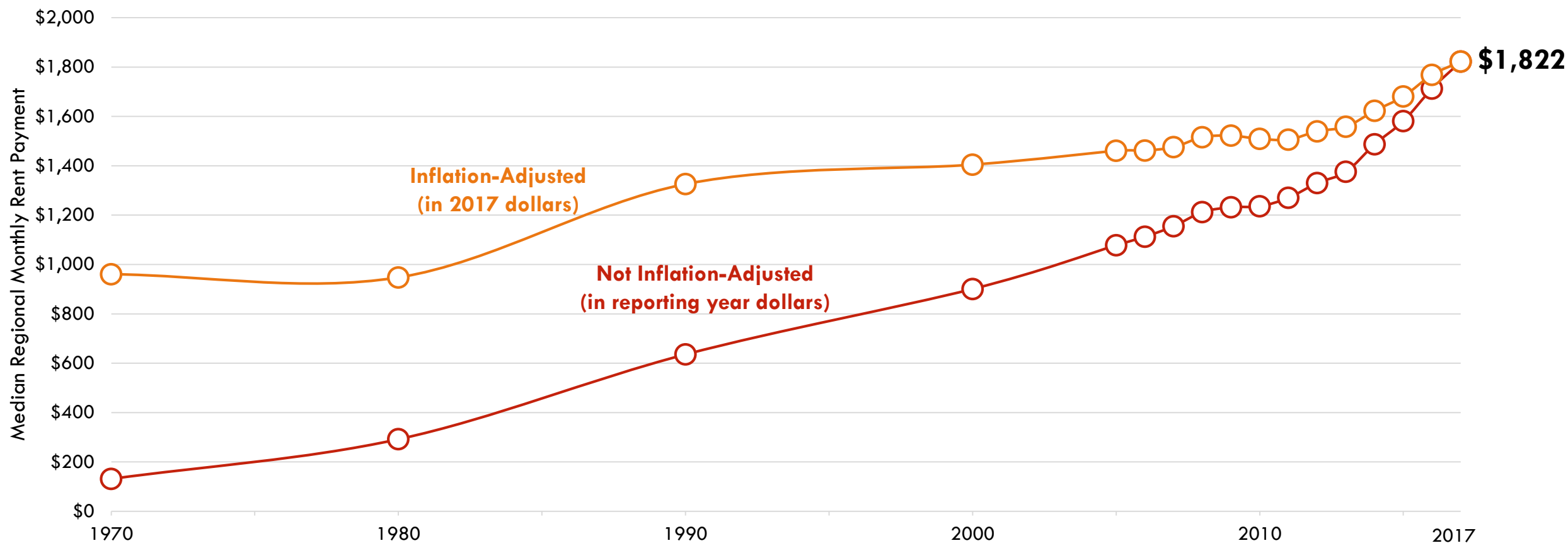
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REGIONAL PERFORMANCE

Rents have gone up since 1970, but this trend accelerated starting in 2013.

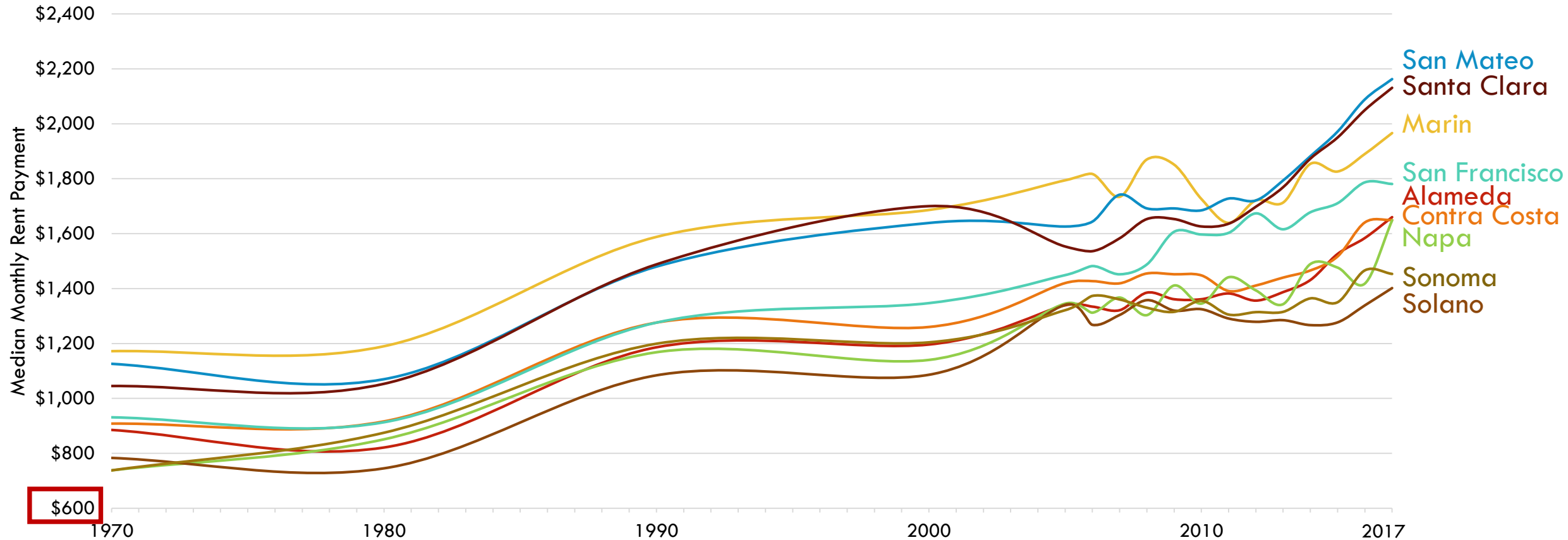
BAY AREA MEDIAN RENT PAYMENTS



LOCAL FOCUS

Rents have risen in every Bay Area county since 1970, with San Mateo and Santa Clara still by far the most expensive.

MEDIAN RENT PAYMENTS BY COUNTY

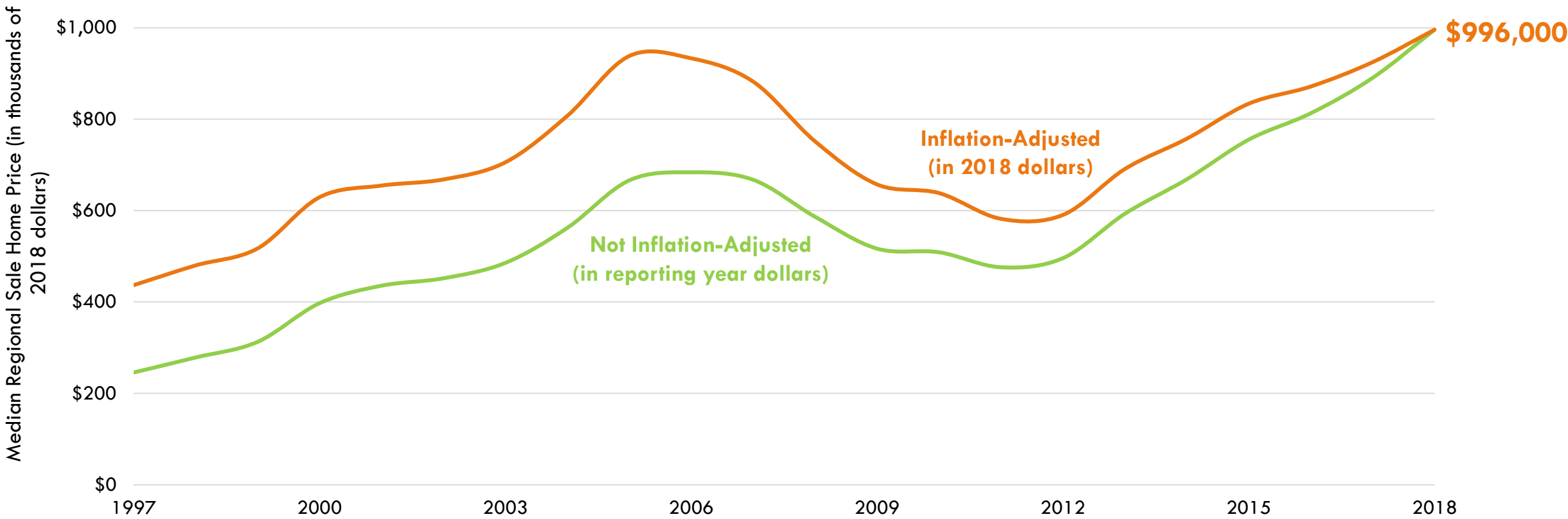




REGIONAL PERFORMANCE

Bay Area home prices have risen and now exceed the pre-Recession peak.

REGIONAL MEDIAN HOME SALE PRICE

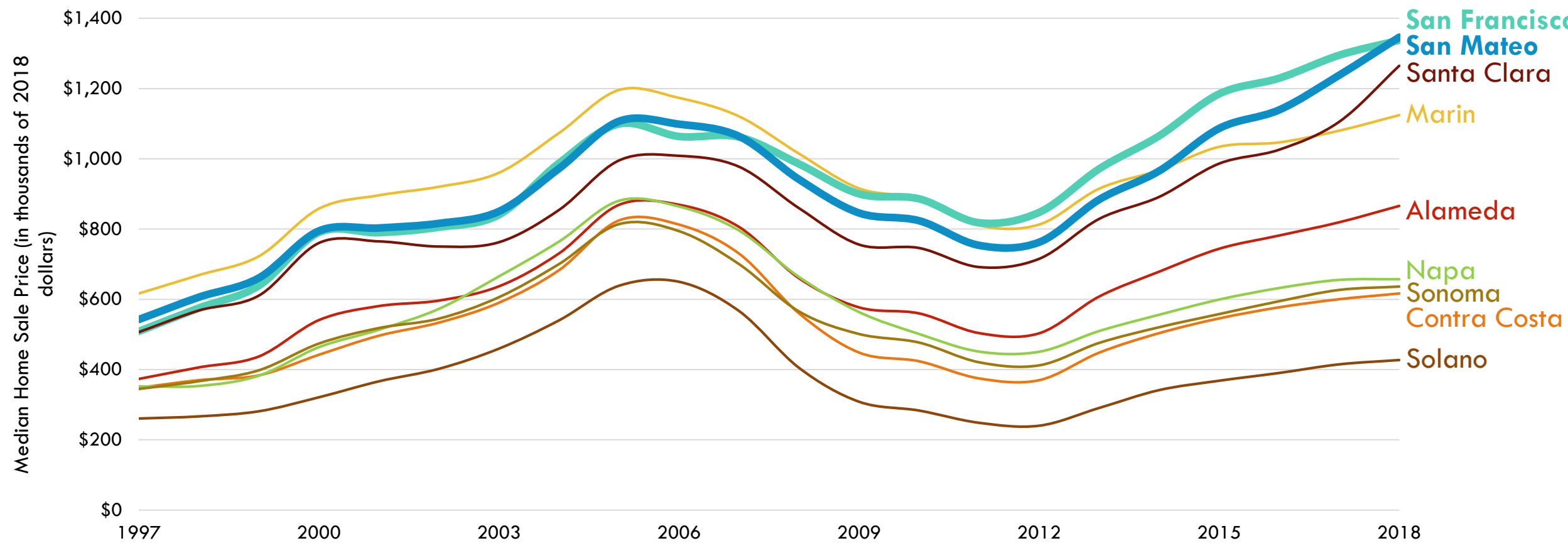




LOCAL FOCUS

San Francisco and San Mateo counties are tied for the highest median home sale price at 1.3 million dollars.

MEDIAN HOME SALE PRICE BY COUNTY

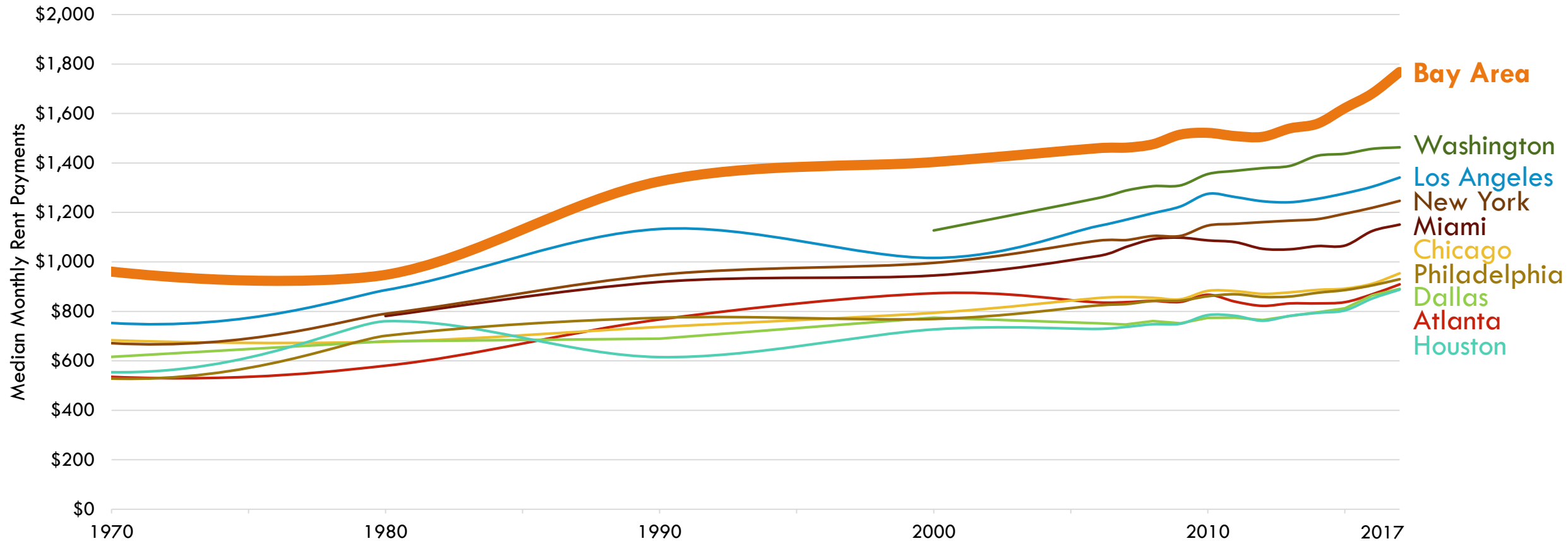


Sources: Zillow (inflation-adjusted to 2018 dollars)

NATIONAL CONTEXT

Since 1970, the Bay Area has consistently had the highest rents of any major metro area.

MEDIAN RENT PAYMENTS BY METRO AREA

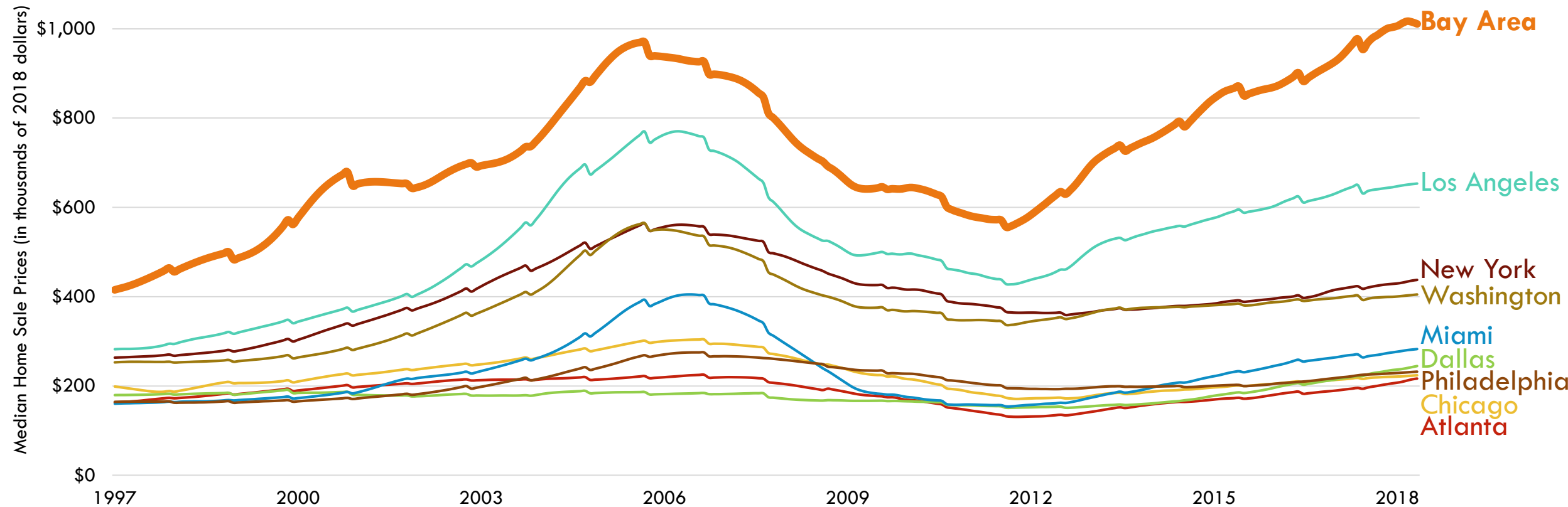




NATIONAL CONTEXT

Bay Area median home sales prices are more than three times higher than five other major metro areas.

MEDIAN HOME SALE PRICE BY METRO AREA



Sources: Zillow (inflation-adjusted to 2018 dollars)
Note: No home price data available for Houston due to disclosure laws

QUESTIONS?

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